SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1999

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)
Park 80 East Saddle Brook, New Jersey	07663-5291
(Address of Principal Executive Offices)	(Zip Code)

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES X NO
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There were 83,619,100 shares of the registrant's common stock, par value $0.10 per share, and 35,758,634 shares of the registrant's Series A convertible preferred stock, par value $0.10 per share, outstanding as of July 31, 1999.

PART I
FINANCIAL INFORMATION

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Earnings
For the Three and Six Months Ended June 30, 1999 and 1998
(In thousands of dollars except per share data)
(Unaudited)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	1999	1998	1999	1998
Net sales	$695,121	$670,005	$1,374,058	$1,101,040
Cost of sales	441,541	442,945	874,780	733,858
Gross profit	253,580	227,060	499,278	367,182
Marketing, administrative and development expenses	131,969	124,084	260,583	218,537
Goodwill amortization	12,331	12,018	24,582	12,108
Operating profit	109,280	90,958	214,113	136,537
Other income (expense):				
Interest expense	(14,738)	(20,642)	(29,457)	(20,724)
Other, net	1,143	(1,537)	(1,021)	(1,948)
Other expense, net	(13,595)	(22,179)	(30,478)	(22,672)
Earnings before income taxes	95,685	68,779	183,635	113,865
Income taxes	44,493	33,214	85,829	51,248
Net earnings	$ 51,192	$ 35,565	$ 97,806	$ 62,617
Less: Series A Preferred stock dividends	17,879	18,011	35,789	18,011

Less: Retroactive recognition of preferred stock dividends	--	--	--	18,011
Add: Excess of book value over repurchase price of Series A preferred stock	29	--	39	--
Net earnings ascribed to common shareholders	$ 33,342	$ 17,554	$ 62,056	$ 26,595
Earnings per common share (See Note 4):				
Basic	$ 0.40	$ 0.21	$ 0.74	$ 0.43
Diluted	$ 0.40	$ 0.21	$ 0.74	$ 0.43
Weighted average number of common shares outstanding:				
Basic	83,626	83,612	83,505	62,249
Diluted	83,758	83,746	83,637	62,426

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION
Consolidated Balance Sheets
June 30, 1999 and December 31, 1998
(In thousands of dollars except share data)

	June 30, 1999 (Unaudited)	December 31, 1998
ASSETS		
Current assets:		
Cash and cash equivalents	$ 60,027	$ 44,986
Notes and accounts receivable, net of allowances for doubtful accounts of $19,076 in 1999 and $17,945 in 1998	450,118	453,124
Inventories	269,065	275,312
Other current assets	72,226	71,192
Total current assets	851,436	844,614
Property and equipment:		
Land and buildings	414,005	420,589
Machinery and equipment	1,322,147	1,349,716
Other property and equipment	115,308	121,252
Construction in progress	50,767	54,538
	1,902,227	1,946,095
Less accumulated depreciation and amortization	858,824	829,513
Property and equipment, net	1,043,403	1,116,582
Goodwill, less accumulated amortization of $60,218 in 1999 and $36,083 in 1998	1,883,948	1,907,736
Other assets	177,859	170,998
Total assets	$3,956,646	$ 4,039,930

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION
Consolidated Balance Sheets
June 30, 1999 and December 31, 1998 (Continued)
(In thousands of dollars except share data)

	June 30, 1999 (Unaudited)	December 31, 1998
LIABILITIES, CONVERTIBLE PREFERRED STOCK & SHAREHOLDERS' EQUITY		
Current Liabilities:		
Short-term borrowings and current portion of long-term debt	$ 148,656	$ 85,131
Accounts payable	163,992	176,594
Other current liabilities	209,008	230,332
Income taxes payable	43,026	42,933
Total current liabilities	564,682	534,990
Long-term debt, less current portion	845,332	996,526
Deferred income taxes	206,289	200,699
Other liabilities	82,002	79,577
Total liabilities	1,698,305	1,811,792
Series A convertible preferred stock, $50 per share redemption value, authorized and issued 36,016,696 shares in 1999 and 36,021,851 shares in 1998, including 257,500 shares in 1999 and 200,000 shares in 1998 in treasury, mandatory redemption in 2018	1,787,960	1,791,093
Shareholders' equity:		
Common stock, $.10 par value. Authorized 400,000,000 shares, issued 84,009,118 shares in 1999 and 83,806,361 shares in 1998	8,401	8,380
Additional paid-in capital	622,958	610,505
Retained earnings (deficit)	54,051	(7,966)
Accumulated translation adjustment	(172,884)	(124,843)
	512,526	486,076
Less: Deferred compensation	27,193	28,683
Less: Cost of treasury common stock, 331,904 shares in 1999 and 494,550 shares in 1998	11,838	17,234
Less: Minimum pension liability	3,114	3,114
Total shareholders' equity	470,381	437,045
Total liabilities, preferred stock and shareholders' equity	$3,956,646	$4,039,930

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 1999 and 1998
(In thousands of dollars)
(Unaudited)

	1999	1998
Cash flows from operating activities:		
Net earnings	$ 97,806	$ 62,617
Adjustments to reconcile net earnings to net cash provided by operating activities, net of effect of businesses acquired:		
Depreciation and amortization	111,946	86,006
Amortization of senior debt discount	19	--
Deferred tax (benefit)provision	(2,162)	5,673
Net loss on disposals of fixed assets	105	608
Changes in operating assets and liabilities, net of assets and liabilities acquired and transferred to/from Grace:		
Notes and accounts receivable	(11,253)	(8,743)
Inventories	(1,031)	5,320
Other current assets	(422)	1,417
Other assets	(1,542)	(9,357)
Accounts payable	(9,753)	(2,243)
Other current liabilities	(7,563)	9,301
Other liabilities	4,317	5,271
Net cash provided by operating activities	180,467	155,870
Cash flows from investing activities:		
Capital expenditures for property and equipment	(31,843)	(32,462)
Proceeds from sales of property and equipment	2,155	4,191
Businesses acquired, net of cash acquired and debt assumed	(8,905)	48,994
Net cash(used) provided by investing activities	(38,593)	20,723
Cash flows from financing activities:		
Net advances to Grace	--	(24,106)
Proceeds from long-term debt	298,175	1,258,807
Payment of long-term debt	(455,053)	(125,768)
Payment of senior debt issuance costs	(1,950)	--
Dividends paid on preferred stock	(35,821)	--
Purchase of treasury preferred stock	(2,836)	--
Proceeds from stock option exercises	1,663	--
Transfer of funds to New Grace	--	(1,256,614)
Net proceeds from short-term borrowings	69,352	4,230
Net cash used in financing activities	(126,470)	(143,451)
Effect of exchange rate changes on cash and cash equivalents	(363)	922
Cash and cash equivalents:		
Increase during the period	15,041	34,064
Balance, beginning of period	44,986	--
Balance, end of period	$ 60,027	$ 34,064

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 1999 and 1998 (Continued)
(In thousands of dollars)
(Unaudited)

	1999	1998
Supplemental Cash Flow Items:		
Interest payments, net of amounts capitalized	$ 30,135	$ 13,745
Income tax payments	$ 85,275	$ 11,016
Non-Cash Items:		
Issuance of 36,021,851 shares of Series A convertible preferred stock and 40,647,815 shares of common stock in connection with the Recapitalization	$ --	$1,801,093
Net assets acquired in exchange for the issuance of 42,624,246 shares of common stock in connection with the Merger, net of cash balance of $51,259 acquired	$ --	$2,110,752

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the Three and Six Months Ended June 30, 1999 and 1998
(In thousands of dollars)
(Unaudited)

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1999	1998	1999	1998
Net Earnings	$ 51,192	$ 35,565	$ 97,806	$ 62,617
Other comprehensive income:				
Foreign currency translation adjustments	(7,362)	(2,561)	(48,041)	(12,678)
Comprehensive income	$ 43,830	$ 33,004	$ 49,765	$ 49,939

See accompanying notes to consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 1999 and 1998
(Amounts in thousands, except per share data)
(Unaudited)

(1) Reorganization, Recapitalization and Merger

On March 31, 1998, the Company (formerly known as W. R. Grace & Co.) and Sealed Air Corporation ("old Sealed Air"), completed a series of transactions as a result of which:

(a) The specialty chemicals business of the Company was separated from its packaging business, the packaging business ("Cryovac") was contributed to one group of wholly owned subsidiaries, and the specialty chemicals business was contributed to another group of wholly owned subsidiaries ("New Grace"); the Company and Cryovac borrowed approximately $1.26 billion under two revolving credit agreements (the "Credit Agreements") (which, as amended, are discussed below) and transferred substantially all of those funds to New Grace; and the Company distributed all of the outstanding shares of common stock of New Grace to its shareholders. As a result, New Grace became a separate publicly owned corporation that is unrelated to the Company. These transactions are referred to below as the "Reorganization."

(b) The Company recapitalized its outstanding shares of common stock, par value $0.01 per share ("Grace Common Stock"), into a new common stock and Series A convertible preferred stock, each with a par value of $0.10 per share (the "Recapitalization").

(c) A subsidiary of the Company merged into old Sealed Air (the "Merger"), with old Sealed Air being the surviving corporation. As a result of the Merger, old Sealed Air became a subsidiary of the Company, and the Company was renamed Sealed Air Corporation.

References to "Grace" in these notes refer to the Company before the Reorganization, the Recapitalization and the Merger.

(2) Basis of Presentation

The Merger was accounted for as a purchase of old Sealed Air by the Company as of March 31, 1998. Accordingly, the financial statements include the operating results and cash flows as well as the assets and liabilities of Cryovac for all periods presented. The operating results, cash flows, assets and liabilities of old Sealed Air are included from March 31, 1998. See Note 8 for unaudited selected pro forma statement of earnings information for the quarter and six months ended June 30, 1998. For periods prior to the Merger, the financial statements exclude all of the assets, liabilities (including contingent liabilities), revenues and expenses of Grace other than the assets, liabilities, revenues and expenses of Cryovac.

Subsequent to the Merger, the consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. In management's opinion, all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of the consolidated financial position and results of operations for the quarter and six months ended June 30, 1999 have been made. The consolidated statements of earnings for the three and six months ended June 30, 1999 are not necessarily indicative of the results to be expected for the full year.

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

(3) Equity

In connection with the Recapitalization, the Company, among other things, recapitalized the outstanding shares of Grace Common Stock into 40,647,815 shares of the Company's common stock and 36,021,851 shares of Series A convertible preferred stock (convertible into approximately 31,900,000 shares of the Company's common stock), each with a par value of $0.10 per share. In the Merger, the Company issued 42,624,246 shares of common stock to the shareholders of old Sealed Air.

The outstanding Series A preferred stock is convertible at any time into approximately 0.885 share of common stock for each share of preferred stock, votes with the common stock on an as-converted basis, pays a cash dividend, as declared by the Board of Directors, at an annual rate of $2.00 per share, payable quarterly in arrears, becomes redeemable at the option of the Company beginning March 31, 2001, subject to certain conditions, and is subject to mandatory redemption on March 31, 2018 at $50 per share, plus any accrued and unpaid dividends. Because it is subject to mandatory redemption, the Series A convertible preferred stock is classified outside of the shareholders' equity section of the balance sheet. At its date of issuance, the fair value of the Series A convertible preferred stock exceeded its mandatory redemption amount primarily due to the common stock conversion feature of such preferred stock. Accordingly, the carrying amount of the Series A convertible preferred stock is reflected in the consolidated balance sheet at its mandatory redemption value. The Company has authority to issue a total of 50,000,000 shares of preferred stock, par value $0.10 per share.

(4) Earnings Per Common Share

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

The following table sets forth the reconciliation of the basic and diluted earnings per common share computations for the three and six months ended June 30, 1999 and 1998 (amounts other than per share amounts in thousands).

	Three Months Ended June 30,		Six Months Ended June 30,	
	1999	1998	1999	1998
Basic EPS:				
NUMERATOR				
Net earnings	$ 51,192	$ 35,565	$ 97,806	$ 62,617
Add: Excess of book value over repurchase price of preferred stock	29	--	39	--
Less: Preferred stock dividends	17,879	18,011	35,789	18,011
Less: Retroactive recognition of preferred stock dividends	--	--	--	18,011
Net earnings ascribed to common shareholders	$ 33,342	$ 17,554	$ 62,056	$ 26,595
DENOMINATOR				
Weighted average common shares outstanding - basic	83,626	83,612	83,505	62,249
Basic earnings per common share	$ 0.40	$ 0.21	$ 0.74	$ 0.43
Diluted EPS:				
NUMERATOR				
Net earnings ascribed to common shareholders	$ 33,342	$ 17,554	$ 62,056	$ 26,595
DENOMINATOR				
Weighted average common shares Outstanding - basic	83,626	83,612	83,505	62,249
Effect of assumed exercise of stock options	132	134	132	177
Weighted average common shares Outstanding - diluted	83,758	83,746	83,637	62,426
Diluted earnings per common share	$ 0.40	$ 0.21	$ 0.74	$ 0.43

(5) Inventories

At June 30, 1999 and December 31, 1998, the components of inventories by major classification (raw materials, work in process and finished goods) were as follows:

	June 30, 1999	December 31, 1998
Raw materials	$ 61,579	$ 63,805
Work in process	51,294	50,714
Finished goods	172,364	176,965
Subtotal	285,237	291,484
Reduction of certain inventories to LIFO basis	(16,172)	(16,172)
Total inventories	$ 269,065	$ 275,312

(6) Income Taxes

The Company's effective income tax rates were 46.5% and 48.3% for the second quarters of 1999 and 1998, respectively. Such rates were higher than the statutory U.S. federal income tax rate primarily due to the non-deductibility of the goodwill amortization resulting from the Merger and state income taxes.

(7) Long-Term Debt

On May 18, 1999, the Company issued $300 million aggregate principal amount of 10-year 6.95% senior notes ("Senior Notes") under Rule 144A and Regulation S of the Securities Act of 1933, as amended. Accrued interest on the Senior Notes is payable semi-annually in cash on May 15 and November 15 of each year, commencing on November 15, 1999. The net proceeds of $297,834 from the issuance of the Senior Notes were used to reduce outstanding borrowings under the Credit Agreements described below. At June 30, 1999, the outstanding borrowings under the Senior Notes were $297,853 net of unamortized bond discount of $2,147.

At June 30, 1999, the Company's outstanding debt consisted primarily of borrowings made under the Credit Agreements described below, the Senior Notes and certain other loans incurred by the Company's subsidiaries. The Company's outstanding debt balance as of December 31, 1998 primarily included borrowings under the Credit Agreements and certain other loans incurred by the Company's subsidiaries.

The Company's two principal Credit Agreements are a 5-year revolving credit facility that expires on March 30, 2003 and a 364-day revolving credit facility that expires on March 27, 2000. During the first six months of 1999, the Company voluntarily reduced the amounts available under the Credit Agreements from $1 billion to $650 million under the 5-year revolving credit facility and from $600 million to $475 million under the 364-day revolving facility. As of June 30, 1999, outstanding borrowings under the 5-year and 364-day revolving credit facilities were approximately $537 million (included in long-term debt) and $41 million (included in short-term borrowings), respectively. The Credit Agreements provide that the Company and certain of its subsidiaries may borrow for various purposes, including the refinancing of existing debt, the provision of working capital and other general corporate needs.

The Company's obligations under the Credit Agreements bear interest at floating rates. The weighted average interest rate under the Credit Agreements was approximately 5.6% at June 30, 1999 and 5.8% at December 31, 1998. The Company has entered into certain interest rate swap agreements that have the effect of fixing the interest rates on a portion of such debt. The weighted average interest rates at June 30, 1999 and December 31, 1998 did not change significantly as a result of these derivative financial instruments.

The Credit Agreements provide for changes in borrowing margins based on financial criteria and the Company's senior unsecured debt ratings, and impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include financial covenants relating to interest coverage and debt leverage as well as certain restrictions on the incurrence of additional indebtedness, the creation of liens, mergers and acquisitions, and certain dispositions of property and assets. The Company was in compliance with these requirements as of June 30, 1999.

The Senior Notes impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include restrictions on the creation of liens, entrance into sale-leaseback transactions, merger or consolidation of the Company and disposition of substantially all of the Company's assets. The Company was in compliance with these requirements as of June 30, 1999.

On July 19, 1999, the Company issued euro 200 million (approximately $205 million) aggregate principal amount of 7-year 5.625% notes in the European market ("Euro Notes")

under Regulation S of the Securities Act of 1933, as amended. Accrued interest on the Euro Notes is payable annually in cash on July 19 of each year, commencing on July 19, 2000. The net proceeds of euro 198,624 (approximately $203 million) were used to repay borrowings under the Credit Agreements.

(8) Pro Forma Information

The following table presents selected unaudited pro forma statement of earnings information for the quarter and six months ended June 30, 1998 as a result of the Reorganization, the Recapitalization and the Merger. Such information reflects pro forma adjustments made in combining the historical results of old Sealed Air and Cryovac as a result of such transactions for the three and six months ended June 30, 1998. Such amounts include for the first quarter of 1998, among others, incremental goodwill amortization of approximately $10 million and incremental interest expense of approximately $20 million. This pro forma information is not intended to represent what the Company's actual results of operations would have been for such periods.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	Reported 1999	Pro Forma 1998(1)	Reported 1999	Pro Forma 1998(1)
Net sales by business segment:				
Food and specialty packaging	$431,807	$419,932	$857,786	$820,802
Protective packaging	263,314	250,073	516,272	492,990
Total net sales	695,121	670,005	1,374,058	1,313,792
Cost of sales	441,541	434,945	874,780	858,795
Gross profit	253,580	235,060	499,278	454,997
Marketing, administrative and development expenses	131,969	124,084	260,583	248,646
Goodwill amortization	12,331	12,018	24,582	23,939
Operating profit	109,280	98,958	214,113	182,412
Other income (expense):				
Interest expense	(14,738)	(20,642)	(29,457)	(43,095)
Other, net	1,143	(1,537)	(1,021)	(1,333)
Other expense, net	(13,595)	(22,179)	(30,478)	(44,428)
Earnings before income taxes	95,685	76,779	183,635	137,984
Income taxes	44,493	35,787	85,829	64,187
Net earnings	51,192	40,992	97,806	73,797
Less: Preferred stock dividends	17,879	18,011	35,789	36,022
Add: Excess of book value over repurchase price of preferred stock	29	--	39	--
Net earnings ascribed to common shareholders	33,342	22,981	62,056	37,775

Earnings per common share (2)				
Basic	0.40	0.27	0.74	0.45
Diluted	0.40	0.27	0.74	0.45
Weighted average number of common shares outstanding:				
Basic	83,626	83,612	83,505	83,443
Diluted	83,758	83,746	83,637	83,620

(1) The second quarter of 1998 represents the actual operating results resulting from the Merger of Sealed Air and Cryovac excluding the non-cash inventory charge of approximately $8 million resulting from the turnover of certain of the Company's inventories previously stepped-up to fair value in connection with the Merger.

(2) For purposes of calculating basic and diluted earnings per common share in the 1998 periods, net earnings have been reduced by the dividends that would have been payable on the Company's Series A convertible preferred stock for the first quarter of 1998 if such shares had been outstanding during such period to arrive at net earnings ascribed to common shareholders. The weighted average number of outstanding common shares used to calculate basic earnings per common share is calculated on an equivalent share basis using the weighted average number of shares outstanding of the Company's common stock for the first quarter of 1998, adjusted to reflect the terms of the Recapitalization. The assumed conversion of the convertible preferred stock is not considered in the calculation of diluted earnings per common share for all periods presented as the effect is antidilutive (i.e. would increase the earnings per common share for each period presented).

(9) Restructuring and Other Charges

The Company's restructuring reserve, which arose primarily out of a restructuring undertaken by the Company during the third quarter of 1998, amounted to $10,579 at June 30, 1999 and $26,924 at December 31, 1998. The components of the restructuring charges, spending and other activity through June 30, 1999 and the remaining reserve balance at June 30, 1999 were as follows:

	Employee Termination Costs	Plant/Office Closures	Contract Termination Costs	Total
Restructuring reserve at December 31, 1998	25,362	1,562	-	26,924
Cash payments during 1999	(16,004)	(341)	-	(16,345)
Restructuring reserve at June 30, 1999	9,358	1,221	-	10,579

The Company expects to incur approximately $43,289 of cash outlays to carry out this restructuring program, of which approximately $32,710 was incurred through June 30, 1999. These cash outlays include primarily severance and other personnel related costs, costs of terminating leases and facilities and equipment disposition costs. In connection with the restructuring, the Company is eliminating 750 positions, or approximately 5% of its workforce, across all functional areas. Through June 30, 1999, approximately 624 positions had been eliminated, and all restructuring actions, including remaining asset dispositions, are expected to be completed by the end of 1999 although certain cash outlays will continue into future years.

(10) Business Segment Information

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

The Food and Specialty Packaging segment includes flexible materials and related systems (shrink film products, laminated films and specialty packaging systems marketed primarily under the Cryovac(R) trademark for a broad range of perishable foods). This segment also includes rigid packaging and absorbent pads (absorbent pads used for the packaging of

meat, fish and poultry, foam trays for supermarkets and food processors, and rigid plastic containers for dairy and other food products).

The Protective Packaging segment includes cushioning and surface protection products (including air cellular cushioning materials, films for non-food applications, polyurethane foam packaging systems sold under the Instapak(R) trademark, polyethylene foam sheets and planks, a comprehensive line of protective and durable mailers and bags, certain paper-based protective packaging materials, suspension and retention packaging, and packaging systems) and other products (principally specialty adhesive products).

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	1999	1998	1999	1998
Net sales				
Food and Specialty Packaging	$ 431,807	$ 419,932	$ 857,786	$ 795,454
Protective Packaging	263,314	250,073	516,272	305,586
Total segments	$ 695,121	$ 670,005	$ 1,374,058	$ 1,101,040
Operating profit				
Food and Specialty Packaging	$ 72,688	$ 64,210	$ 140,252	$ 100,824
Protective Packaging	56,958	41,227	110,511	50,282
Total segments	129,646	105,437	250,763	151,106
Corporate operating expenses(1)	(20,366)	(14,479)	(36,650)	(14,569)
Total	$ 109,280	$ 90,958	$ 214,113	$ 136,537
Depreciation and amortization				
Food and Specialty Packaging	$ 27,269	$ 31,112	$ 55,618	$ 53,725
Protective Packaging	15,218	13,299	30,132	19,892
Total segments	42,487	44,411	85,750	73,617
Corporate (including goodwill amortization)	13,672	12,299	26,196	12,389
Total	$ 56,159	$ 56,710	$ 111,946	$ 86,006

(1) Includes goodwill amortization of $12,331 and $12,018 in the second quarters of 1999 and 1998, respectively and $24,582 and $12,108 in the first six months of 1999 and 1998, respectively.

(11) Acquisitions

During the first six months of 1999, the Company made certain small acquisitions. These transactions, which were effected in exchange for cash, were accounted for as purchases and were not material to the Company's consolidated financial statements.

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

On March 31, 1998, the Company (formerly known as W. R. Grace & Co.) and Sealed Air Corporation ("old Sealed Air") completed a series of transactions as a result of which:

(a) The specialty chemicals business of the Company was separated from its packaging business, the packaging business ("Cryovac") was contributed to one group of wholly owned subsidiaries, and the specialty chemicals business was contributed to another group of wholly owned subsidiaries ("New Grace"); the Company and Cryovac borrowed approximately $1.26 billion under two revolving credit agreements (the "Credit Agreements") (which, as amended, are discussed below) and transferred substantially all of those funds to New Grace; and the Company distributed all of the outstanding shares of common stock of New Grace to its stockholders. As a result, New Grace became a separate publicly owned corporation that is unrelated to the Company. These transactions are referred to below as the "Reorganization."

(b) The Company recapitalized its outstanding shares of common stock, par value $0.01 per share ("Grace Common Stock"), into a new common stock and Series A convertible preferred stock (the "Series A Preferred Stock"), each with a par value of $0.10 per share (the "Recapitalization").

(c) A subsidiary of the Company merged into old Sealed Air (the "Merger"), with old Sealed Air being the surviving corporation. As a result of the Merger, old Sealed Air became a subsidiary of the Company, and the Company was renamed Sealed Air Corporation.

References to "Grace" in this Management's Discussion and Analysis refer to the Company before the Reorganization, the Recapitalization and the Merger.

The Merger was accounted for as a purchase of old Sealed Air by the Company as of March 31, 1998. Accordingly, the financial statements include the operating results and cash flows as well as the assets and liabilities of Cryovac for all periods presented. The operating results, cash flows, assets and liabilities of old Sealed Air are included from March 31, 1998. For periods prior to the Merger, the financial statements exclude all of the assets, liabilities (including contingent liabilities), revenues and expenses of Grace other than the assets, liabilities, revenues and expenses of Cryovac.

In order to facilitate a review of the factors that affected the Company's operating results for the second quarter and first six months of 1999, the Company has included selected unaudited pro forma financial information in Note 8 to the consolidated financial statements included in this Form 10-Q.

RESULTS OF OPERATIONS

Discussion and Analysis of Reported Operating Results

The Company's net sales increased 4% to $695,121,000 in the second quarter of 1999 from $670,005,000 in the second quarter of 1998. A discussion of the factors affecting this increase in net sales in the second quarter of 1999 is set forth below in the discussion and analysis of pro forma operating results. For the six-month period, the Company's net sales increased 25% to $1,374,058,000 in 1999 from $1,101,040,000 in 1998. This increase in net sales as well as most of the increases in cost of sales, marketing, administrative and development expenses and other costs and expenses, including the substantial increases in interest expense and goodwill amortization, that the Company experienced in the six-month period were due primarily to the inclusion of the protective packaging business of old Sealed Air in the entire 1999 period, but not in the first quarter of 1998, and adjustments arising from the Merger, the Reorganization and the Recapitalization.

Gross profit increased as a percentage of net sales to 36.5% for the second quarter of 1999 from 33.9% for the second quarter of 1998. For the first six months of 1999, gross profit as a percentage of net sales was 36.3% compared to 33.3% in the 1998 period. During the second quarter of 1998, the Company incurred a non-cash inventory charge of approximately $8,000,000 (the "Inventory Charge") resulting from the turnover of certain of the Company's inventories previously stepped-up to fair value in connection with the Merger. Excluding the Inventory Charge, gross profit as a percentage of net sales would have been 35.1% and 34.1% for the second quarter and first six-months of 1998, respectively. The increases in both periods, excluding the Inventory Charge, resulted primarily from the higher level of net sales, certain lower raw material costs and cost reductions arising out of certain improvements in the Company's operations.

The higher level of marketing, administrative and development expenses reflects primarily the higher level of net sales and, as noted above with respect to the six-month period, is due primarily to the inclusion of old Sealed Air's operations for the full first six months of 1999 but only the second quarter of 1998. Such expenses also reflect the absence in the first six months of 1999 of $18,044,000 of corporate expenses that were allocated to Cryovac by Grace in the first quarter of 1998 prior to the Merger. Such allocations ceased upon the Merger. As a result of the Merger, the Company recorded goodwill amortization of $24,582,000 in the first six months of 1999 compared to $12,108,000 in the first six months of 1998.

Other expense, net which reflects primarily interest expense on the Company's indebtedness, decreased for the second quarter of 1999 due to the lower level of debt outstanding during the 1999 period. The increase in interest expense for the first six months of 1999 was due to the timing of indebtedness entered into under the Credit Agreements on March 31, 1998, whereby the debt under the Credit Agreements was outstanding for the full six-month period of 1999 but only for the second quarter of 1998.

The Company's effective income tax rate for the quarter ended June 30, 1999 was 46.5% compared to 48.3% for the quarter ended June 30, 1998. The effective tax rate for

the first six months of 1999 was 46.7% compared to 45.0% for the 1998 period. Such rates were higher than the statutory U.S. federal income tax rate primarily due to the non-deductibility of the goodwill amortization resulting from the Merger and state income taxes.

As a result of the factors discussed above, the Company's net earnings increased to $51,192,000 from $35,565,000 for the second quarter of 1998 and to $97,806,000 for the first six months of 1999 from $62,617,000 for the first six months of 1998.

Basic and diluted earnings per common share for the quarter increased to $.40 from $0.21 in the 1998 period and for the first six months of 1999 increased to $0.74 from $0.43 in the 1998 period.

Discussion and Analysis of Pro Forma Operating Results

The following discussion relates to the unaudited selected pro forma financial information that appears in Note 8 to the consolidated financial statements included in this Form 10-Q.

Reported net sales for the second quarter of 1999 increased 4% to $695,121,000 compared with $670,005,000 for the second quarter of 1998. For the six-month period, the Company's reported net sales increased 5% to $1,374,058,000 compared with pro forma net sales of $1,313,792,000 in the 1998 period. The increases in net sales in both periods were primarily due to higher unit volume, partially offset by the negative effect of foreign currency translation.

The Company's net sales continued to be affected in the second quarter and first six months of 1999 by the continued weakness of foreign currencies compared with the U.S. dollar in Latin America, Europe and the Asia-Pacific region. Excluding the negative effect of foreign currency translation, net sales would have increased 6% for both the second quarter and, on a pro forma basis, the first six months of 1999 compared to the respective 1998 periods.

Net sales from domestic operations increased approximately 4% compared with the second quarter of 1998 and, on a pro forma basis, 5% compared to the first six months of 1998, primarily due to increased unit volume. Net sales from foreign operations, which represented approximately 46% of the Company's total net sales in both periods, increased approximately 3% compared with the second quarter of 1998 and, on a pro forma basis, 5% compared with the first six months of 1998, primarily due to increased unit volume which more than offset the negative effect of foreign currency translation.

Net sales of the Company's food and specialty packaging products segment, which consists primarily of the Company's Cryovac(R) food packaging products and Dri-Loc(R) absorbent pads, increased approximately 3% for the second quarter and, on a pro forma basis, 5% compared to the first six months of 1998. These increases were due primarily to higher unit volume partially offset by the negative effect of foreign currency translation. Excluding the negative effect of foreign currency translation, net sales of

this segment would have increased by 6% for the second quarter and, on a pro forma basis, 7% for the first six months of 1999 compared to the respective 1998 periods.

Net sales of the Company's protective packaging segment, which consists primarily of Cryovac(R) performance shrink films, Instapak(R) chemicals and equipment, air cellular and polyethylene foam surface protection and cushioning materials and protective and durable mailers and bags, increased 5% for the second quarter and, on a pro forma basis, 5% for the first six months of 1999 compared to the respective 1998 periods. These increases were due primarily to higher unit volume. The sales benefit resulting from small acquisitions completed during the past year was largely offset by changes in product mix and average selling prices and by foreign currency translation for both the second quarter and, on a pro forma basis, the first six months of 1999. Excluding the negative effect of foreign currency translation, net sales of this segment would have increased 6% for the second quarter and, on a pro forma basis, 5% for the first six months of 1999 compared to the respective 1998 periods.

On a pro forma basis (which excludes the effect of the Inventory Charge), gross profit as a percentage of net sales was 36.5% for the second quarter and 36.3% for the first six months of 1999 compared to 35.1% and 34.6% for the respective 1998 periods. These increases resulted primarily from the higher level of net sales, certain lower raw material costs and cost reductions arising out of certain improvements in the Company's operations.

Marketing, administrative and development expenses and goodwill amortization as a percentage of net sales were 20.8% for the second quarter of 1999 compared to 20.3% for the 1998 period and were 20.8% for the first six months of 1999 compared to, on a pro forma basis, 20.7% for the 1998 period. These increases reflect continuing integration and information system costs partially offset by certain improvements in the Company's operations.

On a pro forma basis, other expense, net, which reflects primarily interest expense on the Company's indebtedness, decreased compared to the second quarter and first six months of 1998 primarily due to the lower level of debt outstanding during the 1999 periods.

On a pro forma basis, the Company's effective income tax rates were 46.5% and 46.6% in the second quarters of 1999 and 1998, respectively, and 46.7% and 46.5% for the first six months of 1999 and 1998, respectively. These rates are higher than the applicable statutory rates primarily due to the non-deductibility for tax purposes of the goodwill amortization resulting from the Merger and state income taxes. The Company expects that its effective tax rate will remain higher than statutory rates for 1999.

As a result of the above, the Company recorded net earnings of $51,192,000 for the second quarter of 1999 and $97,806,000 for the first six months of 1999 compared to pro forma net earnings of $40,992,000 and $73,797,000 for the respective 1998 periods.

Basic and diluted earnings per common share were $0.40 for the second quarter of 1999 and, on a pro forma basis, $0.27 for the second quarter of 1998. Basic and diluted

earnings per common share were $0.74 for the first six months of 1999 and, on a pro forma basis, $0.45 for the first six months of 1998. The effect of the conversion of the Company's outstanding convertible preferred stock is not considered in the calculation of diluted earnings per common share because it would be antidilutive (i.e., would increase earnings per common share for the quarter ended June 30, 1999 and pro forma earnings per common share for the quarter ended June 30, 1998 to $0.44 and $0.36, respectively, and for the six months ended June 30, 1999 and pro forma earnings per common share for the six months ended June 30, 1998 to $0.85 and $0.64, respectively).

Liquidity and Capital Resources

The Company's principal sources of liquidity are cash flows from operations and amounts available under the Company's existing lines of credit, including principally the Credit Agreements mentioned above. Prior to the consummation of the Merger, Cryovac participated in Grace's centralized cash management system, whereby cash received from operations was transferred to, and disbursements were funded from, centralized corporate accounts. As a result, any cash flows from operations that were in excess of Cryovac's cash needs were transferred to these corporate accounts and used for other corporate purposes. In connection with the Reorganization, most of the Company's net cash at March 31, 1998 (other than $51,259,000 of cash recorded on the balance sheet of old Sealed Air immediately before the Merger) was transferred to New Grace.

Net cash provided by operating activities amounted to $180,467,000 and $155,870,000 in the first six months of 1999 and 1998, respectively. The increase in operating cash flows for the first six months of 1999 was primarily due to the inclusion of the operations of old Sealed Air for the full six month period, increased net earnings and higher levels of depreciation and amortization partially offset by the change in operating assets and liabilities due to the timing of cash receipts and payments and the Company's higher level of operations.

Net cash used in investing activities amounted to $38,593,000 in the first six months of 1999 compared to net cash provided by investing activities of $20,723,000 in the 1998 period. The change in the first six months of 1999 compared to the 1998 period was primarily due to the absence in the 1999 period of the cash acquired from old Sealed Air in the Merger and the use of $8,905,000 of cash to make various small acquisitions in 1999. Capital expenditures were $31,843,000 in the 1999 period and $32,462,000 in the 1998 period.

Net cash used in financing activities amounted to $126,470,000 in the first six months of 1999 and $143,451,000 in the first six months of 1998. The net cash used in the first six months of 1999 was used primarily to repay outstanding debt, principally under the Credit Agreements, and to pay dividends on the Company's Series A Preferred Stock. Such amounts were partially offset by the net proceeds from the Senior Notes, which were used to reduce outstanding borrowings under the Credit Agreements, and net proceeds from short-term borrowings. In the 1998 period, cash used in financing activities primarily

reflected the proceeds from borrowings under the Credit Agreements, offset by the contribution of funds to New Grace in connection with the Reorganization and the repayment of debt, principally relating to the Credit Agreements.

At June 30, 1999, the Company had working capital of $286,754,000, or 7% of total assets, compared to working capital of $309,624,000, or 8% of total assets, at December 31, 1998. The decrease in working capital was primarily due to increases in short-term borrowings and decreases in notes and accounts receivable and inventory that were partially offset by an increase in cash and a decrease in accounts payable and other current liabilities (which related to accrued payroll and costs associated with the Company's restructuring program).

The Company's ratio of current assets to current liabilities (current ratio) was 1.5 at June 30, 1999 and 1.6 at December 31, 1998. The Company's ratio of current assets less inventory to current liabilities (quick ratio) was 1.0 at June 30, 1999 and 1.1 at December 31, 1998.

On May 18, 1999, the Company issued $300 million aggregate principal amount of 10-year 6.95% senior notes ("Senior Notes") under Rule 144A and Regulation S of the Securities Act of 1933, as amended (the "Securities Act"). Accrued interest on the Senior Notes is payable semi-annually in cash on May 15 and November 15 of each year, commencing on November 15, 1999. The net proceeds of $297,834,000 from the issuance of the Senior Notes were used to reduce outstanding borrowings under the Credit Agreements described below. At June 30, 1999, the outstanding borrowings under the Senior Notes were $297,853,000 net of unamortized bond discount of $2,147,000.

At June 30, 1999, the Company's outstanding debt consisted primarily of borrowings made under the Credit Agreements described below, the Senior Notes and certain other loans incurred by the Company's subsidiaries. The Company's outstanding debt balance as of December 31, 1998 primarily included borrowings under the Credit Agreements and certain other loans incurred by the Company's subsidiaries.

The Company's two principal Credit Agreements are a 5-year revolving credit facility that expires on March 30, 2003 and a 364-day revolving credit facility that expires on March 27, 2000. During the first six months of 1999, the Company voluntarily reduced the amounts available under the Credit Agreements from $1 billion to $650 million under the 5-year revolving credit facility and from $600 million to $475 million under the 364-day revolving facility. Borrowings outstanding under the 5-year revolving credit facility are recorded as long-term debt, and borrowings outstanding under the 364-day facility are recorded as short-term borrowings. The Credit Agreements provide that the Company and certain of its subsidiaries may borrow for various purposes, including the refinancing of existing debt, the provision of working capital and other general corporate needs. Amounts repaid under the Credit Agreements may be reborrowed from time to time, up to the maximum $1.125 billion commitment amount under the Credit Agreements.

The Company's obligations under the Credit Agreements bear interest at floating rates. The weighted average interest rate under the Credit Agreements was approximately

5.6% at June 30, 1999 and 5.8% at December 31, 1998. The Company has entered into certain interest rate swap agreements that have the effect of fixing the interest rates on a portion of such debt. The weighted average interest rate at June 30, 1999 and December 31, 1998 did not change significantly as a result of these derivative financial instruments.

The Credit Agreements provide for changes in borrowing margins based on financial criteria and the Company's senior unsecured debt ratings, and impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include financial covenants relating to interest coverage and debt leverage as well as certain restrictions on the incurrence of additional indebtedness, the creation of liens, mergers and acquisitions, and certain dispositions of property and assets. The Company was in compliance with these requirements as of June 30, 1999.

The Senior Notes impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include restrictions on the creation of liens, entrance into sale-leaseback transactions, merger or consolidation of the Company and disposition of substantially all of the Company's assets. The Company was in compliance with these requirements as of June 30, 1999.

At June 30, 1999, the Company had available lines of credit, including those available under the Credit Agreements, of approximately $1.4 billion of which approximately $723 million were unused.

On July 19, 1999, the Company issued euro 200 million (approximately $205 million) aggregate principal amount of 7-year 5.625% notes in the European market ("Euro Notes") under Regulation S of the Securities Act. Accrued interest on the Euro Notes is payable annually in cash on July 19 of each year, commencing on July 19, 2000. The net proceeds of euro 198,624,000 (approximately $203 Million) were used to repay borrowings under the Credit Agreements.

The Company's shareholders' equity was $470,381,000 at June 30, 1999 compared to $437,045,000 at December 31, 1998. Shareholders' equity increased in 1999 due to the Company's net earnings of $97,806,000, which were partially offset by the payment of the preferred stock dividends of $35,821,000 and by an additional foreign currency translation adjustment of $48,041,000.

OTHER MATTERS

Quantitative and Qualitative Disclosures about Market Risk

For a discussion of market risks at December 31,1998, refer to Item 7a of the Company's Form 10-K for the year ended December 31, 1998.

Interest Rates

The Company uses interest rate swaps to reduce exposure to fluctuations in interest rates by fixing the rate of interest the Company pays on a portion of the Company's debt. Interest collars are used to reduce the Company's exposure to fluctuations in the rate of interest by limiting fluctuations in the rate of interest. At June 30, 1999, the Company had interest rate swap and collar agreements, maturing at various dates through March 2003, with a combined notional amount of approximately $140,000,000 compared with a notional amount of $265,000,000 at December 31, 1998. On May 18,1999, the Company issued $300 million aggregate principal amount of 10-year 6.95% senior notes. The net proceeds of $297,834,000 were used to reduce outstanding variable-rate borrowings under the Credit Agreements.

Foreign Exchange Contracts

The Company uses interest rate and currency swaps to limit foreign exchange exposure and limit or adjust interest rate exposure by swapping certain borrowings in U.S. dollars for borrowings denominated in foreign currencies. At June 30, 1999 the Company had interest rate and currency swap agreements, maturing through March 2002, with an aggregate notional amount of approximately $4,500,000.

The Company uses foreign currency forwards to fix the amount payable on certain transactions denominated in foreign currencies. At June 30, 1999 the Company had foreign currency forward contracts, maturing at various dates through August 1999, with an aggregate notional amount of approximately $13,100,000.

Environmental Matters

The Company is subject to loss contingencies resulting from environmental laws and regulations, and it accrues for anticipated costs associated with investigatory and remediation efforts when an assessment has indicated that a loss is probable and can be reasonably estimated. These accruals do not take into account any discounting for the time value of money and are not reduced by potential insurance recoveries, if any. Environmental liabilities are reassessed whenever circumstances become better defined and/or remediation efforts and their costs can be better estimated. These liabilities are evaluated periodically based on available information, including the progress of remedial investigations at each site, the current status of discussions with regulatory authorities regarding the methods and extent of remediation and the apportionment of costs among potentially responsible parties. As some of these issues are decided (the outcomes of which are subject to uncertainties) and/or new sites are assessed and costs can be reasonably estimated, the Company adjusts the recorded accruals, as necessary. However,

the Company believes that it has adequately reserved for all probable and estimable environmental exposures.

Year 2000 Computer System Compliance

The Company is continuing to address various Year 2000 issues. Year 2000 issues arise from computer programs that utilize only the last two digits of a year to define a particular year rather than the complete four-digit year. As a result, certain computer programs may not properly process certain dates, particularly those that fall into the year 2000 or subsequent years. Year 2000 issues affect both computer-based information systems and systems with embedded microcontrollers or microcomputers.

In addressing these issues, the Company has considered the following four areas: (a) computer-based information technology systems, (b) other systems not directly involving information technology, including embedded systems, (c) packaging and dispensing equipment used by the Company's customers, and (d) Year 2000 readiness of the Company's key suppliers and customers. The Company's action plan for dealing with these issues consists of the following four phases: (1) identifying the potentially affected items, (2) assessing the effect of Year 2000 issues on these items, (3) remediating the deficiencies of these items with updates, repairs or replacements, and (4) testing these items.

State of Readiness

The Company has examined the hardware and software of its computer-based information technology systems, including mainline systems, personal computers and telephone systems. The Company has also examined other devices incorporating electronic microchips that might fail as a result of the Year 2000 issue. These include security and control systems in Company facilities and programmable logic controllers and microcomputers embedded into production and other equipment in the Company's plants and warehouses. The Company has finished the identification and assessment phases of its Year 2000 action plan in these two areas. The Company has also completed approximately 95% of the remediation and testing phases of the plan for these areas. The Company has substantially completed its work on Year 2000 issues for computer-based information technology systems. The work remaining on Year 2000 issues primarily concerns non-information technology systems. The Company expects to complete substantially all work on Year 2000 issues by September 30, 1999. The Company continues to test new equipment and software before placing them into service.

The Company has examined certain packaging and dispensing equipment that it has sold or leased to customers in order to identify Year 2000 issues. This equipment often incorporates microprocessors as controllers. The Company believes that no further remediation is necessary for these devices.

The Company has completed a Year 2000 issue survey of key suppliers. Remedial action is being requested as required. The Company has also contacted certain customers to assess their overall Year 2000 readiness.

Costs

The Company estimates that the total costs to address the Company's Year 2000 issues will be in the neighborhood of $6 million. No significant information technology projects have been deferred by the Company due to Year 2000 issues.

Risks

While the Company believes that it is taking all steps reasonably necessary to assure its ability to conduct business and to safeguard its assets during the period affected by Year 2000 issues, risks cannot in every case be eliminated. Utilities and other key suppliers, may disrupt one or more of the Company's operations if they are unable to conduct business during this period. Significant disruptions caused by Year 2000 issues in the industries which the Company serves could impact its operations. Year 2000 issues in other industries could have a ripple effect on the Company's business.

If the Company is unable to complete its remediation efforts satisfactorily and on a timely basis, substantial business interruptions may occur in its operations. These could include disruptions to manufacturing operations, logistics, invoicing, collections and vendor payments. The Company's efforts described herein are expected to reduce the Company's uncertainty about Year 2000 issues. The Company believes that its efforts to date in this regard have contributed to reducing the risk of significant interruptions of its operations, and it intends to pursue these efforts as described herein.

Contingency Plans

The Company has certain contingency measures in place, including in some cases dual utility services, backup power equipment, backup data centers, manual backup procedures and alternate suppliers. The Company has developed a Year 2000 contingency plan to implement additional protection measures. The Company is in the process of implementing this plan on a timely basis.

Euro Conversion

On January 1, 1999, eleven of the fifteen members of the European Union (the "participating countries") established fixed conversion rates between their existing currencies (the "legacy currencies") and introduced the euro, a single common non-cash currency. The euro is now traded on currency exchanges and is being used in business transactions.

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

In 1998, the Company established plans to address the systems and business issues raised by the euro currency conversion. These issues include, among others, (1) the need to adapt computer, accounting and other business systems and equipment to accommodate euro-denominated transactions, (2) the need to modify banking and cash management systems in order to be able to handle payments between customers and suppliers in legacy currencies and euros between 1999 and 2002, (3) the requirement to change the base statutory and reporting currency of each subsidiary in the participating countries into euros during the transition period, (4) the foreign currency exposure changes resulting from the alignment of the legacy currencies into the euro, and (5) the identification of material contracts and sales agreements whose contractual stated currency will need to be converted into euros.

The Company believes that it will be euro compliant by January 1, 2002. The Company has implemented plans to accommodate euro-denominated transactions and to handle euro payments with third party customers and suppliers in the participating countries. The Company plans to meet the requirement to convert statutory and reporting currencies to the euro by acquiring and installing new financial software systems. If there are delays in such installation, the Company plans to pursue alternate means to convert statutory and reporting currencies to the euro by 2002. The Company expects that its foreign currency exposures will be reduced as a result of the alignment of legacy currencies, and the Company believes that all material contracts and sales agreements requiring conversion will be converted to euros prior to January 1, 2002.

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

Recently Issued Statements of Financial Accounting Standards

In June 1999, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective date of FASB Statement No. 133." This Statement defers the effective date of SFAS No. 133 , "Accounting for

Derivative Instruments and Hedging Activities." This Statement, which the Company expects to adopt beginning January 1, 2001, establishes accounting and operating standards for hedging activities and derivative instruments, including certain derivative instruments embedded in other contracts. The Company is reviewing the potential impact, if any, of SFAS No. 133 on its Consolidated Financial Statements.

Forward-Looking Statements

Certain statements made by the Company in this Form 10-Q and in future oral and written statements by management of the Company may be forward-looking. These statements include comments as to the Company's beliefs and expectations as to future events and trends affecting the Company's business, its results of operations and its financial condition. These forward-looking statements are based upon management's current expectations concerning future events and discuss, among other things, anticipated future performance and future business plans. Forward-looking statements are identified by such words and phrases as "expects," "intends," "believes," "will continue," "plans to," "could be" and similar expressions. Forward-looking statements are necessarily subject to uncertainties, many of which are outside the control of the Company, that could cause actual results to differ materially from such statements.

While the Company is not aware that any of the factors listed below will adversely affect the future performance of the Company, the Company recognizes that it is subject to a number of uncertainties, such as business and market conditions in Asia, Latin America and other geographic areas around the world, changes in the value of foreign currencies against the U.S. dollar, the ability of the Company to complete integration and restructuring activities relating to the merger of old Sealed Air and Cryovac and the success of those efforts as well as certain information systems projects, general economic, business and market conditions, conditions in the industries and markets that use the Company's packaging materials and systems, the development and success of new products, the Company's success in entering new markets, competitive factors, raw material availability and pricing, changes in the Company's relationship with customers and suppliers, future litigation and claims (including environmental matters) involving the Company, changes in domestic or foreign laws or regulations, or difficulties related to the Year 2000 issue or the euro conversion.

PART II

OTHER INFORMATION

Item 2. Changes in Securities and Use of Proceeds.

(a) Certain provisions of the Certificate of Incorporation of the Company affecting the rights of holders of the common stock and the Series A convertible preferred stock of the Company were modified pursuant to the approval of the stockholders by a vote taken at the annual meeting of stockholders of the Company. (See Item 4 below and Exhibits 3.1 and 3.2.)

(b) On May 18, 1999, the Company issued $300 million aggregate principal amount of 10-year 6.95% senior notes ("Senior Notes") under Rule 144A and Regulation S of the Securities Act of 1933, as amended (the "Securities Act"). The net proceeds from the issuance of the Senior Notes were used to reduce outstanding borrowings under the credit agreements (the "Credit Agreements") described under Liquidity and Capital Resources in the Management's Discussion and Analysis of Results of Operations and Financial Condition in Part I of this Form 10-Q. The Senior Notes impose certain limitations on the operations of the Company and certain of its subsidiaries. The limitations include restrictions on the creation of liens, entrance into sale-leaseback transactions, merger or consolidation of the Company and disposition of substantially all of the Company's assets. The Company was in compliance with these requirements as of June 30, 1999.

On July 19, 1999, the Company issued euro 200 million (approximately $205 million) aggregate principal amount of 7-year 5.625% notes in the European market under Regulation S of the Securities Act. The net proceeds thereof were used to repay borrowings under the Credit Agreements.

(c) In June 1999, the Company issued 425 shares of its common stock, par value $0.10 per share, to the Profit-Sharing Plan of the Company as part of its 1998 contribution to the Profit-Sharing Plan. The issuance of such shares to the Profit-Sharing Plan was not registered under the Securities Act because such transaction did not involve an "offer" or "sale" of securities under Section 2(3) of the Securities Act.

Item 4. Submission of Matters to a Vote of Security Holders.

On May 21, 1999, the Company commenced its annual meeting of stockholders. The annual meeting was thereafter adjourned until June 18, 1999 and further adjourned until July 16, 1999 in order to accept additional votes and proxies from stockholders on the proposals to

amend three provisions of the Certificate of Incorporation of the Company, as discussed below.

At the first session of the meeting on May 21, 1999, the stockholders elected four Class I directors for a three-year term and ratified the appointment of KPMG LLP as the Company's independent public accountants for 1999. At the third session of the meeting on July 16, 1999, the stockholders approved three amendments to the Company's Amended and Restated Certificate of Incorporation that repealed certain provisions, which amendments required the affirmative vote of 80% in voting power of the Company's capital stock. Such provisions were as follows:

(a) provisions requiring a classified board and removal of directors only for cause;

(b) a provision prohibiting stockholder action by written consent; and

(c) a provision requiring 80% stockholder vote to amend the Company's By-laws.

At the first session of the meeting on May 21, 1999, a total of 76,365,742 shares of common stock and 31,412,432 shares of Series A convertible preferred stock ("preferred stock") were present in person or by proxy at the annual meeting, representing approximately 104,165,763 votes, or approximately 90% of the voting power of the Company entitled to vote at such meeting. Each share of common stock was entitled to one vote on each matter before the meeting, and each share of preferred stock was entitled to 0.885 votes on each matter before the meeting.

At the third session of the meeting on July 16, 1999, a total of 78,120,012 shares of common stock and 31,714,931 shares of preferred stock were present in person or by proxy, representing approximately 106,187,726 votes, or approximately 92% of the voting power of the Company entitled to vote at such meeting.

The votes cast on the matters before the meeting, including the broker non-votes where applicable, were as set forth below:

Nominees for Election To Board of Directors:	Number of Votes In Favor	Withheld
Hank Brown	103,448,697	717,066
John K. Castle	103,498,153	667,610
Charles F. Farrell, Jr.	103,486,754	679,009
Alan H. Miller	103,497,650	668,114

Approval of proposed amendments to Certificate of Incorporation:

(a)	Classified board and removal for cause	For	93,587,234
		Against	1,145,119
		Abstentions	568,423
		Broker Non-Votes	10,886,950
(b)	Stockholder action by written consent	For	93,632,958
		Against	909,208
		Abstentions	758,609
		Broker Non-Votes	10,886,951
(c)	80% stockholder vote to amend By-laws	For	93,266,401
		Against	1,255,442
		Abstentions	778,933
		Broker Non-Votes	10,886,950
Ratification of KPMG LLP as Independent Accountants		For	103,603,195
		Against	209,128
		Abstentions	353,439

Item 5. Other Information.

Effective May 21, 1999, the Company amended Section 2.12 of its By-laws to include an advance notice provision. Nominations of persons for election to the Board of Directors of the Company and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made (i) pursuant to the Company's notice of meeting, including matters covered by Rule 14a-8 under the Securities and Exchange Act of 1934, as amended, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Company who was a stockholder of record at the time of giving notice by the stockholder as provided in Section 2.12 of the Company's By-laws. A notice pursuant to clause (iii) of the preceding sentence of the intent of a stockholder to make a nomination or to bring any other matter before an annual meeting must be made in writing and received by the Secretary of the Company no earlier than the 119th day and not later than the close of business on the 45th day prior to the first anniversary of the date of mailing of the Company's proxy statement for the prior year's annual meeting. However, if the date of the annual meeting has changed by more than 30 days from the date it was held in the prior year or if the Company did not hold an annual meeting in the prior year, then such notice must be received a reasonable time before the Company mails its proxy statement. Each such notice by a stockholder must set forth certain information as delineated in Section 2.12 of the Company's By-laws.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

Exhibit Number	Description
3.1	Amendments to the Certificate of Incorporation of the Company, effective July 20, 1999.
3.2	Unofficial Composite Copy of the Amended and Restated Certificate of Incorporation of the Company, as amended to date.
3.3	Amendments to the By-laws of the Company, effective May 21, 1999.
3.4	Complete copy of the Amended and Restated By-laws of the Company, as amended to date.
10.1	Second Amendment, dated as of June 2, 1999, to Global Revolving Credit Agreement (5-year), among the Company, certain of the Company's subsidiaries as guarantors and/or borrowers thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto.
10.2	Second Amendment, dated as of June 2, 1999, to Global Revolving Credit Agreement (364-Day), among the Company, certain of the Company's subsidiaries as guarantors and/or borrowers thereunder, ABN AMRO Bank N.V., as Administrative Agent, and certain other banks party thereto.
10.3	Agreement dated as of April 6, 1999, between the Company and J. Gary Kaenzig, Jr.
27	Financial Data Schedule

(b) Reports on Form 8-K

The Company filed the following Report on Form 8-K during the second quarter of 1999:

Date of Report	Disclosures
May 13, 1999	Offering of $300,000,000 principal amount of 6.95% senior notes due 2009 pursuant to Rule 144A and Regulation S under the Securities Act.

SIGNATURES

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 12, 1999

By /s/ Jeffrey S. Warren

Jeffrey S. Warren
Controller
(Authorized Executive Officer
and Chief Accounting Officer)

EXHIBIT 3.1

AMENDMENTS TO
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION OF
SEALED AIR CORPORATION

Filed: July 20, 1999

I. ARTICLE SEVENTH HAS BEEN AMENDED TO READ IN ITS ENTIRETY AS FOLLOWS:

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

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

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

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

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

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

II. ARTICLE FIFTEENTH HAS BEEN AMENDED TO READ IN ITS ENTIRETY AS FOLLOWS:

FIFTEENTH: Subject to the rights of the holders of any series of Preferred Stock or any other series or class of stock as set forth in this Amended and Restated Certificate of

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

III. ARTICLE SIXTEENTH HAS BEEN AMENDED TO READ IN ITS ENTIRETY AS FOLLOWS:

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

(Unofficial Composite Copy through filing of July 20, 1999)

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION OF SEALED AIR CORPORATION

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

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

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

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

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

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

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

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

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

1. Number of Shares and Designation. 36,021,851 shares of Preferred Stock of the Corporation shall constitute a series of Preferred Stock designated as Series A Convertible Preferred Stock (the "Series A Preferred Stock"). The number of shares of Series A Preferred Stock may be increased (to the extent of the Corporation's authorized and unissued Preferred Stock) or decreased (but not below the number of shares of Series A Preferred Stock then outstanding) by further resolution duly adopted by the Board of Directors and

the filing of a certificate of increase or decrease, as the case may be, with the Secretary of State of Delaware.

2. Rank. The Series A Preferred Stock shall, with respect to payment of dividends, redemption payments and rights upon liquidation, dissolution or winding up of the affairs of the Corporation, (i) rank senior and prior to the Common Stock and each other class or series of equity securities of the Corporation, whether currently issued or issued in the future, that by its terms ranks junior to the Series A Preferred Stock (whether with respect to payment of dividends, redemption payments or rights upon liquidation, dissolution or winding up of the affairs of the Corporation) (all of such equity securities, including the Common Stock, are collectively referred to herein as the "Junior Securities"), (ii) rank on a parity with each other class or series of equity securities of the Corporation (other than the Common Stock), whether currently issued or issued in the future, that does not by its terms expressly provide that it ranks senior to or junior to the Series A Preferred Stock (whether with respect to payment of dividends, redemption payments or rights upon liquidation,

dissolution or winding up of the affairs of the Corporation) (all of such equity securities are collectively referred to herein as the "Parity Securities"), and (iii) rank junior to each other class or series of equity securities of the Corporation, whether currently issued or issued in the future, that by its terms ranks senior to the Series A Preferred Stock (whether with respect to payment of dividends, redemption payments or rights upon liquidation, dissolution or winding up of the affairs of the Corporation) (all of such equity securities are collectively referred to herein as the "Senior Securities"). The respective definitions of Junior Securities, Parity Securities and Senior Securities shall also include any rights or options exercisable or exchangeable for or convertible into any of the Junior Securities, Parity Securities or Senior Securities, as the case may be.

3. Dividends.

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

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

(c) Except as described in the next succeeding sentence, so long as any shares of Series A Preferred Stock are outstanding, (i) no dividends shall be declared or paid or set

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

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

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

(f) If at any time the Corporation issues any Senior Securities and the Corporation shall have failed to declare and pay or set apart for payment accrued and unpaid dividends on such Senior Securities, in whole or in part, then (except to the extent allowed

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

4. Liquidation Preference.

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

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

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

5. Redemption.

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

Year	Redemption Price Per Share
2001	$51.40
2002	$51.20
2003	$51.00
2004	$50.80
2005	$50.60
2006	$50.40
2007	$50.20
Thereafter	$50.00

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

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

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

6. Procedures for Redemption.

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

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

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

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

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

7. Conversion.

(a) Right to Convert.

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

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

(b) Mechanics of Conversion.

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

(ii) Each conversion shall be deemed to have been effected immediately prior to the close of business on the first Business Day (the "Conversion Date") on which the certificates for shares of Series A Preferred Stock shall have been

surrendered and such notice received by the Corporation as aforesaid. At such time on the Conversion Date:

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

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

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

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

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

(iii) Holders of shares of Series A Preferred Stock at the close of business on a Dividend Payment Record Date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date notwithstanding the conversion thereof following such Dividend Payment Record Date and prior to such Dividend Payment Date. However, shares of Series A Preferred Stock surrendered for conversion during the period between the close of business on any Dividend Payment Record Date and the opening of business on the corresponding Dividend Payment Date (except shares converted after the issuance of a notice of redemption during such period, which shall be entitled to such dividend on the Dividend Payment Date) must be accompanied by payment of an amount equal to the dividend payable on such shares on such Dividend Payment Date; provided that notwithstanding such surrender of shares for conversion after such Dividend Payment Record Date, the holders thereof at the close of business on such Dividend Payment Record Date shall be entitled to receive the dividend payable on such shares on the corresponding Dividend Payment Date. A holder of shares of Series A Preferred Stock on a Dividend Payment Record Date who (or whose transferee) tenders any such shares for conversion into shares of Common Stock on such Dividend Payment

Date will receive the dividend payable by the Corporation on such shares of Series A Preferred Stock on such date, and the converting holder need not include payment of the amount of such dividend upon surrender of shares of Series A Preferred Stock for conversion.

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

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

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

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

traded on any such securities exchange, the last reported sale price on such day on the National Market of the National Association of Securities Dealers, Inc. Automated Quotation System ("NASDAQ"); or (z) if the shares of such class of Common Stock are not then traded on the NASDAQ National Market, the average of the highest reported bid and lowest reported asked price on such day, as reported by NASDAQ.

(c) Adjustments to Conversion Price. The Conversion Price shall be adjusted from time to time as follows:

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

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

Common Stock so offered would purchase at the Current Market Price per share of Common Stock, and of which the denominator shall be the sum of (1) the number of shares of Common Stock outstanding on the date of issuance of such convertible or exchangeable securities, rights or warrants and (2) the number of additional shares of Common Stock offered for subscription or purchase, or issuable upon such conversion or exchange. Such adjustment shall be made whenever such convertible or exchangeable securities, rights or warrants are issued, and shall become effective immediately after the record date for the determination of stockholders entitled to receive such securities. However, upon the expiration of any right or warrant to purchase Common Stock, the issuance of which resulted in an adjustment in the Conversion Price pursuant to this Section 7(c)(ii), if any such right or warrant shall expire and shall not have been exercised, the Conversion Price shall be recomputed immediately upon such expiration and effective immediately upon such expiration shall be increased to the price it would have been (but reflecting any other adjustments to the Conversion Price made pursuant to the provisions of this Section 7(c) after the issuance of such rights or warrants) had the adjustment of the Conversion Price made upon the issuance of such rights or warrants been made on the basis of offering for subscription or purchase only that number of shares of Common Stock actually purchased upon the exercise of such rights or warrants. No further adjustment shall be made upon exercise of any right, warrant, convertible security or exchangeable security if any adjustment shall have been made upon issuance of such security.

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

value (as so determined) so paid with respect to one share of Common Stock is equal to or greater than the Current Market Price per share of Common Stock on the record date mentioned above, in lieu of the foregoing adjustment, adequate provision shall be made so that each holder of shares of Series A Preferred Stock shall have the right to receive the amount and kind of assets, evidences of indebtedness, or securities such holder would have received had such holder converted each such share of Series A Preferred Stock immediately prior to the record date for such dividend. Such adjustment shall be made whenever any such payment is made, and shall become effective retroactively immediately after the record date for the determination of stockholders entitled to receive the payment.

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

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

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

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

(viii) In case of any reclassification of the Common Stock, any consolidation of the Corporation with, or merger of the Corporation into, any other entity, any merger of another entity into the Corporation (other than a merger that does not result in any reclassification, conversion, exchange or cancellation of outstanding shares of Common Stock of the Corporation), any sale or transfer of all or substantially all of the assets of the Corporation or any compulsory share exchange pursuant to which share exchange the Common Stock is converted into other securities, cash or other property, then lawful provision shall be made as part of the terms of such transaction whereby the holder of each share of Series A Preferred Stock then outstanding shall have the right thereafter, during the period such share shall be convertible, to convert such share only into the kind and amount of securities, cash and other property receivable upon the reclassification, consolidation, merger, sale, transfer or share exchange by a holder of the number of shares of Common Stock of the Corporation into which a share of Series A Preferred Stock would have been convertible immediately prior to the reclassification, consolidation, merger, sale, transfer or share exchange. The Corporation, the person formed by the consolidation or resulting from the merger or which acquires such assets or which acquires the Corporation's shares, as the case may be, shall make provisions in its certificate or articles of incorporation or other constituent documents to establish such rights and to ensure that the dividend, voting and other rights of the holders of Series A Preferred Stock established herein are unchanged, except as permitted by Section 9 and applicable law. The certificate or articles of incorporation or other constituent documents shall provide for adjustments, which, for events subsequent to the effective date of the certificate or articles of incorporation or other constituent documents, shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 7. The provisions of this Section 7(c)(viii) shall similarly apply to successive reclassifications, consolidations, mergers, sales, transfers or share exchanges.

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

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

9. Voting Rights.

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

(b) The holders of the shares of Series A Preferred Stock (i) shall be entitled to vote with the holders of the Common Stock on all matters submitted for a vote of holders of Common Stock (voting together with the holders of Common Stock as one class), (ii) shall be entitled to a number of votes equal to the number of votes to which shares of Common Stock issuable upon conversion of such shares of Series A Preferred Stock would have been entitled if such shares of Common Stock had been outstanding at the time of the applicable vote and related record date and (iii) shall be entitled to notice of any stockholders' meeting in accordance with the Certificate of Incorporation and Bylaws of the Corporation.

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

the stockholders or as required by law. If any such special meeting required to be called as above provided shall not be called by the secretary within 20 days after receipt of any such request, then any holder of shares of Series A Preferred Stock may call such meeting, upon the notice above provided, and for that purpose shall have access to the stock records of the Corporation. The directors elected at any such special meeting shall hold office until the next annual meeting of the stockholders or special meeting held in lieu thereof if such office shall not have previously terminated as above provided. If any vacancy shall occur among the directors elected by the holders of the Series A Preferred Stock and the Preferred Shares, a successor shall be elected by the Board of Directors, upon the nomination of the then- remaining director elected by the holders of the Series A Preferred Stock and the Preferred Shares or the successor of such remaining director, to serve until the next annual meeting of the stockholders or special meeting held in place thereof if such office shall not have previously terminated as provided above.

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

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

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

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

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

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

10. No Other Rights.

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

FIFTH: The Corporation is to have perpetual existence.

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

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

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

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

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

D. By resolution adopted by a majority of the whole board, to designate one or more committees, each committee to consist of two or more of the directors of the Corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the Corporation and may authorize the seal of the Corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as

may be determined from time to time by resolution adopted by the Board of Directors. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. The members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member

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

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

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

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

ELEVENTH: Each person who is or was or has agreed to become a director or officer of the Corporation, and each such person who is or was serving or who has agreed to serve at the request of the Board of Directors or an officer of the Corporation as an employee or agent of the Corporation or as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (including the heirs, executors, administrators or estate of such person), shall be indemnified by the Corporation, in accordance with the by-laws of the Corporation, to the fullest extent permitted from time to time by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted prior to such amendment) or any other applicable laws as presently or hereafter in effect. Without limiting the generality or the effect of the foregoing, the Corporation may enter into one or more agreements with any person which provide for indemnification greater than or different from that provided in this ARTICLE ELEVENTH. Any amendment or repeal of this ARTICLE ELEVENTH shall not adversely affect any right or protection existing hereunder in respect of any act or omission occurring prior to such amendment or repeal.

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

THIRTEENTH: Whenever a compromise or arrangement is proposed between this corporation and its creditors or any class of them and/or between this corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of this corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for this corporation under Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for this corporation under

Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of this corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of this corporation as consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of this corporation, as the case may be, and also on this corporation.

FOURTEENTH: Meetings of stockholders and directors may be held within or without the State of Delaware, as the by-laws may provide. The books of account of the Corporation may be kept (subject to any provision contained in the statutes) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the by-laws of the Corporation. Elections of directors need not be by written ballot unless the by-laws of the Corporation shall so provide.

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

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

SEVENTEENTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation, in the manner now or

hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

Amendments to By-laws of Sealed Air Corporation (the "Corporation")

Effective May 21, 1999

Section 2.05 of the Corporation's By-laws is amended to read in its entirety as follows:

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

Section 2.12 is added to the Corporation's By-laws:

"Section 2.12. Notice of Stockholder Nomination and Stockholder Business. At an annual meeting of the stockholders, only such persons who are nominated in accordance with the procedures set forth in this section shall be eligible to stand for election as directors and only such business shall be conducted as shall have been brought before the meeting in accordance with the procedures set forth in these By-laws. Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made (i) pursuant to the Corporation's notice of meeting, including matters covered by Rule 14a-8 under the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice by the stockholder as

provided in this section, who is entitled to vote at the meeting, and who complies with the notice provision set forth in this section. A notice of the intent of a stockholder to make a nomination or to bring any other matter before an annual meeting must be made in writing and received by the secretary of the Corporation no earlier than the 119th day and not later than the close of business on the 45th day prior to the first anniversary of the date of mailing of the Corporation's proxy statement for the prior year's annual meeting. However, if the date of the annual meeting has changed by more than 30 days from the date it was held in the prior year or if the Corporation did not hold an annual meeting in the prior year, then such notice must be received a reasonable time before the Corporation mails its proxy statement for the annual meeting. Every such notice by a stockholder shall set forth (i) the name and address of such stockholder as they appear on the Corporation's books and the class and number of shares of the Corporation's Voting Stock that are owned beneficially and of record by such stockholder, (ii) a representation that the stockholder is a holder of the Corporation's Voting Stock and intends to appear in person or by proxy at the meeting to make the nomination or bring up the matter specified in the notice; (iii) with respect to notice of an intent to make a nomination, a description of all arrangements or understandings among the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder, and such other information regarding each nominee proposed by such stockholder as would have been required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange

Commission had each nominee been nominated by the Board of Directors of the Corporation; and (iv) with respect to notice of an intent to bring up any other matter, a description of the matter, the reasons for conducting such business at the meeting and any material interest of the stockholder in the matter. Notice of intent to make a nomination shall be accompanied by the written consent of each nominee to be named in a proxy statement as a nominee and to serve as director of the Corporation if so elected. Except as otherwise provided by law or by the Certificate of Incorporation, the chairman of the meeting shall have the power and authority to determine whether a nomination or any business proposed to be brought before the meeting was made or proposed, as the case may be, in accordance with the procedures set forth in this By-law and whether such matter is an appropriate subject for stockholder action under applicable law, and, if it was not, to declare that such proposal or nomination shall be disregarded. Notwithstanding the foregoing provisions of this section, a stockholder shall also comply with all applicable requirements of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this section. Nothing in this section shall be deemed to

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

The Corporation elects to be governed by paragraph (2) of Section 141(c) of the Delaware General Corporation Law, and the first sentence of Section 3.11 of the Corporation's By-laws is deleted, and replaced by the following:

"The Board of Directors may, by resolution adopted by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. All committees may authorize the seal of the Corporation to be affixed to all papers which may require it. To the extent provided in any resolution or by these By-laws, subject to any limitations set forth under the laws of the State of Delaware and the Certificate of Incorporation, any such committee shall have and may exercise any of the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation."

Section 6.06 of the Corporation's By-laws is added and former Section 6.06 of the By-laws is renumbered as Section 6.07, with such new Sections 6.06 and 6.07 to read in their entirety as follows:

"Section 6.06. Record Date for Consents. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix, in advance, a record date, which record date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent shall, by written notice to the secretary, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten days after the date on which such request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten days after the receipt of such request and no prior action by the Board of Directors is required by applicable law, then the record date shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the Corporation by delivery to its headquarters office to the attention of the secretary. Delivery shall be by hand or certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by applicable law, the record date for determining

stockholders entitled to consent shall be at the close of business on the date on which the Board of Directors adopts the resolution taking such prior action. The Board of Directors may postpone action by written consent in order to allow the secretary to conduct a reasonable and prompt investigation to ascertain the legal sufficiency of the consents. The secretary may designate an independent inspector of election to conduct such investigation."

"Section 6.07. Record Dates. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty or less than ten days before the date of such meeting, and not more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting."

AMENDED AND RESTATED BY-LAWS
OF
SEALED AIR CORPORATION
As amended May 21, 1999

ARTICLE 1
OFFICES

SECTION 1.01. Registered Office. The registered office of the Corporation shall be in Wilmington, Delaware.

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

ARTICLE 2
MEETINGS OF STOCKHOLDERS

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

SECTION 2.02. Annual Meetings. Annual meetings of stockholders shall, unless otherwise provided by the Board of Directors, be held on the third Friday in May each year if not a legal holiday, and if a legal holiday, then on the next full business day following, at 11:00 A.M., at which the stockholders shall elect directors, vote upon the ratification of the selection of the independent auditors selected for the Corporation for the then current fiscal year of the Corporation, and transact such other business as may properly be brought before the meeting.

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

SECTION 2.04. List of Stockholders. The officer who has charge of the stock ledger of the Corporation shall prepare and make or cause to be prepared and made, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order with the address of and the number of voting shares registered in the name of each. Such list shall be open for ten days prior to the meeting to the examination of any stockholders, for any purpose germane to the meeting, during ordinary business hours, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of meeting, or, if not so specified, at the place where the meeting is to be held, and shall be produced and kept at the time and place of said meeting during the whole time thereof, and may be inspected by any stockholder who is present.

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

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

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

SECTION 2.08. Quorum. The holders of a majority of the voting power of the then outstanding Voting Stock, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or the Certificate of Incorporation. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement

at the meeting, so long as the adjournment is not for more than thirty days and a new record date is not fixed for the adjourned meeting, until a quorum shall be present or represented. If a quorum shall be present or represented at such adjourned meeting, any business may be transacted which might have been transacted at the original meeting. When specified business is to be voted on by a class or series of stock voting as a class, the holders of a majority of the voting power of the shares of such class or series shall constitute a quorum of such class or series for the transaction of such business.

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

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

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

SECTION 2.12. Notice of Stockholder Nomination and Stockholder Business. At an annual meeting of the stockholders, only such persons who are nominated in accordance with the procedures set forth in this section shall be eligible to stand for election as directors and only such business shall be conducted as shall have been brought before the meeting in accordance with the procedures set forth in these By-laws. Nominations of persons for election to the Board of Directors of the Corporation and the proposal of business to be considered by the stockholders at an annual meeting of stockholders may be made (i) pursuant to the Corporation's notice of meeting, including

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

ARTICLE 3
DIRECTORS

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

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

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

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

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

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

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

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

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

SECTION 3.10. Organization. The Board of Directors may elect one of its members to be chairman of the board and may fill any vacancy in the position of chairman of the board at such time and in such manner as the Board of Directors shall determine. The chairman of the board may but need not be an officer of or employed in an executive or other capacity by the Corporation. The chairman of the board shall preside at meetings of the Board of Directors and lead the Board of Directors in fulfilling its responsibilities as defined in Section 3.03. In the absence of the chairman of the board or if there should be no chairman of the board, the chief executive officer shall preside at meetings of the Board of Directors.

SECTION 3.11. Committees. The Board of Directors may, by resolution adopted by a majority of the whole Board of Directors, designate one or more committees, each committee to consist of two or more of the directors of the Corporation. All committees may authorize the seal of the Corporation to be affixed to all papers which may require it. To the extent provided in any resolution or by these By-laws, subject to any limitations

set forth under the laws of the State of Delaware and the Certificate of Incorporation, any such committee shall have and may exercise any of the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Unless the Board of Directors designates one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee, the members of any such committee present at any meeting and not disqualified from voting may, whether or not they constitute a quorum, unanimously appoint another member of the Board of Directors to act at the meeting in the place of any absent or disqualified member of such committee. At meetings of any such committee, a majority of the members or alternate members of such committee shall constitute a quorum for the transaction of business, and the act of a majority of members or alternate members present at any meeting at which there is a quorum shall be the act of the committee.

SECTION 3.12. Minutes of Committee Meetings. The committees shall keep regular minutes of their proceedings and, when requested to do so by the Board of Directors, shall report the same to the Board of Directors.

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

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

SECTION 3.15. Compensation of Directors. The directors may be paid their expenses of attendance at each meeting of the Board of Directors or of any special or standing committee thereof. The Board of Directors may establish by resolution from time to time the fees to be paid to each director who is not an officer or employee of the Corporation or any of its subsidiaries for serving as a director of the Corporation, for serving on any special or standing committee of the Board of Directors, and for attending meetings of the Board of Directors or of any special or standing committee thereof. No such payment shall preclude any such director from serving the Corporation in any other capacity and receiving compensation therefor.

ARTICLE 4
NOTICES

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

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

ARTICLE 5
OFFICERS

SECTION 5.01. Selection of Officers. The officers of the Corporation shall be chosen by the Board of Directors at its first meeting after each annual meeting of stockholders and shall be a chief executive officer, who shall be a director, a president, one or more vice presidents and a secretary. Any number of offices may be held by the same person.

SECTION 5.02. Other Officers. The Board of Directors may appoint such other officers, assistant officers and agents as it desires who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors.

SECTION 5.03. Term of Office, Etc. The officers of the Corporation shall hold office at the pleasure of the Board of Directors. Each officer shall hold office until a successor is elected and qualified or until such officer's earlier resignation or removal. Any officer may resign at any time upon written notice to the Corporation. Any officer elected or appointed by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation by death, resignation, removal or otherwise shall be filled by the Board of Directors.

SECTION 5.04. Chief Executive Officer. The chief executive officer of the Corporation shall preside at all meetings of the stockholders, shall have the responsibility for the general and active management and control of the affairs and business of the

Corporation, shall perform all duties and have all powers which are commonly incident to the office of chief executive or which are delegated to the chief executive officer by the Board of Directors, and shall see that all orders and resolutions of the Board of Directors are carried into effect. The chief executive officer shall have the authority to sign all certificates of stock, bonds, deeds, contracts and other instruments of the Corporation that are authorized and shall have general supervision and direction of all of the other officers and agents of the Corporation.

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

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

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

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

ARTICLE 6
CERTIFICATES OF STOCK

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

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

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

SECTION 6.04. Transfer. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the Corporation, if it shall be satisfied that all provisions of the Certificate of Incorporation,

the By-laws and the laws regarding the transfer of shares have been duly complied with, to issue a new certificate to the person entitled thereto or provide other evidence of the transfer, cancel the old certificate and record the transaction upon its books.

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

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

SECTION 6.07. Record Dates. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the Board of Directors may fix, in advance, a record date, which shall not be more than sixty or less than ten days before the date of such meeting, and not more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided,

however, that the Board of Directors may fix a new record date for the adjourned meeting.

ARTICLE 7
MISCELLANEOUS

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

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

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

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

ARTICLE 8
INDEMNIFICATION

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

not be exclusive of any other right which such directors, officers, employees, agents or representatives may have or hereafter acquire and, without limiting the generality of the foregoing, they shall be entitled to their respective rights of indemnification under any by-law, agreement, vote of stockholders or the Board of Directors, provision of law or otherwise, as well as their rights under this Article.

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

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

ARTICLE 9
AMENDMENTS

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

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

EXHIBIT 10.1

Second Amendment to Global Revolving Credit Agreement (5-Year)

The Second Amendment to Global Revolving Credit Agreement (5-Year) (the "Amendment") dated as of June 2 1999 among Sealed Air Corporation (the "Company"), the Subsidiary Borrowers party hereto, the Subsidiary Guarantors party hereto, the Banks party hereto, and ABN AMRO Bank N.V., as Administrative Agent;

W i t n e s s e t h:

Whereas, the Company (which was formerly known as W. R. Grace & Co.) and the Subsidiary Borrowers, the Guarantors, the Banks and ABN AMRO Bank N.V., as Administrative Agent, have heretofore executed and delivered a Global Revolving Credit Agreement (5-Year) dated as of March 30, 1998 (as amended, the "Credit Agreement"); and

Whereas, the parties hereto desire to further amend the Credit Agreement as provided herein;

Now, therefore, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the Credit Agreement shall be and hereby is amended as follows:

1. Section 8.04 of the Credit Agreement is hereby amended by:

(a) deleting the word "and" at the end of clause (g) thereof;

(b) adding a new clause (h) reading in its entirety as follows:

"(h) Indebtedness of Foreign Subsidiaries denominated in Euros in an aggregate principal amount at any time outstanding not exceeding Euro 250,000,000; and" and

(c) re-lettering clause (h) as clause (i).

2. This Amendment shall become effective on the date the Administrative Agent shall have received counterparts hereof executed by the Borrowers and the Required Banks (or, in the case of any party as to which an executed counterpart hereof shall not have been received, receipt by the Administrative Agent in form satisfactory to it of facsimile or other written confirmation from such party of execution of a counterpart hereof by such party).

3.1. To induce the Administrative Agent and the Banks to enter into this Amendment, each Borrower and Guarantor represents and warrants to the Administrative Agent and the Banks that: (a) the representations and warranties contained in the Credit Documents, as amended by this Amendment (other than Section 6.05 of the Credit Agreement), are true and correct in all material respects as of the date hereof with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); (b) after giving effect to this Amendment, no Default exists; (c) this Amendment has been duly authorized by all necessary corporate proceedings and duly executed and delivered by each Borrower and each Guarantor, and the Credit Agreement, as amended by this Amendment, and each of the other Credit Documents are the legal, valid and binding obligations of the applicable Borrower or Guarantor, enforceable against such Borrower or Guarantor in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity; and (d) no consent, approval, authorization, order, registration or qualification with any governmental authority is required for, and in the absence of which would adversely effect, the legal and valid execution and delivery or performance by any Borrower or any Guarantor of this Amendment or the performance by any Borrower or any Guarantor of the Credit Agreement, as amended by this Amendment, or any other Credit Document to which they are party.

3.2. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

3.3. Except as specifically provided above, the Credit Agreement and the other Credit Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power, or remedy of the Agent or any Bank under the Credit Agreement or any of the other Credit Documents, nor constitute a waiver or modification of any provision of any of the other Credit Documents.

3.4. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

SEALED AIR CORPORATION, as
Borrower and Guarantor

By /s/ William V. Hickey

Title President

SEALED AIR CORPORATION (US),
as Borrower and Guarantor

By /s/ William V. Hickey

Title President

CRYOVAC, INC., as Borrower and
Guarantor

By /s/ William V. Hickey

Title Vice President

By /s/ H. Katherine White

Title Vice President

ABN AMRO BANK N.V., individually
and as Administrative Agent

By /s/ Pauline McHugh

Title Vice President

By /s/ John Deegan

Title Group VP

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION

By /s/ Deborah J. Graziano

Title Vice President

BANKERS TRUST COMPANY

By /s/ Gregory Shefrin

Title Principal

NATIONSBANK, N.A.

By /s/ Deborah J. Graziano

Title Vice President

CITIBANK, N.A.

By /s/ William G. Martins

Title VP

COMMERZBANK AG, NEW YORK BRANCH

By /s/ Robert Donohue

Title Senior Vice President

By /s/ Peter Doyle

Title Assistant Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Vladimir Labun

Title First Vice President - Manager

FLEET NATIONAL BANK

By /s/ Christopher W. Criswell

Title SVP

SUMMIT BANK

By /s/ Thomas Browen

Title Assistant Treasurer

TORONTO DOMINION (TEXAS) INC.

By /s/ Carol Brandt

Title Vice President

BANCA DI ROMA

By /s/ Steven Paley

Title VP

By /s/ Nicola Dell'Edera

Title AT

THE BANK OF NEW YORK

By /s/ Ernest Fung

Title Vice President

THE BANK OF NOVA SCOTIA

By /s/ Stephen E. Lockhart

Title Sr. Relationship Mgr.

COMPAGNIE FINANCIERE DE CIC ET
DE L'UNION EUROPEENNE

By /s/ Martha Skimore

Title Vice President

By /s/ Albert Calo

Title Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Jeff Lubatkin

Title VP

FIRST UNION NATIONAL BANK

By /s/ Peter Mace

Title Senior Vice President

HSBC BANK USA

By /s/ Diane M. Zieske

Title Assistant Vice President

WACHOVIA BANK N.A.

By /s/ M. Eugene Wood III

Title Senior Vice President

THE NORTHERN TRUST COMPANY

By /s/ Mark E. Taylor

Title Second Vice President

THE BANK OF TOKYO-MITSUBISHI, LTD.

By /s/ William D. Nicola

Title Attorney-In-Fact

BANQUE NATIONALE DE PARIS

By /s/ Richard L. Sted

Title Senior Vice President

By /s/ Richard Pace

Title Vice President
Corporate Banking Division

CARIPLO-CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE SPA

By /s/ Anthony F. Giobbi

Title F.V.P.

By /s/ Maria Elana Greene

Title A.V.P.

UNI CREDITO ITALIANO S.P.A.

By /s/ Gianscranco Bisagni

Title First Vice President

By /s/ Sayed Abbas

Title First Vice President

KBC BANK N.V.

By /s/ Robert Snauffer

Title First Vice President

By /s/ Robert M. Surdam, Jr.

Title First Vice President

MELLON BANK, N.A.

By /s/ Maria Sisto

Title AVP

BANCA MONTE DEI PASCHI DI SIENA, S.P.A.

By /s/ G. Natalicchi

Title S.V.P. & General Manager

By /s/ Brian R. Landy

Title Vice President

NORDDEUTSCHE LANDESBANK GIROZENTRALE

By /s/ Stephen K. Hunter

Title SVP

By /s/ Josef Haas

Title VP

SUNTRUST BANK, ATLANTA

By /s/ Ronald E. Alston

Title Vice President

ISTITUTO BANCARIO SAN PAOLO DI
TORINO ISTITUTO MOBILIARE
ITALIANO S.P.A.

By /s/ Luca Sacchi

Title VP

By /s/ Carlo Pensico

Title FVP

CREDIT AGRICOLE INDOSUEZ

By /s/ Craig Welch

Title FVP

By /s/ Sarah McClintock

Title VP

BANCA POPOLARE DI MILANO

By /s/ Anthony Franco

Title Executive Vice President
& General Manager

By /s/ Patrick Dillon

Title Vice President
Chief Credit Officer

BANCA COMMERCIALE ITALIANA
NEW YORK BRANCH

By /s/ Charles Dougherty

Title VP

By /s/ Joseph Carlani

Title VP

EXHIBIT 10.2

SECOND AMENDMENT TO GLOBAL REVOLVING CREDIT AGREEMENT (364-DAY)

The Second Amendment to Global Revolving Credit Agreement (364-Day) (the "Amendment") dated as of June 2, 1999 among Sealed Air Corporation (the "Company"), the Subsidiary Borrowers party hereto, the Subsidiary Guarantors party hereto, the Banks party hereto, and ABN AMRO Bank N.V., as Administrative Agent;

W I T N E S S E T H:

WHEREAS, the Company (which was formerly known as W. R. Grace & Co.) and the Subsidiary Borrowers, the Guarantors, the Banks and ABN AMRO Bank N.V., as Administrative Agent, have heretofore executed and delivered a Global Revolving Credit Agreement (364-Day) dated as of March 30, 1998 (as amended and extended, the "Credit Agreement"); and

WHEREAS, the parties hereto desire to further amend the Credit Agreement as provided herein;

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree that the Credit Agreement shall be and hereby is amended as follows:

1. Section 8.04 of the Credit Agreement is hereby amended by:

(a) deleting the word "and" at the end of clause (g) thereof;

(b) adding a new clause (h) reading in its entirety as follows:

"(h) Indebtedness of Foreign Subsidiaries denominated in Euros in an aggregate principal mount at any time outstanding not exceeding Euro 250,000,000; and" and

(c) re-lettering clause (h) as clause (i).

2. This Amendment shall become effective on the date the Administrative Agent shall have received counterparts hereof executed by the Borrowers and the Required Banks (or, in the case of any party as to which an executed counterpart hereof shall not have been received, receipt by the Administrative Agent in form satisfactory to it of facsimile or other written confirmation from such party of execution of a counterpart hereof by such party).

3.1. To induce the Administrative Agent and the Banks to enter into this Amendment, each Borrower and Guarantor represents and warrants to the Administrative Agent and the Banks that: (a) the representations and warranties contained in the Credit Documents, as amended by this Amendment (other than Section 6.05 of the Credit Agreement), are true and correct in all material respects as of the date hereof with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); (b) after giving effect to this Amendment, no Default exists; (c) this Amendment has been duly authorized by all necessary corporate proceedings and duly executed and delivered by each Borrower and each Guarantor, and the Credit Agreement, as amended by this Amendment, and each of the other Credit Documents are the legal, valid and binding obligations of the applicable Borrower or Guarantor, enforceable against such Borrower or Guarantor in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights or by general principles of equity; and (d) no consent, approval, authorization, order, registration or qualification with any governmental authority is required for, and in the absence of which would adversely effect, the legal and valid execution and delivery or performance by any Borrower or any Guarantor of this Amendment or the performance by any Borrower or any Guarantor of the Credit Agreement, as amended by this Amendment, or any other Credit Document to which they are party.

3.2. This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

3.3. Except as specifically provided above, the Credit Agreement and the other Credit Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power, or remedy of the Agent or any Bank under the Credit Agreement or any of the other Credit Documents, nor constitute a waiver or modification of any provision of any of the other Credit Documents.

3.4. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

SEALED AIR CORPORATION, as
Borrower and Guarantor

By /s/ William V. Hickey

Name: William V. Hickey
Title: President

SEALED AIR CORPORATION (US),
as Borrower and Guarantor

By /s/ William V. Hickey

Name: William V. Hickey
Title: President

CRYOVAC, INC., as Borrower and
Guarantor

By /s/ William V. Hickey

Name: William V. Hickey
Title: Vice President

By /s/ H. Katherine White

Name: H. Katherine White
Title: Vice President

CRYOVAC UK LIMITED, as Borrower

By /s/ Daniel S. Van Riper

Name: Daniel S. Van Riper
Title: Director

CRYOVAC AG, as Borrower

By /s/ Daniel Costhesy

Name: Daniel Costhesy
Title: Financial Director

CRYOVAC S.p.A., as Borrower

By /s/ Colin D. Parnell

Name: Colin D. Parnell
Title: Managing Director

CRYOVAC AUSTRALIA PTY. LIMITED,
as Borrower

By /s/ H. Katherine White

Name: H. Katherine White
Title: Director

SEALED AIR S.A., as Borrower

By /s/ Stephen Froelich

Name: Stephen Froelich
Title: Managing Director

SEALED AIR LIMITED, as Borrower

By /s/ William V. Hickey

Name: William V. Hickey
Title: Director

CRYOVAC VERPACKUNGEN GmbH,
as Borrower

By /s/ Hans-Otto Bosse

Name: Hans-Otto Bosse
Title: Managing Director

SEALED AIR (CANADA) INC., as borrower

By /s/ Andrea Schmidt
---
name: Andrea Schmidt
Title: Director

SEALED AIR (NZ) LIMITED, as Borrower

By /s/ H. Katherine White

Name: H. Katherine White
Title: Director

CRYOVAC (NEW ZEALAND) LIMITED,
as Borrower

By /s/ H. Katherine White

Name: H. Katherine White
Title: Director

SEALED AIR AUSTRALIA PTY LIMITED,
as Borrower

By /s/ H. Katherine White

Name: H. Katherine White
Title: Director

SEALED AIR B.V., as Borrower

By /s/ H. Katherine White

Name: H. Katherine White
Title: Director

ABN AMRO BANK N.V., individually
and as Administrative Agent

By /s/ Pauline Mc Hush

Name: Pauline Mc Hush
Title: Vice President

By /s/ John Deegan

Name: John Deegan
Title: Group V.P.

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION

By /s/ Deborah J. Graziano

Name: Deborah J. Graziano
Title: Vice president

BANKERS TRUST COMPANY

By /s/ Gregory Shefrin

Name: Gregory Shefrin
Title: Principal

CITIBANK, N.A.

By /s/ William G. Martins

Name: William G. Martins
Title: Vice President

COMMERZBANK AG, NEW YORK BRANCH

By /s/ Fobert Donohue

Name: Robert Donohue
Title: Senior Vice President

By /s/ Peter Doyle

Name: Peter Doyle
Title: Assistant Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By /s/ Vladimir Labun

Name: Valdimir Labun
Title: First Vice President -- Manager

FLEET NATIONAL BANK

By /s/ Christopher W. Criswell

Name: Christopher W. Criswell
Title: Senior Vice President

SUMMIT BANK

By /s/ Thomas Browen

Name: Thomas Browen
Title: Assistant Treasurer

TORONTO DOMINION (TEXAS) INC.

By /s/ Carol Brandt

Name: Carol Brandt
Title: Vice President

BANCA DI ROMA

By /s/ Stephen Paley

Name: Stephen Paley
Title: Vice President

By /s/ Nicola Dell 'edera

Name: Nicola Dell 'Edera
Title: Assistant Treasurer

THE BANK OF NEW YORK

By /s/ Ernest Fund

Name: Ernest Func
Title: Vice President

COMPAGNIE FINANCIERE DE CIC ET
DE L'UNION EUROPEENNE

By /s/ Martha Skimore

Name: Martha Skimore
Title: Vice President

By /s/ Albert Calo

Name: Albert Calo
Title: Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By /s/ Jeff Lubatkin

Name: Jeff Lubatkin
Title: Vice President

FIRST UNION NATIONAL BANK

By /s/ Peter Mace

Name: Peter Mace
Title: Senior Vice President

HSBC BANK USA

By /s/ Diane M. Zieske

Name: Diane M Sieske
Title: Assistant Vice President

WACHOVIA BANK N.A.

By /s/ M. Eugene Wood III

Name: M. Eugene Wood III
Title: Senior Vice President

THE NORTHERN TRUST COMPANY

By /s/ Mark E. Taylor

Name: Mark E. Taylor
Title: Second Vice President

THE BANK OF TOKYO-MITSUBISHI, LTD.

By /s/ William D. Nicola

Name: William D. Nicola
Title: Attorney-in-Fact

BANQUE NATIONALE DE PARIS

By /s/ Richard L. Sted

Name: Richard L. Sted
Title: Senior Vice President

By /s/ Richard Pade

Name: Richard Pade
Title: Vice President
Corporate Banking Division

CARIPLO-CASSA DI RISPARMIO DELLE PROVINCIE LOMBARDE SPA

By /s/ Anthony F. Giobbi

Name: Anthony F. Giobbi
Title: First Vice President

By /s/ Maria Elana Greene

Name: Maria Elana Greene
Title: Assistant Vice President

UNI CREDITO ITALIANO S.p.A.

By /s/ Gianscranco Bisagni

Name: Giascranco Bisagni
Title: First Vice President

By /s/ Sayed Abbas

Name: Sayed Abbas
Title: First Vice President

KBC BANK N.V.

By /s/ Robert Snauffer

Name: Robert Snauffer
Title: First Vice President

By /s/ Robert M. Surinam, Jr.

Name: Robert M. Surinam, Jr.
Title: Vice President

MELLON BANK, N.A.

By /s/ Maria Sisto

Name: Maria Sisto
Title: Assistant Vice President

BANCA MONTE DEI PASCHI DI SIENA,
S.p.A.

By /s/ G. Natalicchi

Name: G. Natalicchi
Title: Senior Vice President and
General Manager

By /s Brian R. Landy

Name: Brian R. Landy
Title: Vice President

NORDDEUTSCHE LANDESBANK GIROZENTRALE

By /s/ Stephen K. Hunter

Name: Stephen K. Hunter
Title: Senior Vice President

By /s/ Josef Haas

Name: Josef Haas
Title: Vice President

SUNTRUST BANK, ATLANTA

By /s/ Ronald E. Alston

Name: Ronald E. Alston
Title: Vice President

ISTITUTO BANCARIO SAN PAOLO DI TORINO
ISTITUTO MOBILIARE ITALIANO S.p.A.

By /s/ Luca Sacchi

Name: Luca Sacchi
Title: Vice President

By /s/ Carlos Pensico

Name: Carlos Pensico
Title: First Vice President

CREDIT AGRICOLE INDOSUEZ

By /s/ Craig Welco

Name: Craig Welch
Title: First Vice President

By /s/ Sarah McClintock

Name: Sarah McClintock
Title: Vice President

BANCA COMMERCIALE ITALIANA
NEW YORK BRANCH

By /s/ Charles Dougherty

Name: C. Dougherty
Title: Vice President

By /s/ Joseph Carlani

Name: Joseph Varlani
Title: Vice President

AGREEMENT

Date: April 6, 1999

To: J. Gary Kaenzig, Jr.

From: T. J. Dermot Dunphy

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

1. Employment

We confirm that your last date of active employment will be June 11, 1999. Your salary will continue until that date, and your active Sealed Air employee benefit coverages will also continue until that date (provided you continue to pay any required premiums). Also, certain benefit coverages will continue during the period that you are receiving severance payments (see Section 3). If you have any questions regarding Sealed Air employee benefits, please refer to the appropriate summary plan descriptions or call Roger Deverman at Sealed Air's Park 80 office in Saddle Brook, New Jersey.

You have advised that you will not be a candidate for appointment as an officer of Sealed Air Corporation at the annual meeting of the Board of Directors on May 21, 1999, even though you will continue to serve as an employee until June 11, 1999.

2. Unused Vacation Payment

You will receive a lump sum payment for any 1999 vacation time (up to 25 days) remaining unused as of your last date of active employment, in accordance with Sealed Air's Duncan, SC policy. Since you were hired prior to January 1, 1983, you also will be paid the additional vacation committed at the time of accrual conversion. This payment for unused vacation will be made in the month following your last day of active employment.

3. Severance Benefits

a) You will receive one and one-half weeks of pay for each full year of service plus an additional 13 weeks of pay for a total of 55 weeks of severance pay. You will

receive severance pay at your current base pay level of $26,191.67 per month during the period commencing immediately after your last date of active employment and ending on June 30, 2000.

b) Until June 30, 2000, you will continue to participate in Sealed Air's employee benefit coverages with respect to medical, dental, and life, provided you continue to make the required contributions and the plans continue to be available to employees.

c) The period that you receive severance payments hereunder will be considered active employment for the purpose of determining your eligibility to participate in the Sealed Air Corporation Post-Retirement Medical and Life Insurance program. The period that you receive severance payments hereunder will also be considered service and active employment under the W. R. Grace & Co. Stock Incentive Plans, subject to the approval of such modification by the Organization and Compensation Committee (the "Compensation Committee") of the Board of Directors of Sealed Air Corporation. The period that you receive severance payments hereunder will be considered service for the purpose of determining the timing of payments of deferred compensation under the Sealed Air Corporation Deferred Compensation Plan for Cryovac Employees and your stock deferrals under the W. R. Grace & Co. 1994-1996 Long Term Incentive Program as assumed by Sealed Air.

It is the intent of the Company that the provisions of this paragraph (c) put you in the same position as an active employee who retires at the date your severance payments end with regard to the specific plan provisions mentioned above.

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

4. Continuation of Medical and Dental Coverage After Severance Period

At the time you are to receive your last severance payment, you will be notified of your right to elect coverage under the Sealed Air medical and dental plans by paying the full cost of such coverage (which is sometimes called "COBRA coverage") for a period of up to 18 months after your

severance payments cease.

5. Health Care Spending Account and Dependent Care Account

If you currently participate in the Health Care Spending Account and the Dependent Care Spending Account, you may continue to participate until the end of 1999.

6. Long Term Disability, Accidental Death and Dismemberment, Thrift Plan, Profit-Sharing Plan and Deferred Compensation

Your participation in the Long Term Disability (LTD) Plan, the Accidental Death and Dismemberment Plan, and contributions to the Thrift Plan (401K) shall end on June 30, 1999. You may continue to repay Thrift Plan loan balances, if any, during the period you receive periodic severance payments. You may apply for conversion of the LTD Plan to a private plan by making application for such conversion no later than 10 days following your last day of active employment.

You will not be eligible for a 1999 contribution to the Profit-Sharing Plan, since you will not be actively employed (as provided in that plan) on December 31, 1999.

Subject to the provisions of Section 3(c) above, your deferred compensation accounts will be paid to you in accordance with your original elections.

7. Bonuses

Your 1999 bonus will be prorated based on the months of your active employment during 1999. Your bonus will be based on the corporate and business unit performance for the entire bonus period as well as your individual performance during the portion of the year during which you were actively employed. Any payments will be made at the same time as such payments are made to active employees. You will not be eligible for a bonus for 2000.

8. Contingent Stock Award

On April 2, 1998, you were awarded the right to purchase 23,500 shares of Sealed Air Common Stock under the Contingent Stock Plan of Sealed Air Corporation. As provided in such Plan, such shares were issued subject to Sealed Air's right to reacquire such shares if your employment ended prior to June 1, 2001. The period ending on May 31, 2001 is referred to in this letter agreement as the "Repurchase Period". Subject to the approval of the Compensation Committee, Sealed Air will forego its right to repurchase such shares of Common Stock upon termination of your employment on the terms and conditions set forth below.

The 23,500 shares referred to in the preceding paragraph (the "Retained Shares") will remain subject to Sealed Air's option to repurchase such shares at your purchase price of $1 per share through the Repurchase Period. Such option will become exercisable if you breach any of your obligations referred to in Section 9 during the Repurchase Period. You agree that Sealed Air also shall be entitled to enforce any other rights or remedies available to it upon any such breach. You agree that you will not sell, transfer or encumber the Retained Shares during the Repurchase Period. You also agree that Sealed Air may place a legend on the certificate representing the Retained Shares indicating (1) that during the Repurchase Period the Retained Shares cannot be sold,

transferred or encumbered and (2) that Sealed Air has the right to repurchase the Retained Shares in the event of your breach of such obligations during the Repurchase Period. Upon any of the changes in the Common Stock described in Section 15 of the Contingent Stock Plan, the restriction, option and legend described in this paragraph shall apply to any securities issued in connection with any such change in respect of the Retained Shares. Following the expiration of the Repurchase Period, if you have complied with such obligations, you may surrender to Sealed Air the certificate representing the Retained Shares in exchange for a new certificate free of the legend or for a statement from Sealed Air representing the Retained Shares in book entry form free of such legend.

9. Obligations under "1970 Agreement" and State Law

Because of your management role in Cryovac's business for a number of years and your position since March 31, 1998 as one of Sealed Air Corporation's senior officers, you hold significant confidential proprietary information of Sealed Air, such as information about Sealed Air's finances, business plans and programs, research and development projects, products, manufacturing processes, raw materials, suppliers, customers, marketing and sales. You acknowledge and agree that disclosure to or use by anyone other than Sealed Air of such information could cause substantial damage to Sealed Air. You understand and agree that, after you cease to be employed by Sealed Air, you will remain subject to the obligations under the agreement that you signed on August 17, 1970 with W. R. Grace & Co., a Connecticut corporation, (the "1970 Agreement"), with Sealed Air the successor "Company" in the 1970 Agreement. You also understand that this memo will not affect your obligations under the South Carolina Uniform Trade Secrets Law or any other applicable obligations that may limit your disclosure or use of Sealed Air's confidential information.

10. Company Car

You may purchase your company car when you leave active employment on the terms available to employees who leave employment in good standing. If you do not choose to purchase your company car, you agree to make arrangements to return the car to Sealed Air no later than July 16, 1999 at the Duncan, SC facility.

11. Entire Agreement

This letter agreement and the "1970 Agreement" set forth the entire agreement between you and Sealed Air concerning the subject matters discussed therein.

Agreed:

/s/ J. Gary Kaenzig, Jr.
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April 6, 1999
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Date

SEALED AIR CORPORATION

By /s/ T.J. Dermot Dunphy

Chairman of the Board and
Chief Executive Officer

5

The schedule contains summary information extracted from the consolidated statement of earnings for the six months ended June 30, 1999 and the consolidated balance sheet at June 30, 1999 and is qualified in its entirety by reference to such financial statements.

6-MOS
DEC-31-1999
JUN-30-1999
60,027,000
0
450,118,000
19,076,000
269,065,000
851,436,000
1,902,227,000
858,824,000
3,956,646,000
564,682,000
845,332,000
1,787,960,000
0
8,401,000
461,980,000
3,956,646,000
1,374,058,000
1,374,058,000
874,780,000
874,780,000
285,165,000
0
29,457,000
183,635,000
85,829,000
97,806,000
0
0
0
97,806,000
.74
.74