BERRY PLASTICS GROUP INC
Form S-1/A
April 16, 2013
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As filed with the Securities and Exchange Commission on April 16, 2013

Registration No. 333-187740

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 3

to

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	**3089**	**20-5234618**
(State or other jurisdiction of incorporation)	**(Primary Industrial Classification Code Number)**	**(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

101 Oakley Street

Evansville, IN 47710

(812) 424-2904

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

Copy to:

Jason K. Greene	**Andrew J. Nussbaum**	**John A. Tripodoro**
Executive Vice President	**Wachtell, Lipton, Rosen & Katz**	**William J. Miller**
and General Counsel	**51 West 52nd Street**	**Cahill Gordon & Reindel LLP**
Berry Plastics Corporation	**New York, NY 10019**	**80 Pine Street**
101 Oakley Street	**(212) 403-1000**	**New York, NY 10005**
Evansville, IN 47710		**(212) 701-3000**
(812) 424-2904		

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 x (Do not check if a smaller reporting company)	Smaller reporting company ¨

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.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated April 16, 2013

PRELIMINARY PROSPECTUS

16,500,000 Shares

Berry Plastics Group, Inc.

Common Stock

This is a public offering of shares of common stock of Berry Plastics Group, Inc. The selling stockholders identified in this prospectus, which include the beneficial owner of a majority of our shares of common stock, are selling 16,500,000 shares. Berry Plastics Group, Inc. will not receive any of the proceeds from the sale of shares in this offering. Our common stock is listed on the New York Stock Exchange (the NYSE) under the symbol BERY. The last reported closing sale price of our common stock on April 15, 2013 was $17.95 per share.

Investing in our common stock involves risks that are described in the Risk Factors section beginning on page 14 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to the selling stockholders	$	$

The underwriters may also purchase up to an additional 2,475,000 shares from the selling stockholders, at the public offering price less the underwriting discount, within 30 days of the day 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 , 2013.

Citigroup	**BofA Merrill Lynch**

Deutsche Bank Securities	**Goldman, Sachs & Co.**	**Credit Suisse**	**Baird**	**Barclays**

SunTrust Robinson Humphrey	**Wells Fargo Securities**	**Apollo Global Securities**

The date of this prospectus is , 2013.

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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.

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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. In certain of the markets in which we operate, it may be difficult to directly ascertain industry or market data. Unless otherwise noted, statements as to our market share and market position are approximated and based on management experience and estimates using the above-mentioned third-party data combined with our internal analysis and estimates. 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.

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NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA and Adjusted Free Cash Flow, as presented in this prospectus, are supplemental financial measures 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 GAAP financial measures 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 liquidity measure to assess our ability to generate cash, 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 restructuring and business optimization 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 certain charges that we believe do not reflect operations and underlying operational performance. 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.

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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 76% of our sales in the 12 months ended December 29, 2012. We believe 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 twelve acquisitions completed in the past six 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 12 years of 23%.

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 year 2012, 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 84 strategically located manufacturing facilities throughout the United States (70 locations) and select international locations (14 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 believe based on management estimates that we are one of the largest global purchasers of plastic 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 during the 12 months ended December 29, 2012 in markets in which management estimates we held the #1 or #2 market position. 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 packaging. 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 $397 million of net sales during the 12 months ended December 29, 2012.

Our success is driven by our more than 15,000 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.

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 $812 million for the 12 months ended December 29, 2012, representing a compound annual growth rate (which we refer to in this prospectus as a CAGR) of 21%. For the 12 months ended December 29, 2012, Berry had pro forma net sales of $4.7 billion, Adjusted EBITDA of $812 million, net income of $23 million and Adjusted Free Cash Flow of $271 million. For a reconciliation of Adjusted EBITDA and Adjusted Free Cash Flow to the nearest GAAP measures, 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 Packaging, 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:

($ in millions)	**Rigid Packaging**		**Engineered Materials**	**Flexible Packaging**
Adjusted EBITDA for the 12 months ended December 29, 2012				
Operating Income for the 12 months ended December 29, 2012	$265		$92	$7
Product Examples	Foodservice Items Housewares Containers	Overcaps Closures Bottles Prescription Vials Tubes	Tapes CPG FIBC Food Wrap Shrink Films Trash Bags Stretch Films	Personal Care Films Barrier/ Sealant Films Medical Films Printed Films Coated and Laminated Packaging

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Rigid Packaging (67% of Adjusted EBITDA for 12 months ended December 29, 2012)

Our Rigid Packaging 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 packaging products among industry participants and, according to management estimates, we maintained the #1 or #2 market positions in markets representing approximately 79% of the Rigid Packaging business net sales for the 12 months ended December 29, 2012. Many of our products are manufactured from proprietary molds that we develop and own, which we believe would result in significant costs to our customers to switch to a different supplier. 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, we believe, add significant value to, our customers packaging design processes. For the 12 months ended December 29, 2012, our Rigid Packaging business had net sales and Adjusted EBITDA of $2.6 billion and $541 million, respectively.

Engineered Materials (24% of Adjusted EBITDA for 12 months ended December 29, 2012)

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, according to management estimates, we maintained the #1 or #2 market position in markets representing approximately 64% of Engineered Materials net sales for the 12 months ended December 29, 2012. For the 12 months ended December 29, 2012, our Engineered Materials business had net sales and Adjusted EBITDA of $1.4 billion and $193 million, respectively.

Flexible Packaging (9% of Adjusted EBITDA for 12 months ended December 29, 2012)

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, according to management estimates, we maintained the #1 or #2 market position in markets representing approximately 88% of Flexible Packaging business net sales for the 12 months ended December 29, 2012. For the 12 months ended December 29, 2012, our Flexible Packaging segment had pro forma net sales and Adjusted EBITDA of $747 million and $78 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 what we believe are 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 the 12 months ended December 29, 2012, 76% of our net sales were derived from products in which management estimates we held a #1 or #2 market position.

Leader in developing and commercializing new technologies. We believe 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

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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 $397 million of net sales for the 12 months ended December 29, 2012.

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. In fiscal year 2012, 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 84 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 12 over the past six 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 4.5x 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 $812 million for the 12 months ended December 29, 2012, representing a CAGR of 21%. We also believe we maintain attractive profit margins and generate significant Adjusted Free Cash Flow for our stockholders relative to our peers. For the 12 months ended December 29, 2012, our Adjusted EBITDA margin was 17%, and we generated Adjusted Free Cash Flow of $271 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, minimal contingent liabilities and strategic investments in new projects and acquisitions with synergies.

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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 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 what we believe is 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 though 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.

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Realize value from recent capital investments and acquisitions. In fiscal 2012, we invested $160 million of capital in new growth projects. In fiscal 2012, we also undertook a number of cost saving actions including three plant consolidations and the implementation of numerous cost-reduction initiatives.

Recent Developments

Estimated March 2013 Quarter Results

For the March 2013 quarter, we estimate that net sales declined to approximately $1,145 to $1,155 million from $1,183 million in the March 2012 quarter. This decrease of 2% to 3% is primarily related to a 3% reduction in the number of shipping days as a result of the timing of holidays versus the prior year s quarter, the year-over-year adverse change in weather, and light-weighting partially offset by volume gains in certain of our product lines. Also, we estimate that Adjusted EBITDA will be $199 to $204 million for the March 2013 quarter compared to $198 million in the March 2012 quarter. This increase of 1% to 3% is primarily related to cost reduction efforts partially offset by additional costs associated with new product innovation. Estimated net debt at March 30, 2013 was $3,991 million. Assuming our initial public offering and 2013 debt refinancing occurred at the beginning of the period, our interest expense for the four quarter period ended March 30, 2013 would be approximately $63 million lower. At March 30, 2013, we estimate the cash payout in the next 12 months under the tax receivable agreement to be $68 million. This is a reduction from the end of the last fiscal quarter primarily as a result of the debt extinguishment costs from the 2013 refinancing and bonus depreciation on capital expenditures. Adjusted EBITDA is a non-GAAP measure. The following tables reconcile the company s estimated net income (loss) to the company s estimate of Adjusted EBITDA for the March 2013 quarter and four quarter period ended March 30, 2013:

	Quarter Ended March 30, 2013		Four Quarters Ended March 30, 2013	
(in millions) (Unaudited)	**Low**	**High**	**Low**	**High**
Adjusted EBITDA[(a)]	$ 199	$ 204	$ 807	$ 812
Pro forma acquisitions			4	4
Unrealized cost reductions	2	2	22	22
Operating EBITDA[(a)]	$ 197	$ 202	$ 781	$ 786
Net interest expense	61	61	293	293
Depreciation and amortization	85	85	350	350
Income taxes	(1)	3	11	15
Restructuring, business optimization and other	1	1	39	39
Loss on debt extinguishment[(b)]	48	48	64	64
Net income (loss)	$ 3	$ 4	$ 24	$ 25

(a) Adjusted EBITDA and Operating EBITDA should not be considered in isolation or construed as an alternative to our 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 Adjusted EBITDA and Operating EBITDA and the related definitions differently than we do, limiting the usefulness of our calculation of Adjusted EBITDA and Operating EBITDA as comparative measures. Operating EBITDA and Adjusted EBITDA are among the indicators used by the company s management to measure the performance of the company s operations and thus the company s management believes such information may be useful to investors. Such measures are also among the criteria upon which performance-based compensation may be based.

(b) Includes $24 million of call premium and penalties, $16 million of deferred financing fees and $8 million of debt discount for the quarter ended March 30, 2013 and an additional $13 million of call premium and $3 million of deferred financing fees for the four quarter period ended March 30, 2013.

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The preliminary financial and operating results for the March 2013 quarter are forward-looking statements based on preliminary estimates and reflect the best judgment of our management but involve a number of risks and uncertainties which could cause actual results to differ materially from those set forth in our estimates and from past results, performance or achievements. Such preliminary results are subject to finalization of our quarterly financial and accounting procedures and should not be viewed as a substitute for full interim financial statements prepared in accordance with GAAP and reviewed by our auditors. Consequently, there can be no assurances that the actual financial and operating results for the second quarter ended March 30, 2013 will be identical to the preliminary estimates set forth above, and any variation between our actual results and the estimates set forth above may be material. In addition, such results do not purport to indicate our results of operations for any future period beyond the quarter ended March 30, 2013. Ernst & Young LLP has not audited, reviewed, compiled or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, Ernst & Young LLP does not express an opinion or any other form of assurance with respect thereto.

Initial Public Offering

In October 2012, the company completed an initial public offering and sold 29,411,764 shares of common stock at $16.00 per share. In conjunction with the initial public offering the company executed a 12.25 for one stock split of the company s common stock. The effect of the stock split on outstanding shares and earnings per share has been retroactively applied to all periods presented. Transaction fees totaling $33 million were included in Paid-in capital on the Consolidated Balance Sheets. Proceeds, net of transaction fees, of $438 million and cash from operations were used to repurchase $455 million of 11% Senior Subordinated Notes due September 2016. As part of the repurchase the company paid premiums of $13 million and wrote-off $3 million of deferred financing fees.

Incremental Term Loan

In February 2013, the company entered into an incremental assumption agreement to increase the commitments under Berry Plastics Corporation s existing term loan credit agreement by $1.4 billion. Berry Plastics Corporation borrowed loans in an aggregate principal amount equal to the full amount of the commitments on such date. The incremental term loans bear interest at LIBOR plus 2.50% per annum with a LIBOR floor of 1.00%, mature in February 2020 and are subject to customary amortization. The proceeds from the incremental term loan, in addition to borrowings under the revolving credit facility, were used to (a) satisfy and discharge all of Berry Plastics Corporation s outstanding (i) Second Priority Senior Secured Floating Rate Notes due 2014, (ii) First Priority Senior Secured Floating Rate Notes due 2015, (iii) 10 $^{1}/_{4}$% Senior Subordinated Notes due 2016 and (iv) 8 $^{1}/_{4}$% First Priority Senior Secured Notes due 2015, which, in each case, were called for redemption in February 2013 and the related indentures and (b) pay related fees and expenses. The company recognized a $48 million loss on extinguishment of debt related to this debt refinancing.

Interest expense would have decreased approximately $88 million for the last twelve months ended December 29, 2012 if our initial public offering and this debt refinancing had occurred at the beginning of the period. See Summary Historical Consolidated Financial Data.

Interest Rate Swap

In February 2013, the company entered into an interest rate swap transaction to protect $1 billion of outstanding variable rate term loan debt from future interest rate volatility. The agreement swaps the greater of a three-month variable LIBOR contract or 1.00% for a fixed three-year rate of 2.355%, with an effective date in May 2016 and expiration in May 2019. The counterparty to the agreement is a financial institution. The company will record changes in fair value in Accumulated Other Comprehensive Income. A 0.25% change in LIBOR would not have a material impact on the fair value of the interest rate swaps.

Tax Receivable Agreement

In connection with our initial public offering, the company entered into an income tax receivable agreement that provides for the payment to pre-initial public offering stockholders, option holders and holders of our stock appreciation rights, 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income tax that are actually realized (or are deemed to be realized in the case of a change of control) as a result of the utilization of our and our subsidiaries net operating losses attributable to periods prior to the initial public offering. The company expects to pay between $300 million and $350 million in cash related to this agreement. This range is based on the company s assumptions using various items, including valuation analysis and current tax law. Upon the effective date of the income tax receivable agreement, the company recorded an initial obligation of $300 million ($123 million in Accrued expenses and $177 million in Other long-term liabilities), which is recognized as a reduction of Paid-in capital on the Consolidated Balance Sheet as of December 29, 2012. Changes in the recorded net deferred income tax assets will result in changes in the income tax receivable agreement obligation, and such changes will be recorded as Other expense (income) in the Consolidated Statement of Operations. Payments under the income tax receivable agreement are not conditioned upon the parties continued ownership of the company s equity.

Redeemable Common Stock

As of September 29, 2012, the company had entered into agreements with former employees that required the company to redeem their common stock at pre-determined dates. Historical redemption of this redeemable common stock was based on the fair value of the redeemable common stock on the fixed redemption date. This redeemable common stock was recorded at its fair value in temporary equity and changes in the fair value were recorded in additional paid in capital each period. Upon completion of the initial public offering in October 2012, the redemption requirement terminated resulting in the company reclassifying the shares into equity on the Consolidated Balance Sheet.

BP Parallel Investments

In December 2012, BP Parallel, LLC (BP Parallel), a non-guarantor subsidiary of the company, invested $21 million to purchase assignments of $21 million of our senior unsecured term loan during the quarter ended December 29, 2012. The purchase did not result in a gain or loss.

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.

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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 Apollo Investment Fund VI, L.P., Apollo Investment Fund V, L.P. and their parallel investment funds (collectively, the Apollo Funds), as well as investment funds affiliated with or managed by Graham Partners, Inc. and investment entities affiliated with Donald C. Graham.

The Apollo Funds are affiliated with or indirectly managed by Apollo Global Management, LLC, which, together with its subsidiaries, we refer to in this prospectus as Apollo. Founded in 1990, Apollo is one of the world s largest alternative investment managers, with total assets under management of $113 billion as of December 31, 2012, and a team of 250 investment professionals located in ten offices around the world.

The committed capital of the Graham Partners private investment funds and Graham led co-investments totals approximately $1.7 billion. Graham Partners 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 Partners.

Additional Information

Berry Plastics Group, Inc. was incorporated in Delaware on November 18, 2005. 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.

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The Offering

Common stock offered by the selling stockholders	16,500,000 shares.
Option to Purchase Additional Shares	The selling stockholders have agreed to allow the underwriters to purchase up to an additional 2,475,000 shares, at the public offering price less the underwriting discount, within 30 days from the date of this prospectus.
Common stock to be outstanding after this offering	113,093,973 shares.
Listing	Our common stock is listed on the NYSE under the symbol BERY.
Use of proceeds	We will not receive any of the proceeds from the sale of shares in this offering. The selling stockholders will receive all of the net proceeds and bear all commissions and discounts, if any, from the sale of our common stock pursuant to this prospectus. See Use of Proceeds and Principal and Selling Stockholders.
Dividends	We historically have not paid dividends on our common stock and 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.
Conflicts of Interest	Apollo Global Securities, LLC, an underwriter of this offering, is an affiliate of Apollo, our controlling stockholder. Since Apollo beneficially owns more than 10% of our outstanding common stock, a conflict of interest is deemed to exist under Rule 5121(f)(5)(B) of the Conduct Rules of the Financial Industry Regulatory Authority, or FINRA. In addition, because Apollo, as a selling stockholder, will receive more than 5% of the net proceeds of this offering, a conflict of interest also exists under Rule 5121(f)(5)(C)(ii). Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121. Since Apollo is not primarily responsible for managing this offering and the securities have a bona fide public market, as defined in FINRA Rule 5121(f)(3), the appointment of a qualified independent underwriter is not required pursuant to Rule 5121(a)(1). As such, any underwriter that has a conflict of interest pursuant to

	Rule 5121 will not confirm sales to accounts in which it exercises discretionary authority without the prior written consent of the customer. See Underwriting (Conflicts of Interest).
Risk Factors	You should carefully read and consider the information set forth under Risk Factors beginning on page 14 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 option to purchase additional shares to buy up to 2,475,000 additional shares from the selling stockholders;
- assumes a public offering price of $17.95 per share, the closing price of our common stock on the NYSE on April 15, 2013; and
- does not give effect to the exercise of outstanding options or shares reserved for issuance under the 2006 Equity Incentive Plan or the 2012 Long-Term Incentive Plan.

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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 September 29, 2012, October 1, 2011 and October 2, 2010 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 29, 2012 and December 31, 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 last twelve months ending December 29, 2012 has been calculated by subtracting the data for the three months ended December 31, 2011 from the data for the year ended September 29, 2012, and adding the data for the three months ended December 29, 2012.

Our historical results are not necessarily indicative of results to be expected in any future period, and results for the quarterly period ended December 29, 2012, 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, shares in thousands)	Unaudited Last Twelve Months[(a)] December 29, 2012	Unaudited Quarterly Periods Ended December 29, 2012	December 31, 2011	Audited Year Ended September 29, 2012	October 1, 2011	October 2, 2010
Statement of Operations Data:						
Net sales	$ 4,701	$ 1,072	$ 1,137	$ 4,766	$ 4,561	$ 4,257
Cost of sales	3,859	895	985	3,949	3,878	3,667
Operating expenses[(b)]	478	109	123	492	641	466
Operating income	364	68	29	325	42	124
Other expense (income)	10	13	(4)	(7)	61	(27)
Net interest expense	315	70	83	328	327	313
Income (loss) before income taxes	39	(15)	(50)	4	(346)	(162)
Income tax expense (benefit)	16	(5)	(19)	2	(47)	(49)
Net income (loss)	$ 23	$ (10)	$ (31)	$ 2	$ (299)	$ (113)
Income (loss) per share basic	$ 0.25	$ (0.09)	$ (0.37)	$ 0.02	$ (3.55)	$ (1.34)
Income (loss) per share diluted	$ 0.25	$ (0.09)	$ (0.37)	$ 0.02	$ (3.55)	$ (1.34)
Number of shares used in per share calculations basic	90,465	111,352	83,851	83,435	84,121	84,525
Number of shares used in per share calculations diluted	92,699	111,352	83,851	86,644	84,121	84,525

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($ in millions, shares in thousands)	Unaudited Last Twelve Months December 29, 2012	Unaudited Quarterly Periods Ended December 29, 2012	Unaudited Quarterly Periods Ended December 31, 2011	Audited Year Ended September 29, 2012	Audited Year Ended October 1, 2011[b]	Audited Year Ended October 2, 2010
Balance Sheet Data (at period end):						
Working capital[c]	$ 482	$ 482	$ 527	$ 587	$ 571	$ 653
Total assets	5,050	5,050	5,000	5,106	5,217	5,344
Long-term debt obligations, excluding current portion	3,932	3,932	4,517	4,431	4,581	4,397
Cash Flows Data:						
Cash from operating activities	$ 477	$ 87	$ 89	$ 479	$ 327	$ 112
Cash from investing activities	(281)	(63)	(37)	(255)	(523)	(852)
Cash from financing activities	(193)	(79)	(65)	(179)	90	878
Other Financial Data:						
Capital expenditures net of proceeds from disposal of assets	$ 206	$ 43	$ 37	$ 200	$ 155	$ 194
Depreciation	245	60	61	246	238	210
Amortization of intangibles	108	27	28	109	106	107
Pro Forma Data:						
Pro forma interest expense[d]	227	58		227		
Pro forma income (loss)	76	(3)		63		
Pro forma income (loss) per share basic[e]	0.67	(0.02)		0.56		
Pro forma income (loss) per share diluted[e]	0.66	(0.02)		0.54		
Pro forma number of shares used in pro forma per share calculation basic[e]	112,739	111,352		112,847		
Pro forma number of shares used in pro forma per share calculation diluted[e]	114,973	111,352		116,056		
Long-term debt obligations, excluding current portion	3,952	3,952		3,997		

(a) References to financial results as of and for the last twelve months ended December 29, 2012 have been calculated by subtracting the data for the three months ended December 31, 2011 from the data for the year ended September 29, 2012, and adding the data for the three months ended December 29, 2012.

(b) Year ended October 1, 2011 includes a $165 non-cash goodwill impairment.

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

(d) Represents pro forma interest expense assuming the following occurred at the beginning of the respective periods: (i) Berry Plastics Corporation s incurrence of $1.4 billion of additional incremental term loans and (ii) repayment of Berry Plastics Corporation s (a) Second Priority Senior Secured Floating Rate Notes due 2014, (b) First Priority Senior Secured Floating Rate Notes due 2015, (c) 10 $^{1}/_{4}$% Senior Subordinated Notes due 2016, (d) 8 $^{1}/_{4}$% First Priority Senior Secured Notes due 2015 and (e) 11% Senior Subordinated Notes due 2016. See Management s Discussion and Analysis of Financial Condition and Results of Operations Recent Developments.

(e) Year ended September 29, 2012 represents the pro forma income (loss) per share and weighted average shares outstanding assuming our initial public offering and the 2013 debt refinancing occurred at the beginning of the period.

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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. 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 29, 2012, we had total indebtedness (including current portion) of $3,975 million, with cash and cash equivalents totaling $32 million. We would have been able to borrow a further $413 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 effect on our business, financial condition, and results of operations.

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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. In addition, the largest supplier of the company s total resin material requirements represented approximately 20% of purchases for the twelve months ended December 29, 2012. 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;

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- problems associated with maintaining relationships with employees and customers of acquired businesses;
- the increasing demands on our operational systems;
- ability to integrate and implement effective disclosure controls and procedures and internal controls for financial reporting within the allowable time frame as permitted by Sarbanes-Oxley Act;
- 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.

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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 cleanup 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.

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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 29, 2012, the net value of our goodwill and other intangibles was $2,620 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.

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.

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

Upon completion of our initial public offering in October 2012, we became subject to reporting requirements of the Securities Exchange Act of 1934, as amended, 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, significant resources and management oversight have been, and will continue to 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

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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. Our investment of resources to comply with these evolving laws and regulations 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.

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

We have entered into an income tax receivable agreement with our pre-initial public offering stockholders, option holders and holders of our stock appreciation rights that provides for the payment by us to such stockholders of 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income tax that we and our subsidiaries actually realize as a result of the utilization of our net operating losses attributable to periods prior to our initial public offering.

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 and our subsidiaries 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 and our subsidiaries 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 $300 and $350 million.

Upon the effective date of the income tax receivable agreement, the company recorded an initial obligation of $300 million ($123 million in Accrued expenses and $177 million in Other long-term liabilities), which is recognized as a reduction of Paid-in capital on the Consolidated Balance Sheet as of December 29, 2012.

Any future changes in the realizability of our net operating loss carry forwards that were generated prior to our initial public offering will impact the amount of the liability that will be paid to our pre-initial public offering shareholders, option holders or holders of our stock appreciation rights. Changes in the realizability of these tax assets are recorded in income tax expense (benefit) and any changes in the obligation under the income tax receivable agreement is recorded in other income (expense). Based on our current taxable income estimates, we expect to repay the majority of this obligation by the end of our 2016 fiscal year.

In addition, the income tax receivable agreement provides that upon certain mergers, stock and 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 and our subsidiaries 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.

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For tax reasons, special timing rules will apply to payments associated with stock options and stock appreciation rights. Such payments will generally be deemed invested in a notional account rather than made on the scheduled payment dates, and the account will be distributed on the fifth anniversary of the initial public offering.

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.

Our operating subsidiary Berry Plastics Corporation identified a prior deficiency in its disclosure controls and procedures.

Under applicable SEC regulations, management of a reporting company, with the participation of the principal executive officer and principal financial officer, must periodically evaluate the company s disclosure controls and procedures, which are defined generally as controls and other procedures of a reporting company designed to ensure that information required to be disclosed by the reporting company in its periodic reports filed with the SEC is recorded, processed, summarized, and reported on a timely basis. In conjunction with a review of the SEC of our wholly owned subsidiary Berry Plastics Corporation s fiscal year 2011 annual report, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of Berry Plastics Corporation s disclosure controls and procedures were not effective to ensure that information required to be disclosed was reported at the acceptable level of detail for the period covered by the fiscal year 2011 annual report. We identified deficient disclosure in the section Critical Accounting Policy and Estimates: Goodwill and Other Indefinite Lived Intangible Assets. In that disclosure, we did not provide readers with sufficient information explaining the factors that led to the recognition of the goodwill impairment charge, along with the future implications to our business. We also identified deficient disclosure in the section Management s Discussion and Analysis of Financial Condition and Results of Operations. In that disclosure, we did not provide readers with sufficient informative narrative explanations of our financial statements. In addition, we identified deficient disclosure in our condensed consolidating financial statements, in which we did not provide appropriate disclosure and presentation of certain intercompany activity. To remediate these deficiencies, in addition to our historical disclosure controls and procedures, we have begun a more comprehensive review and approval procedure of disclosures related to our Critical Accounting Policies and Estimates and Management s Discussion and Analysis to ensure the level of information we disclose provides readers with a sufficient level of detail to understand these policies and estimates. We believe that these actions remediated the weakness in our disclosure controls and procedures; however, we cannot assure you that additional deficiencies in our disclosure controls and procedures will not occur in the future.

Our international sales and operations are subject to applicable laws relating to trade, export controls, and foreign corrupt practices, the violation of which could adversely affect our operations.

We must comply with all applicable international trade, export and import laws and regulations of the United States and other countries. We are subject to export controls and economic sanctions laws and embargoes imposed by the U.S. Government. Changes in trade sanctions laws may restrict our business practices, including cessation of business activities in sanctioned countries or with sanctioned entities, and may result in modifications to compliance programs. We are also subject to the Foreign Corrupt Practices Act and other anti-bribery laws that generally bar bribes or unreasonable gifts to foreign governments or officials. We have implemented safeguards and policies to discourage these practices by our employees and agents. However, our existing safeguards and policies to assure compliance and any future improvements may prove to be less than effective and our employees or agents may engage in conduct for which we might be held responsible. If employees violate our policies, we may be subject to regulatory sanctions. Violations of these laws or regulations could result in sanctions including fines, debarment from export privileges and penalties and could adversely affect our business, financial condition and results of operations.

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Risks Related to an Investment in our Common Stock and 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 may be volatile, in part because our shares have only been traded publicly since October 2012, and such volatility may be exacerbated by our relatively small public float. The market price for our common stock could fluctuate significantly for a number of other 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, the Apollo Funds, Graham Partners 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 two of our last five fiscal years. 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 our financial performance include non-cash impairment charges, depreciation/amortization on our long lived tangible and intangible assets, interest expense on our debt obligations as well as other factors more fully disclosed in Management s Discussion and Analysis of Financial Condition and Results of Operations.

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

After the consummation of this offering, the Apollo Funds will indirectly beneficially own approximately 45.8% of our common stock, assuming the underwriters do not exercise their option to purchase additional shares. If the underwriters exercise in full their option to purchase additional shares, the Apollo Funds will indirectly beneficially own approximately 43.8% of our common stock.

The amended and restated stockholders agreement that we entered into in connection with our initial public offering provides that, except as otherwise required by applicable law, if the Apollo Funds hold (a) at least 50% of our outstanding common stock, it will have the right to designate no fewer than that number of directors that would constitute a majority of our Board of Directors, (b) at least 30% but less than 50% of our outstanding common stock, it will have the right to designate up to five director nominees, (c) at least 20% but less than 30% of our outstanding common stock, it will have the right to designate up to four director nominees, and (d) at least 10% but less than 20% of our outstanding common stock, the Apollo Funds will have the right to designate up to three director nominees. The agreement also provides that if the size of the Board of Directors is increased or decreased at any time, Apollo s nomination rights will be proportionately increased or decreased, respectively, rounded up to the nearest whole number. In addition, the agreement requires the approval of a majority of the directors nominated by the Apollo Funds voting on the matter for certain important matters, including certain mergers and acquisitions, issuance of equity and incurrence of debt, so long as the Apollo Funds beneficially own at least 25% of our outstanding common stock. Therefore, Apollo will, following this offering, continue to be able to significantly influence or effectively control our decisions. See Certain Relationships and Related Party Transactions Stockholders Agreement, Management Apollo Approval of Certain Matters 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 the Apollo Funds and Apollo s rights under the amended and restated stockholders agreement 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. In addition, a sale of a substantial number of shares of stock in the future by the Apollo Funds or Graham could cause our stock price to decline.

Additionally, Apollo and Graham are in the business of making or advising on investments in companies and hold (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 and Graham may also pursue acquisitions that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us.

Although we will no longer be a controlled company within the meaning of the NYSE rules upon consummation of this offering, we may continue to rely on exemptions from certain corporate governance requirements during a one-year transition period.

After the consummation of this offering, the Apollo Funds will no longer control a majority of our voting common stock. As a result, we will no longer qualify as a controlled company within the meaning of the NYSE corporate governance standards. The NYSE rules require that we appoint a majority of independent directors to the Board of Directors within one year of the date we no longer qualify as a controlled company. The NYSE rules also require that we appoint at least one independent member to each of the compensation and nominating and governance committees prior to the date we no longer qualify as a controlled company, at least a majority of independent members within 90 days of such date and compensation and nominating and governance committees composed entirely of independent directors within one year of such date. During these transition periods, we may elect not to comply with certain NYSE 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 and corporate governance committee that is composed entirely of independent directors with a written charter addressing the committee s purpose and responsibilities; and

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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.

Accordingly, during these transition periods, stockholders will not have the same protections afforded to stockholders of companies that are subject to such corporate governance requirements. In addition, although we will no longer be a controlled company within the meaning of the NYSE rules following the consummation of this offering, Apollo will continue to be able to significantly influence or effectively control our decisions. See Certain Relationships and Related Party Transactions Stockholders Agreement, Management Apollo Approval of Certain Matters and Description of Capital Stock Composition of Board of Directors; Election and Removal of Directors.

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 provides for 450 million authorized shares, of which 400 million shares, par value $0.01, are designated as common stock and 50 million shares, par value $0.01, are designated as preferred stock. Upon completion of this offering, we will have an aggregate of 113,093,973 shares of our common stock outstanding. Of these shares, all of the 29,411,764 shares of our common stock sold in our initial public offering and the 16,500,000 shares of our common stock sold in this offering will be freely tradable without restriction or further registration under the Securities Act, except for any shares which may be acquired by any of our affiliates as that term is defined in Rule 144 under the Securities Act, which will be subject to the resale limitations of Rule 144. The remaining 67,182,209 shares of our common stock outstanding will be restricted securities, as that term is defined in Rule 144, and may in the future be sold without restriction under the Securities Act to the extent permitted by Rule 144 or any applicable exemption under the Securities Act and subject to any applicable lock-up agreements. In addition, we have granted Apollo and Graham demand and incidental registration rights, and we have also granted certain employees and others who own equity in the company incidental registration rights. See Shares Eligible for Future Sale, Underwriting (Conflicts of Interest) and Certain Relationships and Related Party Transactions Stockholders Agreement.

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

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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, including such sales by the Apollo Funds and Graham, 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 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 the Apollo Funds; 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.

In addition, under the amended and restated stockholders agreement, until such time as the Apollo Funds no longer beneficially own at least 25% of the total number of shares of our common stock outstanding at any time, the approval of a majority of the members of our Board of Directors, which must include the approval of a majority of the directors nominated by the Apollo Funds voting on the matter, is required for certain business combinations and to approve certain other matters. See Management Apollo Approval of Certain Matters and Rights to Nominate Certain Directors, Certain Relationships and Related Party Transactions Stockholders Agreement and Description of Capital Stock Composition of Board of Directors; Election and Removal of Directors.

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 and Certain Relationships and Related Party Transactions Stockholders Agreement.

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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 authorizes us to issue one or more series of preferred stock. Our Board of Directors has 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.

We are a holding company and rely on dividends and other payments, advances and transfers of funds from our subsidiaries to meet our 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 dividends going forward.

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 depends 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.

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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, anticipates or similar expressions that relate to our strategy, plans or 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.

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USE OF PROCEEDS

The selling stockholders will receive all of the net proceeds from the sales of shares of our common stock offered by them pursuant to this prospectus. We will not receive any proceeds from the sale of these shares of our common stock, but we will bear the costs associated with this registration in accordance with the amended and restated stockholders agreement. The selling stockholders will bear any underwriting commissions and discounts attributable to their sale of our common stock and the company will bear the remaining expenses. See Principal and Selling Stockholders.

DIVIDEND POLICY

We historically have not paid dividends on our common stock and we do not currently anticipate paying dividends on our common stock. 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.

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PRICE RANGE OF COMMON STOCK

Our common stock began trading on the NYSE under the symbol BERY on October 4, 2012. Prior to that, there was no public market for our common stock. The following table sets forth, for the periods indicated, the high and low sale prices per share of our common stock as reported on the NYSE since October 4, 2012:

2013	High	Low
First Quarter (beginning October 4, 2012)	$ 16.05	$ 13.12
Second Quarter	$ 20.21	$ 15.91
Third Quarter (through April 15, 2013)	$ 19.39	$ 17.57

On April 15, 2013, the closing price for our common stock as reported on the NYSE was $17.95 per share. As of April 1, 2013, we had approximately 376 holders of record of our common stock.

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CAPITALIZATION

The following table sets forth cash and cash equivalents and capitalization as of December 29, 2012:

- on a historical basis; and

- on an as adjusted basis to reflect the incurrence of $1.4 billion of incremental term loans in February 2013 and corresponding repayment of Berry Plastics Corporation s (i) Second Priority Senior Secured Floating Rate Notes due 2014, (ii) First Priority Senior Secured Floating Rate Notes due 2015, (iii) 10 $^{1}/_{4}$% Senior Subordinated Notes due 2016 and (iv) 8 $^{1}/_{4}$% First Priority Senior Secured Notes due 2015, as well as a $48 million loss on extinguishment of debt, as described in Management s Discussion and Analysis of Financial Condition and Results of Operations Recent Developments.

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. The following table does not include any proceeds from this offering, as the selling stockholders will receive all of the net proceeds from the sales of shares of our common stock pursuant to this prospectus.

	(Unaudited) As of December 29, 2012	
($ in millions)	**Historical**	**As Adjusted**
Cash and cash equivalents	$ 32	$ 32
Long-term debt, including current portion:		
Term loan	1,134	2,534
Revolving line of credit	44	58
First Priority Senior Secured Floating Rate Notes	681	
8 $^{1}/_{4}$% First Priority Notes	370	
Second Priority Senior Secured Floating Rate Notes	210	
9 $^{1}/_{2}$% Second Priority Notes	500	500
Senior Unsecured Term Loan	18	18
9 $^{3}/_{4}$% Second Priority Notes	800	800
10 $^{1}/_{4}$% Senior Subordinated Notes	127	
Debt discount, net	(8)	
Capital leases and other	99	99
Total debt	3,975	4,009
Stockholders deficit:		
Common stock; $0.01 par value; 400,000,000 shares authorized; 113,038,346 shares issued and outstanding as of December 29, 2012	1	1
Paid-in capital	300	300
Notes receivable common stock	(2)	(2)
Noncontrolling interest	3	3
Accumulated deficit	(571)	(619)
Accumulated other comprehensive loss	(44)	(44)
Total stockholders deficit	(313)	(361)
Total capitalization	$ 3,662	$ 3,648

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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 2010, 2011 and 2012 as well as the consolidated balance sheet data at September 29, 2012 and October 1, 2011 from our audited consolidated financial statements included elsewhere in this prospectus. We derived the audited consolidated statement of operations data for fiscal 2008 and 2009 as well as the audited consolidated balance sheet data at October 2, 2010, September 26, 2009 and September 27, 2008 from our audited consolidated financial statements not included in this prospectus. We derived the unaudited consolidated statement of operations data for the quarterly periods ended December 29, 2012 and December 31, 2011, as well as the unaudited consolidated balance sheet data at December 29, 2012, from our unaudited interim consolidated financial statements included elsewhere in this prospectus. We derived the unaudited interim consolidated balance sheet data at December 31, 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 quarterly period ended December 29, 2012 are not necessarily indicative of results to be expected for the full year.

	Quarterly Periods Ended		Year Ended				
($ in millions)	**December 29, 2012**	**December 31, 2011**	**September 29, 2012**	**October 1, 2011**	**October 2, 2010**	**September 26, 2009**	**September 27, 2008**
Statement of Operations Data:	**Unaudited**		**Audited**				
Net sales	$ 1,072	$ 1,137	$ 4,766	$ 4,561	$ 4,257	$ 3,187	$ 3,513
Cost of sales	895	985	3,949	3,878	3,667	2,641	3,019
Gross profit	177	152	817	683	590	546	494
Selling, general and administrative expenses	77	72	308	275	272	229	247
Amortization of intangibles	27	28	109	106	107	96	93
Restructuring and impairment charges	5	23	31	221	41	11	10
Other operating expenses			44	39	46	24	33
Operating income	68	29	325	42	124	186	111
Other expense (income)	13	(4)	(7)	61	(27)	(373)	
Net interest expense	70	83	328	327	313	304	321
Income (loss) before income taxes	(15)	(50)	4	(346)	(162)	255	(210)
Income tax expense (benefit)	(5)	(19)	2	(47)	(49)	99	(72)
Loss on discontinued operations						4	
Net income (loss)	$ (10)	$ (31)	$ 2	$ (299)	$ (113)	$ 152	$ (138)
Comprehensive income (loss)	$ (7)	$ (31)	$ 3	$ (324)	$ (112)	$ 128	$ (154)
Net Income (Loss) Available to Common Stockholders:							
Basic	$ (0.09)	$ (0.37)	$ 0.02	$ (3.55)	$ (1.34)	$ 1.80	$ (1.63)
Diluted	(0.09)	(0.37)	0.02	(3.55)	(1.34)	1.79	(1.63)
Balance Sheet Data (at period end):							
Cash and cash equivalents	$ 32	$ 29	$ 87	$ 42	$ 148	$ 10	$ 190
Property, plant and equipment, net	1,223	1,227	1,216	1,250	1,146	875	863
Total assets	5,050	5,000	5,106	5,217	5,344	4,216	4,766
Long-term debt obligations, excluding current portion	3,932	4,517	4,431	4,581	4,397	3,422	4,124
Total liabilities	5,363	5,480	5,558	5,668	5,474	4,236	4,923
Redeemable shares		16	23	16	11		

Total stockholders deficit	(313)	(496)	(475)	(467)	(141)	(20)	(157)
Cash Flow and Other Financial Data:							
Net cash from operating activities	$ 87	$ 89	$ 479	$ 327	$ 112	$ 413	$ 10
Net cash from investing activities	(63)	(37)	(255)	(523)	(852)	(195)	(656)
Net cash from financing activities	(79)	(65)	(179)	90	878	(398)	821

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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 76% of our sales in the 12 months ended December 29, 2012. We believe 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 twelve acquisitions completed in the past six 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 12 years of 23%.

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 year 2012, 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 84strategically located manufacturing facilities throughout the United States (70 locations) and select international locations (14 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 believe based on management estimates that we are one of the largest global purchasers of plastic 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 during the 12 months ended December 29, 2012 in markets in which management estimates we held the #1 or #2 market position. 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 packaging. We believe that our product and technology development capabilities are best-in-class, supported by the newly built 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 $397 million of net sales during the 12 months ended December 29, 2012.

Our success is driven by our more than 15,000 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.

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 $812 million for the 12 months ended December 29, 2012, representing a CAGR of 21%. For the 12 months ended December 29, 2012, Berry had pro forma net sales of $4.7 billion, Adjusted EBITDA of $812 million, net income of $23 million and Adjusted Free Cash Flow of $271 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 operate in the following four segments: Rigid Open Top, Rigid Closed Top (together our Rigid Packaging business), Engineered Materials, and Flexible Packaging. The Rigid Packaging business sells primarily containers, foodservice items, housewares, closures, overcaps, bottles, prescription containers, and tubes. Our Engineered Materials segment sells specialty tapes, adhesives, pipeline corrosive protection solutions, 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 approximately 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			Polypropylene		
	2013	2012	2011	**2013**	2012	2011
1st quarter	$ .69	$ .70	$ .68	$ .76	$ .79	$ .78
2nd quarter		.76	.72		.88	.95
3rd quarter		.72	.79		.85	1.08
4th quarter		.68	.73		.71	.98

Plastic resin prices increased in the second fiscal quarter of 2013. 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. Recently, the company has made progress towards shortening these timing lags, but we still have a number of customers whose prices adjust quarterly or less frequently based on various index prices. This timing lag in passing through raw material cost changes could affect our results as plastic resin costs fluctuate.

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. Looking forward to the second fiscal quarter of 2013, we believe overall economic activity will continue to remain sluggish, but modestly positive. Despite the headwinds we will be facing and assuming volumes are in line with GDP forecasts of 2%, we anticipate profitability, as defined as adjusted EBITDA less pro forma adjustments, will improve versus the second fiscal quarter of 2012.

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Recent Developments

Initial Public Offering

In October 2012, the company completed an initial public offering and sold 29,411,764 shares of common stock at $16.00 per share. In conjunction with the initial public offering the company executed a 12.25 for one stock split of the company s common stock. The effect of the stock split on outstanding shares and earnings per share has been retroactively applied to all periods presented. Transaction fees totaling $33 million were included in Paid-in capital on the Consolidated Balance Sheets. Proceeds, net of transaction fees, of $438 million and cash from operations were used to repurchase $455 million of 11% Senior Subordinated Notes due September 2016. As part of the repurchase the company paid premiums of $13 million and wrote-off $3 million of deferred financing fees.

Incremental Term Loan

In February 2013, the company entered into an incremental assumption agreement to increase the commitments under Berry Plastics Corporation s existing term loan credit agreement by $1.4 billion. Berry Plastics Corporation borrowed loans in an aggregate principal amount equal to the full amount of the commitments on such date. The incremental term loans bear interest at LIBOR plus 2.50% per annum with a LIBOR floor of 1.00%, mature in February 2020 and are subject to customary amortization. The proceeds from the incremental term loan, in addition to borrowings under the revolving credit facility, were used to (a) satisfy and discharge all of Berry Plastics Corporation s outstanding (i) Second Priority Senior Secured Floating Rate Notes due 2014, (ii) First Priority Senior Secured Floating Rate Notes due 2015, (iii) $10\,{}^{1}/_{4}$% Senior Subordinated Notes due 2016 and (iv) $8\,{}^{1}/_{4}$% First Priority Senior Secured Notes due 2015, which, in each case, were called for redemption in February 2013 and the related indentures and (b) pay related fees and expenses. The company recognized a $48 million loss on extinguishment of debt related to this debt refinancing.

Interest expense would have decreased approximately $88 million for the last twelve months ended December 29, 2012 if our initial public offering and this debt refinancing had occurred at the beginning of the period. See Summary Historical Consolidated Financial Data.

Interest Rate Swap

In February 2013, the company entered into an interest rate swap transaction to protect $1 billion of outstanding variable rate term loan debt from future interest rate volatility. The agreement swaps the greater of a three-month variable LIBOR contract or 1.00% for a fixed three-year rate of 2.355%, with an effective date in May 2016 and expiration in May 2019. The counterparty to the agreement is a financial institution. The company will record changes in fair value in Accumulated Other Comprehensive Income. A 0.25% change in LIBOR would not have a material impact on the fair value of the interest rate swaps.

Tax Receivable Agreement

In connection with our initial public offering, the company entered into an income tax receivable agreement that provides for the payment to pre-initial public offering stockholders, option holders and holders of our stock appreciation rights, 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income tax that are actually realized (or are deemed to be realized in the case of a change of control) as a result of the utilization of our and our subsidiaries net operating losses attributable to periods prior to the initial public offering. The company expects to pay between $300 million and $350 million in cash related to this agreement. This range is based on the company s assumptions using various items, including valuation analysis and current tax law. Upon the effective date of the income tax receivable agreement, the company recorded an initial obligation of $300 million ($123 million in Accrued expenses and $177 million in Other long-term liabilities), which is recognized as a reduction of Paid-in capital on the Consolidated Balance Sheet as of December 29, 2012. Changes in the recorded net deferred income tax assets will result in changes in the income tax receivable agreement obligation, and such changes will be recorded as Other expense (income) in the Consolidated Statement of Operations. Payments under the income tax receivable agreement are not conditioned upon the parties continued ownership of the company s equity.

Redeemable Common Stock

As of September 29, 2012, the company had entered into agreements with former employees that required the company to redeem their common stock at pre-determined dates. Historical redemption of this redeemable common stock was based on the fair value of the redeemable common stock on the fixed redemption date. This redeemable common stock was recorded at its fair value in temporary equity and changes in the fair value were recorded in additional paid in capital each period. Upon completion of the initial public offering in October 2012, the redemption requirement terminated resulting in the company reclassifying the shares into equity on the Consolidated Balance Sheet.

BP Parallel Investments

In December 2012, BP Parallel, LLC (BP Parallel), a non-guarantor subsidiary of the company, invested $21 million to purchase assignments of $21 million of our senior unsecured term loan during the quarter ended December 29, 2012. The purchase did not result in a gain or loss.

Acquisitions

We have a long history of acquiring and integrating companies. 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. 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.

We also include the expected impact of our 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 due to movements of activities to multiple 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 include 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 29, 2012 (the Quarter) and the Quarterly Period Ended December 31, 2011 (the Prior Quarter)

Net Sales. Net sales decreased from $1,137 million in the Prior Quarter to $1,072 million in the Quarter. This decrease is primarily attributed to lower selling prices of 6% as a result of lower plastic resin costs noted above. The following discussion in this section provides a comparison of net sales by business segment.

	Quarterly Period Ended			
	December 29, 2012	December 31, 2011	**$ Change**	**% Change**
Net sales:				
Rigid Open Top	**$ 259**	$ 287	$ (28)	(10%)
Rigid Closed Top	**313**	347	(34)	(10%)
Rigid Packaging	**$ 572**	$ 634	$ (62)	(10%)
Engineered Materials	**325**	328	(3)	(1%)
Flexible Packaging	**175**	175		
Total net sales	**$ 1,072**	$ 1,137	$ (65)	(6%)

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Net sales in the Rigid Open Top business decreased from $287 million in the Prior Quarter to $259 million in the Quarter as a result of net selling price decreases of 11% due to lower resin costs partially offset by volume growth of 1%. Net sales in the Rigid Closed Top business decreased from $347 million in the Prior Quarter to $313 million in the Quarter as a result of net selling price decreases of 7% due to lower resin costs and a volume decline of 3%. The volume decline is primarily attributed to general market softness. The Engineered Materials business net sales decreased from $328 million in the Prior Quarter to $325 million in the Quarter as a result of net selling price decreases of 1% due to lower resin costs. Net sales in the Flexible Packaging business was $175 million in the Prior Quarter and the Quarter as a result of volume growth of 2% offset by net selling price decreases of 2% due to lower resin costs. The volume improvement is primarily due to a modest share gain in our sealant and barrier film.

Operating Income. Operating income increased from $29 million (3% of net sales) in Prior Quarter to $68 million (6% of net sales) in Quarter. This increase is primarily attributed to $2 million from the relationship of net selling price to raw material costs, $2 million decrease in depreciation expense, $2 million decrease in amortization expense, $13 million decrease in business integration and impairment charges, $8 million of improved manufacturing efficiencies, $1 million from acquisitions and a non-cash impairment charge of $17 million in Prior Quarter partially offset by $1 million from volume declines described above, $7 million of increased selling, general and administrative expenses due to increased spending to accelerate future organic growth. The operating loss from Prior Quarter divestiture includes a non-cash impairment charge of $17 million. The following discussion in this section provides a comparison of operating income by business segment.

	Quarterly Period Ended			
	December 29, 2012	December 31, 2011	**$ Change**	**% Change**
Operating income (loss):				
Rigid Open Top	**$ 27**	$ 31	$ (4)	(13%)
Rigid Closed Top	**18**	3	15	500%
Rigid Packaging	**$ 45**	$ 34	$ 11	32%
Engineered Materials	**24**	2	22	1,100%
Flexible Packaging	**(1)**	(7)	6	86%
Total operating income	**$ 68**	$ 29	$ 39	134%

Operating income for the Rigid Open Top business decreased from $31 million (11% of net sales) in Prior Quarter to $27 million (10% of net sales) in Quarter. This decrease is primarily attributed to a $4 million decline in the relationship of net selling price to raw material costs and $2 million increase of selling, general and administrative expenses partially offset by an improvement in manufacturing efficiencies of $2 million. Operating income for the Rigid Closed Top business increased from $3 million (1% of net sales) in Prior Quarter to $18 million (6% of net sales) in Quarter. This increase is primarily attributed to a $11 million decline in business integration expenses, $3 million improvement in the relationship of net selling price to raw material costs, $3 million reduction of depreciation and amortization expense, $1 million of improved operating performance in manufacturing partially offset by $2 million increase in selling, general and administrative expenses and $1 million from volume declines described above. Operating income for the Engineered Materials business improved from $2 million (1% of net sales) in Prior Quarter to $24 million (7% of net sales) Quarter. This increase is primarily attributed to a $17 million non-cash impairment in Prior Quarter, $1 million from acquisitions, $4 million improvement in the relationship of net selling price to raw material costs, $4 million of improved operating performance in manufacturing partially offset by $4 million increase in business integration $1 million increase in selling, general and administrative expenses. Operating loss for the Flexible Packaging business improved from a loss of $7 million (-4% of net sales) in Prior Quarter to a loss of $1 million (-1% of net sales) in Quarter. This improvement is primarily attributed to a $5 million reduction of business integration expense, $1 million reduction of depreciation and amortization expense, and a $2 million improvement in manufacturing efficiencies partially offset by $1 million decline in the relationship of net selling price to raw material costs and $1 million increase of selling, general and administrative expenses.

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Debt Extinguishment. Debt extinguishment was $16 million during the Quarter. These were related to loss on extinguishment of debt attributed to $3 million of write-off of deferred fees and $13 million of premiums paid related to the debt extinguishment of the company s 11% Senior Subordinated Notes during the Quarter.

Other Income. Other income decreased from $4 million in the Prior Quarter to $3 million in the Quarter. The change is primarily related to the change in the fair value of derivative instruments.

Interest Expense. Interest expense decreased from $83 million in the Prior Quarter to $70 million in the Quarter primarily as the result of the debt extinguishment of the company s 11% Senior Subordinated Notes.

Income Tax Benefit. For the Quarter, we recorded an income tax benefit of $5 million or an effective tax rate of 33% compared to an income tax benefit of $19 million or an effective tax rate of 38% in the Prior Quarter. The effective tax rate for the Quarter is impacted by the relative impact of discrete items.

Net Loss. Net loss improved from $31 million in the Prior Quarter to $10 million in the Quarter for the reasons discussed above.

Discussion of Results of Operations for Fiscal 2012 Compared to Fiscal 2011

Net Sales. Net sales increased from $4,561 million in fiscal 2011 to $4,766 million in fiscal 2012. This increase is primarily attributed to net sales from acquired businesses of 10% partially offset by a volume decline of 6%. The following discussion in this section provides a comparison of net sales by business segment.

	Fiscal Year			
	2012	2011	$ Change	% Change
Net sales:				
Rigid Open Top	**$ 1,229**	$ 1,261	$ (32)	(3%)
Rigid Closed Top	**1,438**	1,053	385	37%
Rigid Packaging	**$ 2,667**	$ 2,314	$ 353	15%
Engineered Materials	**1,362**	1,451	(89)	(6%)
Flexible Packaging	**737**	796	(59)	(7%)
Total net sales	**$ 4,766**	$ 4,561	$ 205	4%

Net sales in the Rigid Open Top business decreased from $1,261 million in fiscal 2011 to $1,229 million in fiscal 2012 as a result of a volume decline of 4% partially offset by a net selling price increases of 1%. The volume decline is primarily attributed to the company pursuing a strategy to improve profitability in products with historically lower margins. Net sales in the Rigid Closed Top business increased from $1,053 million in fiscal 2011 to $1,438 million in fiscal 2012 primarily as a result of net sales attributed to the Rexam SBC acquisition of 41% partially offset by a volume decline of 4%. The volume decline is primarily attributed to general market softness. The Engineered Materials business net sales decreased from $1,451 million in fiscal 2011 to $1,362 million in fiscal 2012 as a result of a volume decline of 8% partially offset by net selling price increases of 1% and net sales from acquired businesses of 1%. The volume decline is primarily attributed to a decrease in sales volumes due to the strategy we implemented in fiscal 2011 to improve profitability in products with historically lower margins. Net sales in the Flexible Packaging business decreased from $796 million in fiscal 2011 to $737 million in fiscal 2012 as a result of a volume decline of 10% partially offset by 3% net selling price increases. The volume decline is primarily due to a decrease in sales volumes due to the strategy implemented in fiscal 2011 discussed above.

Operating Income. Operating income increased from $42 million (1% of net sales) in fiscal 2011 to $325 million (7% of net sales) in fiscal 2012. This increase, excluding the impact from acquisitions, is primarily attributed to $59 million from the relationship of net selling price to raw material costs, $29 million decrease of

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depreciation expense, $11 million decrease in amortization expense, $188 million decrease in business integration and impairment charges, and $35 million of improved manufacturing efficiencies partially offset by $27 million from volume declines described above, $4 million of increased selling, general and administrative expenses and $8 million of operating loss from acquisitions. The operating income from acquisitions for periods without comparable prior year activity was negative $8 million which includes $29 million of selling, general and administrative expenses, $28 million of business integration expenses, $37 million of depreciation expense and $14 million of amortization expense. The following discussion in this section provides a comparison of operating income by business segment.

	Fiscal Year			
	2012	2011	$ Change	% Change
Operating income (loss):				
Rigid Open Top	**$ 159**	$ 155	$ 4	3%
Rigid Closed Top	**95**	77	18	23%
Rigid Packaging	**$ 254**	$ 232	$ 22	9%
Engineered Materials	**70**	(71)	141	199%
Flexible Packaging	**1**	(119)	120	101%
Total operating income	**$ 325**	$ 42	$ 283	674%

Operating income for the Rigid Open Top business increased from $155 million (12% of net sales) in fiscal 2011 to $159 million (13% of net sales) in fiscal 2012. This increase is primarily attributed to a $26 million improvement in the relationship of net selling price to raw material costs and $12 million reduction of depreciation and amortization expense partially offset by a decline in manufacturing efficiencies of $6 million, $17 million increase in business integration expenses, volume declines described above of $7 million and $4 million increase of selling, general and administrative expenses. Operating income for the Rigid Closed Top business increased from $77 million (7% of net sales) in fiscal 2011 to $95 million (7% of net sales) in fiscal 2012. This increase is primarily attributed to a $28 million increase of manufacturing efficiencies, $5 million reduction of selling, general and administrative expense, $4 million from acquisition volume and $9 million reduction of depreciation and amortization expense partially offset by $2 million decrease in the relationship of net selling price to raw material costs, $9 million from the volume decline described above and $17 million of increased business integration expense. Operating income for the Engineered Materials business improved from a loss of $71 million (-5% of net sales) in fiscal 2011 to $70 million (5% of net sales) in fiscal 2012. This increase is primarily attributed to a $18 million improvement in the relationship of net selling price to raw material costs, $14 million of improved operating performance in manufacturing, $4 million reduction of depreciation and amortization expense and $127 million decrease in business integration and impairment charges partially offset by $8 million of volume decline described above, $12 million loss from acquisition volume and $2 million increase in selling, general and administrative expenses. Operating loss for the Flexible Packaging business improved from a loss of $119 million (-15% of net sales) in fiscal 2011 to $1 million (0% of net sales) in fiscal 2012. This improvement is primarily attributed to a $17 million improvement in the relationship of net selling price to raw material costs, $96 million reduction of business integration and impairment charges and $16 million reduction of depreciation and amortization expense partially offset by $4 million from the volume decline described above, $4 million increase of selling, general and administrative expense, and a $1 million decline in manufacturing efficiencies.

Other Expense (Income) Net. Other expense (income) improved from expense of $61 million in fiscal 2011 to income of $7 million in fiscal 2012. Fiscal 2011 other expense is primarily related to the loss on extinguishment of debt of $68 million attributed to the write-off of deferred fees, debt discount and the premiums paid related to the debt extinguishment of the company s 8$^{7}/_{8}$% Second Priority Senior Secured Notes partially offset by a gain attributed to the fair value adjustment for our interest rate swaps. The fiscal 2012 other income is primarily a contract settlement.

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Interest Expense, Net. Interest expense increased slightly from $327 million in fiscal 2011 to $328 million in fiscal 2012.

Income Tax Expense (Benefit). Fiscal 2012, we recorded an income tax expense of $2 million or an effective tax rate of 50% compared to an income tax benefit of $47 million or an effective tax rate of 14% in fiscal 2011 due to the relative impact of permanent items on the pre-tax income and establishment of valuation allowance for certain foreign losses where benefits are not expected to be realized.

Net Income (Loss). Net income (loss) improved from a net loss of $299 million in fiscal 2011 to net income of $2 million in fiscal 2012 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.

	Fiscal Year			
(in millions)	**2011**	2010	$ Change	% Change
Net sales:				
Rigid Open Top	**$ 1,261**	$ 1,160	$ 101	9%
Rigid Closed Top	**1,053**	970	83	9%
Rigid Packaging	**$ 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. 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 prior 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

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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 Income. Operating income decreased from $124 million in fiscal 2010 to $42 million in fiscal 2011. This decrease is primarily attributed to a $165 million non-cash goodwill impairment, $11 million increase integration and business optimization expenses excluding acquisition activity for periods without comparable prior year activity, $15 million increase in depreciation expense excluding acquisition activity for periods without comparable prior year activity and $13 million from base volume decline described above partially offset by $61 million from the relationship of net selling price to raw material costs, $5 million decrease in amortization expense excluding acquisition activity for periods without comparable prior year activity, $9 million of operating income from acquisitions for periods without comparable prior year activity and $48 million of improved operating performance. The operating income from acquisition for periods without comparable prior year activity includes $2 million of selling, general and administrative expenses and $4 million of amortization expense. The following discussion in this section provides a comparison of operating income by business segment.

	Fiscal Year			
(in millions)	**2011**	2010	$ Change	% Change
Operating income (loss):				
Rigid Open Top	**$ 155**	$ 124	$ 31	25%
Rigid Closed Top	**77**	73	4	5%
Rigid Packaging	**$ 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 (11% of net sales) for fiscal 2010 to $155 (12% of net sales) 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 and $4 million reduction of business optimization expense partially offset by $9 million of higher selling, general and administrative expenses and $9 million of higher depreciation and amortization expense. Operating income for the Rigid Closed Top business increased from $73 million (8% of net sales) for fiscal 2010 to $77 million (7% of net sales) in fiscal 2011. This increase is primarily attributed to $16 million of improved operating performance in manufacturing 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, $5 million increase in restructuring costs and $4 million decline from base volume partially offset by $4 million of operating income from acquisitions. Engineered Materials operating income declined from $4 million (0% of net sales) of operating income for fiscal 2010 to $71 million (negative 5% of net sales) of operating loss in fiscal 2011. This decline is primarily attributed to an $88 million non-cash goodwill impairment charge in fiscal 2011, $11 million increase of integration and business optimization costs and $2 million from base volume decline described above as the majority of the segment s costs are variable partially offset by $12 million of improved operating performance, $9 million improvement from the relationship of net selling price to raw material costs, $6 million of lower selling, general and administrative expenses. Operating loss for the Flexible Packaging business increased from $77 million (negative 11% of net sales) for fiscal 2010 to $119 million (negative 15% of net sales) in fiscal 2011. This increase is primarily attributed to a $77 million non-cash goodwill impairment charge in fiscal 2011 and $7 million from base volume decline partially offset by $1 million of improved operating performance, $32 million improvement in the relationship of net selling price to raw material costs, $5 million from acquisitions and $4 million of lower selling, general and administrative expenses.

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,

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$17 million of non-cash debt discount and $37 million of premiums paid related to the debt extinguishment of the company s 8$^{7}/_{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.

Income Tax Matters

The company had unused United States federal operating loss carryforwards to offset future taxable income of $911 million which begin to expire in 2026 through 2031. As of fiscal year end 2012, the company had foreign net operating loss carryforwards of $129 million, which will be available to offset future taxable income. Alternative minimum tax credit carryforwards of $9 million are available to the company indefinitely to reduce future years U.S. 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 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 $51 million and $43 million at the end of fiscal 2012 and 2011, respectively, related to certain foreign and state operating loss carryforwards.

Liquidity and Capital Resources

Berry Plastics Corporation Senior Secured Credit Facility

The company s senior secured credit facilities consist of a $1,200 million term loan (the original term loan), a $1,400 million term loan (the additional term loan) and $650 million asset based revolving line of credit (Credit Facility). The original term loan matures in April 2015, the additional term loan matures in February 2020 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 based on 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 29, 2012, the company had $44 million outstanding on the revolving credit facility, $48 million outstanding letters of credit and a $145 million borrowing base reserve providing unused borrowing capacity of $413 million under the revolving line of credit. The company was in compliance with all covenants as of December 29, 2012.

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Quantitative and Qualitative Disclosures about Market Risk

Our 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. We are 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 29, 2012, the company had unused borrowing capacity of $413 million under the revolving credit facility and thus was not subject to the minimum fixed charge coverage ratio covenant. Our fixed charge ratio was 1.7 to 1.0 at December 29, 2012.

Despite not having financial maintenance covenants, our debt agreements contain certain negative covenants. The failure to comply with these negative covenants could restrict our 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. Our first lien secured leverage ratio was 2.8 to 1.0 at December 29, 2012.

A key financial metric utilized in the calculation of the first lien leverage ratio is Adjusted EBITDA as defined in the company s senior secured credit facilities. The following table reconciles our Adjusted EBITDA for fiscal 2012 and the four quarters and quarterly period ended December 29, 2012 to net income (loss):

		December 29, 2012	
	Fiscal 2012	Four Quarters Ended	Quarterly Period Ended
Adjusted EBITDA	803	$ 812	$ 176
Net interest expense	(328)	(315)	(70)
Depreciation and amortization	(355)	(353)	(87)
Income tax benefit (expense)	(2)	(16)	5
Business optimization and other expense	(53)	(44)	(10)
Restructuring and impairment	(31)	(13)	(5)
Extinguishment of debt		(16)	(16)
Pro forma acquisitions	(6)	(6)	
Unrealized cost savings	(26)	(26)	(3)
Net income (loss)	2	$ 23	$ (10)

		December 29, 2012	
	Fiscal 2012	Four Quarters Ended	Quarterly Period Ended
Cash flow from operating activities	479	$ 477	$ 87
Net additions to property, plant, and equipment	(200)	(206)	(43)
Adjusted free cash flow	279	$ 271	$ 44
Cash flow from investing activities	(255)	(281)	(63)
Cash flow from financing activities	(179)	(193)	(79)

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 our net income (loss) or other measures as determined in accordance with GAAP.

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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 2012, giving effect to our initial public offering in October 2012 and the debt restructuring we completed in February 2013, are summarized in the following table.

	Payments due by period as of the end of fiscal 2012				
	Total	**< 1 year**	**1-3 years**	**4-5 years**	**> 5 years**
Long-term debt, excluding capital leases	$ 3,964				