



Dear Fellow Stockholders:

2016 was a year to celebrate the tremendous persistence we demonstrated in a challenging global environment. We expanded margins, increased earnings per share and reported record levels of cash flow. We progressed in building a strong foundation for the future with amazing innovations across our three divisions, Food Care, Product Care and Diversey Care. We also recently announced a significant step in our transformation – the sale of our Diversey Care division and the related hygiene business within Food Care, or together, New Diversey, to Bain Capital Private Equity valued at \$3.2 billion.

As we move ahead into 2017, we recognize it will be a transformational year for Sealed Air, collaborating globally with our new modern headquarters in Charlotte, North Carolina, delivering disruptive innovation to our customers, successfully separating New Diversey and growing at the rate necessary to finance our ambitions.

Our past and future successes are highly dependent on the commitment from our 23,000 global employees who embrace our Company vision – “to create a better way for life” – and mission – “to Re-Imagine™ the industries we serve to create a world that feels, tastes and works better.” We have built a winning culture that is focused on profitable growth, productivity improvements and maximizing cash flow and that is obsessed with adding value to our customers and helping them win. Innovation and sustainability are at the very core of what we do and how we invest every day. In 2016, we continued to introduce sustainable, innovative solutions in each of our three divisions.

Our commitment to sustainability was recognized once again by the CDP for our efforts to reduce greenhouse gas emissions from our own operations, as well as those of our customers. We were awarded a position in CDP’s Climate A List for the second consecutive year, positioning us in the top 9% of global S&P companies. Furthermore, we became a member of the prestigious World Wildlife Fund’s Climate Savers, joining the ranks of 22 other leading companies committed to reducing our impacts, helping customers reduce their impact and be a leading voice within our industry to show how business success aligns with sustainability leadership. These achievements underscore our commitment to making Sealed Air a world leader in sustainability (please refer to the “2016 Sustainability Highlights” on page 3 immediately following this letter).

We also earned top honors as the World’s Most Admired Company in the Packaging, Containers Industry by Fortune magazine’s annual survey for the fourth consecutive year. Our state-of-the-art headquarters in Charlotte, North Carolina, is largely completed, and we already have over 900 employees working collaboratively at the new campus.

In 2016, we generated approximately \$6.8 billion in sales, an increase of 1% on an organic basis compared to last year. We reported⁽¹⁾ Adjusted Net Income⁽²⁾ of \$526 million and delivered \$1.16 billion in Adjusted EBITDA⁽³⁾ or 17.1% as a percent of net sales. We generated \$631 million in Free Cash Flow⁽⁴⁾ and returned \$339 million to shareholders through share repurchases and dividends. Our financial and operational results were solid across our three divisions:

- In Food Care, net sales of \$3.2 billion increased 2% on an organic basis, and we delivered Adjusted EBITDA margins of more than 20% for the second consecutive year. Both our packaging and hygiene business contributed to improved results in 2016 as compared to 2015. Demand for Darfresh® On Tray continued to gain momentum throughout EMEA, North America and the Asia Pacific region, and we have seen similar market acceptance for our more recently introduced barrier technology, OptiDure®.



- In Diversey Care, net sales of \$2.0 billion increased 2% on an organic basis and Adjusted EBITDA margins of nearly 13%, an increase of 120 basis points as compared to 2015. Our innovative Internet of Clean™ platform coupled with our sustainable solutions and robotics platform has given us a first to market advantage in our industry and positions us well for future growth.
- In Product Care, we delivered \$1.5 billion in net sales with approximately 32% of our sales derived from the rapidly growing e-commerce and third-party logistics markets. We are building a robust pipeline for our on-demand and right-sized solutions that addresses the industry's challenges with dimensional weight pricing. Once again, we increased profitability and delivered Adjusted EBITDA margins of nearly 22% in 2016, in line with long-term objective for this division.

While we were disappointed with our organic sales growth in 2016, we were very pleased with the ability of our organization to deliver profitability improvements and properly prioritize initiatives. We also were extremely satisfied with the innovation pipelines and the number of new, disruptive products we launched across the three divisions.

As we look ahead to 2017, we expect organic sales growth to accelerate and Adjusted EBITDA to improve as compared to 2016 results. We also expect to deliver approximately \$600 million in Free Cash Flow, which would be the fifth consecutive year of over \$500 million in free cash flow.

We recognize that 2017 will prove to be a critical year for Sealed Air, particularly as we proceed with our separation of New Diversey. As always, you can expect us to combine our commitment to sustainability, innovative spirit and focus on earnings quality improvements to deliver on our objectives. We are confident that this separation is the appropriate next step in our Company's transformation and will enable us to unlock meaningful value for customers and shareholders.

Sincerely,

A handwritten signature in black ink, appearing to read "JAP", written over a horizontal line.

Jerome A. Peribere
President and Chief Executive Officer
Sealed Air Corporation

- (1) Please refer to page 5 of this letter for reconciliations to U.S. GAAP financial measures. For further information, please see Sealed Air's Annual Report on Form 10-K filed on February 15, 2017, and the February 9, 2017, earnings press release for important information about the use of non-U.S. GAAP financial measures relevant to this letter, including applicable reconciliations to U.S. GAAP financial measures.
- (2) GAAP Net Income in 2016 was \$486 million.
- (3) Adjusted Earnings Before Interest, Taxes and Depreciation and Amortization ("Adjusted EBITDA") is a non-U.S. GAAP financial measure and excludes the impact of special items, such as restructuring charges and other one-time items.
- (4) 2016 Free Cash Flow is a non-U.S. GAAP financial measure and is defined as cash flow provided by operating activities less capital expenditures. Free cash flow does not represent residual cash available for discretionary expenditures, including certain debt servicing requirements or non-discretionary expenditures that are not deducted from this measure.

2016 SUSTAINABILITY HIGHLIGHTS

21.0% **13.7%** **16.7%** **71.3%**

REDUCTION IN
**GREENHOUSE GAS
INTENSITY***

REDUCTION IN
**ENERGY
INTENSITY***

REDUCTION IN
**WATER
INTENSITY***

DIVERSION OF
**WASTE FROM
LANDFILL**

**PROGRESS RELATIVE TO 2012 BASELINE*

Our 2020 Sustainability Goals will drive our Better Way for Life plan by focusing on how our business provides solutions that help our customers and the world:

Reducing the impact of our global operations

- Reduce the energy intensity of our operations by 25%*
- Reduce the greenhouse gas intensity of our operations by 25%*
- Reduce the water intensity of our operations by 25%*
- Divert 100% of our product and process waste from landfills**

Delivering solutions that meet customers' sustainability needs

- 100% of our suppliers and our operations meet ethical supply chain standards**
- 100% of our raw materials meet responsible materials criteria**
- 100% of our new R&D products offer sustainability advantages over the products they replace**
- 100% of our new customer solutions provide sustainability benefits with quantified economic value**

Helping people around the world live better lives

- Expand food security for global populations by increasing access, ensuring safety and preventing waste of food from production to consumption
- Create healthy clean environments for people through improved hygiene practices that prevent disease and infection
- Promote resource conservation across the value chain by reducing raw materials, saving energy, conserving water and preventing waste
- Improve the lives of people around the world by addressing pressing needs in the communities where we and our customers operate

* By 2020 vs. 2012 baseline

** By 2020

U.S. GAAP SUMMARY

	Year Ended December 31	
	2016	2015
Net Sales	\$6.8 billion	\$7.0 billion
Net Income	\$486 million	\$335 million
Reported EPS	\$2.46	\$1.62
Effective Tax Rate	14.0%	21.2%
Operating Cash Flow	\$907 million	\$982 million