SEALED AIR CORP/DE
Form 10-Q
May 05, 2015

UNITED STATES

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 March 31, 2015

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)
	28273
8215 Forest Point Boulevard	

Charlotte, North Carolina
(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 ¨

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

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

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

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

There were 210,165,657 shares of the registrant's common stock, par value $0.10 per share, issued and outstanding as of April 30, 2015.

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Cautionary Notice Regarding Forward-Looking Statements

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

Please refer to Part I, Item 1A, “Risk Factors” of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 for important factors that we believe could cause actual results to differ materially from those in our forward-looking statements. Any forward-looking statement made by us in this report is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Non-U.S. GAAP Information

We present financial information that conforms to Generally Accepted Accounting Principles in the United States of America (“U.S. GAAP”). We also present financial information that does not conform to U.S. GAAP, which we refer to as non-U.S. GAAP, as our management believes it is useful to investors. In addition, non-U.S. GAAP measures are used by management to review and analyze our operating performance and, along with other data, as internal measures for setting annual budgets and forecasts, assessing financial performance, providing guidance and comparing our financial performance with our peers. The non-U.S. GAAP information has limitations as an analytical tool and should not be considered in isolation from or as a substitute for U.S. GAAP information. It does not purport to represent any similarly titled U.S. GAAP information and is not an indicator of our performance under U.S. GAAP. Non-U.S. GAAP financial measures that we present may not be comparable with similarly titled measures used by others. Investors are cautioned against placing undue reliance on these non-U.S. GAAP measures. Further, investors are urged to review and consider carefully the adjustments made by management to the most directly comparable U.S. GAAP financial measure to arrive at these non-U.S. GAAP financial measures. See Note 4, “Segments” and our Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) for reconciliations of our non-U.S. GAAP financial measures to U.S. GAAP. Information reconciling forward-looking non-U.S. GAAP measures to U.S. GAAP measures is not available without unreasonable effort.

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

Our non-U.S. GAAP financial measures may also be considered in calculations of our performance measures set by the Organization and Compensation Committee of our Board of Directors for purposes of determining incentive

compensation. The non-U.S. GAAP financial metrics mentioned above exclude items that we consider as unusual or special items. We evaluate unusual or special items on an individual basis. Our evaluation of whether to exclude an unusual or special item for purposes of determining our non-U.S. GAAP financial measures considers both the quantitative and qualitative aspects of the item, including among other things (i) its nature, (ii) whether or not it relates to our ongoing business operations, and (iii) whether or not we expect it to occur as part of our normal business on a regular basis.

As of January 1, 2014, the Company changed the segment performance measure in which the management assesses segment performance and makes allocation decisions by segment from operating profit (a U.S. GAAP financial measure) to Adjusted EBITDA (a non-U.S. GAAP financial measure). Adjusted EBITDA is defined as Earnings before Interest Expense, Taxes, Depreciation and Amortization, adjusted to exclude the impact of special items.

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

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

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

(In millions, except share data)	March 31, 2015 (unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 536.3	$ 322.6
Trade receivables, net of allowance for doubtful accounts of $27.5 in 2015 and $28.8 in 2014	975.5	1,002.2
Income tax receivables	44.9	277.0
Other receivables	143.8	127.0
Inventories	744.3	695.3
Deferred taxes	91.9	105.6
Assets held for sale	47.3	69.3
Prepaid expenses and other current assets	92.6	122.1
Total current assets	2,676.6	2,721.1
Property and equipment, net	913.7	970.6
Goodwill	2,954.6	2,998.6
Intangible assets, net	837.5	872.2
Non-current deferred taxes	100.6	105.9
Other non-current assets	370.5	373.3
Total assets	$ 7,853.5	$ 8,041.7
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings	$ 85.2	$ 130.4
Current portion of long-term debt	1.3	1.1
Accounts payable	686.8	638.7
Deferred taxes	6.1	4.8
Liabilities held for sale	2.4	6.1
Accrued restructuring costs	52.9	55.8
Other current liabilities	759.5	894.0
Total current liabilities	1,594.2	1,730.9
Long-term debt, less current portion	4,261.8	4,282.5
Non-current deferred taxes	154.9	161.5
Other non-current liabilities	692.9	704.0
Total liabilities	6,703.8	6,878.9
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.10 par value per share, 50,000,000 shares authorized; no shares issued in 2015 and 2014	—	—
Common stock, $0.10 par value per share, 400,000,000 shares authorized; shares issued:	22.6	22.5

225,609,374 in 2015 and 224,683,653 in 2014; shares outstanding: 210,622,311 in 2015 and 210,531,894 in 2014		
Additional paid-in capital	1,809.7	1,787.0
Retained earnings	517.6	448.5
Common stock in treasury, 14,987,063 shares in 2015 and 14,151,759 shares in 2014	(524.9)	(481.4)
Accumulated other comprehensive loss, net of taxes:		
Unrecognized pension items	(219.2)	(236.5)
Cumulative translation adjustment	(455.3)	(382.5)
Unrealized net (loss) gains on derivative instruments	(0.8)	5.2
Total accumulated other comprehensive loss, net of taxes	(675.3)	(613.8)
Total stockholders' equity	1,149.7	1,162.8
Total liabilities and stockholders' equity	$ 7,853.5	$ 8,041.7

See accompanying notes to condensed consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

	Three Months Ended March 31, (unaudited)	
(In millions, except share data)	2015	2014
Net sales	$1,746.4	$1,827.7
Cost of sales	1,096.8	1,188.1
Gross profit	649.6	639.6
Selling, general and administrative expenses	427.1	447.4
Amortization expense of intangible assets acquired	22.6	31.2
Stock appreciation rights expense	2.9	0.5
Integration related costs	0.7	0.9
Restructuring and other charges	12.7	6.1
Operating profit	183.6	153.5
Interest expense	(58.5)	(78.5)
Foreign currency exchange gain (loss) related to Venezuelan subsidiaries	0.8	(15.0)
Gain from Claims Settlement	—	21.1
Other income, net	5.4	—
Earnings before income tax provision	131.3	81.1
Income tax provision	34.1	10.2
Net earnings available to common stockholders	$97.2	$70.9
Net earnings per common share:		
Basic	$0.46	$0.34
Diluted	$0.46	$0.33
Dividends per common share	$0.13	$0.13
Weighted average number of common shares outstanding:		
Basic	208.9	206.7
Diluted	211.7	215.1

See accompanying notes to condensed consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Loss)

	Three Month Ended March 31, (unaudited)	
(In millions)	2015	2014
Net earnings available to common stockholders	$97.2	$70.9
Other comprehensive (loss) income, net of taxes:		
Recognition of deferred pension items, net of taxes of $(5.2) for 2015 and $0.3 for 2014	17.3	1.8
Unrealized losses on derivative instruments, net of taxes of $5.1 for 2015 and $0.8 for 2014	(6.0)	(1.7)
Foreign currency translation adjustments	(72.8)	2.4
Other comprehensive (loss) income, net of taxes	(61.5)	2.5
Comprehensive income, net of taxes	$35.7	$73.4

See accompanying notes to condensed consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows

(In millions)	Three Months Ended March 31, (unaudited) 2015	2014
Net earnings available to common stockholders	$97.2	$70.9
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities		
Depreciation and amortization	54.8	68.3
Share-based incentive compensation	18.3	14.5
Profit sharing expense	9.8	9.5
Amortization of senior debt related items and other	0.6	2.4
Loss on debt redemption and refinancing activities	0.5	0.4
Other non-cash items	0.6	(1.6)
Provisions for bad debt	2.1	1.7
Provisions for inventory obsolescence	3.1	4.1
Gain from Claims Settlement	—	(21.1)
Deferred taxes, net	13.7	(1.6)
Net (gain) loss on disposals of property and equipment and other	(3.3)	0.1
Changes in operating assets and liabilities:		
Trade receivables, net	8.5	(9.1)
Inventories	(83.8)	(90.5)
Other assets	(45.3)	(21.1)
Accounts payable	75.3	53.4
Income tax receivable	(3.2)	(2.2)
Settlement agreement and related items	235.2	(929.7)
Other liabilities	(65.1)	(80.9)
Net cash provided by (used in) operating activities	319.0	(932.5)
Cash flows from investing activities:		
Capital expenditures	(20.7)	(28.4)
Businesses acquired in purchase transactions, net of cash and cash equivalents acquired	(8.5)	—
Proceeds from sales of property, equipment and other assets	25.3	1.4
Net cash used in investing activities	(3.9)	(27.0)
Cash flows from financing activities:		
Net (payments of) proceeds from short-term borrowings	(41.4)	603.4
Payments of long-term debt	(0.6)	(200.4)
Proceeds from long-term debt	2.7	—
Dividends paid on common stock	(27.5)	(28.4)
Acquisition of common stock for tax withholding obligations under our Omnibus stock plan and 2005 Contingent Stock Plan	(6.2)	(2.6)
Repurchases of common stock	(69.2)	—
Other financing activities	—	—
Net cash (used in) provided by financing activities	(142.2)	372.0

Effect of foreign currency exchange rate changes on cash and cash equivalents	40.8	8.2
Balance, beginning of period	322.6	992.4
Net change during the period	213.7	(579.3)
Balance, end of period	$536.3	$413.1
Supplemental Cash Flow Information:		
Interest payments, net of amounts capitalized	$58.7	$519.1
Income tax payments	$23.8	$14.7
Stock appreciation rights payments (less amounts included in restructuring payments)	$3.7	$14.2
Restructuring payments including associated costs	$22.0	$26.6
Non-cash items:		
Transfers of shares of our common stock from treasury for our 2015 and 2014 profit-sharing plan contributions	$36.7	$32.0
Transfer of shares of our common stock as part of the funding of the Settlement agreement	—	1.8

See accompanying notes to condensed consolidated financial statements.

SEALED AIR CORPORATION AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements

Note 1 Organization and Basis of Presentation

Organization

We are a global leader in food safety and security, facility hygiene and product protection. We serve an array of end markets including food and beverage processing, food service, retail, healthcare and industrial, and commercial and consumer applications. Our focus is on achieving quality sales growth through leveraging our geographic footprint, technological know-how and leading market positions to bring measurable, sustainable value to our customers and investors.

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

Effective as of January 1, 2014, we changed our segment reporting structure. See Note 4, "Segments" for further information.

Basis of Presentation

Our condensed consolidated financial statements include all of the accounts of the Company and our subsidiaries. We have eliminated all significant intercompany transactions and balances in consolidation. In management's opinion, all adjustments, consisting only of normal recurring accruals, necessary for a fair presentation of our condensed consolidated balance sheet as of March 31, 2015 and our condensed consolidated statements of operations for the three months ended March 31, 2015 and 2014 have been made. The results set forth in our condensed consolidated statements of operations for the three months ended March 31, 2015 and in our condensed consolidated statements of cash flows for the three months ended March 31, 2015 are not necessarily indicative of the results to be expected for the full year. All amounts are in millions, except per share amounts, and approximate due to rounding. Some prior period amounts have been reclassified to conform to the current year presentation. These reclassifications, individually and in the aggregate, had no impact on our condensed consolidated financial condition, results of operations and cash flows.

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

We are responsible for the unaudited condensed consolidated financial statements and notes included in this report. As these are condensed financial statements, they should be read in conjunction with the audited consolidated financial

statements and notes included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 as filed with the SEC on February 27, 2015 ("2014 Form 10-K") and with the information contained in other publicly-available filings with the SEC.

During the first quarter of 2015, we entered into an asset purchase agreement with NOVIPAX, a portfolio company of Atlas Holdings LLC, to sell our North American foam trays and absorbent pads business. During the three months ended March 31, 2015, the North American foam trays and absorbent pads business met the held for sale criteria and has been included as such in all periods presented in our condensed consolidated balance sheets. As a result, all applicable balances have been reclassified to held for sale. Refer to Note 3, "Divestiture" of the notes to condensed consolidated financial statements for further details.

Changes in Accounting/Retrospective Application

During the fourth quarter of 2014, we changed the method of valuing our inventories that were valued using the last-in, first-out ("LIFO") method to the first-in, first-out ("FIFO") method. As a result of this accounting change, inventories, retained earnings, non-current deferred tax liability, net earnings (loss) available to common stockholders, basic earnings per share and diluted earnings per share, among other accounts, have been retrospectively changed.

As a result of the accounting change, all of our inventories are now determined using the FIFO method. We state inventories at the lower of cost or market.

Note 2 Recently Issued Accounting Standards

In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Updates (“ASU”) 2015-05, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement (“ASU 2015-05”). This ASU will help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement. It provides guidance about whether a cloud computing arrangement includes a software license. The amendments in ASU 2015-05 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. An entity can elect to adopt either prospectively to all arrangements entered into or materially modified after the effective date or retrospectively. We are currently in the process of evaluating this new standard update.

In April 2015, the FASB issued ASU 2015-03 Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs (“ASU 2015-03”). This ASU will simplify the presentation of debt issuance costs. It will require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The amendments in ASU 2015-03 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. We are currently in the process of evaluating this new standard update.

In November 2014, the FASB issued ASU 2014-17, “Business Combinations (Topic 805): Pushdown Accounting (a consensus of the FASB Emerging Issues Task Force),” (“ASU 2014-17”). ASU 2014-17 provides an acquired entity with an option to apply pushdown accounting in its separate financial statements upon occurrence of an event in which an acquirer obtains control of the acquired entity. The amendments in ASU 2014-17 are effective November 18, 2014 and an acquired entity can make an election to apply the guidance to future change-in-control events or to its most recent change-in-control event. The effects of ASU 2014-17 will depend on any future events whereby we obtain control of an entity and elect to apply pushdown accounting.

In August 2014, the FASB issued ASU 2014-15, “Presentation of Financial Statements—Going Concern (Subtopic 205-40),” (“ASU 2014-15”). ASU 2014-15 requires that for each annual and interim reporting period, an entity’s management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued when applicable). The amendments in ASU 2014-15 are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. We do not expect the adoption of this standard update to have a material impact on our consolidated financial statements.

In June 2014, the FASB issued ASU 2014-12, “Compensation-Stock Compensation (Topic 718): Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period,” (“ASU 2014-12”). ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. As such, the performance target should not be reflected in estimating the grant-date fair value of the award. Prior to the issuance of ASU 2014-12, U.S. GAAP did not contain explicit guidance on how to account for those share-based payments. Many reporting entities accounted for performance targets that could be achieved after the requisite service period as performance conditions that affect the vesting of the award and, therefore, did not reflect the performance target in the estimate of the grant-date fair value of the award. Other reporting entities treated those performance targets as non-vesting conditions that affected the grant-date fair value of the award. We currently treat performance targets that affect vesting as a performance condition and, as such, it is not included in the grant-date fair value. Therefore, the impact upon adoption would not be material to our consolidated financial position or results of operations. The amendments in ASU 2014-12 are effective for fiscal years and interim periods within those years, beginning after December 15, 2015. Earlier application is permitted.

In May 2014, the FASB issued ASU 2014-09, “Revenue from Contracts with Customers,” (“ASU 2014-09”). Previous revenue recognition guidance in U.S. GAAP comprised broad revenue recognition concepts together with numerous revenue requirements for particular industries or transactions, which sometimes resulted in different accounting for economically similar transactions. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve this core principal, five steps are required to be applied. In addition, ASU 2014-09 expands and enhances disclosure requirements which require disclosing sufficient information to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. This includes both qualitative and quantitative information. The amendments in ASU 2014-09 are effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Early application is not permitted. On April 29, 2015 the FASB issued an exposure draft of a proposed ASU that would delay by one year the effective date of ASU 2014-09 and allow early adoption as of the original public entity effective date. We are currently in the process of evaluating this new standard update.

In April 2014, the FASB issued ASU 2014-08, “Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity,” (“ASU 2014-08”). Under ASU 2014-08, only disposals representing a strategic shift in operations that have a major effect on the Company’s operations and financial results should be presented as discontinued operations. Additionally, ASU 2014-08 requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The amendments in ASU 2014-08 are effective for fiscal years, and interim periods within those years, beginning after December 15, 2014. However, ASU 2014-08 should not be applied to a component that is classified as held for sale before the effective date even if the component is disposed of after the effective date. Early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued. We have adopted ASU 2014-08 for disposals occurring after January 1, 2015.

Note 3 Divestiture

On February 11, 2015, we entered into an Asset Purchase Agreement with NOVIPAX, a portfolio company of Atlas Holdings LLC, to sell our North American foam trays and absorbent pads business for gross proceeds of $82 million, subject to purchase price adjustments. The decision to sell this business was based on managements' assessment that the business was becoming quickly commoditized and faced significant competitive pricing pressure and declining profit margins. The transaction closed on April 1, 2015; see Note 19, “Subsequent Events” for further information.

During the three months ended March 31, 2015, the North American foam trays and absorbent pads business met the held for sale criteria and has been included as such in all periods presented in our condensed consolidated balance sheets. The disposal of the North American foam trays and absorbent pads business did not qualify as a discontinued operation.

The carrying value of the major classes of assets and liabilities for the business was as follows:

(In millions)	March 31, 2015	December 31, 2014
Assets:		
Other receivables	$ -	$ 0.1
Inventories	14.1	12.3
Prepaid expenses	0.1	0.1
Property and equipment, net	22.4	22.6
Goodwill	6.9	6.9
Assets held for sale	43.5	42.0
Liabilities:		
Accrued liabilities	2.4	6.1
Liabilities held for sale	$ 2.4	$ 6.1

For the three months ended March 31, 2015 and March 31, 2014, the North American foam trays and absorbent pads businesses contributed approximately $53 million of net sales in each period; and $10 million and $9 million of pre-tax income, respectively, which excludes certain allocated costs, including corporate support services, for which

the Company would normally include in measuring its performance. The North American foam trays and absorbent pads business was part of the Company's Food Care division.

Note 4 Segments

Effective as of January 1, 2014, we changed our segment reporting structure in order to reflect the way management now makes operating decisions and manages the growth and profitability of the business. This change corresponds with management's current approach of allocating costs and resources and assessing the performance of our segments. We report our segment information in accordance with the provisions of Financial Accounting Standards Board Accounting Standards Codification Topic 280, "Segment Reporting," ("FASB ASC Topic 280"). There has been no change in our total consolidated financial condition or results of operations previously reported as a result of the change in our segment structure. There were no changes to the reportable segment assets as a result of the change in segment reporting.

As a result, the Company's new segment reporting structure consists of three reportable segments and an "Other" category and is as follows:

Food Care;
Diversey Care;
Product Care; and
Other (includes Corporate, Medical Applications and New Ventures businesses)

The Company's Food Care, Diversey Care and Product Care segments are considered reportable segments under FASB ASC Topic 280. Our reportable segments are aligned with similar groups of products. Other includes Corporate and the Medical Applications and New Ventures businesses. The Medical Applications and New Ventures businesses were previously included in the Company's "Other" category. Other includes certain costs that are not allocated to the reportable segments, primarily consisting of unallocated corporate overhead costs, including administrative functions and cost recovery variances not allocated to the reportable segments from global functional expenses.

Other also includes restructuring and other associated costs, expenses related to stock appreciation rights ("SARs"), which were issued in connection with the acquisition of Diversey in 2011, loss on debt redemptions and foreign currency exchange gains/losses related to Venezuelan subsidiaries and other one-time expenses and/or gains.

As of January 1, 2014, the Company also changed the segment performance measure in which management assesses segment performance and makes allocation decisions by segment from operating profit to Adjusted EBITDA. Adjusted EBITDA is defined as Earnings before Interest Expense, Taxes, Depreciation and Amortization, adjusted to exclude the impact of special items.

We allocate and disclose depreciation and amortization expense to our segments, although property and equipment, net is not allocated to the segment assets, nor is depreciation and amortization included in the segment performance metric Adjusted EBITDA. We also disclose restructuring and other charges and impairment of goodwill and other intangible assets by segment, although these items are not included in the segment performance metric Adjusted EBITDA since restructuring and other charges and impairment of goodwill and other intangible assets are categorized as special items as discussed above. The accounting policies of the reportable segments and Other are the same as those applied to the consolidated financial statements.

The changes in the Company's segment structure and segment performance measure better provides management with information to assess segment performance and to make resource and allocation decisions, as the new segment structure and performance measure reflect the current management of our businesses. Accordingly, the new measure will also assist our investors by providing them with a better understanding of the segment so that the user can make a more informed decision about the Company, which is consistent with FASB ASC Topic 280.

The following tables show net sales and Adjusted EBITDA by our segment reporting structure:

	Three Months Ended March 31,	
(In millions)	2015	2014
Net Sales:		
Food Care	$879.8	$904.3
As a % of Total Company net sales	50.4 %	49.5 %
Diversey Care	467.9	505.1
As a % of Total Company net sales	26.8 %	27.6 %
Product Care	377.1	393.8
As a % of Total Company net sales	21.6 %	21.5 %
Total Reportable Segments Net Sales	1,724.8	1,803.2
Other	21.6	24.5
Total Company Net Sales	$1,746.4	$1,827.7

	Three Months Ended March 31,	
(In millions)	2015	2014[1]
Adjusted EBITDA:		
Food Care	$190.5	$159.0
Adjusted EBITDA Margin	21.7 %	17.6 %
Diversey Care	41.0	44.4
Adjusted EBITDA Margin	8.8 %	8.8 %
Product Care	75.6	69.1
Adjusted EBITDA Margin	20.0 %	17.5 %
Total Reportable Segments Adjusted EBITDA	307.1	272.5
Other	(22.9)	(21.8)
Non-U.S. GAAP Total Company Adjusted EBITDA	$284.2	$250.7
Adjusted EBITDA Margin	16.3 %	13.7 %

[1] During the fourth quarter of 2014, we changed the method of valuing our inventories that used the LIFO method to the FIFO method, so that all of our inventories are now valued at FIFO. We applied this change in accounting principle retrospectively. Accordingly certain previously reported financial information has been revised. See Note 1, "Organization and Basis of Presentation-Changes in Accounting/Retrospective Application" for additional details regarding this accounting policy change.

The following table shows a reconciliation of Total Company Adjusted EBITDA to net earnings available to common stockholders:

(In millions)	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014[1]
Total Company Adjusted EBITDA	$284.2	$250.7
Depreciation and amortization [2]	(73.1)	(82.8)
Special items:		
Accelerated depreciation of non-strategic assets related to restructuring programs	0.6	—
Restructuring and other charges[3]	(12.7)	(6.1)
Other restructuring associated costs included in cost of sales and selling general and administrative expenses	(6.4)	(4.6)
Relocation costs included in cost of sales and selling, general and administrative expenses	(2.6)	—
Gain from sale of building in connection with relocation	3.5	—
SARs	(2.9)	(0.5)
Integration related costs	(0.7)	(0.9)
Foreign currency exchange net gains (losses) related to Venezuelan subsidiaries	0.8	(15.0)
Gain from Claims Settlement in 2014 and related costs	—	21.1
Other expense, net	(0.9)	(2.3)
Interest expense	(58.5)	(78.5)
Income tax provision	34.1	10.2
Net earnings available to common stockholders	$97.2	$70.9

[1] During the fourth quarter of 2014, we changed the method of valuing certain of our inventories that used the LIFO method to the FIFO method, so that all of our inventories are now valued at FIFO. We applied this change in accounting principle retrospectively. Accordingly all previously reported financial information has been revised. See Note 1, “Organization and Basis of Presentation-Changes in Accounting/Retrospective Application” for additional details regarding this accounting policy change. The table below represents the impact to Earnings before income tax provision for the three month period ended March 31, 2014 had we remained on the LIFO method of valuing those inventories:

(In millions)	2014
Food Care	$(0.5)
Diversey Care	(0.1)
Product Care	(0.9)
Total reportable segments	(1.5)
Other	0.1
Total Company LIFO Adjustments	$(1.4)

[2] Depreciation and amortization by segment is as follows:

(In millions)	Three Months Ended March 31, 2015	2014
Food Care	$28.5	$32.0
Diversey Care	26.1	32.3
Product Care	10.1	10.6
Total reportable segments	64.7	74.9
Other	8.4	7.9
Total Company depreciation and amortization[1]	$73.1	$82.8

[1] Includes share-based incentive compensation.

[3] Restructuring and other charges by segment were as follows:

	March 31,	
(In millions)	2015	2014
Food Care	$6.9	$4.1
Diversey Care	3.2	0.4
Product Care	2.6	1.5
Total reportable segments	12.7	6.0
Other	—	0.1
Total Company restructuring and other charges	$12.7	$6.1

Note 5 Inventories

The following table details our inventories:

(In millions)	March 31, 2015	December 31, 2014
Inventories:		
Raw materials	$104.8	$ 106.3
Work in process	116.3	101.5
Finished goods	523.2	487.5
Total[1]	$744.3	$ 695.3

[1] Excludes North American foam trays and absorbent pads business inventory. Refer to Note 3, “Divestiture” of the notes to condensed consolidated financial statements for further details.

Note 6 Property and Equipment, net

The following table details our property and equipment.

(In millions)	March 31, 2015	December 31, 2014
Land and improvements	$98.8	$ 80.9
Buildings	612.1	666.7
Machinery and equipment	2,167.0	2,238.2

Other property and equipment	123.5	140.9
Construction-in-progress	102.7	115.7
Property and equipment, gross	3,104.1	3,242.4
Accumulated depreciation and amortization	(2,190.4)	(2,271.8)
Property and equipment, net[1]	$913.7	$ 970.6

[1] Excludes North American foam trays and absorbent pads business property and equipment, net. Refer to Note 3, “Divestiture” of the notes to condensed consolidated financial statements for further details.

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

	Three Months Ended March 31,	
(In millions)	2015	2014
Interest cost capitalized	$1.0	$1.3
Depreciation and amortization expense for property and equipment	$32.2	$37.1

Note 7 Goodwill and Identifiable Assets

Goodwill

The following table shows our goodwill balances by our segment reporting structure. We review goodwill for impairment on a reporting unit basis annually during the fourth quarter of each year and whenever events or changes in circumstances indicate the carrying value of goodwill may not be recoverable. As of March 31, 2015, we did not identify any changes in circumstances that would indicate the carrying value of goodwill may not be recoverable.

(In millions)	Food Care	Diversey Care	Product Care	Other	Total
Gross Carrying Value at December 31, 2014[1]	$812.8	$1,900.8	$1,371.2	$4.8	$4,089.6
Acquisition	—	15.8	—	—	15.8
Dispositions	—	—	(0.8)	—	(0.8)
Currency translation	(5.8)	(49.6)	(0.3)	(3.3)	(59.0)
Gross Carrying Value at March 31, 2015	807.0	1,867.0	1,370.1	1.5	4,045.6
Accumulated impairment	(208.0)	(883.0)	—	—	(1,091.0)
Carrying Value at March 31, 2015[1]	$599.0	$984.0	$1,370.1	$1.5	$2,954.6

[1] Excludes North American foam trays and absorbent pads business goodwill. Refer to Note 3, "Divestiture" of the notes to condensed consolidated financial statements for further details.

Identifiable Intangible Assets

The following tables summarize our identifiable intangible assets with definite and indefinite useful lives. As of March 31, 2015, there were no impairment indicators present.

	March 31, 2015				December 31, 2014			
(In millions)	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment	Net	Gross Carrying Value	Accumulated Amortization	Accumulated Impairment	Net
Customer relationships	$857.5	$ (215.0)	$ (148.9)	$493.6	$890.8	$ (210.8)	$ (148.9)	$531.1
Trademarks and trade names	1.3	(0.3)	—	1.0	1.3	(0.2)	—	1.1
Technology	274.1	(170.2)	(22.2)	81.7	266.4	(167.0)	(22.2)	77.2
Contracts	38.3	(28.2)	—	10.1	40.6	(28.9)	—	11.7
Total intangible assets	1,171.2	(413.7)	(171.1)	586.4	1,199.1	(406.9)	(171.1)	621.1

with definite lives								
Trademarks and trade[1] names with indefinite lives	881.3	—	(630.2)	251.1	881.3	—	(630.2)	251.1
Total[2]	$2,052.5	$ (413.7)	$ (801.3)	$837.5	$2,080.4	$ (406.9)	$ (801.3)	$872.2

[1] The intangible assets include $251 million of trademarks and trade names that we have determined to have indefinite useful lives, primarily acquired in connection with the acquisition of Diversey.

[2] Excludes North American foam trays and absorbent pads business intangible assets. Refer to Note 3, “Divestiture” of the notes to condensed consolidated financial statements for further details.

The following table shows the remaining estimated future amortization expense at March 31, 2015.

Year	Amount (in millions)
2015	$ 63.5
2016	82.7
2017	75.8
2018	63.7
Thereafter	300.7
Total	$ 586.4

Note 8 Accounts Receivable Securitization Programs

U.S. Accounts Receivable Securitization Program

We and a group of our U.S. operating subsidiaries maintain an accounts receivable securitization program under which they sell eligible U.S. accounts receivable to an indirectly wholly-owned subsidiary that was formed for the sole purpose of entering into this program. The wholly-owned subsidiary in turn may sell an undivided fractional ownership interest in these receivables with two banks and issuers of commercial paper administered by these banks. The wholly-owned subsidiary retains the receivables it purchases from the operating subsidiaries. Any transfers of fractional ownership interests of receivables under the U.S. receivables securitization program to the two banks and issuers of commercial paper administered by these banks are considered secured borrowings with pledge of collateral and will be classified as short-term borrowings on our condensed consolidated balance sheet. The net trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the condensed consolidated balance sheet.

As of March 31, 2015, the maximum purchase limit for receivable interests was $100 million, subject to the availability limits described below.

The amounts available from time to time under this program may be less than $100 million due to a number of factors, including but not limited to our credit ratings, trade receivable balances, the creditworthiness of our customers and our receivables collection experience. During the three months ended March 31, 2015, the level of eligible assets available under the program was lower than $100 million primarily due to certain required reserves against our receivables. As a result, the amount available to us under the program was $75 million at March 31, 2015. Although we do not believe restrictions under this program presently materially restrict our operations, if an additional event occurs that triggers one of these restrictive provisions, we could experience a further decline in the amounts available to us under the program or termination of the program.

This program expires annually in September and is renewable. The program was renewed in September 2014 for an additional year and the program size was reduced from $125 million to $100 million.

European Accounts Receivables Securitization Program

We and a group of our European subsidiaries maintain an accounts receivable securitization program with a special purpose vehicle, or SPV, two banks and issuers of commercial paper administered by these banks. The European program is structured to be a securitization of certain trade receivables that are originated by certain of our European subsidiaries. We do not have an equity interest in the SPV. However, since we are considered the primary beneficiary of the SPV, it meets the criteria to be classified as a variable interest entity and is included in our condensed consolidated financial statements. Any activity between the participating subsidiaries and the SPV is eliminated in consolidation. The SPV borrows funds from the banks to fund its acquisition of the receivables and provides the banks with a first priority perfected security interest in the accounts receivable. Loans from the banks to the SPV will be classified as short-term borrowings on our condensed consolidated balance sheet. The net trade receivables that served as collateral for these borrowings are reclassified from trade receivables, net to prepaid expenses and other current assets on the condensed consolidated balance sheet.

As of March 31, 2015, the maximum purchase limit for receivable interests was €110 million, ($120 million equivalent at March 31, 2015) subject to availability limits. The terms and provisions of this program are similar to our U.S.-program discussed above. As of March 31, 2015, the amount available under this program was €99 million ($108

million equivalent as of March 31, 2015).

This program expires annually in February and is renewable. The program was renewed in February 2015 and the maximum purchase limit was raised to €110 million.

Utilization of Our Accounts Receivable Securitization Programs

At March 31, 2015, there were no borrowings outstanding under our U.S. program or European program. We continue to service the trade receivables supporting the programs, and the banks are permitted to re-pledge this collateral. Total interest expense related to the use of these programs was less than $1 million for the three months ended March 31, 2015.

Under limited circumstances, the banks and the issuers of commercial paper can end purchases of receivables interests before the above expiration dates. A failure to comply with debt leverage or various other ratios related to our receivables collection experience could result in termination of the receivables programs. We were in compliance with these ratios at March 31, 2015.

As of December 31, 2014, the total amount of borrowings under our U.S. program was $36 million and there were no amounts outstanding under the European program.

Note 9 Restructuring and Relocation Activities

The following table details our restructuring activities:

	Three Months Ended March 31,						
	2015				2014		
(In millions)	IOP	EQIP	Fusion	Total	IOP	EQIP	Total
Other associated costs	$1.9	$3.0	$3.0	$7.9	$1.4	$2.7	$4.1
Restructuring charges	(0.3)	(6.9)	19.9	12.7	1.3	4.8	6.1
Total	$1.6	$(3.9)	$22.9	$20.6	$2.7	$7.5	$10.2

Fusion

On December 18, 2014, the Board of Directors of the Company approved a new restructuring plan (the "Fusion Program" or the "Plan"), which consists of a portfolio of restructuring projects across all of our divisions as part of our transformation of Sealed Air Corporation into a knowledge-based company, including reduction in headcount and consolidation and relocation of certain facilities and offices.

The Company currently estimates that it will incur aggregate costs of approximately $395 million to $405 million in connection with the implementation of this Plan which compares to previously reported estimates of $275 million to $285 million. The increase represents our recent decision to build and own the Campus in Charlotte, North Carolina, rather than lease. The cost of the Charlotte campus is estimated to be approximately $120 million. The net cash cost of the Plan is now expected to be in the range of $330 million to $340 million. The costs associated with the Plan, the majority of which are expected to be incurred between 2015 and 2017, will primarily consist of (i) a reduction in headcount through reorganization and integration, including severance and termination benefits for employees, expected to be approximately $115 million to $120 million, and (ii) other costs associated with the Plan, primarily relating to the building costs of the Charlotte campus, rationalization, consolidation and relocation of certain portions of our global supply chain and other facilities and offices, expected to be approximately $280 million to $285 million. Included in the total cash costs, the Company anticipates approximately $175 million to $185 million of capital expenditures related to the Plan, including the building of the Charlotte campus, of which the majority is expected to be incurred between 2015 and 2016.

The other associated costs included in the table above primarily consist of consulting and other costs incurred in connection with the project relocation efforts, which were included in selling, general and administrative expenses on the consolidated statements of operations for the year ended December 31, 2014. The restructuring charges included in the table above primarily consist of termination and benefit costs.

On July 23, 2014, we announced that we will be establishing a new global headquarters in Charlotte, North Carolina. We will relocate the headquarters for our divisions, research and development facilities, and corporate offices. Within the next three years, we anticipate approximately 1,300 jobs will be relocated to Charlotte from our former corporate headquarters in Elmwood Park, New Jersey; and facilities in Saddle Brook, New Jersey; Danbury,

Connecticut; Racine, Wisconsin; and, Duncan and Greenville, South Carolina. We will also relocate a small number of jobs from other locations.

On August 31, 2014, in connection with our relocation efforts, we signed an agreement for purchase and sale relating to our facility located in Racine, Wisconsin. As of December 31, 2014, the building and certain related assets met the criteria of assets held for sale classification. Accordingly, we reclassified $26 million from property, plant and equipment to assets held for sale as of December 31, 2014. The sale closed in January 2015. In addition, we leased back the building until December 2015 but have the option to exit the lease earlier. The final sales price was $30 million, of which net proceeds of $24 million were received as part of the closing along with a $6 million unsecured promissory note to be paid once we exit the facility. We recorded a pre-tax gain on the sale of approximately $3 million in January 2015.

The restructuring accrual, spending and other activity for the three months ended March 31, 2015 and the accrual balance remaining at March 31, 2015 related to this program were as follows (in millions):

Fusion restructuring accrual at December 31, 2014	$5.5
Accrual and accrual adjustments	19.9
Cash payments during 2015	(1.1)
Effect of changes in foreign currency exchange rates	(0.4)
Fusion restructuring accrual at March 31, 2015	$23.9

The accrual and accrual adjustments includes a reclassification adjustment of $13 million to transfer two projects from the EQIP Program to the Fusion Program in order to better match the projects to the program synergies. There is no net impact to the financial statements resulting from the reclassification adjustment.

Cumulative cash payments made in connection with this program, including associated costs through March 31, 2015, were $7 million. We expect to pay $22 million of the accrual balance remaining at March 31, 2015 within the next twelve months. This amount is included in accrued restructuring costs on the condensed consolidated balance sheet at March 31, 2015. The majority of the remaining accrual of $2 million is expected to be paid in 2016. This amount is included in other non-current liabilities on our condensed consolidated balance sheet at March 31, 2015.

There were no capital expenditures in the three months ended March 31, 2015.

Earnings Quality Improvement Program (EQIP)

In May 2013, we announced the commencement of EQIP, which is an initiative to deliver meaningful cost savings and network optimization. The costs associated with this plan consist primarily of (i) a reduction in headcount, which is expected to be approximately 750-900 employees and other costs associated with divisional realignment and connected profitability improvement programs, including severance and termination benefits for employees, expected to be approximately $105 million to $120 million, and (ii) costs and capital expenditures associated with incremental supply chain network optimization projects, including facility relocation and closures, expected to be approximately $85 million to $90 million. We currently estimate that we will incur total costs of approximately $190 million to $210 million in connection with implementation of this plan, including capital expenditures of approximately $50 million to $55 million. The plan is expected to be substantially completed by the end of 2016.

The other associated costs included in the table above primarily consist of consulting and rebranding costs incurred in connection with the rebranding of the Company and its divisions, which were included in selling, general and administrative expenses on the condensed consolidated statements of operations for the three months ended March 31, 2015. The restructuring charges included in the table above primarily consist of termination and benefit costs.

The restructuring accrual, spending and other activity for the three months ended March 31, 2015 and the accrual balance remaining at March 31, 2015 related to this program were as follows (in millions):

EQIP restructuring accrual at December 31, 2014	$41.9
Accrual and accrual adjustments	(6.9)
Cash payments during 2015	(9.3)
Effect of changes in foreign currency exchange rates	(2.9)
EQIP restructuring accrual at March 31, 2015	$22.8

The accrual and accrual adjustments includes a reclassification adjustment of $13 million to transfer two projects from the EQIP Program to the Fusion Program in order to better match the projects to the program synergies. There is no net impact to the financial statements resulting from the reclassification adjustment.

Cumulative cash payments made in connection with this program, including associated costs through March 31, 2015, were $125 million. We expect to pay all of the $23 million accrual balance remaining at March 31, 2015 within the next twelve months. This amount is included in accrued restructuring costs on the condensed consolidated balance sheet at March 31, 2015.

Capital expenditures related to this program were $2 million in the three months ended March 31, 2015 and $3 million in the three months ended March 31, 2014. Capital expenditures primarily relate to supply chain network optimization.

Integration and Optimization Program (IOP)

In December 2011, we initiated a restructuring program associated with the integration of Diversey's business following our acquisition of Diversey on October 3, 2011. The program primarily consists of (i) reduction in headcount, (ii) consolidation of facilities, (iii) supply chain network optimization, and (iv) certain other capital expenditures. This program was substantially completed as of the end of 2014.

The other associated costs in the table above primarily consist of consulting fees included in selling, general and administrative expenses on the condensed consolidated statement of operations.

The restructuring accrual, spending and other activity for the three months ended March 31, 2015 and the accrual balance remaining at March 31, 2015 related to this program were as follows (in millions):

IOP restructuring accrual at December 31, 2014	$13.1
Accrual and accrual adjustments	(0.3)
Cash payments during 2015	(3.7)
Effect of changes in foreign currency exchange rates	(0.8)
IOP restructuring accrual at March 31, 2015	$8.3

Cumulative cash payments made in connection with this program, including associated costs through March 31, 2015, were $225 million. We expect to pay all of the $8 million accrual balance as of March 31, 2015 within the next twelve months. This amount is included in accrued restructuring costs on the condensed consolidated balance sheet at March 31, 2015.

Capital expenditures related to this program were less than $1 million in the three months ended March 31, 2015 and March 31, 2014. Capital expenditures mainly relate to facilities and supply chain network optimization.

Note 10 Debt and Credit Facilities

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

(In millions)	March 31, 2015	December 31, 2014
Short-term borrowings [(1)]	$85.2	$ 130.4
Current portion of long-term debt	1.3	1.1
Total current debt	86.5	131.5
Term Loan A Facility due July 2017, less unamortized lender fees of $0.3 in 2015 and $0.3 in 2014[(2)]	249.7	249.7
Term Loan A Facility due July 2019, less unamortized lender fees of $10.0 in 2015 and $10.6 in 2014 [(2)]	1,106.9	1,129.4
6.50% Senior Notes due December 2020	428.0	428.1

8.375% Senior Notes due September 2021	750.0	750.0
4.875% Senior Notes due December 2022	425.0	425.0
5.25% Senior Notes due April 2023	425.0	425.0
5.125% Senior Notes due December 2024	425.0	425.0
6.875% Senior Notes due July 2033, less unamortized discount of $1.3 in 2015 and $1.3 in 2014	448.7	448.7
Other	3.5	1.6
Total long-term debt, less current portion	4,261.8	4,282.5
Total debt[3]	$4,348.3	$ 4,414.0

[1] Short-term borrowings of $85 million at March 31, 2015 are comprised primarily of borrowings from various lines of credits. Short-term borrowings at December 31, 2014 are comprised primarily of $36 million of borrowings outstanding under our U.S. accounts receivable securitization program, $23 million outstanding under our revolving credit facility and $71 million short-term borrowings from various lines of credits.

[2] Term Loan A facilities have required prepayments which are due in 2016.

[3] The weighted average interest rate on our total outstanding debt was 5.3% as of March 31, 2015 and 5.2% as of December 31, 2014.

Lines of Credit

The following table summarizes our available lines of credit and committed and uncommitted lines of credit, including the Revolving Credit Facility discussed above, and the amounts available under our accounts receivable securitization programs. We are not subject to any material compensating balance requirements in connection with our lines of credit.

(In millions)	March 31, 2015	December 31, 2014
Used lines of credit [1]	$85.2	$ 130.4
Unused lines of credit	1,137.1	1,101.7
Total available lines of credit[2]	$1,222.3	$ 1,232.1

[1] Includes total borrowings under the accounts receivable securitization programs, the revolving credit facility and borrowings under lines of credit available to several foreign subsidiaries.
[2] Of the total available lines of credit, $883 million were committed as of March 31, 2015.

Covenants

Each issue of our outstanding senior notes imposes limitations on our operations and those of specified subsidiaries. The Amended Credit Facility contains customary affirmative and negative covenants for credit facilities of this type, including limitations on our indebtedness, liens, investments, restricted payments, mergers and acquisitions, dispositions of assets, transactions with affiliates, amendment of documents and sale leasebacks, and a covenant specifying a maximum permitted ratio of Consolidated Net Debt to Consolidated EBITDA (as defined in the Credit Facility). We were in compliance with the above financial covenants and limitations at March 31, 2015.

Note 11 Derivatives and Hedging Activities

We report all derivative instruments on our condensed consolidated balance sheets at fair value and establish criteria for designation and effectiveness of transactions entered into for hedging purposes.

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

Foreign Currency Forward Contracts Designated as Cash Flow Hedges

The primary purposes of our cash flow hedging activities are to manage the potential changes in value associated with the amounts receivable or payable on equipment and raw material purchases that are denominated in foreign currencies in order to minimize the impact of the changes in foreign currencies. We record gains and losses on foreign currency forward contracts qualifying as cash flow hedges in other comprehensive income to the extent that these hedges are effective and until we recognize the underlying transactions in net earnings, at which time we recognize these gains and losses in other expense, net, on our condensed consolidated statements of operations.

Net unrealized after tax gains (losses) related to these contracts that were included in other comprehensive income were $1 million for the three months ended March 31, 2015 and $2 million for the three months ended March 31, 2014. The unrealized amounts in other comprehensive income will fluctuate based on changes in the fair value of open contracts during each reporting period.

Foreign Currency Forward Contracts Not Designated as Hedges

Our subsidiaries have foreign currency exchange exposure from buying and selling in currencies other than their functional currencies. The primary purposes of our foreign currency hedging activities are to manage the potential changes in value associated with the amounts receivable or payable on transactions denominated in foreign currencies and to minimize the impact of the changes in foreign currencies related to foreign currency denominated interest-bearing intercompany loans and receivables and payables. The changes in fair value of these derivative contracts are recognized in other income, net, on our condensed consolidated statements of operations and are largely offset by the remeasurement of the underlying foreign currency denominated items indicated above. These contracts generally have original maturities of less than 12 months.

Interest Rate Swaps

From time to time, we may use interest rate swaps to manage our fixed and floating interest rates on our outstanding indebtedness.

At March 31, 2015, we had no outstanding interest rate swaps. At March 31, 2014, we had $100 million notional amount of outstanding interest rate swaps, which did not materially impact our condensed consolidated results of operations or financial position.

Interest Rate and Currency Swaps

In 2014, in connection with exercising the $100 million delayed draw under the senior secured credit facility, we entered into a series of interest rate and currency swaps in a notional amount of $100 million. These swaps convert the U.S. dollar denominated variable rate obligation under the credit facility into a fixed Brazilian real denominated obligation. The delayed draw and the interest rate and currency swaps are used to fund expansion and general corporate purposes of our Brazilian subsidiaries.

Net Investment Hedge

In March 2015, we entered into a series of cross currency swaps with a combined notional amount of $425 million, hedging a portion of the net investment in a certain European subsidiary against fluctuations in foreign exchange rates. For derivative instruments that are designated and qualify as hedges of net investments in foreign operations, settlements and changes in fair values of the derivative instruments are recognized in currency translation adjustment, a component of accumulated other comprehensive loss, net of taxes, to offset the changes in the values of the net investments being hedged. Any portion of the net investment hedge that is determined to be ineffective is recorded in other income, net on the condensed consolidated statements of operations.

Other Derivative Instruments

We may use other derivative instruments from time to time, such as foreign exchange options to manage exposure to foreign exchange rates and to access to international financing transactions. These instruments can potentially limit foreign exchange exposure by swapping borrowings denominated in one currency for borrowings denominated in another currency. At March 31, 2015 and 2014, we had no foreign exchange options outstanding.

Fair Value of Derivative Instruments

See Note 12, “Fair Value Measurements and Other Financial Instruments,” for a discussion of the inputs and valuation techniques used to determine the fair value of our outstanding derivative instruments.

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The following table details the fair value of our derivative instruments included on our condensed consolidated balance sheets.

	Fair Value of Asset Derivatives		Fair Value of (Liability) Derivatives	
(In millions)	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Derivatives designated as hedging instruments:				
Foreign currency forward contracts (cash flow hedges)	$5.5	$ 4.3	$(1.9)	$ (0.4)
Interest rate and currency swaps (cash flow hedges)	31.9	17.8	—	—
Cross-currency swaps (net investment hedges)	—	—	(13.0)	—
Derivatives not designated as hedging instruments:				
Foreign currency forward contracts	64.6	41.3	(77.1)	(67.6)
Total	$102.0	$ 63.4	$(92.0)	$ (68.0)

Short-term asset derivatives and liability derivatives are included in prepaid expenses and other current assets, or other current liabilities, respectively. Long-term asset derivatives and liability derivatives are included in other non-current assets or other non-current liabilities, respectively.

The following table details the effect of our derivative instruments on our condensed consolidated statements of operations.

	Amount of Gain (Loss) Recognized on Derivatives in Earnings Three Months Ended March 31,	
(In millions)	2015	2014
Derivatives designated as hedging instruments:		
Foreign currency forward contracts (cash flow hedges)[1]	$0.8	$2.3
Interest rate and currency swaps (cash flow hedges)[2]	15.1	—
Treasury locks (cash flow hedges)[3]	0.1	0.1
Sub-total cash flow hedges	16.0	2.4
Interest rate swaps (fair value hedges)	0.1	0.5
Derivatives not designated as hedging instruments:		
Foreign currency forward contracts	32.0	(3.1)
Total	$48.1	$(0.2)

(1) Amounts recognized on the foreign currency forward contracts were included in other income, net.
(2) Amounts recognized on the interest rate and currency swaps included a $17.0 million gain which offset a loss on the remeasurement of the hedged debt, which is included in other income, net and interest expense of $2 million related to the hedge of the interest payments.
(3) Amounts recognized on the treasury locks were included in interest expense.

Note 12 Fair Value Measurements and Other Financial Instruments

Fair Value Measurements

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

Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

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

(In millions)	March 31, 2015 Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$120.0	$ —	$120.0	$ —
Derivative financial instruments net asset (liability):				
Foreign currency forward contracts	$(8.9)	$ —	$(8.9)	$ —
Interest rate and currency swaps	$31.9	$ —	$31.9	$ —
Cross-currency swaps	$(13.0)	$ —	$(13.0)	$ —

(In millions)	December 31, 2014 Total Fair Value	Level 1	Level 2	Level 3
Cash equivalents	$64.7	$ —	$64.7	$ —
Derivative financial instruments net asset (liability):				
Interest rate swaps	$—	$ —	$—	$ —
Foreign currency forward contracts	$(22.4)	$ —	$(22.4)	$ —
Interest rate and currency swaps	$17.8	$ —	$17.8	$ —

Cash Equivalents

Our cash equivalents at March 31, 2015 and December 31, 2014 consisted of commercial paper (fair value determined using Level 2 inputs). Since these are short-term highly liquid investments with original maturities of three months or less at the date of purchase, they present negligible risk of changes in fair value due to changes in interest rates.

Derivative Financial Instruments

Our foreign currency forward contracts are recorded at fair value on our condensed consolidated balance sheets using an income approach valuation technique based on observable market inputs (Level 2).

Observable market inputs used in the calculation of the fair value of foreign currency forward contracts include foreign currency spot and forward rates obtained from an independent third party market data provider. In addition, other pricing data quoted by various banks and foreign currency dealers involving identical or comparable instruments are included.

Counterparties to these foreign currency forward contracts are rated at least A- by Standard & Poor's and Baa2 by Moody's. Credit ratings on some of our counterparties may change during the term of our financial instruments. We closely monitor our counterparties' credit ratings and, if necessary, will make any appropriate changes to our financial instruments. The fair value generally reflects the estimated amounts that we would receive or pay to terminate the contracts at the reporting date.

Other Financial Instruments

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

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

We derive our fair value estimates of our various other debt instruments by evaluating the nature and terms of each instrument, considering prevailing economic and market conditions, and examining the cost of similar debt offered at the balance sheet date. We also incorporated our credit default swap rates and currency specific swap rates in the valuation of each debt instrument, as applicable.

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

The table below shows the carrying amounts and estimated fair values of our total debt:

	March 31, 2015		December 31, 2014	
(In millions)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Term Loan A Facility due July 2017	$249.7	$249.7	$249.7	$249.7
Term Loan A Facility due July 2019	1,106.9	1,106.9	1,129.4	1,129.4
6.50% Senior Notes due December 2020	428.0	476.6	428.1	469.7
8.375% Senior Notes due September 2021	750.0	843.9	750.0	843.3
4.875% Senior Notes due December 2022	425.0	434.0	425.0	423.3
5.25% Senior Notes due April 2023	425.0	445.1	425.0	429.6
5.125% Senior Notes due December 2024	425.0	440.4	425.0	428.5
6.875% Senior Notes due July 2033	448.7	474.8		