

BERRY PLASTICS GROUP INC
Form S-1
March 23, 2012

As filed with the Securities and Exchange Commission on March 23, 2012

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form S-1
REGISTRATION STATEMENT

*UNDER
THE SECURITIES ACT OF 1933*

BERRY PLASTICS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

3089
(Primary Industrial
Classification Code Number)

20-5234618
(I.R.S. Employer
Identification Number)

101 Oakley Street
Evansville, IN 47710
(812) 424-2904

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Jonathan D. Rich

Chief Executive Officer

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(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As promptly as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer " Non-accelerated filer Smaller reporting company "

(Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
Common Stock, \$0.01 par value per share	\$500,000,000	\$57,300.00
(1) Estimated solely for the purpose of computing the registration fee pursuant to Rule 457(o) under the Securities Act of 1933, as amended.		

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration

statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said section 8(a), may determine.

Subject to Completion, dated March 23, 2012

PRELIMINARY PROSPECTUS

Shares

Berry Plastics Group, Inc.

Common Stock

\$ per share

This is Berry Plastics Group, Inc.'s initial public offering. Berry Plastics Group, Inc. is selling shares of its common stock.

After the completion of this offering, funds affiliated with Apollo Global Management, LLC will continue to own a majority of the voting power of our outstanding common stock. As a result, we expect to be a "controlled company" within the meaning of the corporate governance standards of . See "Principal Stockholders."

We expect the public offering price to be between \$ and \$ per share. Currently, no public market exists for the shares. We intend to apply to list our shares of common stock on the under the symbol " ."

Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 11 of this prospectus.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds to us	\$	\$

We have agreed to allow the underwriters to purchase up to an additional shares from us, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock against payment on or about , 2012.

The date of this prospectus is _____, 2012.

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You should rely only on the information contained in this prospectus and any free writing prospectus prepared by us or on our behalf that we have referred you to. We and the underwriters have not authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are not making an offer of these securities in any state or other jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus and any free writing prospectus is accurate as of any date other than the date of the applicable document regardless of its time of delivery or the time of any sales of our common stock. Our business,

financial condition, results of operations or cash flows may have changed since the date of the applicable document.

INDUSTRY AND MARKET DATA

This prospectus includes industry and trade association data, forecasts and information that we have prepared based, in part, upon data, forecasts and information obtained from independent trade associations, industry publications and surveys and other information available to us. Some data are also based on our good-faith estimates, which are derived from management's knowledge of the industry and independent sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe these sources are reliable, we have not independently verified the information. Statements as to our market position are based on market data currently available to us. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" in this prospectus. Similarly, while we believe our internal research is reliable, such research has not been verified by any independent sources.

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA and Adjusted Free Cash Flow, as presented in this prospectus, are supplemental measures of performance that are not required by, or presented in accordance with, accounting principles generally accepted in the United States (“GAAP”). Adjusted EBITDA and Adjusted Free Cash Flow are not measurements of financial performance under GAAP and should not be considered as an alternative to operating or net income or cash flows from operating activities, in each case determined in accordance with GAAP.

We define “Adjusted Free Cash Flow” as cash flow from operating activities less additions to property, plant and equipment. We use Adjusted Free Cash Flow as a measure of liquidity because it assists us in assessing our company’s ability to fund its growth through its generation of cash. We believe Adjusted Free Cash Flow is useful to an investor in evaluating our liquidity because Adjusted Free Cash Flow and similar measures are widely used by investors, securities analysts and other interested parties in our industry to measure a company’s liquidity without regard to revenue and expense recognition, which can vary depending upon accounting methods. Although we use Adjusted Free Cash Flow as a financial measure to assess the performance of our business, the use of Adjusted Free Cash Flow has important limitations, including that: (1) Adjusted Free Cash Flow does not reflect the cash requirements necessary to service principal payments on our indebtedness; and (2) Adjusted Free Cash Flow removes the impact of accrual basis accounting on asset accounts and non-debt liability accounts.

We define “Adjusted EBITDA” as net income (loss) before depreciation and amortization, income tax expense (benefit), interest expense (net) and certain non-recurring or non-cash charges and as adjusted for unrealized cost reductions and acquired businesses, including unrealized synergies, which are more particularly defined in our credit documents and the indentures governing our notes. Adjusted EBITDA is used by our lenders for debt covenant compliance purposes and by our management as one of several measures to evaluate management performance. Adjusted EBITDA eliminates what we believe are non-recurring expenses and certain other charges that we believe do not reflect operations and underlying operational performance. The result, we believe, more accurately reflects the underlying performance of the company and therefore provides our management and investors with a more meaningful metric to assess performance over time. Although we use Adjusted EBITDA as a financial measure to assess the performance of our business, the use of Adjusted EBITDA has important limitations, including that (1) Adjusted EBITDA does not represent funds available for dividends, reinvestment or other discretionary uses, or account for one-time expenses and charges; (2) Adjusted EBITDA does not reflect cash outlays for capital expenditures or contractual commitments; (3) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital; (4) Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on indebtedness; (5) Adjusted EBITDA does not reflect income tax expense or the cash necessary to pay income taxes; (6) Adjusted EBITDA excludes depreciation and amortization and, although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements; and (7) Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations.

Adjusted EBITDA and Adjusted Free Cash Flow may be calculated differently by other companies, including other companies in our industry, limiting their usefulness as comparative measures. Because of these limitations, you should consider Adjusted EBITDA and Adjusted Free Cash Flow alongside other performance measures and liquidity measures, including operating income, various cash flow metrics, net income and our other GAAP results.

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and consolidated financial statements included elsewhere in this prospectus. This summary is not complete and may not contain all of the information that may be important to you. You should carefully read the entire prospectus, including the “Risk Factors” section and our consolidated financial statements and notes to those statements, before making an investment decision. As used in this prospectus, “Berry,” the “company,” “we,” “our” and “us” mean Berry Plastics Group, Inc. and its subsidiaries on a consolidated basis.

Our Company

We are a leading provider of value-added plastic consumer packaging and engineered materials with a 30-year track record of delivering high-quality customized solutions to our customers. Our products utilize our proprietary research and development platform, which includes a continually evolving library of Berry-owned molds, patents, manufacturing techniques and technologies. We sell our solutions predominantly into consumer-oriented end markets, such as food and beverage, healthcare and personal care, which together represented 75% of our sales in the 12 months ending December 31, 2011 (which we refer to in this prospectus as “Calendar 2011”). Our customers look to us for solutions that have high consumer impact in terms of form, function and branding. Representative examples of our products include thermoform drink cups, thin-wall containers, blow-molded bottles, specialty closures, prescription vials, specialty plastic films, adhesives and corrosion protection materials. We have also been one of the most active acquirers of plastic packaging businesses globally, having acquired more than 30 businesses since 1988, including ten acquisitions completed in the past five years. We believe our focus on delivering unique and customized solutions to our customers and our ability to successfully integrate strategic acquisitions have enabled us to grow at rates in excess of our industry peers, having achieved a compound annual net sales growth rate over the last ten years of 26%.

We believe that we have created one of the largest product libraries in our industry, allowing us to be a comprehensive solution provider to our customers. We have more than 13,000 customers, which consist of a diverse mix of leading national, mid-sized regional and local specialty businesses. The size and scope of our customer network allow us to introduce new products we develop or acquire to a vast audience that is familiar with, and we believe partial to, our brand. In fiscal 2011, no single customer represented more than 3% of net sales and our top ten customers represented less than 17% of net sales. We currently supply our customers through 88 strategically located manufacturing facilities throughout the United States (75 locations) and select international locations (13 locations). We believe our manufacturing processes and our ability to leverage our scale to reduce expenses on items, such as raw materials, position us as a low-cost manufacturer relative to our competitors. For example, we are one of the largest global purchasers of polyolefin resins, at more than 2.5 billion pounds per year, which gives us both unique insight into this market as well as scale purchasing savings.

We enjoy market leadership positions in many of our markets, with 76% of net sales in markets in which we held the #1 or #2 market position in Calendar 2011. We look to build leadership in markets where we have a strategic angle and can achieve attractive profit margins through technology and design leadership and a competitive cost position such as highly decorated plastic containers. We believe that our product and technology development capabilities are best-in-class, supported by a newly built research and design facility located in Evansville, Indiana (which we refer to in this prospectus as the “Berry Research and Design Center”) and a network of more than 200 engineers and material scientists. We seek to have our product and technology development efforts provide a meaningful impact on sales. An example of our focused new product development is our thermoform plastic drink cup technology. We identified

an unfulfilled need in the market with an opportunity for significant return on invested capital and ultimately introduced the technology to the market in 2001. This product line has grown steadily since introduction and generated \$368 million of net sales in Calendar 2011.

Our success is driven by our more than 16,000 employees. Over the past 30 years, we have developed a culture that incorporates both loyalty to best practices and acceptance of new perspectives, which we have often identified from the companies we have acquired. Our employees hold themselves accountable to exceed the expectations of our customers and to create value for our stakeholders. Consistent with this focus on value creation,

more than 400 employees own equity in the company. As of December 31, 2011 and before giving effect to this offering, these employees own more than 20% of our fully diluted equity.

We believe the successful execution of our business strategy has enabled us to outperform the growth of our industry over the past decade with Adjusted EBITDA increasing from \$80 million in 2000 to \$758 million for Calendar 2011, representing a compound annual growth rate (which we refer to in this prospectus as a “CAGR”) of 23%. For Calendar 2011, Berry had pro forma net sales of \$5.0 billion, Adjusted EBITDA of \$758 million, net loss of \$247 million and Adjusted Free Cash Flow of \$208 million. For a reconciliation of Adjusted EBITDA and Adjusted Free Cash Flow, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources.”

Our Businesses

We organize our business into: Rigid Plastics, Engineered Materials and Flexible Packaging. We strive to leverage the talents, technologies and resources of each segment for the benefit of Berry as a whole. We believe this practice has enabled us to cross-fertilize technologies, materials and manufacturing processes across our entire platform to create unique solutions for our customers, developing a partnership approach and strong long-term relationships.

The table below is a summary of our business and some of our key product lines:

	<u>Rigid Plastics</u>	<u>Engineered Materials</u>	<u>Flexible Packaging</u>
Calendar 2011 Adjusted EBITDA (\$ in millions)			
Product Examples	§ Foodservice Items § Housewares § Containers	§ Overcaps § Closures § Bottles § Prescription Vials	§ Tapes § CPG § FIBC § Food Wrap § Personal Care Films § Barrier/ Sealant Films § Medical Films

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§ Tubes

§ Shrink Films

§ Printed Films

§ Trash Bags

§ Coated and
Laminated

§ Stretch Films

Packaging

Rigid Plastics (69% of Adjusted EBITDA for Calendar 2011)

Our Rigid Plastics business primarily consists of containers, foodservice items, housewares, closures, overcaps, bottles, prescription vials, and tubes. The largest end uses for these products are consumer-oriented end markets such as food and beverage, retail mass marketers, healthcare, personal care and household chemical. We believe that we offer the broadest line of rigid plastic products among industry participants and that we maintained the #1 or #2 market positions in markets representing approximately 80% of the Rigid Plastics business net sales for Calendar 2011. Many of our products are manufactured from proprietary molds that we develop and own, which results in significant switching costs to our customers. In addition to a complete product line, we have sophisticated decorating capabilities and in-house graphic arts and tooling departments, which allow us to integrate ourselves into, and add significant value to, our customers' packaging design processes. For Calendar 2011, our Rigid Plastics business had pro forma net sales and Adjusted EBITDA of \$2.8 billion and \$523 million, respectively.

Engineered Materials (21% of Adjusted EBITDA for Calendar 2011)

Our Engineered Materials business primarily consists of pipeline corrosion protection solutions, specialty tapes and adhesives, polyethylene-based film products, and can liners served to a variety of end markets including oil, water and gas infrastructure, industrial and consumer-oriented end markets. We believe that we offer one of the broadest product lines among industry participants and that we maintain the #1 or #2 market position in markets representing approximately 65% of Engineered Products net sales in Calendar 2011. For Calendar 2011, our Engineered Materials business had net sales and Adjusted EBITDA of \$1.5 billion and \$161 million, respectively.

Flexible Packaging (10% of Adjusted EBITDA for Calendar 2011)

Our Flexible Packaging business consists of high barrier, multilayer film products as well as finished flexible packages such as printed bags and pouches. The largest end uses for our flexible products are consumer-oriented end markets such as food and beverage, medical and personal care. We believe that we offer one of the broadest product lines among industry participants and that we maintain the #1 or #2 market position in markets representing approximately 90% of Flexible Packaging business net sales in Calendar 2011. For Calendar 2011, our Flexible Packaging segment had net sales and Adjusted EBITDA of \$781 million and \$74 million, respectively.

Our Strengths

We believe our strong financial performance is the direct result of the following competitive strengths:

Leading market positions in profitable product lines. Our profitability is enhanced by our market-leading positions in high value-added product lines, such as thermoform drink cups, pharmaceutical packaging and thin-wall containers, among others. We have focused on achieving #1 or #2 positions in product lines in which we can realize attractive margins through (1) product innovation, differentiated technology and quality manufacturing processes; (2) leveraging our broad customer network; (3) our low-cost manufacturing platform; and (4) superior customer service. For Calendar 2011, we estimate that 76% of our net sales were derived from products in which we have a #1 or #2 market position.

Leader in developing and commercializing new technologies. Our product and technology development capabilities are best-in-class. Our research efforts focus on projects with the potential to deliver unique performance characteristics that add value for our customers, command a sustainable premium price, develop customer loyalty and support the overall profitability of our company. We believe we have a track record of commercializing new products that generate incremental organic profitability well in excess of our company and industry averages. Our thermoformed plastic drink cups are an example of a successful commercialization of a new technology that we internally developed to address an unfilled need of our customers. Since introducing this technology to the market, we have developed the product line into a business which delivered \$368 million of net sales for Calendar 2011.

Large and diversified customer base in attractive end markets. We sell our packaging solutions to more than 13,000 customers spanning a diverse mix of leading national, mid-sized regional and local specialty businesses. For Calendar 2011, no single customer represented more than 3% of net sales and our top ten customers in total

represented less than 17% of net sales. We believe the size and diversity of our customer network gives us a competitive advantage as we are able to market new products we develop or acquire seamlessly to a large customer base. Furthermore, our customer network is primarily involved in consumer-oriented end markets, such as food and beverage, healthcare and personal care, which we believe are growth end markets.

Scale and low-cost operations drive profitability. We believe that our proprietary tools and technologies, manufacturing capabilities, operating expertise and purchasing scale provide us with a competitive advantage in the marketplace. Our competitive success is due, in part, to our having capitalized on economies of scale to lower costs in a number of critical functions:

- Our large, high-volume equipment, longer production runs and flexible, cross-facility manufacturing capabilities result in lower unit-production costs than many of our competitors;
- Our position as one of the largest purchasers of packaging-grade resins globally at more than 2.5 billion pounds per year provides considerable purchasing power and enhances the reliability of our supply of resins; and
- Our global network of 88 strategically located manufacturing facilities provides increased opportunities to optimize transportation costs and realize distribution efficiencies and allows for quick turnaround times to our customers.

Track record in mergers and acquisitions. We have successfully integrated over 30 acquisitions since 1988, including ten over the past five years. These acquisitions have enabled us to (1) develop new business platforms; (2) add products to market to our customer network; (3) create incremental profitability by achieving synergies; (4) acquire manufacturing processes and technologies; and (5) capitalize on the best practices of acquired companies. Our management team seeks to acquire companies at attractive, value-enhancing multiples, utilizing what we believe is our flexible, low-cost capital structure to fund the transactions. In September 2011, we acquired Rexam Specialty and Beverage Closures for a multiple of purchase price to Adjusted EBITDA (including synergies) of 5.2x and funded the transaction entirely with debt financing under our revolving asset-based credit facility, which carries a LIBOR plus 2% interest rate. This transaction was immediately deleveraging for us and accretive to shareholder value while also increasing free cash flow generation.

Outsized earnings growth, attractive margins and strong free cash flow generation. We believe our earnings growth has exceeded the growth of our industry, with Adjusted EBITDA growing from \$80 million in 2000 to \$758 million for Calendar 2011, representing a CAGR of 23%. We also believe we maintain attractive profit margins and generate significant Adjusted Free Cash Flow for our stockholders relative to our peers. For Calendar 2011, our Adjusted EBITDA margin was 15%, and we generated Adjusted Free Cash Flow of \$208 million. We believe our profit margins and Adjusted Free Cash Flow generation are stable and increasing, driven by new product launches, market share gains, stable input cost pass-through, cost improvement actions, disciplined capital spending, prudent working capital management, favorable tax situation, minimal contingent liabilities and strategic investments in new projects and acquisitions with synergies.

Proven management and employee culture with significant equity ownership. We believe that our management team is among the deepest and most experienced in the packaging industry. Our management team has been responsible for developing and executing our strategy that has generated consistent year-over-year sales growth and the successful integration of more than 30 acquisitions. We believe our employees have developed a unique culture in which each employee throughout the entire company is aligned, focused and holds each other accountable to achieve goals that drive value creation for our stakeholders. Our employee ownership pool is deep with more than 400 individual employees owning more than 20% of the shares in our company on a fully diluted basis as of December 31,

2011, before giving effect to this offering.

Our Strategy

We intend to capitalize on our market-leading position in high value-added plastic consumer packaging and highly engineered materials to increase revenues and profits and maximize cash flow. We seek to achieve this objective by executing on the following strategies:

Develop and commercialize new product technologies. We intend to continue to focus our product and technology development efforts on projects that we believe have significant profit potential. We have several projects in various stages of development that we believe can be commercialized into attractive organic growth and profit opportunities. Certain projects in development involve leveraging our unique expertise in both rigid and flexible packaging technologies and manufacturing processes to create unique hybrid packaging solutions that address a need in the market that is not addressable by either technology on its own. We also have certain projects underway that we are developing in close collaboration with specific customers, which upon successful commercialization would allow us to enter into a new market backed by the strength of both our products and our broad existing customer base.

Continue to make acquisitions in our industry. Given the breadth of our product offering, multiple business platforms in rigid and flexible packaging and scale of our customer network, we believe we have the broadest opportunity set for acquisitions in our industry. Furthermore, we believe we have a competitive advantage over our peers in mergers and acquisitions due to our (1) historical acquisition track record; (2) flexibility to utilize purchase price funding sources with attractive cost of capital; and (3) ability to leverage our scale to generate incremental synergies versus our peers. We intend to continue to apply a selective and disciplined acquisition strategy, focused on enhancing our scale, product diversity and geographic reach, while bolstering our financial performance through synergies and additional cash generation. We continue to evaluate acquisition opportunities on an ongoing basis and may at any time be in preliminary discussions with third parties.

Continue to drive Adjusted Free Cash Flow generation. We continually focus on ways to increase our Adjusted Free Cash Flow through new business generation and also disciplined capital and cost management strategies. We intend to further increase profitability and Adjusted Free Cash Flow generation with a continued emphasis on operational excellence, including (1) leveraging our scale to reduce material costs; (2) efficiently reinvesting capital into our manufacturing processes to enhance technological leadership and achieve productivity gains; (3) focusing on ways to streamline operations through overhead rationalization; and (4) working with our engineering and research and development teams to replace existing materials with lower cost alternatives. Furthermore, we believe there are significant incremental opportunities to improve Adjusted EBITDA margins in our Engineered Materials and Flexible Packaging businesses through increased focus on utilizing our asset base on more value-added products.

Increase sales to existing customers. We believe we have significant opportunities to increase our share of packaging sales made to our network of more than 13,000 existing customers. We believe our ability to offer our customers a comprehensive solution through our breadth of product offering yields economic benefits to our customers that cannot be matched by many of our competitors. We will also continue to develop and acquire new products that we can distribute through our customer network, which we believe will allow these products to gain instant scale and traction. We are also working with several customers to expand internationally.

Realize value from recent capital investments and acquisitions. In fiscal 2011, we invested \$110 million of capital in new growth projects including a new pharmaceutical package for a major retailer, additional thermoforming capacity, and new printing technology, among others. We expect the majority of these projects to be up and running by the end of 2012 and expect them to be a contributor to organic growth over the next several years. In fiscal 2011, we also undertook a number of cost saving actions including six plant consolidations and the implementation of numerous cost-reduction initiatives. Furthermore, in September 2011, we completed the acquisition of the Rexam

Specialty and Beverage Closures business, and believe that we will realize, or have put actions in place to realize, approximately \$20 million of synergies by the end of the 2012 calendar year.

Risk Factors

Participating in this offering involves substantial risk. Our ability to execute our strategy also is subject to certain risks. The risks described under the heading “Risk Factors” immediately following this summary may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges and risks include the following:

- our substantial indebtedness;
- the risk of increases in prices or unavailability of key inputs, such as plastic resins, for our products;
- the intense competition we face in the sale of our products;
- the risks associated with potential acquisitions that we have completed and that we may pursue as part of our growth strategy;
- our reliance on patent and trademark rights and unpatented proprietary know-how and trade secrets; and
- the impact of current and future environmental and other governmental requirements and regulations.

Before you participate in this offering, you should carefully consider all of the information in this prospectus, including matters set forth under the heading “Risk Factors.”

Principal Stockholders

Our principal stockholders are investment funds affiliated with or managed by Apollo Global Management, LLC, which we refer to in this prospectus as “Apollo,” including Apollo Investment Fund VI, L.P. and Apollo Investment Fund V, L.P., along with their parallel investment funds, as well as investment funds affiliated with or managed by Graham Partners, Inc. and investment entities affiliated with Donald C. Graham.

Founded in 1990, Apollo is one of the world’s largest alternative investment managers, with total assets under management of \$75 billion as of December 31, 2011, and a team of 548 employees located in ten offices around the world.

Graham Partners manages approximately \$1.6 billion in equity capital across multiple private investment funds and related entities, and is a member of “The Graham Group,” an alliance of independently owned and operated industrial and investment management businesses, which all share in the common legacy of entrepreneur Donald C. Graham. We refer to Graham Partners, Inc. and The Graham Group in this prospectus as “Graham.”

Additional Information

Berry Plastics Group, Inc. was incorporated in Delaware on June 26, 2006. The principal executive offices of Berry Plastics Group, Inc. are located at 101 Oakley Street, Evansville, Indiana 47710, and the telephone number there is (812) 424-2904. We also maintain an Internet site at <http://www.berryplastics.com>. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or registration statement of which this prospectus forms a part and you should not rely on any such information in making your

decision whether to purchase our securities.

The Offering

Common stock offered	shares.
Common stock to be outstanding after this offering	shares (shares if the underwriters exercise their over-allotment options in full).
Listing	We intend to apply to list our common stock on the under the symbol “.”
Over-allotment option	We have agreed to allow the underwriters to purchase up to an additional shares from us, at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus.
Use of proceeds	<p>Assuming an initial public offering price of \$ per share, which is the midpoint of the offering price range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of our common stock in this offering will be \$ (or \$ if the underwriters exercise in full their option to purchase additional shares of common stock from us), after deducting estimated underwriting discounts and commissions and offering expenses.</p> <p>We currently intend to use the net proceeds received by us in this offering to repay certain of our outstanding indebtedness and for working capital and general corporate purposes.</p>
Dividends	We do not currently anticipate paying dividends on our common stock following this offering. Any declaration and payment of future dividends to holders of our common stock may be limited by restrictive covenants in our debt agreements, and will be at the sole discretion of our Board of Directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other

considerations that our Board of Directors deems relevant. See “Dividend Policy,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources,” and “Description of Capital Stock—Common Stock.”

Risk Factors

You should carefully read and consider the information set forth under “Risk Factors” beginning on page 11 of

this prospectus and all the other information set forth in this prospectus before investing in our stock.

Except as otherwise indicated, all information in this prospectus:

- assumes no exercise of the underwriters' over-allotment option to buy up to additional shares from us;
and
- does not give effect to the exercise of outstanding options or shares reserved for issuance under the 2006 Equity Incentive Plan.

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth certain historical financial data for Berry Plastics Group, Inc. Our fiscal year is the 52- or 53-week period ending generally on the Saturday closest to September 30. Fiscal 2010 represents a 53-week period. The summary historical financial data as of and for the fiscal years ended October 1, 2011, October 2, 2010 and September 26, 2009 have been derived from our audited consolidated financial statements and related notes included in this prospectus. The summary historical financial data set forth below should be read in conjunction with and is qualified in its entirety by reference to the audited consolidated financial statements and the related notes included in this prospectus.

The summary historical financial data as of and for the quarterly periods ended December 31, 2011 and January 1, 2011 have been derived from our unaudited financial statements included in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth in those statements.

The unaudited last twelve months financial data for the period ending December 31, 2011 has been calculated by subtracting the data for the three months ended January 1, 2011 from the data for the year ended October 1, 2011 and adding the data for the three months ended December 31, 2011.

Our historical results are not necessarily indicative of results to be expected in any future period, and results for the three months ended December 31, 2011, are not necessarily indicative of results to be expected for the full year.

The following financial information should be read in conjunction with “Selected Historical Consolidated Financial Data,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our historical consolidated financial statements and the related notes included in this prospectus.

(\$ in millions) Statement of Operations Data:	Unaudited			Audited Year Ended		
	Last Twelve Months (a) December 31, 2011	Unaudited Quarterly Period Ended December 31, 2011	January 1, 2011	October 1, 2011	October 2, 2010	September 26, 2009
Net sales	\$ 4,657	\$ 1,137	\$ 1,041	\$ 4,561	\$ 4,257	\$ 3,187
Cost of sales	3,948	972	902	3,878	3,667	2,641
Gross profit	709	165	139	683	590	546
Operating expenses (b)	656	136	121	641	466	360
Operating income	53	29	18	42	124	186
Other expense (income) (c)	(9)	(4)	66	61	(27)	(373)
Net interest expense	330	83	80	327	313	304
Income (loss) before income taxes	(268)	(50)	(128)	(346)	(162)	255
Income tax expense (benefit)	(21)	(19)	(45)	(47)	(49)	99
Loss on discontinued operations	-	-	-	-	-	4
Net income (loss)	\$ (247)	\$ (31)	\$ (83)	\$ (299)	\$ (113)	\$ 152

**Balance Sheet Data
(at period end):**

Working capital (d)	\$ 527	\$ 527	\$ 607	\$ 571	\$ 653	\$ 351
Total assets	5,000	5,000	5,162	5,217	5,344	4,216
Long-term debt obligations	4,517	4,517	4,435	4,581	4,397	3,422

Cash Flows Data:

Cash from operating activities	\$ 367	\$ 89	\$ 49	\$ 327	\$ 112	\$ 413
Cash from investing activities	(513)	(37)	(47)	(523)	(852)	(195)
Cash from financing activities	55	(65)	(30)	90	878	(398)

**Other Financial
Data:**

Capital expenditures	\$159	\$ 45	\$ 46	\$ 160	\$ 223	\$ 194
Depreciation	243	61	56	238	210	158
Amortization of intangibles	107	28	27	106	107	96

(a) References to financial results as of and for the last twelve months ended December 31, 2011 have been calculated by subtracting the data for the three months ended January 1, 2011 from the data for the year ended October 1, 2011, and adding the data for the three months ended December 31, 2011.

(b) Year ended October 1, 2011 and last twelve months ended December 31, 2011 includes \$165 non-cash goodwill impairment.

(c) Year ended September 26, 2009 includes a \$368 gain on repurchase of debt.

(d) Represents total current assets less total current liabilities.

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risk factors set forth below as well as the other information contained in this prospectus before investing in our common stock. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially and adversely affect our business, financial condition or results of operations. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. In such a case, you may lose part or all of your original investment.

Risks Related to Our Business

Our substantial indebtedness could affect our ability to meet our obligations and may otherwise restrict our activities.

We have a significant amount of indebtedness. As of December 31, 2011, the end of our first 2012 fiscal quarter, we had total indebtedness (including current portion) of \$4,563 million with cash and cash equivalents totaling \$29 million. We would have been able to borrow a further \$376 million under the revolving portion of our senior secured credit facilities, subject to the solvency of our lenders to fund their obligations and our borrowing base calculations. We are permitted by the terms of our debt instruments to incur substantial additional indebtedness, subject to the restrictions therein. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have a material adverse effect on our business, financial condition and results of operations.

Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow money for our working capital, capital expenditures, debt service requirements or other corporate purposes;
- require us to dedicate a substantial portion of our cash flow to payments on our indebtedness, which would reduce the amount of cash flow available to fund working capital, capital expenditures, product development and other corporate requirements;
- increase our vulnerability to general adverse economic and industry conditions; and
- limit our ability to respond to business opportunities, including growing our business through acquisitions.

In addition, the credit agreements and indentures governing our current indebtedness contain, and any future debt instruments would likely contain, financial and other restrictive covenants, which will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- incur or guarantee additional debt;
- pay dividends and make other restricted payments;
- create or incur certain liens;
- make certain investments;
- engage in sales of assets and subsidiary stock;

- enter into transactions with affiliates;

- transfer all or substantially all of our assets or enter into merger or consolidation transactions; and
- make capital expenditures.

As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. Furthermore, a failure to comply with these covenants could result in an event of default, which, if not cured or waived, could have a material adverse affect on our business, financial condition and results of operations.

Increases in resin prices or a shortage of available resin could harm our financial condition and results of operations.

To produce our products, we use large quantities of plastic resins. Plastic resins are subject to price fluctuations, including those arising from supply shortages and changes in the prices of natural gas, crude oil and other petrochemical intermediates from which resins are produced. Over the past several years, we have at times experienced rapidly increasing resin prices. If rapid increases in resin prices continue, our revenue and profitability may be materially and adversely affected, both in the short term as we attempt to pass through changes in the price of resin to customers under current agreements and in the long term as we negotiate new agreements or if our customers seek product substitution.

We source plastic resin primarily from major industry suppliers. We have long-standing relationships with certain of these suppliers but have not entered into a firm supply contract with any of them. We may not be able to arrange for other sources of resin in the event of an industry-wide general shortage of resins used by us, or a shortage or discontinuation of certain types of grades of resin purchased from one or more of our suppliers. Any such shortage may materially negatively impact our competitive position versus companies that are able to better or more cheaply source resin.

We may not be able to compete successfully and our customers may not continue to purchase our products.

We face intense competition in the sale of our products and compete with multiple companies in each of our product lines. We compete on the basis of a number of considerations, including price, service, quality, product characteristics and the ability to supply products to customers in a timely manner. Our products also compete with metal, glass, paper and other packaging materials as well as plastic packaging materials made through different manufacturing processes. Some of these competitive products are not subject to the impact of changes in resin prices which may have a significant and negative impact on our competitive position versus substitute products. Our competitors may have financial and other resources that are substantially greater than ours and may be better able than us to withstand higher costs. In addition, our success may depend on our ability to adapt to technological changes, and if we fail to enhance existing products and develop and introduce new products and new production technologies in a timely fashion in response to changing market conditions and customer demands, our competitive position could be materially and adversely affected. Furthermore, some of our customers do and could in the future choose to manufacture the products they require for themselves. Each of our product lines faces a different competitive landscape. Competition could result in our products losing market share or our having to reduce our prices, either of which would have a material adverse effect on our business and results of operations and financial condition. In addition, since we do not have long-term arrangements with many of our customers, these competitive factors could cause our customers to shift suppliers and/or packaging material quickly.

We may pursue and execute acquisitions, which could adversely affect our business.

As part of our growth strategy, we plan to consider the acquisition of other companies, assets and product lines that either complement or expand our existing business and create economic value. We cannot assure you that we will be able to consummate any such transactions or that any future acquisitions will be consummated at acceptable prices and terms.

We continually evaluate potential acquisition opportunities in the ordinary course of business, including those that could be material in size and scope. Acquisitions involve a number of special risks, including:

- the diversion of management's attention and resources to the assimilation of the acquired companies and their employees and to the management of expanding operations;
- the incorporation of acquired products into our product line;
- problems associated with maintaining relationships with employees and customers of acquired businesses;
- the increasing demands on our operational systems;
- possible adverse effects on our reported operating results, particularly during the first several reporting periods after such acquisitions are completed; and
- the loss of key employees and the difficulty of presenting a unified corporate image.

We may become responsible for unexpected liabilities that we failed or were unable to discover in the course of performing due diligence in connection with historical acquisitions and any future acquisitions. We have typically required selling stockholders to indemnify us against certain undisclosed liabilities. However, we cannot assure you that indemnification rights we have obtained, or will in the future obtain, will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

In addition, we may not be able to successfully integrate future acquisitions without substantial costs, delays or other problems. The costs of such integration could have a material adverse effect on our operating results and financial condition. Although we conduct what we believe to be a prudent level of investigation regarding the businesses we purchase, in light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual condition of these businesses. Until we actually assume operating control of such businesses and their assets and operations, we may not be able to ascertain the actual value or understand the potential liabilities of the acquired entities and their operations. Furthermore, we may not realize all of the cost savings and synergies we expect to achieve from our current strategic initiatives due to a variety of risks, including, but not limited to, difficulties in integrating shared services with our business, higher than expected employee severance or retention costs, higher than expected overhead expenses, delays in the anticipated timing of activities related to our cost-saving plans and other unexpected costs associated with operating our business. If we are unable to achieve the cost savings or synergies that we expect to achieve from our strategic initiatives, it could adversely affect our business, financial condition and results of operations.

We may not be successful in protecting our intellectual property rights, including our unpatented proprietary know-how and trade secrets, or in avoiding claims that we infringed on the intellectual property rights of others.

In addition to relying on patent and trademark rights, we rely on unpatented proprietary know-how and trade secrets, and employ various methods, including confidentiality agreements with employees and consultants, customers and suppliers to protect our know-how and trade secrets. However, these methods and our patents and trademarks may not afford complete protection and there can be no assurance that others will not independently develop the know-how and trade secrets or develop better production methods than us. Further, we may not be able to deter current and former employees, contractors and other parties from breaching confidentiality agreements and misappropriating proprietary information and it is possible that third parties may copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights. Additionally, we have licensed, and may license in the future, patents, trademarks, trade secrets, and similar proprietary rights to

third parties. While we attempt to ensure that our intellectual property and similar proprietary rights are protected when entering into business relationships, third parties may take actions that could materially and adversely affect our rights or the value of our intellectual property, similar proprietary rights or reputation. In the future, we may also rely on litigation to enforce our intellectual property rights and contractual rights, and, if not successful, we may not be able to protect the value of our intellectual property. Any litigation could be protracted

and costly and could have a material adverse effect on our business and results of operations regardless of its outcome.

Our success depends in part on our ability to obtain, or license from third parties, patents, trademarks, trade secrets and similar proprietary rights without infringing on the proprietary rights of third parties. Although we believe our intellectual property rights are sufficient to allow us to conduct our business without incurring liability to third parties, our products may infringe on the intellectual property rights of such persons. Furthermore, no assurance can be given that we will not be subject to claims asserting the infringement of the intellectual property rights of third parties seeking damages, the payment of royalties or licensing fees and/or injunctions against the sale of our products. Any such litigation could be protracted and costly and could have a material adverse effect on our business, financial condition and results of operations.

Current and future environmental and other governmental requirements could adversely affect our financial condition and our ability to conduct our business.

Our operations are subject to federal, state, local and foreign environmental laws and regulations that impose limitations on the discharge of pollutants into the air and water, establish standards for the treatment, storage and disposal of solid and hazardous wastes and require clean up of contaminated sites. While we have not been required historically to make significant capital expenditures in order to comply with applicable environmental laws and regulations, we cannot predict with any certainty our future capital expenditure requirements because of continually changing compliance standards and environmental technology. Furthermore, violations or contaminated sites that we do not know about (including contamination caused by prior owners and operators of such sites or newly discovered information) could result in additional compliance or remediation costs or other liabilities, which could be material. We have limited insurance coverage for potential environmental liabilities associated with historic and current operations and we do not anticipate increasing such coverage in the future. We may also assume significant environmental liabilities in acquisitions. In addition, federal, state, local and foreign governments could enact laws or regulations concerning environmental matters that increase the cost of producing, or otherwise adversely affect the demand for, plastic products. Legislation that would prohibit, tax or restrict the sale or use of certain types of plastic and other containers, and would require diversion of solid wastes such as packaging materials from disposal in landfills, has been or may be introduced in the U.S. Congress, state legislatures and other legislative bodies. While container legislation has been adopted in a few jurisdictions, similar legislation has been defeated in public referenda in several states, local elections and many state and local legislative sessions. Although we believe that the laws promulgated to date have not had a material adverse effect on us, there can be no assurance that future legislation or regulation would not have a material adverse effect on us. Furthermore, a decline in consumer preference for plastic products due to environmental considerations could have a negative effect on our business.

The Food and Drug Administration, which we refer to as the FDA, regulates the material content of direct-contact food and drug packages we manufacture pursuant to the Federal Food, Drug and Cosmetic Act. Furthermore, some of our products are regulated by the Consumer Product Safety Commission, which we refer to as the CPSC, pursuant to various federal laws, including the Consumer Product Safety Act and the Poison Prevention Packaging Act. Both the FDA and the CPSC can require the manufacturer of defective products to repurchase or recall these products and may also impose fines or penalties on the manufacturer. Similar laws exist in some states, cities and other countries in which we sell products. In addition, laws exist in certain states restricting the sale of packaging with certain levels of heavy metals and imposing fines and penalties for noncompliance. Although we use FDA-approved resins and pigments in our products that directly contact food and drug products and we believe our products are in material compliance with all applicable requirements, we remain subject to the risk that our products could be found not to be in compliance with these and other requirements. A recall of any of our products or any fines and penalties imposed in connection with noncompliance could have a materially adverse effect on us. See “Business — Environmental Matters and Government Regulation.”

In the event of a catastrophic loss of one of our key manufacturing facilities, our business would be adversely affected.

While we manufacture our products in a large number of diversified facilities and maintain insurance covering our facilities, including business interruption insurance, a catastrophic loss of the use of all or a portion of

one of our key manufacturing facilities due to accident, labor issues, weather conditions, natural disaster or otherwise, whether short or long-term, could have a material adverse effect on us.

Goodwill and other intangibles represent a significant amount of our net worth, and a future write-off could result in lower reported net income and a reduction of our net worth.

As of December 31, 2011, the net value of our goodwill and other intangibles was \$2,655 million. We are no longer required or permitted to amortize goodwill reflected on our balance sheet. We are, however, required to evaluate goodwill reflected on our balance sheet when circumstances indicate a potential impairment, or at least annually, under the impairment testing guidelines outlined in the standard. Future changes in the cost of capital, expected cash flows, or other factors may cause our goodwill to be impaired, resulting in a non-cash charge against results of operations to write off goodwill for the amount of impairment. If a future write-off is required, the charge could have a material adverse effect on our reported results of operations and net worth in the period of any such write-off.

The loss of certain members of our management or key employees may have an adverse effect on our operating results.

Our success depends, in part, on the efforts of our management and key employees. These individuals possess sales, marketing, engineering, manufacturing, technological, financial, administrative and managerial skills that are critical to the operation of our business. If we lose or suffer an extended interruption in the services of one or more of our senior officers or other key employees, our business, financial condition, results of operations and cash flows may be materially and adversely affected. In addition, the market for qualified individuals may be highly competitive and we may not be able to attract and retain qualified employees to replace members of our senior management or other key employees if and when the need arises.

Disruptions in the overall economy and the financial markets may adversely impact our business.

Our industry is affected by current economic factors, including the deterioration of national, regional and local economic conditions, declines in employment levels, and shifts in consumer spending patterns. Disruptions in the overall economy and volatility in the financial markets could reduce consumer confidence in the economy, negatively affecting consumer spending, which could be harmful to our financial position and results of operations. As a result, decreased cash flow generated from our business may adversely affect our financial position and our ability to fund our operations. In addition, macroeconomic disruptions, as well as the restructuring of various commercial and investment banking organizations, could adversely affect our ability to access the credit markets. The disruption in the credit markets may also adversely affect the availability of financing for our operations. There can be no assurance that government responses to the disruptions in the financial markets will restore consumer confidence, stabilize the markets, or increase liquidity and the availability of credit.

Risks Related to an Investment in our Common Stock and this Offering

There is no existing market for our common stock and we do not know if one will develop, which could impede your ability to sell your shares and depress the market price of our common stock.

Prior to this offering, there has not been a public market for our common stock. We cannot predict the extent to which investor interest in the company will lead to the development of an active trading market on the

or otherwise, or how liquid that market might become. If an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. The initial public offering price for the common stock will be determined by negotiations between us and the representatives of the underwriters and may not be

indicative of prices that will prevail in the open market following this offering. See “Underwriting.” Consequently, you may not be able to sell our common stock at prices equal to or greater than the price you paid in this offering.

The price of our common stock may fluctuate significantly and you could lose all or part of your investment.

Volatility in the market price of our common stock may prevent you from being able to sell your shares of common stock at or above the price you paid for them. The market price for our common stock could fluctuate significantly for various reasons, including:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- conditions that impact demand for our products and services;
- future announcements concerning our business or our competitors' businesses;
- the public's reaction to our press releases, other public announcements and filings with the SEC;
- changes in earnings estimates or recommendations by securities analysts who track our common stock;
- market and industry perception of our success, or lack thereof, in pursuing our growth strategy;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- changes in government and environmental regulation;
- general market, economic and political conditions;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- the number of shares to be publicly traded after this offering;
- sales of common stock by us, Apollo, Graham or members of our management team;
- adverse resolution of new or pending litigation against us;
- changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural disasters, terrorist attacks, acts of war and responses to such events; and
- material weakness in our internal costs over financial reporting.

In addition, in recent years, the stock market has experienced significant price and volume fluctuations. This volatility has had a significant impact on the market price of securities issued by many companies. The changes frequently appear to occur without regard to the operating performance of the affected companies. Hence, the price of our common stock could fluctuate based upon factors that have little or nothing to do with the company, and these fluctuations could materially reduce our share price.

We had net losses in recent years and we may not be profitable in the future.

We generated net income in only one of our last five fiscal years, and during the remaining four fiscal years, we incurred net losses of over \$100 million per year. We may not generate net income from operations in the future, and continuing net losses may limit our ability to execute our strategy. Factors contributing to net losses

include non-cash impairment charges and depreciation/amortization on our long-lived tangible and intangible assets, as well as interest expense on our debt obligations.

Apollo controls us, and its interests may conflict with or differ from your interests as a stockholder.

After the consummation of this offering, funds affiliated with our equity sponsor, Apollo, will indirectly beneficially own approximately % of our common stock, assuming the underwriters do not exercise their over-allotment option. If the underwriters exercise in full their over-allotment option, funds affiliated with Apollo will indirectly beneficially own approximately % of our common stock. As a result, Apollo will have the power to elect all of our directors. Therefore, Apollo effectively will have the ability to prevent any transaction that requires the approval of our Board of Directors or our stockholders, including the approval of significant corporate transactions such as mergers and the sale of substantially all of our assets. Thus, Apollo will continue to be able to significantly influence or effectively control our decisions. See “Certain Relationships and Related Party Transactions” and “Description of Capital Stock — Composition of Board of Directors; Election and Removal of Directors.”

The interests of Apollo could conflict with or differ from your interests as a holder of our common stock. For example, the concentration of ownership held by Apollo could delay, defer or prevent a change of control of the company or impede a merger, takeover or other business combination that you as a stockholder may otherwise view favorably. Additionally, Apollo is in the business of making or advising on investments in companies and holds (and may from time to time in the future acquire) interests in or provide advice to businesses that directly or indirectly compete with certain portions of our business or are suppliers or customers of ours. Apollo may also pursue acquisitions that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. A sale of a substantial number of shares of stock in the future by funds affiliated with Apollo could cause our stock price to decline.

We are a “controlled company” within the meaning of the rules and, as a result, will qualify for, and intend to rely on, exemptions from certain corporate governance requirements.

Upon the closing of this offering, funds affiliated with Apollo will continue to control a majority of our voting common stock. As a result, we expect to qualify as a “controlled company” within the meaning of the corporate governance standards. Under the rules, a company of which more than 50% of the voting power for the election of directors is held by an individual, group or another company is a “controlled company” and may elect not to comply with certain corporate governance requirements, including:

- the requirement that a majority of the Board of Directors consists of independent directors;
- the requirement that we have a nominating/corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities;
- the requirement that we have a compensation committee that is composed entirely of independent directors with a written charter addressing the committee’s purpose and responsibilities; and
- the requirement for an annual performance evaluation of the nominating/corporate governance and compensation committees.

Following this offering, we intend to utilize these exemptions. As a result, we will not have a majority of independent directors nor will our nominating/corporate governance and compensation committees consist entirely of independent directors, and we will not be required to have an annual performance evaluation of the nominating/corporate

governance and compensation committees. See “Management.” Accordingly, you will not have the same protections afforded to stockholders of companies that are subject to such corporate governance requirements.

We have no plans to pay regular dividends on our common stock, so you may not receive funds without selling your common stock.

We have no plans to pay regular dividends on our common stock. Any declaration and payment of future dividends to holders of our common stock may be limited by restrictive covenants of our debt agreements, will be at the sole discretion of our Board of Directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board of Directors deems relevant.

The terms of our senior secured credit facilities and the indentures governing our notes may restrict our ability to pay cash dividends on our common stock. Our debt instruments contain covenants that restrict our ability to pay dividends on our common stock, as well as the ability of our subsidiaries to pay dividends to us. See “Description of Certain Indebtedness” and “Description of Capital Stock — Common Stock.” Furthermore, we will be permitted under the terms of our debt instrument to incur additional indebtedness, which may restrict or prevent us from paying dividends on our common stock. Agreements governing any future indebtedness, in addition to those governing our current indebtedness, may not permit us to pay dividends on our common stock.

Future sales or the possibility of future sales of a substantial amount of our common stock may depress the price of shares of our common stock.

Future sales or the availability for sale of substantial amounts of our common stock in the public market could adversely affect the prevailing market price of our common stock and could impair our ability to raise capital through future sales of equity securities.

Our amended and restated certificate of incorporation will authorize us to issue million shares of common stock, of which shares will be outstanding upon consummation of this offering. This number includes shares that we are selling in this offering, which will be freely transferable without restriction or further registration under the Securities Act of 1933, as amended, which we refer to as the Securities Act. The remaining shares of our common stock outstanding, including the shares of common stock owned by funds affiliated with Apollo, Graham and certain members of our management, will be restricted from immediate resale under the federal securities laws and the lock-up agreements between our current stockholders and the underwriters, but may be sold in the near future. See “Underwriting.” Following the expiration of the applicable lock-up period, all these shares of our common stock will be eligible for resale under Rule 144 or Rule 701 of the Securities Act, subject to volume limitations and applicable holding period requirements. See “Shares Eligible for Future Sale” for a discussion of the shares of our common stock that may be sold into the public market in the future.

We may issue shares of our common stock or other securities from time to time as consideration for future acquisitions and investments. If any such acquisition or investment is significant, the number of shares of our common stock, or the number or aggregate principal amount, as the case may be, of other securities that we may issue may in turn be substantial. We may also grant registration rights covering those shares of our common stock or other securities in connection with any such acquisitions and investments.

We cannot predict the size of future issuances of our common stock or the effect, if any, that future issuances and sales of our common stock will have on the market price of our common stock. Sales of substantial amounts of our common stock (including shares of our common stock issued in connection with an acquisition), or the perception that such sales could occur, may adversely affect prevailing market prices for our common stock.

Delaware law and our organizational documents may impede or discourage a takeover, which could deprive our investors of the opportunity to receive a premium for their shares.

We are a Delaware corporation, and the anti-takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change of control would be beneficial to our existing stockholders. In addition, provisions of our amended and restated certificate of incorporation and bylaws that will be effective upon completion of this offering may make it more difficult for, or prevent a third party from, acquiring control of us without the approval of our Board of Directors. Among other things, these provisions:

- classify our Board of Directors so that only some of our directors are elected each year;
- do not permit cumulative voting in the election of directors, which would otherwise allow less than a majority of stockholders to elect director candidates;
- delegate the sole power of a majority of the Board of Directors to fix the number of directors;
- provide the power of our Board of Directors to fill any vacancy on our board, whether such vacancy occurs as a result of an increase in the number of directors or otherwise;
- authorize the issuance of “blank check” preferred stock without any need for action by stockholders;
- eliminate the ability of stockholders to call special meetings of stockholders;
- prohibit stockholders from acting by written consent if less than 50.1% of our outstanding common stock is controlled by Apollo; and
- establish advance notice requirements for nominations for election to our Board of Directors or for proposing matters that can be acted on by stockholders at stockholder meetings.

The foregoing factors, as well as the significant common stock ownership by our equity sponsor, could impede a merger, takeover or other business combination or discourage a potential investor from making a tender offer for our common stock, which, under certain circumstances, could reduce the market value of our common stock. See “Description of Capital Stock.”

We may issue shares of preferred stock in the future, which could make it difficult for another company to acquire us or could otherwise adversely affect holders of our common stock, which could depress the price of our common stock.

Our amended and restated certificate of incorporation to be in effect following this offering will authorize us to issue one or more series of preferred stock. Our Board of Directors will have the authority to determine the preferences, limitations and relative rights of shares of preferred stock and to fix the number of shares constituting any series and the designation of such series, without any further vote or action by our stockholders. Our preferred stock could be issued with voting, liquidation, dividend and other rights superior to the rights of our common stock. The potential issuance of preferred stock may delay or prevent a change in control of us, discouraging bids for our common stock at a premium to the market price, and materially and adversely affect the market price and the voting and other rights of the holders of our common stock.

You will suffer immediate and substantial dilution in the net tangible book value of the common stock you purchase.

Prior investors have paid substantially less per share than the price in this offering. The initial offering price is substantially higher than the net tangible book value per share of the outstanding common stock immediately after this offering. Accordingly, based on an assumed initial public offering price of \$ per share (the midpoint of the range set forth on the cover page of this prospectus), purchasers of common stock in this offering will experience immediate and substantial dilution of approximately \$ per share in net tangible book value of the common stock. See “Dilution.”

Berry Plastics Group, Inc. is a holding company and relies on dividends and other payments, advances and transfers of funds from its subsidiaries to meet its obligations and pay dividends.

Berry Plastics Group, Inc. has no direct operations and no significant assets other than ownership of 100% of the stock of Berry Plastics Corporation. Because Berry Plastics Group, Inc. conducts its operations through its subsidiaries, it depends on those entities for dividends and other payments to generate the funds necessary to meet its financial obligations, and to pay any dividends with respect to our common stock. Legal and contractual

restrictions in the agreements governing current and future indebtedness of Berry Plastics Group, Inc.'s subsidiaries, as well as the financial condition and operating requirements of Berry Plastics Group, Inc.'s subsidiaries, may limit Berry Plastics Group, Inc.'s ability to obtain cash from its subsidiaries. The earnings from, or other available assets of, Berry Plastics Group, Inc.'s subsidiaries may not be sufficient to pay dividends or make distributions or loans to enable Berry Plastics Group, Inc. to pay any dividends on our common stock.

The additional requirements of having a class of publicly traded equity securities may strain our resources and distract management.

Although our principal operating subsidiary voluntarily files periodic reports with the Securities and Exchange Commission, or the "SEC," after the consummation of this offering, we will be subject to additional reporting requirements of the Securities Exchange Act of 1934, or the Exchange Act and the Sarbanes-Oxley Act of 2002, which we refer to as the "Sarbanes-Oxley Act." The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal control for financial reporting. Under Section 404 of the Sarbanes-Oxley Act, our independent public accountants auditing our financial statements must attest to the effectiveness of our internal control over financial reporting. In order to continue to maintain the effectiveness of our disclosure controls and procedures and internal control over financial reporting following the consummation of this offering, significant resources and management oversight will be required. Furthermore, if we are unable to conclude that our disclosure controls and procedures and internal control over financial reporting are effective, or if our independent public accounting firm is unable to provide us with an unqualified report as to management's assessment of the effectiveness of our internal control over financial reporting in future years, investors may lose confidence in our financial reports and our stock price may decline.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act, which we refer to as "Dodd-Frank" and which amended the Sarbanes-Oxley Act and other federal laws, has created uncertainty for public companies, and we cannot predict with any certainty the requirements of the regulations that will ultimately be adopted under Dodd-Frank or how such regulations will affect the cost of compliance for a company with publicly traded common stock. There is likely to be continuing uncertainty regarding compliance matters because the application of these laws and regulations, which are subject to varying interpretations, may evolve over time as new guidance is provided by regulatory and governing bodies. We intend to invest resources to comply with these evolving laws and regulations, which may result in increased general and administrative expenses and divert management's time and attention from other business concerns. Furthermore, if our compliance efforts differ from the activities that regulatory and governing bodies expect or intend due to ambiguities related to interpretation or practice, we may face legal proceedings initiated by such regulatory or governing bodies and our business may be harmed. In addition, new rules and regulations may make it more difficult for us to attract and retain qualified directors and officers and may make it more expensive for us to obtain director and officer liability insurance.

If securities analysts do not publish research or reports about our company, or if they issue unfavorable commentary about us or our industry or downgrade our common stock, the price of our common stock could decline.

The trading market for our common stock will depend in part on the research and reports that third-party securities analysts publish about our company and our industry. One or more analysts could downgrade our common stock or issue other negative commentary about our company or our industry. In addition, we may be unable or slow to attract research coverage. Alternatively, if one or more of these analysts cease coverage of our company, we could lose visibility in the market. As a result of one or more of these factors, the trading price of our common stock could decline.

We will be required to pay our existing owners for certain tax benefits, which amounts are expected to be material.

We will enter into an income tax receivable agreement with our existing stockholders that will provide for the payment by us to our existing stockholders of 85% of the amount of cash savings, if any, in U.S. federal, state and local income tax that we actually realize as a result of the utilization of our net operating losses attributable to periods prior to this offering and certain other tax benefits related to our entering into the income tax receivable agreement, including tax benefits attributable to payments under the income tax receivable agreement.

These payment obligations are our obligations and not obligations of any of our subsidiaries. The actual utilization of net operating losses as well as the timing of any payments under the income tax receivable agreement will vary depending upon a number of factors, including the amount, character and timing of our taxable income in the future.

We expect that the payments we make under this income tax receivable agreement will be material. Assuming no material changes in the relevant tax law, and that we earn sufficient income to realize the full tax benefits subject to the income tax receivable agreement, we expect that future payments under the income tax receivable agreement will aggregate to between \$ million and \$ million.

In addition, the income tax receivable agreement provides that upon certain mergers, asset sales, other forms of business combinations or other changes of control, the income tax receivable agreement will terminate and we will be required to make a payment equal to the present value of future payments under the income tax receivable agreement, which payment would be based on certain assumptions, including those relating to our future taxable income. In these situations, our obligations under the income tax receivable agreement could have a substantial negative impact on our liquidity and could have the effect of delaying, deferring or preventing certain mergers, asset sales, other forms of business combinations or other changes of control.

Our counterparties under this agreement will not reimburse us for any payments previously made under the income tax receivable agreement if such benefits are subsequently disallowed (although future payments would be adjusted to the extent possible to reflect the result of such disallowance). As a result, in certain circumstances, payments could be made under the income tax receivable agreement in excess of our cash tax savings.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This prospectus contains “forward-looking statements” which involve risks and uncertainties. You can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “would,” “could,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” or “anticipates” or similar expressions that relate to our strategy, plans and intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this prospectus.

Important factors that could cause actual results to differ materially from our expectations, which we refer to as cautionary statements, are disclosed under “Risk Factors” and elsewhere in this prospectus, including, without limitation, in conjunction with the forward-looking statements included in this prospectus. All forward-looking information in this prospectus and subsequent written and oral forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include:

- risks associated with our substantial indebtedness and debt service;
- changes in prices and availability of resin and other raw materials and our ability to pass on changes in raw material prices on a timely basis;
- performance of our business and future operating results;
- risks related to our acquisition strategy and integration of acquired businesses;
- reliance on unpatented know-how and trade secrets;
- increases in the cost of compliance with laws and regulations, including environmental, safety, production and product laws and regulations;
- risks related to disruptions in the overall economy and the financial markets may adversely impact our business;
- catastrophic loss of one of our key manufacturing facilities, natural disasters and other unplanned business interruptions;
- risks of competition, including foreign competition, in our existing and future markets;
- general business and economic conditions, particularly an economic downturn;
- the ability of our insurance to cover fully our potential exposures; and

- the other factors discussed in the section of this prospectus titled “Risk Factors.”

We caution you that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-

looking statements contained in this prospectus may not in fact occur. Accordingly, investors should not place undue reliance on those statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

USE OF PROCEEDS

Assuming an initial public offering price of \$ per share, which is the midpoint of the offering price range set forth on the cover page of this prospectus, we estimate that the net proceeds to us from the sale of shares of our common stock in this offering will be \$ (or \$ if the underwriters exercise in full their option to purchase additional shares of common stock from us), after deducting estimated underwriting discounts and offering expenses.

We currently intend to use the net proceeds received by us in this offering to repay certain of our outstanding indebtedness and for working capital and general corporate purposes.

DIVIDEND POLICY

We do not currently anticipate paying dividends on our common stock following this offering. Any declaration and payment of future dividends to holders of our common stock will be at the discretion of our Board of Directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board of Directors deems relevant. Because we are a holding company and have no direct operations, we will only be able to pay dividends from our available cash on hand and any funds we receive from our subsidiaries. The terms of our indebtedness may restrict us from paying dividends, or may restrict our subsidiaries from paying dividends to us. Under Delaware law, dividends may be payable only out of surplus, which is our net assets minus our liabilities and our capital, or, if we have no surplus, out of our net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. See “Description of Certain Indebtedness,” and “Description of Capital Stock — Common Stock.”

CAPITALIZATION

The following table sets forth cash and cash equivalents and capitalization as of December 31, 2011:

- on a historical basis; and
- on an as adjusted basis to reflect the sale of approximately shares of our common stock in this offering at the initial public offering price of \$ per share, which is the midpoint of the offering price range set forth on the cover page of this prospectus, providing net proceeds to us from this offering (after deducting the estimated underwriting discounts and commissions and other expenses) of approximately \$ and the application of the net proceeds as described in “Use of Proceeds.”

This table should be read together with “Use of Proceeds,” “Selected Historical Consolidated Financial Data,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the combined financial statements and notes to those statements included elsewhere in this prospectus.

(\$ in millions)	(Unaudited)	
	As of December 31, 2011	
	Historical	As Adjusted
Cash and cash equivalents	\$ 29	\$
Long-term debt, including current portion:		
Term loan	1,143	
Revolving line of credit	143	
First Priority Senior Secured Floating Rate Notes	681	
8¼% First Priority Notes	370	
Second Priority Senior Secured Floating Rate Notes	210	
9½% Second Priority Notes	500	
Senior Unsecured Term Loan	52	
9¾% Second Priority Notes	800	
10¼% Senior Subordinated Notes	127	
11% Senior Subordinated Notes	455	
Debt discount, net	(12)	
Capital leases and other	94	
Total debt	4,563	
Redeemable shares	16	
Stockholders’ deficit:		
Common stock; \$.01 par value; authorized shares; shares issued and outstanding (actual); shares issued and outstanding (as adjusted)	—	
Paid-in capital	144	
Notes receivable – common stock	(2)	
Noncontrolling interest	3	
Accumulated deficit	(594)	
Accumulated other comprehensive loss	(47)	
Total stockholders’ deficit	(496)	
Total capitalization	\$ 4,083	\$

OWNERSHIP AND ORGANIZATIONAL STRUCTURE

The following diagram sets forth our ownership and organizational structure as of immediately following the completion of this offering (ownership percentages are given assuming the underwriters do not exercise their over-allotment option). See “Principal Stockholders” and “Capitalization.”

(1) See “Capitalization” and “Description of Certain Indebtedness.”

DILUTION

If you invest in our common stock, your interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock and the net tangible book value per share of our common stock upon completion of this offering. Dilution results from the fact that the per share offering price of our common stock is substantially in excess of the book value per share attributable to our existing equityholders.

Our net tangible book (deficit) as of December 31, 2011 was \$ million, or \$ per share of common stock. Net tangible book value per share represents the amount of our total tangible assets less total liabilities, divided by the number of shares of common stock outstanding as of that date.

After giving effect to the sale by us of shares of common stock in this offering at the assumed initial public offering price of \$ per share (the midpoint of the range set forth on the cover of this prospectus), and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value (deficit) as of December 31, 2011 would have been \$ million, or \$ per share. This amount represents an immediate dilution of \$ per share to new investors. The following table illustrates this dilution per share:

Assumed initial public offering price per share of common stock		\$
Net tangible book deficit per share of common stock as of December 31, 2011	\$	
Increase in net tangible book value per share attributable to this offering ⁽¹⁾		
Adjusted net tangible book value (deficit) per share after this offering		
Dilution per share to new investors		\$

(1) Net tangible book deficit is calculated by subtracting goodwill, identifiable intangibles, deferred tax assets and deferred financing costs from total net assets.

If the underwriters exercise their over-allotment option in full, our as adjusted net tangible book value (deficit) will increase to \$ per share, representing an increase to existing holders of \$ per share, and there will be an immediate dilution of \$ per share to new investors.

Assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us in connection with the offering, a \$ increase (decrease) in the assumed public offering price of \$ per share would increase (decrease) the adjusted net tangible book value attributable to this offering by \$ per share and the dilution to new investors by \$ per share and decrease (increase) the as adjusted net tangible book deficit after this offering by \$ per share.

The following table summarizes, as of December 31, 2011, as adjusted to give effect to this offering, the difference between the number of shares of our common stock purchased from us, the total consideration paid to us, and the average price per share paid by existing stockholders and by new investors, at the assumed initial public offering price of \$ per share, before deducting the estimated underwriting discounts and commissions and offering expenses payable by us in connection with this offering:

Shares Purchased	Total Consideration	Average Price
Number Percent	Amount Percent	per Share
	(in millions)	

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Existing stockholders	%	\$	%	\$
New investors in this offering	%	\$	%	\$
Total	100.0%	\$	100.0%	\$

The number of shares purchased is based on shares of common stock outstanding as of December 31, 2011. The discussion and table above exclude shares of common stock issuable upon exercise of outstanding options issued, and additional shares of common stock reserved, under our 2006 Equity Incentive Plan. To the extent

outstanding options are exercised, new investors will experience further dilution. If the underwriters exercise their overallotment option in full, the percentage of shares of common stock held by existing stockholders will decrease to _____, or _____% of the total number of shares of our common stock outstanding after the offering, and the number of shares of our common stock held by new investors will increase to _____, or _____% of the total shares of our common stock outstanding after this offering.

SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table presents our selected historical consolidated financial data. This information should be read in conjunction with, and is qualified by reference to, the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the audited and unaudited consolidated financial statements of Berry Plastics Group, Inc. and their notes included elsewhere in this prospectus, as well as the other financial information included in this prospectus. We derived the consolidated statement of operations data for fiscal 2009, 2010 and 2011, as well as the consolidated balance sheet data at October 1, 2011 and October 2, 2010 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the audited consolidated statement of operations data for fiscal 2007 and 2008 as well as the audited consolidated balance sheet data at September 26, 2009, September 27, 2008, and September 29, 2007 from our audited consolidated financial statements not included in this prospectus. We derived the unaudited consolidated statement of operations data for the three months ended December 31, 2011 and January 1, 2011, as well as the unaudited consolidated balance sheet data at December 31, 2011, from our unaudited interim consolidated financial statements included elsewhere in this prospectus. We derived the unaudited interim consolidated balance sheet data at January 1, 2011 from our unaudited interim consolidated financial statements not included in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth in those statements. Our historical results are not necessarily indicative of results to be expected in any future period, and results for the three months ended December 31, 2011 are not necessarily indicative of results to be expected for the full year.

	Unaudited Quarterly Period Ended December 31, 2011	Unaudited Quarterly Period Ended January 1, 2011	Audited Year Ended October 1, 2011	Audited Year Ended October 2, 2010	Audited Year Ended September 26, 2009	Audited Year ended September 27, 2008	Audited Year ended September 29, 2007
(\$ in millions) Statement of Operations Data:							
Net sales	\$ 1,137	\$ 1,041	\$ 4,561	\$ 4,257	\$ 3,187	\$ 3,513	\$ 3,055
Cost of sales	972	902	3,878	3,667	2,641	3,019	2,583
Gross profit	165	139	683	590	546	494	472
Selling, general and administrative expenses	70	63	275	272	229	247	244
Amortization of intangibles	28	27	106	107	96	93	78
Restructuring and impairment charges	23	21	221	41	11	10	39
Other operating expenses	15	10	39	46	24	33	44
Operating income	29	18	42	124	186	111	67
Other expense (income)	(4)	66	61	(27)	(373)	—	37
Net interest expense	83	80	327	313	304	321	257
Income (loss) before income taxes	(50)	(128)	(346)	(162)	255	(210)	(227)

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Income tax expense (benefit)	(19)	(45)	(47)	(49)	99	(72)	(96)
Minority interest	—	—	—	—	—	—	(3)
Loss on discontinued operations	—	—	—	—	4	—	—
Net income (loss)	\$ (31)	\$ (83)	\$ (299)	\$ (113)	\$ 152	\$ (138)	\$ (128)
Net Income (Loss) Available to Common Stockholders:							
Basic	(4.53)	(12.05)	(43.54)	(16.38)	22.00	(19.99)	(18.55)
Diluted	(4.53)	(12.05)	(43.54)	(16.38)	21.97	(19.99)	(18.55)
Balance Sheet Data (at period end):							
Cash and cash equivalents	\$ 29	\$ 120	\$ 42	\$ 148	\$ 10	\$ 190	\$ 15
Property, plant and equipment, net	1,227	1,124	1,250	1,146	875	863	785
Total assets	5,000	5,162	5,217	5,344	4,216	4,766	3,915
Long-term debt obligations	4,517	4,435	4,581	4,397	3,422	4,124	3,188
Total liabilities	5,480	5,367	5,668	5,474	4,236	4,923	3,918
Redeemable shares	16	10	16	11	—	—	—
Total stockholders' deficit	(496)	(215)	(467)	(141)	(20)	(157)	(3)
Cash Flow and Other Financial Data:							
Net cash from operating activities	\$ 89	\$ 49	\$ 327	\$ 112	\$ 413	\$ 10	\$ 74
Net cash from investing activities	(37)	(47)	(523)	(852)	(195)	(656)	(164)
Net cash from financing activities	(65)	(30)	90	878	(398)	821	23

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

You should read the following discussion in conjunction with the consolidated financial statements of Berry Plastics Group, Inc. and its subsidiaries and the accompanying notes thereto, which information is included elsewhere herein. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section. Our actual results may differ materially from those contained in any forward-looking statements.

Overview

We are a leading provider of value-added plastic consumer packaging and engineered materials with a 30-year track record of delivering high-quality customized solutions to our customers. Our products utilize our proprietary research and development platform, which includes a continually evolving library of Berry-owned molds, patents, manufacturing techniques and technologies. We sell our solutions predominantly into consumer-oriented end-markets, such as food and beverage, healthcare and personal care, which together represented 75% of our sales in Calendar 2011. Our customers look to us for solutions that have high consumer impact in terms of form, function and branding. Representative examples of our products include thermoform drink cups, thin-wall containers, blow-molded bottles, specialty closures, prescription vials, specialty plastic films, adhesives and corrosion protection materials. We have also been one of the most active acquirers of plastic packaging businesses globally, having acquired more than 30 businesses since 1988, including ten acquisitions completed in the past five years. We believe our focus on delivering unique and customized solutions to our customers and our ability to successfully integrate strategic acquisitions have enabled us to grow at rates in excess of our industry peers, having achieved a compound annual net sales growth rate over the last ten years of 26%.

We believe that we have created one of the largest product libraries in our industry, allowing us to be a comprehensive solution provider to our customers. We have more than 13,000 customers, which consist of a diverse mix of leading national, mid-sized regional and local specialty businesses. The size and scope of our customer network allow us to introduce new products we develop or acquire to a vast audience that is familiar with, and we believe partial to, our brand. In fiscal 2011, no single customer represented more than 3% of net sales and our top ten customers represented less than 17% of net sales. We currently supply our customers through 88 strategically located manufacturing facilities throughout the United States (75 locations) and select international locations (13 locations). We believe our manufacturing processes and our ability to leverage our scale to reduce expenses on items, such as raw materials, position us as a low-cost manufacturer relative to our competitors. For example, we are one of the largest global purchasers of polyolefin resins, at more than 2.5 billion pounds per year, which gives us both unique insight into this market as well as scale purchasing savings.

We enjoy market leadership positions in many of our markets, with 76% of net sales in markets in which we held the #1 or #2 market position in Calendar 2011. We look to build leadership in markets where we have a strategic angle and can achieve attractive profit margins through technology and design leadership and a competitive cost position such as highly decorated plastic containers. We believe that our product and technology development capabilities are best-in-class, supported by a newly built Berry Research and Design Center in Evansville, Indiana and a network of more than 200 engineers and material scientists. We seek to have our product and technology development efforts provide a meaningful impact on sales. An example of our focused new product development is our thermoform plastic drink cup technology. We identified an unfulfilled need in the market with an opportunity for significant return on invested capital and ultimately introduced the technology to the market in 2001. This product line has grown steadily since introduction and generated \$368 million of net sales in Calendar 2011.

Our success is driven by our more than 16,000 employees. Over the past 30 years, we have developed a culture that incorporates both loyalty to best practices and acceptance of new perspectives, which we have often identified from the companies we have acquired. Our employees hold themselves accountable to exceed the expectations of our customers and to create value for our stakeholders. Consistent with this focus on value creation, more than 400 employees own equity in the company. As of December 31, 2011 and before giving effect to this offering, these employees owned more than 20% of our fully diluted equity.

We believe the successful execution of our business strategy has enabled us to outperform the growth of our industry over the past decade with Adjusted EBITDA increasing from \$80 million in 2000 to \$758 million for Calendar 2011, representing a CAGR of 23%. For Calendar 2011, Berry had pro forma net sales of \$5.0 billion, Adjusted EBITDA of \$758 million, net loss of \$247 million and Adjusted Free Cash Flow of \$208 million. For a reconciliation of Adjusted EBITDA and Adjusted Free Cash Flow to the nearest GAAP measures, see “—Liquidity and Capital Resources.”

Executive Summary

Business. We have historically operated our business in four operating segments: Rigid Open Top, Rigid Closed Top (which together make up our Rigid Plastics business), Specialty Films and Tapes, Bags and Coatings. Effective January 1, 2012, we realigned our operating segments to enhance the company’s current product portfolio and leverage our rigid and flexible technologies to serve our customers with innovative packaging solutions. Our new operating segments and the description of our results in this prospectus are aligned into the following four segments: Rigid Open Top, Rigid Closed Top (together our Rigid Plastics business), Engineered Materials, and Flexible Packaging. The Rigid Plastics business sells primarily containers, foodservice items, housewares, closures, overcaps, bottles, prescription containers and tubes. Our Engineered Materials segment sells specialty tapes, adhesives, laminated coatings, polyethylene based film products and waste bags. The Flexible Packaging segment sells primarily high barrier, multilayer film products as well as printed bags and pouches.

Raw Material Trends. Our primary raw material is plastic resin. Polypropylene and polyethylene account for more than 90% of our plastic resin purchases based on the pounds purchased. Plastic resins are subject to price fluctuations, including those arising from supply shortages and changes in the prices of natural gas, crude oil and other petrochemical intermediates from which resins are produced. The average industry prices, as published in Chem Data, per pound were as follows by fiscal year:

	Polyethylene Butene Film				2012	Polypropylene			
	2012	2011	2010	2009		2011	2010	2009	
1 st quarter	\$.70	\$.68	\$.71	\$.67	\$.79	\$.78	\$.70	\$.56	
2 nd quarter	-	.72	.67	.59	-	.95	.82	.46	
3 rd quarter	-	.79	.68	.64	-	1.08	.84	.53	
4 th quarter	-	.73	.62	.68	-	.98	.77	.67	

We expect that plastic resin cost volatility will continue in calendar year 2012 as prices are expected to increase in the first half of the year before returning to more normalized levels. Substantial increases in most commodity grades have been announced for the second fiscal quarter, with large increases expected in polypropylene, which is seasonally affected by winter turnarounds at the refineries. Due to differences in the timing of passing through resin cost changes to our customers on escalator/de-escalator programs, segments are negatively impacted in the short term when plastic resin costs increase and are positively impacted when plastic resin costs decrease. During fiscal 2011, the company made progress towards shortening these timing lags, but we still have a number of customers whose prices adjust quarterly based on various index prices. This timing lag in passing through raw material increases could negatively affect our results if plastic resin costs increase.

Outlook. The company is impacted by general economic and industrial growth, plastic resin availability and affordability, and general industrial production. Our business has both geographic and end market diversity, which reduces the effect of any one of these factors on our overall performance. Our results are affected by our ability pass through raw material cost changes to our customers, improve manufacturing productivity and adapt to volume

changes of our customers. We seek to improve our overall profitability by implementing cost reduction programs for our manufacturing, selling and general and administrative expenses in order to manage inflationary cost pressures.

We continue to believe that both the Rexam Specialty and Beverage Closures (“Rexam SBC”) and LINPAC Packaging Filmco, Inc. (“Filmco”) acquisitions completed at the end of fiscal 2011 will be accretive to our operations. The integration of each of these businesses remains on track and is in line with our expectations. The Filmco business is scheduled to be converted to the Berry IT platform during the first fiscal quarter of 2012, and the domestic Rexam SBC facilities are expected to be completely converted by the end of the first fiscal quarter of

2013. We believe that both acquisitions are a fit with our existing product platforms, and we look forward to developing additional opportunities in both businesses throughout fiscal 2012.

Acquisitions, Dispositions and Facility Rationalizations

We have a long history of acquiring and integrating companies, having completed ten transactions in the last five years. We maintain an opportunistic acquisition strategy, which is focused on improving our long-term financial performance, enhancing our market positions and expanding our product lines or, in some cases, providing us with a new or complementary product line. We believe we have been one of the most active acquirers of plastic packaging businesses globally, having acquired more than 30 businesses since 1988. In our acquisitions, we seek to obtain businesses for attractive post-synergy multiples, creating value for our stockholders from synergy realization, leveraging the acquired products across our customer base, creating new platforms for future growth, and assuming best practices from the businesses we acquire.

The company has included the expected benefits of acquisition integrations within our unrealized synergies, which are in turn recognized in earnings after an acquisition has been fully integrated. While the expected benefits on earnings is estimated at the commencement of each transaction, once the execution of the plan and integration occur, we are generally unable to accurately estimate or track what the ultimate effects have been due to system integrations and movements of activities to multiple facilities. As historical business combinations have not allowed us to accurately separate realized synergies compared to what was initially identified, we measure the synergy realization based on the overall segment profitability post integration. In connection with our acquisitions, we have in the past and may in the future incur charges related to reductions and rationalizations.

LINPAC Packaging Filmco, Inc.

In August 2011, the company acquired 100% of the common stock of Filmco from LINPAC USA Holdings, Inc., a subsidiary of the UK-based LINPAC Group for a purchase price of \$19 million. Filmco is a manufacturer of PVC stretch film packaging for fresh meats, produce, freezer and specialty applications. The newly added business is operated in the company's Engineered Materials reporting segment. To finance the purchase, the company used cash on hand and existing credit facilities. The Filmco acquisition has been accounted for under the purchase method of accounting, and accordingly, the purchase price has been allocated to the identifiable assets and liabilities based on estimated fair values at the acquisition date.

Rexam Specialty and Beverage Closures

In September 2011, the company acquired 100% of the capital stock of Rexam SBC. The aggregate purchase price was \$351 million (\$347 million, net of cash acquired). Rexam SBC's primary products include plastic closures, fitments and dispensing closure systems, and jars. The business is operated in the company's Rigid Plastics business. To finance the purchase, the company used cash on hand and existing credit facilities. The Rexam SBC acquisition has been accounted for under the purchase method of accounting, and accordingly, the purchase price has been allocated to the identifiable assets and liabilities based on estimated fair values at the acquisition date.

Plant Rationalizations

The company has included the expected impact of restructuring plans within our unrealized synergies which are in turn recognized in earnings after the restructuring plans are completed. While the expected benefits on earnings is estimated at the commencement of each plan, due to the nature of the matters we are generally unable to accurately estimate or track what the ultimate effects have been. The company intends to fund these restructuring plans with

cash from operations.

During fiscal 2011, the company announced the intention to shut down three facilities within its Engineered Materials division with the affected business accounting for approximately \$110 million of annual net sales. The company also announced the intention to shut down two facilities within its Flexible Packaging division with the affected business accounting for approximately \$20 million of annual net sales. The company also announced its

intention to shut down a manufacturing location within its Rigid Plastics businesses with the affected business accounting for approximately \$14 million of annual net sales. The majority of the operations related to these shutdowns were transferred to other facilities.

Financial Statement Presentation

The following paragraphs provide a brief description of certain items and accounting policies that appear in our financial statements and general factors that impact these items.

Net Sales

Net sales represent gross sales less deductions taken for sales returns and allowances, sales term discounts and incentive rebates programs.

Cost of Sales

Cost of sales includes all costs of manufacturing to bring a product to its sale condition. Such costs include direct and indirect materials, direct and indirect labor costs, including fringe benefits, supplies, utilities, depreciation, insurance, pension and postretirement benefits, and other manufacturing related costs. The largest component of our costs of sales is the cost of materials, and the most significant component of this is plastic resin.

Selling, general and administrative expenses

Selling, general and administrative expenses primarily include sales and marketing, finance and administration, research and development and information technology costs. Our major cost elements include salary and wages, fringe benefits, travel and information technology costs.

Amortization expense

Amortization expense includes the amortization of the company's definite lived intangible assets.

Restructuring and impairment charges

Restructuring and impairment charges includes severance, non-cash impairment charges and other expenses associated with the company's facility rationalization programs and also includes non-cash impairment charges for goodwill impairments.

Other operating expenses

Other operating expenses primarily consists of management fees to our sponsors, acquisition integration expenses and transaction costs associated with acquisitions.

Other expense (income)

Other expense (income) primarily consists of gains or losses on the extinguishment of debt and the changes in the fair value of any derivative instruments.

Interest expense

Interest expense represents the cash and non-cash interest for all of the company's outstanding indebtedness.

Comparison of the Quarterly Period Ended December 31, 2011 (the “Quarter”) and the Quarterly Period Ended January 1, 2011 (the “Prior Quarter”)

Net Sales. Net sales increased from \$1,041 million in the Prior Quarter to \$1,137 million in the Quarter. This increase is primarily attributed to (1) increased selling prices of 8% as a result of higher plastic resin costs as noted in the “Raw Material Trends” section above and the company pursuing a strategy to improve product profitability in markets with historically lower margins and (2) acquisition volume growth of 11% related to Rexam SBC and Filmco partially offset by a base volume decline of 10%. The following discussion in this section provides a comparison of net sales by business segment.

(in millions)	Quarterly Period Ended			
	December 31, 2011	January 1, 2011	\$ Change	% Change
Net sales:				
Rigid Open Top	\$ 287	\$ 275	\$ 12	4%
Rigid Closed Top	347	226	121	54%
Rigid Plastics	\$ 634	\$ 501	\$ 133	27%
Engineered Materials	328	351	(23)	(7%)
Flexible Packaging	175	189	(14)	(7%)
Total net sales	\$1,137	\$1,041	\$ 96	9%

Net sales in the Rigid Open Top business increased from \$275 million in the Prior Quarter to \$287 million in the Quarter as a result of net selling price increases of 12% due to the factors noted above partially offset by a base volume decline of 7%. The base volume decline is primarily attributed to a decrease in sales volumes in various container and housewares products primarily due to market softness. Net sales in the Rigid Closed Top business increased from \$226 million in the Prior Quarter to \$347 million in the Quarter as a result of net selling price increases of 7%, base volume growth of 1% and acquisition volume growth attributed to Rexam SBC of 46%. The Engineered Materials business net sales decreased from \$351 million in the Prior Quarter to \$328 million in the Quarter as a result of a base volume decline of 14% partially offset by net selling price increases of 6% and acquisition volume growth attributed to Filmco of 2%. The base volume decline is primarily attributed to a decrease in sales volumes in stretch films and institutional bags. These declines were primarily attributed to the company strategically shifting away from products with profitability that was lower than the value we believed our product provided to our customers. Net sales in the Flexible Packaging business decreased from \$189 million in the Prior Quarter to \$175 million in the Quarter as a result of a base volume decline of 16% partially offset by net selling price increases of 8%. The base volume decline is primarily attributed to a decrease in sales volumes in engineered and printed films. These declines were primarily attributed to the company strategically shifting away from products with chronically low margins.

Operating Expenses. Cost of goods sold increased from \$902 million (87% of net sales) in the Prior Quarter to \$972 million (86% of net sales) in the Quarter primarily as a result of the Rexam SBC and Filmco acquisitions and increased raw material costs partially offset by volume declines noted above. The 1% decline in cost of goods sold as a percentage of net sales is primarily attributed to improved operating performance in manufacturing. Selling, general and administrative expenses increased from \$63 million in the Prior Quarter to \$70 million in the Quarter primarily as a result of the Rexam SBC and Filmco acquisitions. Amortization expense increased from \$27 million in the Prior Quarter to \$28 million in the Quarter primarily as a result of the Rexam SBC and Filmco acquisitions. Restructuring and impairment charges of \$23 million in the Quarter primarily consists of a \$17 million non-cash impairment charge related to the company electing to exit certain operations in the building products business and \$3 million of severance primarily related to the Rexam SBC acquisition. See footnote 4 to the Consolidated Financial Statements for further disclosure of restructuring and impairment charges. Other operating expenses, which include acquisition costs,

management fees and business optimization expense, increased from \$10 million in the Prior Quarter to \$15 million in the Quarter primarily attributed to Rexam SBC transition costs incurred during the Quarter.

Operating Income. Operating income increased from \$18 million in the Prior Quarter to \$29 million in the Quarter. The following discussion in this section provides a comparison of operating income by business segment.

(in millions)	Quarterly Period Ended			
	December 31, 2011	January 1, 2011	\$ Change	% Change
Operating income (loss):				
Rigid Open Top	\$31	\$23	\$8	35%
Rigid Closed Top	3	16	(13)	(81%)
Rigid Plastics	\$34	\$39	(\$5)	(13%)
Engineered Materials	2	(10)	12	120%
Flexible Packaging	(7)	(11)	4	36%
Total operating income	\$29	\$18	\$11	61%

Operating income for the Rigid Open Top business increased from \$23 million in the Prior Quarter to \$31 million in the Quarter. This increase is primarily attributed to \$9 million from the relationship of net selling price to raw material costs partially offset by the 7% base volume decline described above. Operating income for the Rigid Closed Top business decreased from \$16 million in the Prior Quarter to \$3 million in the Quarter. This decrease is primarily attributed to integration expenses related to the Rexam SBC acquisition and closed facilities partially offset by \$5 million of improved operating performance in manufacturing. Operating income (loss) for the Engineered Materials business improved from an operating loss of \$10 million in the Prior Quarter to an operating income of \$2 million in the Quarter. This increase is primarily attributed to \$9 million from the relationship of net selling price to raw material costs. The Flexible Packaging business improved from an operating loss of \$11 million in the Prior Quarter to \$7 million in the Quarter. This increase is primarily attributed to \$6 million from the relationship of net selling price to raw material costs partially offset by the 16% base volume decline described above.

Loss on Extinguishment of Debt. The \$68 million loss on extinguishment of debt in Prior Quarter is attributed to the write-off of \$14 million of deferred financing fees, \$17 million of non-cash debt discount and \$37 million of premiums paid related to the debt extinguishment of the company's 8 % Second Priority Senior Secured Notes.

Other Expense (Income). Other income increased from \$2 million in the Prior Quarter to \$4 million in the Quarter primarily due to a gain realized on the repurchase of the Berry Plastics Group, Inc. term loan.

Interest Expense. Interest expense increased from \$80 million in the Prior Quarter to \$83 million in the Quarter as the result of increased borrowings to fund the Rexam SBC and Filmco acquisitions.

Income Tax Benefit. For the Quarter, we recorded an income tax benefit of \$19 million or an effective tax rate of 38% compared to an income tax benefit of \$45 million or an effective tax rate of 35% in the Prior Quarter.

Net Loss. Net loss improved from \$83 million in the Prior Quarter to \$31 million in the Quarter for the reasons discussed above.

Discussion of Results of Operations for Fiscal 2011 Compared to Fiscal 2010

Net Sales. Net sales increased to \$4,561 million for fiscal 2011 from \$4,257 million for fiscal 2010. This increase is primarily attributed to (1) increased selling prices of 9% as a result of higher plastic resin costs as noted in the "Raw

Material Trends” section above and the company pursuing a strategy to improve product profitability in markets with historically lower margins and (2) acquisition volume growth of 5% partially offset by a base volume decline of 7%. The following discussion in this section provides a comparison of net sales by business segment.

(in millions)	Fiscal Year Ended		\$ Change	% Change
	2011	2010		
Net sales:				
Rigid Open Top	\$1,261	\$1,160	\$ 101	9%
Rigid Closed Top	1,053	970	83	9%
Rigid Plastics	\$2,314	\$2,130	\$ 184	9%
Engineered Materials	1,451	1,457	(6)	0%
Flexible Packaging	796	670	126	19%
Total net sales	\$4,561	\$4,257	\$304	7%

Net sales in the Rigid Open Top business increased from \$1,160 million in fiscal 2010 to \$1,261 million in fiscal 2011 as a result of net selling price increases of 10% due to the factors noted above and acquisition growth attributed to Superfos Packaging, Inc. (“Superfos”) of 1% partially offset by a base volume decline. The base volume decline is primarily attributed to a decrease in sales volumes in various container products due to market softness partially offset by continued volume growth in thermoforming drink cups as capital investments from previous periods provided additional capacity. Net sales in the Rigid Closed Top business increased from \$970 million in fiscal 2010 to \$1,053 million in fiscal 2011 as a result of net selling price increases of 6% due to the factors noted above and acquisition volume growth attributed to Rexam SBC of 4% partially offset by a base volume decline. The base volume decline is primarily attributed to a decrease in sales volumes in closures and tubes due to softness in the personal care market. Net sales in the Engineered Materials business decreased from \$1,457 million in fiscal 2010 to \$1,451 million in fiscal 2011 as a result of a base volume decline of 11% partially offset by acquisition volume growth attributed to Pliant Corporation (“Pliant”) and Filmco of 3% and net selling price increases of 8% due to the factors listed above. The base volume decline is primarily attributed to a decrease in sales volumes in bags, sheeting, institutional can liners and stretch film. The bags and sheeting decreases were primarily due to the loss of the private label Wal-Mart waste bag business and our decision to exit certain sheeting businesses during fiscal 2010. The declines in institutional can liners and stretch film were primarily attributed to the company strategically addressing products with profitability that was lower than the value we believed our product provided to our customers. Net sales in the Flexible Packaging business increased from \$670 million in fiscal 2010 to \$796 million in fiscal 2011 primarily as a result of net selling price increases of 13% due to the factors listed above and acquisition growth attributed to Pliant of 19% partially offset by a base volume decline of 13%. The base volume decline is primarily attributed to a decrease in sales volumes in personal care films and barrier films. These declines were primarily attributed to the company strategically addressing products with profitability that was lower than the value we believed our products provided to our customers.

Operating Expenses. Cost of goods sold increased to \$3,878 million (85% of net sales) for fiscal 2011 from \$3,667 million (86% of net sales) for fiscal 2010 primarily as a result of acquisition volume and higher raw material costs noted above. The 1% decline in cost of goods sold as a percentage of net sales is primarily attributed to improved operating performance in manufacturing. Selling, general and administrative expenses increased to \$275 million for fiscal 2011 from \$272 million for fiscal 2010 primarily as a result of acquisition growth noted above and increased accrued performance compensation expense of \$22 million partially offset by cost reductions including plant consolidations and employee headcount reductions. Amortization of intangibles declined slightly to \$106 million for fiscal 2011 from \$107 million for fiscal 2010. Restructuring and impairment charges increased to \$221 million in fiscal 2011 compared to \$41 million in fiscal 2010 primarily due to a \$165 million non-cash goodwill impairment charge, \$4 million in increased severance and \$16 million of non-cash impairment charges related to closing facilities. See footnote 10 to the Consolidated Financial Statements for further discussion of restructuring and impairment charges. Other operating expenses, which include acquisition costs, management fees and business optimization expense, decreased from \$46 million in fiscal 2010 to \$39 million in fiscal 2011 primarily due to \$22 million of acquisition costs related to Pliant and Superfos in fiscal 2010 compared to \$12 million of acquisition costs related to Rexam SBC and Filmco in fiscal 2011.

Operating Income. Operating income decreased from \$124 million in fiscal 2010 to \$42 million in fiscal 2011. The following discussion in this section provides a comparison of operating income by business segment.

(in millions)	Fiscal Year Ended		\$ Change	% Change
	2011	2010		
Operating income (loss):				
Rigid Open Top	\$155	\$124	\$ 31	25%
Rigid Closed Top	77	73	4	5%

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Rigid Plastics	\$232	\$197	\$ 35	18%
Engineered Materials	(71)	4	(75)	(1,875%)
Flexible Packaging	(119)	(77)	(42)	(55%)
Total operating income	\$ 42	\$124	\$(82)	(66%)

Operating income for the Rigid Open Top business increased from \$124 million for fiscal 2010 to \$155 million in fiscal 2011. This increase is primarily attributed to \$19 million of improved operating performance in manufacturing, \$22 million from the relationship of net selling price to raw material costs partially offset by \$9

million of higher selling, general and administrative expenses attributed to increased accrued performance compensation. Operating income for the Rigid Closed Top business increased from \$73 for fiscal 2010 to \$77 million in fiscal 2011. This increase is primarily attributed to \$16 million of improved operating performance in manufacturing and acquisition volume growth attributed to Rexam SBC partially offset by a \$2 million negative relationship of net selling price to raw material costs, \$3 million of higher selling, general and administrative costs attributed to increased accrued performance compensation and the 2% base volume decline described above. Engineered Materials operating income declined from \$4 million of operating income for fiscal 2010 to \$71 million of operating loss in fiscal 2011. This decline is primarily attributed to an \$88 non-cash goodwill impairment charge in fiscal 2011 and non-cash asset impairment charges related to restructuring in fiscal 2011 partially offset by (1) \$12 million of improved operating performance in manufacturing, (2) a \$9 million improvement from the relationship of net selling price to raw material costs, (3) \$6 million of lower selling, general and administrative expenses attributed to fiscal 2011 cost reduction programs and (4) acquisition volume growth attributed to Pliant. Operating loss for the Flexible Packaging business increased from \$77 million for fiscal 2010 to \$119 million in fiscal 2011. This increase is primarily attributed to a \$77 million non-cash goodwill impairment charge in fiscal 2011 and the 13% base volume decline described above partially offset by (1) \$1 million of improved operating performance in manufacturing, (2) a \$32 million improvement in the relationship of net selling price to raw material costs, and (3) \$4 million of lower selling, general and administrative expenses attributed to fiscal 2011 cost reduction programs.

Other Expense (Income), Net. Other expense of \$61 million recorded in fiscal 2011 is primarily attributed to a \$68 million loss on extinguishment of debt attributed to the write-off of \$14 million of deferred financing fees, \$17 million of non-cash debt discount and \$37 million of premiums paid related to the debt extinguishment of the company's 8 % Second Priority Senior Secured Notes. Other income recorded in fiscal 2010 is primarily attributed to a \$13 million gain related to the repurchase of debt and a \$13 million gain attributed to the fair value adjustment for our interest rate swaps. See footnote 3 to the Consolidated Financial Statements for further discussion on debt repurchases and footnote 4 to the Consolidated Financial Statements for further discussion of financial instruments and fair value measurements.

Interest Expense. Interest expense increased from \$313 million in fiscal 2010 to \$327 million in fiscal 2011 primarily as a result of increased borrowings to fund acquisitions.

Income Tax Benefit. For fiscal 2011, we recorded an income tax benefit of \$47 million or an effective tax rate of 14% compared to an income tax benefit of \$49 million or an effective tax rate of 30% in fiscal 2010. The effective tax rate is less than the statutory rate primarily attributed to the non-cash goodwill impairment charge in fiscal 2011 which is not tax deductible and the establishment of a valuation allowance for certain foreign operating losses where the benefits are not expected to be realized.

Net Loss. Net loss was \$299 million for fiscal 2011 compared to \$113 million for fiscal 2010 for the reasons discussed above.

Discussion of Results of Operations for Fiscal 2010 Compared to Fiscal 2009

Net Sales. Net sales increased to \$4,257 million for fiscal 2010 from \$3,187 million for fiscal 2009. This increase includes base volume growth of 7% due to the company electing to aggressively protect market share during a soft economic period and acquisition volume growth of 27% attributed to Pliant and Superfos. The following discussion in this section provides a comparison of net sales by business segment.

(in millions)	Fiscal Year Ended		\$ Change	% Change
	2010	2009		
Net sales:				
Rigid Open Top	\$1,160	\$1,028	\$132	13%
Rigid Closed Top	970	857	113	13%
Rigid Plastics	\$2,130	\$1,885	\$245	13%
Engineered Materials	1,457	1,219	238	19%
Flexible Packaging	670	83	587	707%
Total net sales	\$4,257	\$3,187	\$1,070	34%

Net sales in the Rigid Open Top business increased from \$1,028 million in fiscal 2009 to \$1,160 million in fiscal 2010 as a result of base volume growth of 9% and acquisition growth attributed to Superfos. The base volume growth is primarily attributed to increased sales volumes in various container products and continued volume growth in thermoforming drink cups resulting in the company electing to expand our thermoformed drink cup capacity with significant capital investment in fiscal 2010. Net sales in the Rigid Closed Top business increased from \$857 million in fiscal 2009 to \$970 million in fiscal 2010 primarily as a result of base volume growth of 14% partially offset by net selling price decreases of 1%. The base volume growth is primarily attributed to increased sales volumes in closures and bottles due to factors listed above. Net sales in the Engineered Materials business increased from \$1,219 million in fiscal 2009 to \$1,457 million in fiscal 2010 primarily as a result of acquisition volume growth attributed to Pliant. Net sales in the Flexible Packaging business increased from \$83 million in fiscal 2009 to \$670 million in fiscal 2010 primarily as a result of acquisition volume growth attributed to Pliant and a base volume growth of 6% due to factors listed above.

Operating Expenses. Cost of goods sold increased to \$3,667 million (86% of net sales) for fiscal 2010 from \$2,641 million (83% of net sales) for fiscal 2009 primarily as a result of acquisition volume and base volume growth noted above in addition to higher plastic resin costs. The 3% increase as a percentage of net sales is primarily attributed to the impact of the lower margin Pliant business and a \$72 million negative relationship between net selling price to raw material costs during fiscal 2010 as compared to fiscal 2009. Selling, general and administrative expenses increased to \$272 million for fiscal 2010 from \$229 million for fiscal 2009 primarily as a result of acquisition volume due to the Pliant and Superfos acquisitions. Amortization of intangibles increased from \$96 million for fiscal 2009 to \$107 million for fiscal 2010 primarily as a result of acquisition volume due to the Pliant and Superfos acquisitions. Restructuring and impairment charges increased to \$41 million in fiscal 2010 compared to \$11 million in fiscal 2009 primarily as a result of \$7 million of increase severance charges primarily related to the Pliant acquisition and \$19 million non-cash fixed asset impairment charges related to rationalized facilities. Other operating expenses, which include acquisition costs, management fees and business optimization expense, increased from \$24 million in fiscal 2009 to \$46 million in fiscal 2010 primarily due to \$22 million of Pliant and Superfos acquisitions costs incurred during fiscal 2010.

Operating Income. Operating income decreased from \$186 million in fiscal 2009 to \$124 million in fiscal 2010. The following discussion in this section provides a comparison of operating income by business segment.

(in millions)	Fiscal Year Ended		\$ Change	% Change
	2010	2009		
Operating income (loss):				
Rigid Open Top	\$124	\$114	\$ 10	9%
Rigid Closed Top	73	58	15	26%
Rigid Plastics	\$197	\$172	\$ 23	13%
Engineered Materials	4	27	(23)	(85%)
Flexible Packaging	(77)	(13)	(64)	(492%)
Total operating income	\$124	\$186	\$(62)	(33%)

Operating income for the Rigid Open Top business increased from \$114 million for fiscal 2009 to \$124 million in fiscal 2010. The increase is attributable to the 9% base volume growth described above and acquisition volume growth attributed to Superfos partially offset by a \$28 million negative relationship of net selling price to raw material cost. Operating income for the Rigid Closed Top business increased from \$58 million for fiscal 2009 to \$73 million

in fiscal 2010. The increase is primarily attributable to the 14% base volume growth described above partially offset by a \$12 million negative relationship of net selling price to raw material cost. Operating income for the Engineered Materials business decreased from \$27 million for fiscal 2009 to \$4 million in fiscal 2010. The decline is primarily attributable to \$9 million of non-cash fixed asset impairment charge related to restructuring, a \$31 million negative relationship of net selling price to raw material cost and Pliant acquisition costs partially offset by acquisition volume described above. Operating loss for the Flexible Packaging business increased from \$13 million for fiscal 2009 to \$77 million in fiscal 2010. The increase is primarily attributable to (1) \$10 million of non-cash fixed asset impairment charges in fiscal 2010 related to restructuring, (2) integration costs related to the acquisition of Pliant and (3) acquisition costs related to Pliant partially offset by acquisition volume described above.

Other Income. Other income recorded in fiscal 2010 is primarily attributed to a \$13 million gain related to the repurchase of debt and a \$13 million gain attributed to the fair value adjustment for our interest rate swaps. Other income recorded in fiscal 2009 is primarily attributed to a \$368 million gain related to the repurchase of debt and a \$6 million gain attributed to the fair value adjustment for our interest rate swaps. See footnote 3 to the Consolidated Financial Statements for further discussion debt repurchases and footnote 4 to the Consolidated Financial Statements for further discussion of financial instruments and fair value measurements.

Interest Expense. Interest expense increased by \$9 million in fiscal 2010 primarily as a result of increased borrowings partially offset by a decline in borrowing rates on variable rate debt partially attributed to the swap agreement that expired in November 2009.

Income Tax Expense (Benefit). For fiscal 2010, we recorded an income tax benefit of \$49 million or an effective tax rate of 30%, which is a change of \$148 million from the income tax expense of \$99 million or an effective tax rate of 39% in fiscal 2009. The effective tax rate is different than the statutory rate primarily attributed to the relative impact to permanent items and establishment of valuation allowance for certain foreign operating losses where the benefits are not expected to be realized.

Net Income (Loss). Net loss was \$113 million for fiscal 2010 compared to a net income of \$152 million for fiscal 2009 for the reasons discussed above.

Income Tax Matters

At fiscal year-end 2011, the company had unused federal operating loss carryforwards of \$904 million which begin to expire in 2021 and \$33 million of foreign operating loss carryforwards. Alternative minimum tax credit carryforwards of \$8 million are available to the company indefinitely to reduce future years' federal income taxes. The net operating losses are subject to an annual limitation under guidance from the Internal Revenue Code, however the annual limitation is in excess of the net operating loss, so effectively no limitation exists. As part of the effective tax rate calculation, if we determine that a deferred tax asset arising from temporary differences is not likely to be utilized, we will establish a valuation allowance against that asset to record it at its expected realizable value. The company has not provided a valuation allowance on its net federal net operating loss carryforwards in the United States because it has determined that future reversal of its temporary taxable differences will occur in the same periods and are of the same nature as the temporary differences giving rise to the deferred tax assets. The company has provided a valuation allowance against a portion of the state operating loss carryforwards because it is unlikely they will be utilized. Our valuation allowance against deferred tax assets was \$43 million and \$47 million at the end of fiscal 2011 and 2010, respectively, related to certain foreign and state operating loss carryforwards.

Liquidity and Capital Resources

Berry Plastics Corporation Senior Secured Credit Facility

Our wholly owned subsidiary Berry Plastics Corporation's senior secured credit facilities consist of a \$1,200 million term loan and a \$650 million asset based revolving line of credit ("*Credit Facility*"). The term loan matures in April 2015 and the revolving line of credit matures in June 2016, subject to certain conditions. The availability under the revolving line of credit is the lesser of \$650 million or a defined borrowing base which is calculated based on available accounts receivable and inventory. The revolving line of credit allows up to \$130 million of letters of credit to be issued instead of borrowings under the revolving line of credit. At December 31, 2011, the company had \$143 million outstanding on the revolving credit facility, \$39 million outstanding letters of credit and a \$92 million borrowing base reserve providing unused borrowing capacity of \$376 million under the revolving line of credit. The

company was in compliance with all covenants as of December 31, 2011.

Berry Plastics Corporation's fixed charge coverage ratio, as defined in the revolving credit facility, is calculated based on a numerator consisting of Adjusted EBITDA less pro forma adjustments, income taxes paid in cash and capital expenditures, and a denominator consisting of scheduled principal payments in respect of indebtedness for borrowed money, interest expense and certain distributions. Berry Plastics Corporation is obligated to sustain a minimum fixed charge coverage ratio of 1.0 to 1.0 under the revolving credit facility at any time when

the aggregate unused capacity under the revolving credit facility is less than 10% of the lesser of the revolving credit facility commitments and the borrowing base (and for 10 business days following the date upon which availability exceeds such threshold) or during the continuation of an event of default. At December 31, 2011, the company had unused borrowing capacity of \$376 million under the revolving credit facility and thus was not subject to the minimum fixed charge coverage ratio covenant. Our fixed charge coverage ratio was 1.7 to 1.0 at December 31, 2011.

Despite not having financial maintenance covenants, Berry Plastics Corporation's debt agreements contain certain negative covenants. The failure to comply with these negative covenants could restrict Berry Plastics Corporation's ability to incur additional indebtedness, effect acquisitions, enter into certain significant business combinations, make distributions or redeem indebtedness. The term loan facility contains a negative covenant first lien secured leverage ratio covenant of 4.0 to 1.0 on a pro forma basis for a proposed transaction, such as an acquisition or incurrence of additional first lien debt. Berry Plastics Corporation's first lien secured leverage ratio was 3.2 to 1.0 at December 31, 2011.

A key financial metric utilized in the calculation of the first lien leverage ratio is Adjusted EBITDA as defined in Berry Plastics Corporation's senior secured credit facilities. The following table reconciles Berry Plastics Corporation's Adjusted EBITDA for fiscal 2011, the twelve months ended and quarterly period ended December 31, 2011 to net loss.

(in millions)	Fiscal 2011	Four Quarters ended December 31, 2011	Quarterly Period Ended December 31, 2011
Adjusted EBITDA	\$ 750	\$ 758	\$ 167
Net interest expense	(327)	(330)	(83)
Depreciation and amortization	(344)	(350)	(89)
Income tax benefit (expense)	47	(21)	19
Business optimization and other expense	(42)	(50)	(20)
8.875% Second Priority Notes extinguishment (a)	(68)	-	-
Restructuring and impairment (b)	(221)	(224)	(23)
Pro forma acquisitions	(55)	(40)	-
Unrealized cost savings	(39)	(32)	(3)
Net loss	\$ (299)	\$ (247)	\$ (31)
Cash flow from operating activities	\$ 327	\$ 367	\$ 89
Additions to property, plant and equipment	(160)	(159)	(45)
Adjusted free cash flow	\$ 167	\$ 208	\$ 44
Cash flow from investing activities	(523)	(513)	(37)
Cash flow from financing activities	90	55	(65)

(a) Includes \$14 of non-cash write off of deferred financing fees, \$17 of non-cash write off of debt discount and \$37 of premiums paid for extinguishment of debt.

(b) Includes: \$165 of non-cash goodwill impairment for fiscal 2011 and four quarters ended December 31, 2011; \$35, \$39 and \$19 of non-cash asset impairments for fiscal 2011, four quarters ended December 31, 2011 and quarterly period ending December 31, 2011, respectively.

While the determination of appropriate adjustments in the calculation of Adjusted EBITDA is subject to interpretation under the terms of the Credit Facility, management believes the adjustments described above are in accordance with the covenants in the Credit Facility. Adjusted EBITDA should not be considered in isolation or construed as an alternative to net income (loss) or other measures as determined in accordance with GAAP. In addition, other companies in our industry or across different industries may calculate bank covenants and related definitions differently than we do, limiting the usefulness of our calculation of Adjusted EBITDA as a comparative measure.

Contractual Obligations and Off Balance Sheet Transactions

Our contractual cash obligations at the end of fiscal 2011 are summarized in the following table (and do not give effect to the application of the proceeds from this offering).

Payments due by period as of the end of fiscal 2011

	(in millions)				
	Total	< 1 year	1-3 years	4-5 years	> 5 years
Long-term debt, excluding capital leases	\$ 4,542	\$ 24	\$ 279	\$ 2,937	\$ 1,302
Capital leases ^(a)	120	27	48	33	12
Fixed interest rate payments ^(b)	1,536	248	473	402	413
Variable interest rate payments ^(c)	219	56	130	33	—
Operating leases	247	47	63	46	91
Redeemable shares	16	5	9	2	—
Funding of pension and other postretirement obligations ^(d)	8	8	—	—	—
Total contractual cash obligations ^(e)	\$ 6,688	\$ 415	\$ 1002	\$ 3,453	\$ 1,818

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(a) Includes anticipated interest of \$22 million over the life of the capital leases.

(b) Includes variable rate debt subject to interest rate swap agreements.

(c) Based on applicable interest rates in effect at the end of fiscal 2011.

(d) Pension and other postretirement contributions have been included in the above table for the next year. The amount is the estimated contributions to our defined benefit plans. The assumptions used by the actuary in calculating the projection includes weighted average return on pension assets of approximately 8% for 2011. The estimation may vary based on the actual return on our plan assets.

(e) Excludes Uncertain Tax Positions as we believe that any potential required payment would reduce the Net Operating Loss Carryforward and not result in a material cash payment by the company.

Cash Flows from Operating Activities

Net cash provided by operating activities increased from \$49 million in the Prior Quarter to \$89 million in the Quarter. This increase is primarily attributed to improved operating performance and improvements in working capital.

Net cash provided by operating activities was \$327 million for fiscal 2011 compared to \$112 million of cash flows provided by operating activities for fiscal 2010. The change is primarily the result of an improvement in working capital and improved profitability, excluding non-cash charges.

Net cash provided by operating activities was \$112 million for fiscal 2010 compared to \$413 million of cash flows provided by operating activities for fiscal 2009. The change is primarily the result of a change in working capital and acquisition costs incurred of \$22 million in fiscal 2010. The working capital change is primarily attributed to higher volumes and increased raw material costs.

Cash Flows from Investing Activities

Net cash used for investing activities decreased from \$47 million in the Prior Quarter to \$37 million in the Quarter primarily as a result of the proceeds from disposal of assets in the Quarter.

Net cash used for investing activities was \$523 million for fiscal 2011 compared to net cash used of \$852 million for fiscal 2010. The change is primarily a result of the acquisitions of Pliant and Superfos and higher capital spending in fiscal 2010 partially offset by the acquisitions of Rexam SBC and Filmco in fiscal 2011.

Net cash used for investing activities was \$852 million for fiscal 2010 compared to net cash used of \$195 million for fiscal 2009. The change is primarily a result of the acquisition of Pliant and Superfos in fiscal 2010.

Cash Flows from Financing Activities

Net cash used for financing activities was \$30 million in the Prior Quarter compared to \$65 million in the Quarter. The change is primarily attributed to the net cash used for repayments on the revolving line of credit in the Quarter.

Net cash provided by financing activities was \$90 million for fiscal 2011 compared to net cash provided by financing activities of \$878 million for fiscal 2010. This change is primarily attributed to the issuance of the 9¾ % Second Priority Notes in fiscal 2010 partially offset by borrowing on the existing line of credit to fund the Rexam SBC acquisition in fiscal 2011.

Net cash provided by financing activities was \$878 million for fiscal 2010 compared to net cash used for financing activities of \$398 million for fiscal 2009. This change is primarily attributed to the \$620 million debt issued in November 2009 in order to fund the Pliant acquisition and \$500 million of 9½ % Second Priority Notes in April 2010.

Based on our current level of operations, we believe that cash flow from operations and available cash, together with available borrowings under our senior secured credit facilities, will be adequate to meet our short-term liquidity needs over the next twelve months. We base such belief on historical experience and the funds available under the senior secured credit facilities. However, we cannot predict our future results of operations and our ability to meet our obligations involves numerous risks and uncertainties, including, but not limited to, those described in the “Risk Factors” section in this prospectus. In particular, increases in the cost of resin which we are unable to pass through to our customers on a timely basis or significant acquisitions could severely impact our liquidity. At December 31, 2011, our cash balance was \$29 million, and we had unused borrowing capacity of \$376 million under our revolving line of credit.

Critical Accounting Policies

We disclose those accounting policies that we consider to be significant in determining the amounts to be utilized for communicating our consolidated financial position, results of operations and cash flows in the first note to our consolidated financial statements included elsewhere herein. Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with these principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results are likely to differ from these estimates, but management does not believe such differences will materially affect our financial position or results of operations. We believe that the following accounting policies are the most critical because they have the greatest impact on the presentation of our financial condition and results of operations.

Revenue Recognition. Revenue from the sales of products is recognized at the time title and risks and rewards of ownership pass to the customer (either when the products reach the free-on-board shipping point or destination depending on the contractual terms), there is persuasive evidence of an arrangement, the sales price is fixed and determinable and collection is reasonably assured.

Accrued Rebates. We offer various rebates to our customers in exchange for their purchases. These rebate programs are individually negotiated with our customers and contain a variety of different terms and conditions. Certain rebates are calculated as flat percentages of purchases, while others included tiered volume incentives. These rebates may be payable monthly, quarterly, or annually. The calculation of the accrued rebate balance involves significant management estimates, especially where the terms of the rebate involve tiered volume levels that require estimates of expected annual sales. These provisions are based on estimates derived from current program requirements and historical experience. We use all available information when calculating these reserves. Our accrual for customer rebates was \$60 million and \$50 million as of fiscal year-end 2011 and 2010, respectively.

Impairments of Long-Lived Assets. In accordance with the guidance from the FASB for the impairment or disposal of long-lived assets we review long-lived assets for impairment whenever events or changes in circumstances indicate

the carrying amount of such assets may not be recoverable. Impairment losses are recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. The impairment loss is measured by comparing the fair value of the asset to its carrying amount. We recognized non-cash asset impairment of long-lived assets of \$35 million, \$19 million and \$8 million in fiscal 2011, fiscal 2010 and fiscal 2009, respectively, related to our facility rationalization programs.

Goodwill and Other Indefinite Lived Intangible Assets. We are required to perform a review for impairment of goodwill and other indefinite lived intangibles to evaluate whether events and circumstances have occurred that may indicate a potential impairment. Goodwill is considered to be impaired if we determine that the carrying value of the reporting unit exceeds its fair value. Other indefinite lived intangibles are considered to be impaired if the carrying value exceeds the fair value.

In accordance with our policy, we completed our most recent annual evaluation for impairment of goodwill as of the first day of the fourth fiscal quarter of 2011. We utilized a discounted cash flow analysis in combination with a comparable company market approach to determine the fair value of our reporting units. We have four operating segments, Rigid Open Top, Rigid Closed Top, Specialty Films and Tapes, Bags & Coatings. Each of the operating segments has goodwill with the exception of the Tapes, Bags & Coatings segment. For purposes of conducting our annual goodwill impairment test, we have determined that our operating segments are the same as our reporting units. We determined that each of the components within each of our respective operating segments have similar economic characteristics and therefore should be aggregated into one reporting unit. We reached this conclusion because within each of our operating segments, we have similar products and production processes which allow us to share assets and resources across the product lines. We regularly re-align our production equipment and manufacturing facilities in order to take advantage of cost savings opportunities, obtain synergies and create manufacturing efficiencies. In addition, we utilize our research and development centers, design center, tool shops, and graphics center which all provide benefits to each of the operating segments and work on new products that can not only benefit one product line, but can benefit multiple product lines. We also believe that the goodwill is recoverable from the overall operations of the segment given the similarity in production processes, synergies from leveraging the combined resources, common raw materials, common research and development, similar margins and similar distribution methodologies.

The company's goodwill, fair value and carrying value of our reporting units are as follows:

(in millions)	Fair Value as of July 2, 2011	Carrying Value as of July 2, 2011	Goodwill as of	
			October 1, 2011	October 2, 2010
Rigid Open Top	\$2,110	\$1,719	\$690	\$691
Rigid Closed Top	1,800	1,542	819	771
Specialty Films	865	982	86	238
			\$ 1,595	\$ 1,700

In connection with our annual impairment test, we determined that the carrying value of our Specialty Films reporting unit exceeded its fair value. This required us to perform a Step 2 impairment analysis under ASC 350. Based on our valuation on the Step 2 impairment test, we recorded a goodwill impairment charge of \$165 million. Following our impairment charge, the carrying value of our Specialty Films reporting unit was \$817 million. In fiscal 2011, we experienced a base volume decline of 11% in our Specialty Films segment. This base volume decline of 11% 'occurred because of a pricing strategy that we implemented in our second fiscal quarter and continued throughout' the remainder of fiscal 2011. These price increases drove declines in our overall volumes when comparing fiscal 2011 to fiscal 2010. Since Pliant was acquired out of bankruptcy in the first quarter of fiscal 2010, we did not have a full year of operating results in fiscal 2010 and this resulted in an increase in our 2011 segment sales of 15% due to the full year which offset this 11% loss in volume. The loss in volume driven by our selling price increases resulted in a lower sales base to grow future earnings and reduced the cash flows needed to recover the carrying value of the reporting unit. In addition, we now believe that in order to maintain and grow our Specialty Films reporting

unit, we will need to invest a higher level of capital expenditures than originally estimated. We expect to grow our Specialty Films segment in the future at 2-3% through the terminal year, where we have estimated that our terminal growth rate will remain at 3%. The goodwill in our Specialty Films segment consisted of goodwill from our Pliant acquisition and other previous flexible film acquisitions. If we continue to experience significant volume declines in

future years, this could result in additional impairment charges to goodwill in our Specialty Films segment. In addition, if we are unable to maintain or improve our operating margin for our Specialty Films segment, this could also lead to additional impairment charges.

We also completed our annual impairment test for our Rigid Open Top and Rigid Closed Top reporting units. The fair value of our Rigid Open Top and Rigid Closed Top reporting units substantially exceeded the carrying value of the reporting units by 23% and 17%, respectively for fiscal 2011. Our forecasts for Rigid Open Top and Rigid Closed Top include overall growth of 3-4% through and including the terminal year, which is 3%. Growth by reporting unit varies from year-to-year between segments. A significant decline in our revenue and earnings could result in an impairment charge, however our Rigid Open Top and Rigid Closed Top have consistently provided predictable historical operating cash flows excluding any of the restructuring charges or acquisition integrations that we have undertaken. We also performed our annual impairment test of our indefinite lived intangible assets that primarily relate to our Rigid Plastics business. The cash flow assumptions, growth rates and risks to these cash flows are similar to those used in our analysis to determine the fair value of our combined Rigid Plastics businesses. The annual impairment test did not result in any impairment as the fair value exceeded the carrying value. A decline of greater than 10% in the fair value of our trademarks could result in future impairments.

Given the uncertainty in economic trends, revenue and earnings growth, the cost of capital and other risk factors discussed under the heading "Risk Factors" in this prospectus there can be no assurance that when we complete our future annual or other periodic reviews for impairment of goodwill that an additional material impairment charge will not be recorded as a result. In addition, we have grown our business by acquiring and integrating companies into our existing portfolio of companies. Acquisitions and the expected benefits from the acquisitions that are being integrated into our operations may not result in achieving the expected benefits that we anticipated at the time of the transaction or at the time that we performed our annual impairment tests and may impact the overall recoverability of our goodwill and indefinite lived intangible assets in future periods. We believe based on our current forecasts and estimates that we will not recognize any future impairment charge, but given the current uncertainty in the economic trends, these could change quickly in future periods. The Goodwill and indefinite lived trademarks totaled \$1,595 and \$220 at the end of fiscal 2011 and 2010, respectively.

Effective with our segment realignment on January 1, 2012, goodwill was allocated to the new operating segments based on an estimated fair value. We considered whether any potential impairment existed after the operations were realigned into their new reporting structure and no additional impairment was determined due to this reorganization. Goodwill as of December 31, 2011 and October 1, 2011 under the new and old segment reporting structure is as follows:

(in millions)	December 31, 2011	October 1, 2011
Goodwill (New Segments):		
Rigid Open Top	\$ 681	\$ 681
Rigid Closed Top	818	819
Engineered Materials	53	55
Flexible Packaging	40	40
	\$ 1,592	\$ 1,595
Goodwill (Old Segments):		
Rigid Open Top	\$ 690	\$ 690
Rigid Closed Top	818	819
Specialty Films	84	86

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Tapes, Bags and Coatings	-	-
	\$ 1,592	\$ 1,595

Deferred Taxes and Effective Tax Rates. We estimate the effective tax rates (“*ETR*”) and associated liabilities or assets for each legal entity of ours in accordance with authoritative guidance. We use tax planning to

minimize or defer tax liabilities to future periods. In recording ETR's and related liabilities and assets, we rely upon estimates, which are based upon our interpretation of United States and local tax laws as they apply to our legal entities and our overall tax structure. Audits by local tax jurisdictions, including the United States Government, could yield different interpretations from our own and cause the company to owe more taxes than originally recorded. For interim periods, we accrue our tax provision at the ETR that we expect for the full year. As the actual results from our various businesses vary from our estimates earlier in the year, we adjust the succeeding interim periods' ETR's to reflect our best estimate for the year-to-date results and for the full year. As part of the ETR, if we determine that a deferred tax asset arising from temporary differences is not likely to be utilized, we will establish a valuation allowance against that asset to record it at its expected realizable value. In multiple foreign jurisdictions, the company believes that it will not generate sufficient future taxable income to realize the related tax benefits. The company has provided a full valuation allowance against its foreign net operating losses included within the deferred tax assets in multiple foreign jurisdictions. The company has not provided a valuation allowance on its federal net operating losses in the United States because it has determined that future reversals of its temporary taxable differences will occur in the same periods and are of the same nature as the temporary differences giving rise to the deferred tax assets. Our valuation allowance against deferred tax assets was \$43 million and \$47 million as of fiscal year-end 2011 and 2010, respectively.

Restructuring. Our restructuring charges consist of four primary costs: workforce reduction or severance, lease termination, non-cash asset impairments and other facility exit costs. We estimate severance costs when we have an established severance policy, statutory requirements dictate the severance amounts, or we have an established pattern of paying by a specific formula. Where we have provided notice of cancellation pursuant to a lease agreement or abandoned space and have no intention of reoccupying it, we recognize a loss. The loss reflects our best estimate of the net present value of the future cash flows associated with the lease at the date we vacate the property or sign a sublease arrangement. To determine the loss, we estimate sublease income based on current market quotes for similar properties. When we finalize definitive agreements with the sublessee, we adjust our sublease losses for actual outcomes. We record non-cash asset impairments on property and equipment that we have no intention of redeploying elsewhere within our company. To determine the loss, we estimate fair value based on market knowledge for similar properties and equipment. We recognize other facility exit costs associated with exit and disposal activities as they are incurred, including moving costs and consulting and legal fees.

Based on a critical assessment of our accounting policies and the underlying judgments and uncertainties affecting the application of those policies, we believe that our consolidated financial statements provide a meaningful and fair perspective of the company and its consolidated subsidiaries. This is not to suggest that other risk factors such as changes in economic conditions, changes in material costs, our ability to pass through changes in material costs, and others could not materially adversely impact our consolidated financial position, results of operations and cash flows in future periods.

Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity

We are exposed to market risk from changes in interest rates primarily through our senior secured credit facilities, senior secured first priority notes, second priority senior secured notes and senior unsecured term loan. Our senior secured credit facilities are comprised of (i) a \$1,200 million term loan and (ii) a \$650 million revolving credit facility. At December 31, 2011, the company had \$143 million outstanding on the revolving credit facility. The net outstanding balance of the term loan was \$1,143 million at December 31, 2011. Borrowings under our senior secured credit facilities bear interest, at our option, at either an alternate base rate or an adjusted LIBOR rate for a one-, two-, three- or six-month interest period, or a nine- or twelve-month period, if available to all relevant lenders, in each case,

plus an applicable margin. The alternate base rate is the mean the greater of (i) in the case of our term loan, Credit Suisse's prime rate or, in the case of our revolving credit facility, Bank of America's prime rate and (ii) one-half of 1.0% over the weighted average of rates on overnight Federal Funds as published by the Federal Reserve Bank of New York. Our \$681 million of senior secured first priority notes accrue interest at a rate per annum, reset quarterly, equal to LIBOR plus 4.75%. Our second priority senior secured floating rate notes of \$210 million bear interest at a rate of LIBOR plus 3.875% per annum, which resets quarterly. Our senior unsecured term loan bear interest based on (1) a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus ½ of 1% and (b) the rate of interest in effect

for such day as publicly announced from time to time by Credit Suisse as its “prime rate” plus 525 basis points or (2) LIBOR plus 625 basis points.

At December 31, 2011, the LIBOR rate of 0.58% was applicable to the term loan, first priority senior secured floating rate notes, second priority senior secured floating rate notes and senior unsecured term loan. If the LIBOR rate increases 0.25% and 0.50%, we estimate an annual increase in our interest expense of \$3 million and \$6 million, respectively.

In November 2010, the company entered into two separate interest rate swap transactions to protect \$1 billion of the outstanding variable rate term loan debt from future interest rate volatility. The first agreement had a notional amount of \$500 million and became effective in November 2010. The agreement swaps three-month variable LIBOR contracts for a fixed three-year rate of 0.8925% and expires in November 2013. The second agreement had a notional amount of \$500 million and became effective in December 2010. The agreement swaps three-month variable LIBOR contracts for a fixed three-year rate of 1.0235% and expires in November 2013. The counterparties to these agreements are with global financial institutions. In August 2011, the company began utilizing one-month LIBOR contracts for the underlying senior secured credit facility. The company’s change in interest rate selection caused the company to lose hedge accounting on both of the interest rate swaps. The company recorded subsequent changes in fair value in the Consolidated Statement of Operations and will amortize the unrealized losses to Interest expense through the end of the respective swap agreements. A 0.25% change in LIBOR would not have a material impact on the fair value of the interest rate swaps.

Resin Cost Sensitivity

We are exposed to market risk from changes in plastic resin prices that could impact our results of operations and financial condition. Our plastic resin purchasing strategy is to deal with only high-quality, dependable suppliers. We believe that we have maintained strong relationships with these key suppliers and expect that such relationships will continue into the foreseeable future. The resin market is a global market and, based on our experience, we believe that adequate quantities of plastic resins will be available at market prices, but we can give you no assurances as to such availability or the prices thereof. If the price of resin increased or decreased by 5% this would result in a material change to our cost of goods sold.

BUSINESS

General

We are a leading provider of value-added plastic consumer packaging and engineered materials with a 30-year track record of delivering high-quality customized solutions to our customers. Our products utilize our proprietary research and development platform, which includes a continually evolving library of Berry-owned molds, patents, manufacturing techniques and technologies. We sell our solutions predominantly into consumer-oriented end-markets, such as food and beverage, healthcare and personal care, which together represented 75% of our sales in Calendar 2011. Our customers look to us for solutions that have high consumer impact in terms of form, function and branding. Representative examples of our products include thermoform drink cups, thin-wall containers, blow-molded bottles, specialty closures, prescription vials, specialty plastic films, adhesives and corrosion protection materials. We have also been one of the most active acquirers of plastic packaging businesses globally, having acquired more than 30 businesses since 1988, including ten acquisitions completed in the past five years. We believe our focus on delivering unique and customized solutions to our customers and our ability to successfully integrate strategic acquisitions have enabled us to grow at rates in excess of our industry peers, having achieved a compound annual net sales growth rate over the last ten years of 26%.

We believe that we have created one of the largest product libraries in our industry, allowing us to be a comprehensive solution provider to our customers. We have more than 13,000 customers, which consist of a diverse mix of leading national, mid-sized regional and local specialty businesses. The size and scope of our customer network allow us to introduce new products we develop or acquire to a vast audience that is familiar with, and we believe partial to, our brand. In fiscal 2011, no single customer represented more than 3% of net sales and our top ten customers represented less than 17% of net sales. We currently supply our customers through 88 strategically located manufacturing facilities throughout the United States (75 locations) and select international locations (13 locations). We believe our manufacturing processes and our ability to leverage our scale to reduce expenses on items, such as raw materials, position us as a low-cost manufacturer relative to our competitors. For example, we are one of the largest global purchasers of polyolefin resins, at more than 2.5 billion pounds per year, which gives us both unique insight into this market as well as scale purchasing savings.

We enjoy market leadership positions in many of our markets, with 76% of net sales in markets in which we held the #1 or #2 market position in Calendar 2011. We look to build leadership in markets where we have a strategic angle and can achieve attractive profit margins through technology and design leadership and a competitive cost position such as highly decorated plastic containers. We believe that our product and technology development capabilities are best-in-class, supported by a newly built Berry Research and Design Center in Evansville, Indiana and a network of more than 200 engineers and material scientists. We seek to have our product and technology development efforts provide a meaningful impact on sales. An example of our focused new product development is our thermoform plastic drink cup technology. We identified an unfulfilled need in the market with an opportunity for significant return on invested capital and ultimately introduced the technology to the market in 2001. This product line has grown steadily since introduction and generated \$368 million of net sales in Calendar 2011.

Our success is driven by our more than 16,000 employees. Over the past 30 years, we have developed a culture that incorporates both loyalty to best practices and acceptance of new perspectives, which we have often identified from the companies we have acquired. Our employees hold themselves accountable to exceed the expectations of our customers and to create value for our stakeholders. Consistent with this focus on value creation, more than 400 employees own equity in the company. As of December 31, 2011 and before giving effect to this offering, these employees own more than 20% of our fully diluted equity.

We believe the successful execution of our business strategy has enabled us to outperform the growth of our industry over the past decade with Adjusted EBITDA increasing from \$80 million in 2000 to \$758 million for Calendar 2011, representing a CAGR of 23%. For Calendar 2011, Berry had pro forma net sales of \$5.0 billion, Adjusted EBITDA of \$758 million, net loss of \$247 million and Adjusted Free Cash Flow of \$208 million. For a reconciliation of Adjusted EBITDA and Adjusted Free Cash Flow to see “—Liquidity and Capital Resources.”

Fiscal 2011 Acquisitions

LINPAC Packaging Filmco, Inc.

In August 2011, we acquired 100% of the common stock of Filmco for a purchase price of \$19 million. Filmco is a manufacturer of PVC stretch film packaging for fresh meats, produce, freezer and specialty applications. The business is operated in our Engineered Materials segment. To finance the purchase, we used cash on hand and existing credit facilities. The Filmco acquisition has been accounted for under the purchase method of accounting, and accordingly, the purchase price has been allocated to the identifiable assets and liabilities based on estimated fair values at the acquisition date.

Rexam Specialty and Beverage Closures

In September 2011, we acquired 100% of the capital stock of Rexam SBC. The aggregate purchase price was \$351 million (\$347 million, net of cash acquired). Rexam SBC's primary products include plastic closures, fitments and dispensing closure systems, and jars. The business is operated in our Rigid Plastics business. To finance the purchase, we used cash on hand and existing credit facilities. The Rexam SBC acquisition has been accounted for under the purchase method of accounting, and accordingly, the purchase price has been allocated to the identifiable assets and liabilities based on estimated fair values at the acquisition date.

Product Overview

Effective January 1, 2012, we realigned our operating segments to enhance the company's current product portfolio and leverage our rigid and flexible technologies to serve our customers with innovative packaging solutions. Our new operating segments are aligned into the following four segments: Rigid Open Top, Rigid Closed Top (which together make up our Rigid Plastics business), Engineered Materials and Flexible Packaging.

Rigid Plastics

Our Rigid Plastics business primarily consists of containers, foodservice items, housewares, closures, overcaps, bottles, prescription vials, and tubes. The largest end uses for our packages are consumer-oriented end markets such as food and beverage, retail mass marketers, healthcare, personal care and household chemical. We believe that we offer the broadest rigid plastic product line among industry participants and that we maintain the #1 or #2 market positions in markets representing approximately 80% of rigid plastic sales in Calendar 2011. Many of our products are manufactured from proprietary molds that we develop and own, which results in significant switching costs to our customers. In addition to a complete product line, we have sophisticated decorating capabilities and in-house graphic arts and tooling departments, which allow us to integrate ourselves into, and add significant value to our customers' packaging design processes. For Calendar 2011, our Rigid Plastics business had pro forma net sales and Adjusted EBITDA of \$2.8 billion and \$523 million, respectively. Our primary competitors include Airlite, Letica, Polyainers, Silgan, Aptar Group and Reynolds. These competitors individually only compete on certain of our products, whereas we offer the entire selection of rigid products described below.

- *Containers.* We manufacture a collection of nationally branded container products and also seek to develop customized container products for niche applications by leveraging of our state-of-the-art design, decoration and graphic arts capabilities. This mix allows us to both achieve significant economies of scale, while also maintaining an attractive portfolio of specialty products. Our container capacities range from four ounces to five gallons and are offered in various styles with accompanying lids, bails and handles, some of which we produce, as well as a wide array of decorating options. We have long-standing supply relationships with many of the nation's leading food and

consumer products companies, including Dannon, Dean Foods, General Mills, Kraft, Kroger and Unilever.

- *Foodservice.* We believe that we are one of the largest providers of large size thermoformed polypropylene (“PP”) and injection-molded plastic drink cups in the United States. We are the leading producer of 32 ounce or larger thermoformed PP drink cups and offer a product line with sizes ranging from 12 to 52 ounces. Our thermoform process uses PP instead of more expensive polystyrene (“PS”)

or polyethylene terephthalate (“PET”) in producing deep draw drink cups to generate a cup of superior quality with a competitive cost advantage versus thermoformed PS or PET drink cups. Additionally, we produce injection-molded plastic cups that range in size from 12 to 64 ounces. Primary markets for our plastic drink cups are quick service and family dining restaurants, convenience stores, stadiums and retail stores. Many of our cups are decorated, often as promotional items, and we believe we have a reputation in the industry for innovative, state-of-the-art graphics. Selected drink cup customers and end users include Hardee’s, McDonald’s, Quik Trip, Starbucks, Subway, Wendy’s and Yum! Brands.

- *Housewares.* Our participation in the housewares market is focused on producing semi-disposable plastic home and party and plastic garden products. Examples of our products include plates, bowls, pitchers, tumblers and outdoor flowerpots. We sell virtually all of our products in this market through major national retail marketers and national chain stores, such as Walmart. PackerWare is our recognized brand name in these markets and PackerWare branded products are often co-branded by our customers. Our strategy in this market has been to provide high value to consumers at a relatively modest price, consistent with the key price points of the retail marketers. We believe outstanding service and the ability to deliver products with timely combination of color and design further enhance our position in this market.
- *Closures and Overcaps.* We are a leading producer of closures and overcaps across several of our product lines, including continuous-thread and child-resistant closures, as well as aerosol overcaps. Our dispensing closure business has been growing rapidly, as more consumer products migrate towards functional closures. We currently sell our closures into numerous end markets, including pharmaceutical, vitamin/nutritional, healthcare, food/beverage and personal care. In addition to traditional closures, we are a provider of a wide selection of custom closure solutions including fitments and plugs for medical applications, cups and spouts for liquid laundry detergent, and dropper bulb assemblies for medical and personal care applications. Further, we believe that we are the leading domestic producer of injection-molded aerosol overcaps. Our aerosol overcaps are used in a wide variety of consumer goods including spray paints, household and personal care products, insecticides and numerous other commercial and consumer products. We believe our technical expertise and manufacturing capabilities provide us a low-cost position that has allowed us to become a leading provider of high quality closures and overcaps to a diverse set of leading companies. Our manufacturing advantage is driven by our position on the forefront of various technologies, including the latest in single- and bi-injection processes, compression molding of thermoplastic and thermoset resins, precise reproduction of colors, automation and vision technology, and proprietary packing technology that minimizes freight cost and warehouse space. A majority of our overcaps and closures are manufactured from proprietary molds, which we design, develop, and own. In addition to these molds, we utilize state-of-the-art lining, assembly, and decorating equipment to enhance the value and performance of our products in the market. Our closure and aerosol overcap customers include McCormick, Bayer, Coca-Cola, Diageo, Pepsico, Wyeth, Kraft, Sherwin-Williams and S.C. Johnson.
- *Bottles and Prescription Containers.* Our bottle and prescription container businesses target markets similar to our closure business. We believe we are the leading supplier of spice containers in the United States and have a leadership position in various food and beverage, vitamin and nutritional markets, as well as selling bottles into prescription and pharmaceutical applications. Additionally, we are a leading supplier in the prescription container market, supplying a complete line of amber containers with both one-piece and two-piece child-resistant closures. We offer an extensive line of stock polyethylene (“PE”) and PET bottles for the vitamin and nutritional markets. Our design capabilities, along with internal engineering strength give us the ability to compete on customized designs to provide desired differentiation from traditional packages. We also offer our customers decorated bottles with hot stamping, silk screening and labeling. We sell these products to personal care, pharmaceutical, food and consumer product customers, including McCormick, Pepsico, Carriage House, Perrigo, CVS, NBTY, Target Stores, John Paul Mitchell and Novartis.

- *Tubes.* We believe that we are one of the largest suppliers of extruded plastic squeeze tubes in the United States. We offer a complete line of tubes from ½” to 2¼” in diameter. We have also

introduced laminate tubes to complement our extruded tube business. Our focus and investments are made to ensure that we are able to meet the increasing trend towards large diameter tubes with high-end decoration. We have several proprietary designs in this market that combine tube and closure, that have won prestigious package awards, and are viewed as very innovative both in appearance, functionality, and from a sustainability standpoint. The majority of our tubes are sold in the personal care market, focusing on products like facial/cold creams, shampoos, conditioners, bath/shower gels, lotions, sun care, hair gels and anti-aging creams. We also sell our tubes into the pharmaceutical and household chemical markets. We believe that our ability to provide creative package designs, combined with a complementary line of closures, makes us a preferred supplier for many customers in our target markets including Kao Brands, L'Oreal, Avon, and Procter & Gamble.

Engineered Materials

Our Engineered Materials division primarily consists of pipeline corrosion protection solutions, specialty tapes and adhesives, polyethylene based film products and can liners. We believe that we offer one of the broadest product lines among industry participants and that we maintain the #1 or #2 market position in markets representing approximately 65% of divisional sales in Calendar 2011. For Calendar 2011, our Engineered Materials division had revenue and Adjusted EBITDA of \$1.5 billion and \$161 million, respectively. Our primary competitors include AEP, Sigma and 3M. The Engineered Materials division primarily includes the following product groups:

- *Corrosion Protection Products.* We are a leading global producer of adhesive products to infrastructure, rehabilitation and new pipeline projects throughout the world. Our products deliver superior performance across all climates and terrains for the purpose of sealing, coupling, rehabilitation and corrosion protection of pipelines. Products include heat-shrinkable coatings, single- and multi-layer sleeves, pipeline coating tapes, anode systems for cathodic protection and epoxy coatings. These products are used in oil, gas and water supply and construction applications. Our customers primarily include contractors managing discrete construction projects around the world as well as distributors and applicators. Our corrosion protection products customers include Tyco Electronics, Northwest Pipe and Midwestern Pipeline Products.
- *Tape Products.* We are the leading North American manufacturer of cloth and foil tape products. Other tape products include high-quality, high-performance liners of splicing and laminating tapes, flame-retardant tapes, vinyl-coated and carton sealing tapes, electrical, double-faced cloth, masking, mounting, OEM medical and specialty tapes. These products are sold under the National™, Nash® and Polyken® brands in the United States. Tape products are sold primarily through distributors and directly to end users and are used predominantly in industrial, HVAC, automotive, construction and retail market applications. In addition to serving our core tape end markets, we are also a leading producer of tapes in the niche aerospace, construction and medical end markets. We believe that our success in serving these additional markets is principally due to a combination of technical and manufacturing expertise leveraged in favor of customized applications. Our tape products customers include Home Depot, Gorilla Glue and RH Elliott.
- *Retail Bags.* We manufacture and sell a diversified portfolio of PE-based film products to end users in the retail markets. These products are sold under leading brands such as Ruffies® and Film-Gard®. Our products include drop cloths and retail trash bags. These products are sold primarily through wholesale outlets, hardware stores and home centers, paint stores and mass merchandisers. Our retail trash bag customers include Home Depot, Walmart, True Value and ACE.
- *FIBC.* We manufacture customized PP-based, woven and sewn containers for the transportation and storage of raw materials such as seeds, titanium dioxide, clay and resin pellets. Our FIBC customers include Texene LLC, Pioneer Hi-Bred Intl. and Superior Ingenio.

- *PVC Films.* We are a world leader in PVC films offering a broad array of PVC meat film and cutterbox products. Our products are used primarily to wrap fresh meats, poultry and produce for supermarket applications. In addition, we offer a line of boxed products for food service and retail sales. We service many of the leading supermarket chains, club stores and wholesalers including Kroger, Publix, Walmart/Sams, Costco and SuperValu. We are a leading innovator and specialize in lighter gauge sustainable solutions like our recent Revolution™ product line offering.

- *Institutional Can Liners.* We sell trash-can liners and food bags for offices, restaurants, schools, hospitals, hotels, municipalities and manufacturing facilities. We also sell products under the Big City[®], Hospi-Tuff[®], Plas-Tuff[®], Rhino-X[®] and Steel-Flex[®] brands. Our institutional customers include Unisource and Gorden Food Service.
- *Stretch Films.* We produce both hand and machine-wrap stretch films, which are used by end users to wrap products and packages for storage and shipping. We sell stretch film products to distributors and retail and industrial end users under the MaxTech[®] and PalleTech[®] brands. Our stretch films customers include XPEDX and Unisource.

Flexible Packaging

Our Flexible Packaging division consists of high barrier, multilayer film products as well as finished flexible packages such as printed bags and pouches. The largest end-uses for our flexible products are consumer-oriented end markets such as food and beverage, medical and personal care. We believe that we offer one of the broadest product lines among industry participants and that we maintain the #1 or #2 market position in markets representing approximately 90% of divisional sales for Calendar 2011. For Calendar 2011, our Flexible Packaging division had net sales and Adjusted EBITDA of \$781 million and \$74 million, respectively. Our primary competitors include Printpak, Tredegar and Bemis. The Flexible Packaging division includes the following product groups:

- *Barrier/Sealant Films.* We manufacture and sell a wide range of highly specialized, made to order film products ranging from mono layer to coextruded films having up to nine layers, lamination films sold primarily to flexible packaging converters and used for peelable lid stock, stand-up pouches, pillow pouches and other flexible packaging formats. We also manufacture barrier films used for cereal, cookie, cracker and dry mix packages that are sold directly to food manufacturers like Kraft and Pepsico. We also manufacture films for specialized industrial applications ranging from lamination film for carpet padding to films used in solar panel construction.
- *Personal Care Films.* We are a major supplier of component and packaging films used for personal care hygiene applications predominantly sold in North America and Latin America. The end use applications include disposable baby diapers, feminine care, adult incontinence, hospital and tissue and towel products. Our personal care customers include Kimberly Clark, SCA, Johnson and Johnson, First Quality and other leading private label manufacturers. Our “Lifetime of Solutions[™]” approach promotes an innovation pipeline that integrates both product and equipment design into leading edge customer and consumer solutions.
- *Printed Products.* We are a converter of printed bags, pouches and rollstock. Our manufacturing base includes integrated extrusion that combines with printing, laminating, bagmaking, Innolok[®] and laser-score converting processes. We are a leading supplier of printed film products for the fresh bakery, tortilla and frozen vegetable markets with brands such as SteamQuick[®] Film, Freshview[™] bags and Billboard[™] SUPs. Our customers include Mission Foods and Hostess Brands.
- *Coated and Laminated Packaging.* We manufacture specialty coated and laminated products for a wide variety of packaging applications. The key end markets and applications for our products include food, consumer, healthcare, industrial and military pouches, roll wrap, multi-wall bags and fiber drum packaging. Our products are sold under the MarvelGuard[™] and MarvelSeal[™] brands and are predominately sold to converters who transform them into finished goods. Our flexible packaging customers include Covidien and Morton Salt.

Marketing and Sales

We reach our large and diversified base of over 13,000 customers through our direct field sales force of dedicated professionals and the strategic use of distributors. Our field sales, production and support staff meet with customers to understand their needs and improve our product offerings and services. Our scale enables us to dedicate certain sales and marketing efforts to particular products, customers or geographic regions, when applicable, which enables us to develop expertise that is valued by our customers. In addition, because we serve common customers across segments, we have the ability to efficiently utilize our sales and marketing resources to minimize costs. Highly skilled customer service representatives are strategically located throughout our facilities to support the national field sales force. In addition, telemarketing representatives, marketing managers and sales/marketing executives oversee the marketing and sales efforts. Manufacturing and engineering personnel work closely with field sales personnel and customer service representatives to satisfy customers' needs through the production of high-quality, value-added products and on-time deliveries.

We believe that we have differentiated ourselves from competitors by building a reputation for high-quality products, customer service and innovation. Our sales team monitors customer service in an effort to ensure that we remain the primary supplier for our key accounts. This strategy requires us to develop and maintain strong relationships with our customers, including end users as well as distributors and converters. We have a technical sales team with significant knowledge of our products and processes, particularly in specialized products. This knowledge enables our sales and marketing team to work closely with our research and development organization and our customers to co-develop products and formulations to meet specific performance requirements. This partnership approach enables us to further expand our relationships with our existing customer base, develop relationships with new customers and increase sales of new products.

Research, Product Development and Design

We believe our technology base and research and development support are among the best in the plastics packaging industry. Using three-dimensional computer-aided design technologies, our full-time product designers develop innovative product designs and models for the packaging market. We can simulate the molding environment by running unit-cavity prototype molds in small injection-molding, thermoform, compres