BEMIS CO INC
Form 10-Q
May 10, 2010

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF**

**THE SECURITIES EXCHANGE ACT OF 1934**

**For the Quarterly Period Ended March 31, 2010**

**Commission File Number 1-5277**

# BEMIS COMPANY, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Missouri**<br>(State or other jurisdiction of incorporation or organization) | **43-0178130**<br>(I.R.S. Employer Identification No.) |
| **One Neenah Center**<br>**4th Floor, P.O. Box 669**<br>**Neenah, Wisconsin**<br>(Address of principal executive offices) | **54957-0669**<br>(Zip Code) |

Registrant s telephone number, including area code: **(920) 727-4100**

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES x NO o

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

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. (Check one):

| | |
|---|---|
| Large accelerated filer x | Accelerated filer o |
| Non-accelerated filer o<br>(Do not check if a smaller reporting company) | Smaller reporting company o |

Indicate by check mark whether the registrant is a shell company. YES o NO x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date. As of May 3, 2010, the registrant had 109,064,126 shares of Common Stock, $.10 par value, issued and outstanding.

**PART I FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

The unaudited consolidated financial statements and related footnotes, enclosed as Exhibit 19 to this Form 10-Q (the Consolidated Financial Statements), are incorporated by reference into this Item 1. In the opinion of management, the financial statements reflect all adjustments necessary for a fair presentation of the financial position and the results of operations as of and for the three months ended March 31, 2010.

**ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**Three Months Ended March 31, 2010**

Management s Discussion and Analysis should be read in conjunction with the Consolidated Financial Statements.

| **Three-month review of results (dollars in millions)** | **March 31, 2010** | | **2009** | |
|---|---|---|---|---|
| Net sales | $ 1,021.7 | 100.0% | $ 843.4 | 100.0% |
| Cost of products sold | 835.9 | 81.8 | 679.4 | 80.6 |
| Gross profit | 185.8 | 18.2 | 164.0 | 19.4 |
| Selling, general, and administrative expenses | 107.0 | 10.5 | 88.8 | 10.5 |
| Other (income) expense, net | 29.1 | 2.8 | 16.6 | 2.0 |
| Income from continuing operations before income taxes | 49.7 | 4.9 | 58.6 | 6.9 |
| Provision for income taxes | 17.9 | 1.8 | 21.3 | 2.5 |
| Income from continuing operations | 31.8 | 3.1 | 37.3 | 4.4 |
| Income from discontinued operations, net of tax | 0.7 | 0.1 | | |
| Net income | 32.4 | 3.2 | 37.3 | 4.4 |
| Less: net income attributable to noncontrolling interests | 1.7 | 0.2 | 0.6 | 0.0 |
| Net income attributable to Bemis Company, Inc. | $ 30.8 | 3.0% | $ 36.7 | 4.4% |
| Effective income tax rate | | 36.0% | | 36.3% |

**Overview**

Bemis Company, Inc. (the Company) is a leading global manufacturer of flexible packaging and pressure sensitive materials supplying a variety of markets. Approximately 70 percent of our total company net sales are to customers in the food industry. Sales of our flexible packaging products are widely diversified among food categories and can be found in nearly every aisle of the grocery store. Our emphasis on supplying packaging to the food industry has historically provided a more stable market environment for our flexible packaging business segment, which accounted for approximately 86 percent of our net sales in the first quarter of 2010. The remaining 14 percent of net sales is from our pressure sensitive materials business segment which, while diversified in end use products, is less focused on food industry applications and more exposed to economically sensitive end markets such as advertising, housing, and automotive.

***Market Conditions***

The markets into which our products are sold are highly competitive.  Our leading flexible packaging market positions in North and South America reflect our focus on expanding our offering of value-added, proprietary products.  We also manufacture products that are less unique but for which our technical know-how and economies of scale offer us a competitive advantage.  The primary raw materials for our business segments are polymer resins, films, paper, ink, adhesives, aluminum and chemicals.

The cost of polymer resins, the primary raw materials used in our flexible packaging business segment, increased during the first quarter of 2010.  This compares to an environment of rapid and steep cost decreases during the first half of 2009.  Our early 2009 operating performance benefited from a temporary margin increase as raw material costs decreased ahead of contractual selling price adjustments.  During the first quarter of 2010, the increase in resin costs had a negative impact on operating margins as our material costs increased ahead of our contractual selling price adjustments to reflect the change in input costs.

***Acquisition of Alcan Packaging Food Americas***

On March 1, 2010, Bemis completed its acquisition of the Food Americas operations of Alcan Packaging, a business unit of Rio Tinto plc. Under the terms of the $1.2 billion transaction, Bemis acquired 23 Food Americas flexible packaging facilities in the United States, Canada, Mexico, Brazil, Argentina, and New Zealand, which recorded 2009 net sales totaling $1.4 billion. These facilities produce flexible packaging principally for the food and beverage industries and augment Bemis product offerings and technological capabilities. The majority of the financing for this transaction was completed during the third quarter of 2009 through the issuance of $800.0 million of public bonds and 8.2 million common shares issued in a secondary public stock offering. The remaining cash purchase price was financed in the commercial paper market at the time of closing.

Under the terms of an order signed by the U.S. District Court for the District of Columbia on February 25, 2010, a portion of the acquired business must be divested, which includes two facilities, located in Menasha, Wisconsin and Tulsa, Oklahoma. This portion of the business is related specifically to sales of flexible packaging for retail natural cheese products and shrink bag packaging for fresh beef, veal, lamb, and pork products. The 2009 annual net sales associated with the business to be sold were approximately $156 million. Operating results associated with this business to be sold have been classified as discontinued operations.

**Results of Operations First Quarter 2010**

***Consolidated Overview***

| (in millions, except per share amounts) | 2010 | 2009 |
|---|---|---|
| Net sales | $ 1,021.7 | $ 843.4 |
| Net income attributable to Bemis Company, Inc. | 30.8 | 36.7 |
| Diluted earnings per share | 0.28 | 0.36 |

Net sales for the first quarter ended March 31, 2010 increased by 21.1 percent. Acquisitions completed during the last 12 months increased net sales by an estimated 17 percent. Currency effects increased net sales by 4.8 percent compared to the same quarter of 2009.

Diluted earnings per share for the first quarter of 2010 included an $0.08 charge for acquisition-related legal, accounting and other professional fees and a $0.07 charge associated with purchase accounting adjustments for inventory and order backlog. In addition, the pre-closing impact of the July 2009 financing of the Food Americas acquisition reduced first quarter diluted earnings by $0.06 per share. Results from discontinued operations were $0.01 per share for the first quarter of 2010. These discontinued operations were acquired on March 1, 2010 as part of the Food Americas acquisition. Diluted earnings per share for the first quarter of 2009 included a $0.02 per share charge related to severance costs associated with workforce reductions and $0.05 per share charge for acquisition-related fees.

***Flexible Packaging Business Segment***

| (dollars in millions) | 2010 | 2009 |
|---|---|---|
| Net sales | $ 881.4 | $ 715.2 |
| Operating profit (See Note 15 to the Consolidated Financial Statements) | 93.9 | 91.4 |
| Operating profit as a percentage of net sales | 10.7% | 12.8% |

Net sales for our flexible packaging business segment increased 23.2 percent in the first quarter of 2010. Currency effects increased net sales by 5.2 percent during the current quarter, and acquisitions completed during the last 12 months increased net sales by an estimated 20 percent. Generally higher unit sales volumes were more than offset by lower net price and mix in the first quarter of 2010. Increased volumes in the Americas reflect continued sales momentum in value added products in addition to higher demand in more economically sensitive markets such as packaging for industrial and display films.

Operating profit for the first quarter of 2010 included a charge of $12.0 million related to purchase accounting charges for inventory and order backlog related to the Food Americas acquisition. Such acquisition-related inventory charges are expected to continue into the second quarter, until inventory acquired has been sold in the ordinary course of business. In addition to the purchase accounting charges, operating profit reflects the impact of increasing raw material costs in 2010, partially offset by the benefit of broad-based cost improvement programs. Results for the first quarter of 2009 benefited from an environment of declining raw material costs, partially offset by $1.1 million of severance charges associated with workforce reduction events intended to adjust workforce levels to better match market demands for certain product lines.

***Pressure Sensitive Materials Business Segment***

| (dollars in millions) | 2010 | 2009 |
|---|---|---|
| Net sales | $ 140.3 | $ 128.2 |
| Operating profit (See Note 15 to the Consolidated Financial Statements) | 6.6 | (1.9) |
| Operating profit as a percentage of net sales | 4.7% | (1.5)% |

First quarter 2010 net sales for our pressure sensitive materials business segment increased 9.4 percent from the first quarter of 2009. Currency effects increased net sales by 3.0 percent. Net sales increased in all product lines in the first quarter of 2010, driven primarily by higher unit sales volumes as market demand improved.

Operating profit as a percent of net sales increased in the first quarter of 2010 from the first quarter of 2009 reflecting improved unit sales volumes combined with diligent cost management. In the first quarter of 2009, operating profit included a $2.6 million charge for severance related to workforce reduction events intended to adjust workforce levels to better match current market demands. Performance in this business segment was negatively impacted in the first quarter of 2009 by substantially lower market demand in all product lines.

***Consolidated Gross Profit***

| (dollars in millions) | 2010 | 2009 |
|---|---|---|
| Gross profit | $ 185.8 | $ 164.0 |
| Gross profit as a percentage of net sales | 18.2% | 19.4% |

Gross profit for the first quarter of 2010 included a charge of $12.0 million related to purchase accounting charges for inventory and order backlog.  Such acquisition-related inventory charges are expected to continue into the second quarter, until inventory acquired has been sold in the ordinary course of business.

***Consolidated Selling, General and Administrative Expenses***

| **(dollars in millions)** | | **2010** | | **2009** |
|---|---|---|---|---|
| Selling, general and administrative expenses (SG&A) | $ | 107.0 | $ | 88.8 |
| SG&A as a percentage of net sales | | 10.5% | | 10.5% |

Selling, general and administrative expenses as a percent of net sales for the first quarter of 2010 were consistent with 2009.  The increase in spending in this category reflects the additional costs associated with the Food Americas acquisition and increased pension costs in the first quarter of 2010.

***Other (Income) Expense, net***

| **(dollars in millions)** | | **2010** | | **2009** |
|---|---|---|---|---|
| Research and development (R&D) | $ | 5.6 | $ | 6.0 |
| R&D as a percentage of net sales | | 0.5% | | 0.7% |
| | | | | |
| Interest expense | $ | 18.1 | $ | 6.0 |
| Effective interest rate | | 5.2% | | 3.7% |
| | | | | |
| Other operating (income) expense, net | $ | 8.4 | $ | 5.3 |
| Other non-operating (income) expense, net | $ | (3.0) | $ | (0.7) |
| | | | | |
| Income taxes | $ | 17.9 | $ | 21.3 |
| Effective tax rate | | 36.0% | | 36.3% |

***Interest Expense***

Interest expense increased in the first quarter of 2010 compared to the first quarter of 2009 due primarily to the July 2009 issuance of $800 million of long term bonds as financing for the Food Americas acquisition.

***Other Operating (Income) Expense, Net***

For the first quarter of 2010, other operating expense, net, included $3.7 million of fiscal incentive income, a decrease of $0.3 million compared to $4.0 million for the first quarter of 2009.  Fiscal incentives are associated with net sales and manufacturing activities in certain South American operations and are included in business segment operating profit.  Other operating expense in the first quarter of 2010 also included

$12.7 million of professional fees associated with the acquisition of the Food Americas business, compared to $9.1 million of such fees for the same period of 2009.

***Other Non-operating (Income) Expense, Net***

Other non-operating (income) expense, net, included net foreign exchange gains of $2.5 million in the first quarter of 2010, primarily reflecting the impact of currency fluctuations on financing arrangements for the foreign operations acquired in the Food Americas acquisition. These acquisition-related foreign currency exposures were eliminated by March 31, 2010.

***Income Taxes***

The difference between our overall tax rate and the U.S. statutory tax rate of 35.0 percent in each period principally relates to state and local income taxes net of federal income tax benefits.

**Liquidity and Capital Resources**

***Debt to Total Capitalization***

Debt to total capitalization (which includes total debt, long-term deferred tax liabilities, and total stockholders equity) was 44.1 percent at March 31, 2010, compared to 38.8 percent at December 31, 2009. As of March 31, 2010, total debt had increased by $276.7 million from the balance at December 31, 2009, primarily reflecting the commercial paper financing necessary to complete the March 1, 2010 acquisition of Food Americas. The total $1.2 billion acquisition price was funded with $1.0 billion of cash raised in 2009. The remaining purchase price was financed through the issuance of commercial paper.

***Credit Rating***

In connection with the financing for the March 1, 2010 acquisition of Alcan Packaging Food Americas, our credit ratings were revised downward. As of March 31, 2010, our investment grade credit ratings were BBB from Standard & Poor s and Baa1 from Moody s Investors Service, and A-2 and Prime-2 for our commercial paper program from Standard & Poor s and Moody s Investors Service, respectively. The recent credit rating downgrades have not impacted our ability to access the capital markets, including the commercial paper markets, at favorable rates of interest.

***Sources of Liquidity***

Cash used in operating activities was $1.4 million for the first quarter of 2010, compared to cash provided by operating activities of $148.3 million for the first quarter of 2009. Working capital increased by $65.7 million during the first quarter of 2010 reflecting higher accounts receivable balances due to strong March sales, as well as increasing raw material costs combined with the normal seasonal build up of inventory to meet strong customer demand for second quarter shipments. Bemis also made a tax-deductible, voluntary pension contribution of $15 million during the first quarter of 2010. During the first quarter of 2009, working capital decreased by $52.8 million, reflecting the impact of generally lower first quarter sales demand combined with dramatic decreases in raw material costs on inventory and accounts receivable balances compared to December 31, 2008 levels.

As of March 31, 2010, Bemis had a total of $625.0 million of revolving credit facilities available. These credit facilities are used principally as back-up for the Company s commercial paper program. As of March 31, 2010, there was $388.5 million of debt outstanding supported by these credit facilities, leaving $236.5 million of available credit. Cash flows from operating activities are expected to provide sufficient liquidity to meet future cash obligations.

***Uses of Liquidity***

Capital expenditures were $17.5 million for the three months ended March 31, 2010, compared to $22.2 million for the same period of 2009. In February 2010, the Board of Directors approved the 27th consecutive annual increase in the quarterly cash dividend on common stock to 23.0 cents per share, a 2.2 percent increase from the 2009 quarterly cash dividend.

## New Accounting Pronouncements

*Subsequent Events*

In February 2010, the Financial Accounting Standards Board (FASB) issued additional authoritative guidance for subsequent events that removed the Securities and Exchange Commission (SEC) requirement for a filer to disclose the date through which subsequent events have been evaluated in issued financial statements. This guidance alleviates potential conflicts with SEC requirements and was effective upon issuance. The Company adopted the new guidance, as required, which modified the disclosure in the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

*Fair Value Measurements and Disclosures*

In January 2010, the FASB issued additional authoritative guidance regarding fair value measurements and disclosures. This guidance requires that information be provided about asset movements among Levels 1 and 2 of the fair value hierarchy, requires expanded disclosures in the roll forward of Level 3 activity, and provides clarifications on certain existing disclosure requirements. The majority of the guidance was effective for the Company for interim and annual reporting periods beginning after December 15, 2009 and did not impact its financial position or results of operations. A portion of the guidance related to expanded disclosures in the roll forward of Level 3 activity is effective for interim and annual reporting periods beginning after December 15, 2010. This portion of the guidance will expand the Company s disclosures and will not impact its financial position or results of operations.

## Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain estimates, predictions, and other forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995, and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). Forward-looking statements are generally identified with the words believe, expect, anticipate, intend, estimate, target, may, will, plan, project, should, continue, or the negative thereof or other similar expressio future goals or aspirations, which are predictions of or indicate future events and trends and which do not relate to historical matters. Such statements are based on information available to management as of the time of such statements and relate to, among other things, expectations of the business environment in which we operate, projections of future performance (financial and otherwise), including those of acquired companies, perceived opportunities in the market and statements regarding our mission and vision. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions caused by inflation, interest rates, consumer confidence, rates of unemployment and foreign currency exchange rates; investment performance of assets in our pension plans; competitive conditions within our markets, including the acceptance of our new and existing products; customer contract bidding activity; threats or challenges to our patented or proprietary technologies; raw material costs, availability, and terms, particularly for polymer resins and adhesives; price changes for raw materials and our ability to pass these price changes on to our customers or otherwise manage commodity price fluctuation risks; unexpected energy surcharges; broad changes in customer order patterns; our ability to achieve expected cost savings associated with cost management initiatives; the presence of adequate cash available for investment in our business in order to maintain desired debt levels; a failure in our information technology infrastructure or applications; changes in governmental regulation, especially in the areas of environmental, health and safety matters, fiscal incentives, and foreign investment; unexpected outcomes in our current and future administrative and litigation proceedings; unexpected outcomes in our current and future tax proceedings; changes in domestic and international tax laws; costs associated with the pursuit of business combinations; unexpected costs associated with the integration of acquired businesses; unexpected costs or delays associated with the sale of discontinued operations; changes in our labor relations; and the impact of changes in the world political environment including threatened or actual armed conflict. These and other risks, uncertainties, and assumptions identified from time to time in our filings with the Securities and Exchange Commission, including without limitation, our Annual Report on Form 10-K for the year ended December 31, 2009 and our quarterly reports on Form 10-Q, could cause actual future results to differ materially from those projected in the forward-looking statements. In addition, actual future results could differ materially from those projected in the forward-looking statement as a result of changes in the assumptions used in making such forward-looking statement.

**Explanation of Terms Describing the Company s Products**

Barrier laminate    A multilayer plastic film made by laminating two or more films together with the use of adhesive or a molten plastic to achieve a barrier for the planned package contents.

Barrier products    Products that provide protection and extend the shelf life of the contents of the package. These products provide this protection by combining different types of plastics and additives into a multilayered plastic package. These products protect the contents from such things as oxygen, moisture, light, odor, or other environmental factors.

Blown film    A plastic film that is extruded through an annular die in the form of a tube and then expanded by an internal column of air in the manufacturing process.

Bundling films    A film manufactured by a modified blown film process that is used for wrapping and holding multipacks of products such as canned goods and bottles of liquids, replacing corrugate and fiberboard.

Cast film    A plastic film that is extruded through a straight slot die as a flat sheet during its manufacturing process.

Coextruded film    A blown or cast film extruded with multiple layers extruded simultaneously.

Controlled atmosphere packaging    A package which limits the flow of elements, such as oxygen, carbon dioxide or moisture, into or out of the package.

CPET Trays    Crystallized PET Trays. The process of using a combination of formulated resin blends and thermoforming conditions to increase the crystalinity of PET trays, which increases the heat distortion temperature of the trays to 450 degrees Fahrenheit. This allows foods packaged in these trays to go directly from freezer to oven for heating of the food.

Decorative products    Pressure sensitive materials used for decorative signage, promotional items, and displays and advertisements.

EZ Open Packaging    Any one of a series of technologies employed to allow the consumer easy access to a packaged product. Peelable closures, laser or other physical scoring/abrasion of a packaging film may be used. EZ Open can be combined with reclose features such as plastic zippers or the inclusion of pressure sensitive materials into the packaging film.

Flexible polymer film    A non-rigid plastic film. Generally the shape of the package changes as the product contained in it is removed.

Flexographic printing    The most common flexible packaging printing process in North America using a raised rubber or alternative material image mounted on a printing cylinder.

In-line overlamination  The ability to add a protective coating to a printed material during the printing process.

IWS  Individually Wrapped Slices.  A term used to describe individually wrapped slices of process cheese foods.

IWS Inner Wrap  The plastic film used to wrap each slice of process cheese.  Typically, these films are cast coextrusions of polypropylene resins.

Label products  Pressure sensitive materials made up and sold in roll form.

Labelstock  Pressure sensitive material designed for the label markets.

Laminate/Barrier laminate  A multilayer plastic film made by laminating two or more films together with the use of adhesive or a molten plastic to achieve the distribution and use requirements for the planned package contents. Alternately, a barrier layer can also be included as one of the films or in the laminating medium to protect the packaged products from such things as moisture, oxygen or other environmental factors.

Liner or Inner Liner Films  A multilayer coextruded film that is used as the inner liner for bag-in-box packaging applications for products such as cereal or crackers.  The films typically are comprised of high density polyethylenes and may contain barrier resins such as EVOH or nylon.

Modified atmosphere packaging  A package in which the normal atmospheric composition of air inside the package has been modified by replacing it with a gas such as nitrogen.

Monolayer film  A single layer extruded plastic film.

Multiwall paper bag  A package made from two or more layers, at least one of which is paper, which have not been laminated.

Pouches and bags  An option that delivers a semi-finished package, instead of rollstock, to a customer for filling product and sealing/closing the package for distribution.

Pressure sensitive material  A material coated with adhesive such that upon contact with another material it will stick.

Prime label  A pressure sensitive label used as the primary decorative label or secondary label, typically on a consumer product.

Retort    A food processing technique in which the food product is placed in a package and then thermally treated (in the range of 250 degrees Fahrenheit) to extend the food product s shelf life under room temperature storage conditions. High oxygen and moisture barrier flexible or rigid packaging materials can be used for the primary package.

Rigid Packaging    A form of packaging in which the shape of the package is retained as its contents are removed in use. Bottles, trays and clamshell packaging are examples.

Rollstock    The principal form in which flexible packaging material is delivered to a customer. Finished film wound on a core is converted in a process at the end user s plant that forms, fills, and seals the package of product for delivery to customers.

Rotogravure printing    A high quality, long run printing process utilizing a metal engraved cylinder.

Sheet products    Pressure sensitive materials cut into sheets and sold in sheet form.

Shrink film/ Barrier shrink film    A packaging film consisting of polyethylene and/or polypropylene resins extruded via a tubular process. The film is cooled and then reheated and stretched at a temperature near its melting point. The film can be irradiated with an electron beam in a second process to cross link the molecules for added heat resistance and strength. The film is made to shrink around a product to be packaged by an application of a thermal treatment. Alternately, a layer of an oxygen barrier material can be included to manufacture a barrier shrink film product.

Stretch film A plastic film with a significant ability to stretch which is used to wrap pallets of goods in the shipping process.

Technical products Technically engineered pressure sensitive materials used primarily for fastening and mounting functions, for example in cell phones, appliances, and electronic devices.

Thermoformed plastic packaging A package formed by applying heat to a film to shape it into a tray or cavity and then sealing a flat film on top of the package after it has been filled.

UV inhibitors Chemical agents included in a film to protect products against ultraviolet rays.

Variable information label A pressure sensitive label that is typically printed with a bar code or other type of variable information.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in the Company s market risk during the three-month period ended March 31, 2010. For additional information, refer to Note 6 to the Consolidated Financial Statements and to Part II, Item 7A of the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

**ITEM 4. CONTROLS AND PROCEDURES**

The Company s management, under the direction, supervision, and involvement of the Chief Executive Officer and the Chief Financial Officer, has carried out an evaluation, as of the end of the period covered by this report, of the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act )) of the Company. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that disclosure controls and procedures in place at the Company are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission s rules and forms and is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. There has been no change in the Company s internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

On March 1, 2010, the Company completed the acquisition of the Food Americas operations of Alcan Packaging, a business unit of international mining group Rio Tinto plc. The acquisition has expanded our global presence with 23 Food Americas flexible packaging facilities in the United States, Canada, Mexico, Brazil, Argentina, and New Zealand. The Company s management has not yet completed an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission for these recently acquired operations. Other than changes from the Food Americas acquisition, there has been no significant change in the Company s internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonable likely to materially affect, the Company s internal control over financial reporting.

**PART II OTHER INFORMATION**

**ITEM 1. LEGAL PROCEEDINGS**

The material set forth in Note 14 of the Notes to Consolidated Financial Statements is incorporated herein by reference.

**ITEM 1A. RISK FACTORS.**

The following factors, as well as factors described elsewhere in this Form 10-Q, or in other filings by the Company with the Securities and Exchange Commission, could adversely affect the Company s consolidated financial position, results of operations or cash flows. Other factors not presently known to us or that we presently believe are not material could also affect our business operations and financial results.

**Our Acquisition of the Food Americas operations of Alcan Packaging.**

On March 1, 2010, Bemis completed the acquisition of the Food Americas operations of Alcan Packaging (the Food Americas Acquisition), a business unit of international mining group Rio Tinto plc, for $1.2 billion. The acquisition expands our global presence with 23 Food Americas flexible packaging facilities in the United States, Canada, Mexico, Brazil, Argentina, and New Zealand. These flexible packaging facilities recorded net sales of $1.4 billion in 2009 to the food and beverage markets and include expertise in foil and crystallized polyester technologies.

Our acquisition of the Food Americas operations of Alcan Packaging presents the following additional or increased risk factors which were not included in our Annual Report on Form 10-K for the year ended December 31, 2009:

***We have incurred and will incur integration-related costs in connection with the Food Americas acquisition.***

We have incurred and will incur costs in connection with the Food Americas acquisition. The substantial majority of these costs will be non-recurring expenses related to the Food Americas acquisition, facilities, and systems consolidation costs.  Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the business, should allow us to more than offset incremental transaction and acquisition-related costs over time, this net benefit may not be achieved in the near term, or at all. In addition, we may incur additional costs and/or realize less proceeds on the expected sale of discontinued operations.

***The transition services to be provided by Rio Tinto for the Alcan Packaging Food Americas business may be difficult for us to replace without operational problems and additional costs.***

We have entered into a transition services agreement with Rio Tinto pursuant to which Rio Tinto provides us certain transition services for the Alcan Packaging Food Americas business for certain periods of time following the closing date of the Food Americas acquisition. These services include, among others, certain services relating to finance, administration, and information technology. If, after the expiration of the agreement, we are unable to perform these services for the Alcan Packaging Food Americas business or replace them in a timely manner or on terms and conditions as favorable as those we receive from Rio Tinto, we may experience operational problems and an increase in costs. In addition, the costs for such services may be higher than the allocated costs for such services when the Alcan Packaging Food Americas business was operated as part of Rio Tinto.

***The market price of our common stock may decline as a result of the Food Americas acquisition.***

The market price of our common stock may decline as a result of the Food Americas acquisition if, among other things, we are unable to achieve the expected growth in earnings, or if the operational cost savings estimates in connection with the integration of the Alcan Packaging Food Americas business are not realized, or if the integration costs related to the Food Americas acquisition are greater than expected, or if the value of the cash savings attributable to the amortization of tax deductible goodwill is less than anticipated. The market price of our common stock also may decline if we do not achieve the perceived benefits of the acquisition as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the acquisition on our financial results is not consistent with the expectations of financial or industry analysts.

**Domestic and international economic conditions.**

Disruption in the domestic and international equity and financial markets may impact local economies in which we conduct business.  We are not able to predict the future impact of other market disruptions on our liquidity and consolidated statements of financial position, results of operations, and cash flows.

**Foreign operations  Conditions in foreign countries and changes in foreign currency exchange rates may reduce our reported results of operations.**

We have operations in the United States, Canada, Mexico, South America, Europe, and Australasia. In 2009, approximately 35 percent of our sales were generated by entities operating outside of the United States. Fluctuations in currencies can cause transaction and translation losses. In addition, our revenues and net income may be adversely affected by economic conditions, political situations, and changing laws and regulations in foreign countries, as to which we have no control.

**Interest rates  An increase in interest rates could reduce our reported results of operations.**

At March 31, 2010, our variable rate borrowings approximated $388.5 million. Fluctuations in interest rates can increase borrowing costs and have an adverse impact on results of operations. Accordingly, increases in short-term interest rates will directly impact the amount of interest we pay. For each one percent increase in variable interest rates, our annual interest expense would increase by $3.9 million on the $388.5 million of variable rate borrowings outstanding as of March 31, 2010.

**Credit rating  A downgrade in our credit rating could increase our borrowing costs and negatively affect our financial condition and results of operations.**

In addition to using cash provided by operations, we regularly issue commercial paper to meet our short-term liquidity needs. Our credit ratings are important to our ability to issue commercial paper at favorable rates of interest. A downgrade in our credit rating could increase the cost of borrowing by increasing the interest rates that we pay for our commercial paper or the fees associated with our bank credit facility. In addition, our bank credit facility has covenants that include limits on the sale of businesses, minimum net worth calculations, and a maximum ratio of debt to total capitalization. If for any reason our existing credit arrangements were no longer available to us we would be required to seek alternative sources of financing. We would expect to meet our financial liquidity needs by accessing the bank market, which could further increase our borrowing costs.

**ITEM 6. EXHIBITS**

The Exhibit Index is incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

| | | |
|---|---|---|
| | | BEMIS COMPANY, INC. |
| Date | May 10, 2010 | /s/ Scott B. Ullem<br>Scott B. Ullem, Vice President and<br>Chief Financial Officer |
| Date | May 10, 2010 | /s/ Stanley A. Jaffy<br>Stanley A. Jaffy, Vice President<br>and Controller |

**Exhibit Index**

Pursuant to the rules and regulations of the Securities and Exchange Commission, we have filed certain agreements as exhibits to this Quarterly Report on Form 10-Q. These agreements may contain representations and warranties by the parties thereto. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

| Exhibit | Description | Form of Filing |
|---|---|---|
| 2(a) | Sale and Purchase Agreement between Bemis Company, Inc. as buyer and Alcan Holdings Switzerland AG, Alcan Corporation, and certain Rio Tinto Alcan Group Companies as sellers, dated as of July 5, 2009 and amended and restated as of February 26, 2010, portions have been omitted pursuant to the request for confidential treatment filed with the Securities and Exchange Commission concurrent with this filing (excluding certain schedules and exhibits referred to in the agreement, as amended, which the Registrant agrees to furnish supplementally to the Securities and Exchange Commission upon request). (1) | Incorporated by Reference |
| 2(b) | Sale and Purchase Agreement between Bemis Company, Inc. as buyer and Alcan Holdings Switzerland AG and Alcan Corporation as sellers, dated July 5, 2009, as amended by that certain Letter agreement between Bemis Company, Inc., as buyer and Alcan Corporation and Pechiney Plastic Packaging, Inc. as sellers, dated July 29, 2009, (excluding all schedules and exhibits referred to in the agreement, as amended, which the Registrant agrees to furnish supplementally to the Securities and Exchange Commission (SEC) upon request). (2) | Incorporated by Reference |
| 3(a) | Restated Articles of Incorporation of the Registrant, as amended. (3) | Incorporated by Reference |
| 3(b) | By-Laws of the Registrant, as amended through May 6, 2004. (3) | Incorporated by Reference |
| 4(a) | Form of Indenture dated as of June 15, 1995, between the Registrant and U.S. Bank Trust National Association (formerly known as First Trust National Association), as Trustee. (4) | Incorporated by Reference |
| | Copies of constituent instruments defining rights of holders of long-term debt of the Company and Subsidiaries, other than the Indenture specified herein, are not filed herewith, pursuant to Instruction (b)(4)(iii)(A) to Item 601 of Regulation S-K, because the total amount of securities Authorized under any such instrument does not exceed 10% of the total assets of the Company and Subsidiaries on a consolidated basis. The registrant hereby agrees that it will, upon request by the SEC, furnish to the SEC a copy of each such instrument. | |
| 10(a) | Bemis Company, Inc. Form of Management Contract with Principal Executive Officers Effective October, 30, 2008. * | Filed Electronically |
| 19 | Reports Furnished to Security Holders | Filed Electronically |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of CEO. | Filed Electronically |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification of CFO. | Filed Electronically |
| 32 | Section 1350 Certification of CEO and CFO. | Filed Electronically |

* Management contract, compensatory plan or arrangement filed pursuant to Rule 601(b)(10)(iii)(A) of Regulation S-K under the Securities Exchange Act of 1934.

(1) Incorporated by reference to the Registrant s Form 8-K filed March 1, 2010 (File No. 1-5277).

(2) Incorporated by reference to the Registrant s Quarterly Report on Form 10-Q for the quarter ended September 30, 2009 (File No. 1-5277).

(3) Incorporated by reference to the Registrant s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 (File No. 1-5277).

(4) Incorporated by reference to the Registrant s Current Report on Form 8-K dated June 30, 1995 (File No. 1-5277).