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BERRY PLASTICS CORP
Form 10-K
March 30, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

Annual report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 30, 2000

or

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _____ to _____

Commission File Number 33-75706

BPC HOLDING CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

35-1813706
(IRS employer
identification number)

BERRY PLASTICS CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or organization)

35-1814673
(IRS employer
identification number)

101 Oakley Street
Evansville, Indiana
(Address of principal executive offices)

47710
(Zip code)

Registrants' telephone number, including area code: (812) 424-2904

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrants: (1) have 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 such shorter period that the registrant was required to file such reports), and (2) have been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K: Not applicable.

None of the voting stock of any registrant is held by a non-affiliate of such registrant. There is no public trading market for any class of voting stock

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of BPC Holding Corporation.

As of March 9, 2001, the following shares of capital stock of BPC Holding Corporation were outstanding: 91,000 shares of Class A Voting Common Stock; 259,000 shares of Class A Nonvoting Common Stock; 144,546 shares of Class B Voting Common Stock; 56,509 shares of Class B Nonvoting Common Stock; and 16,833 shares of Class C Nonvoting Common Stock. As of March 9, 2001, there were outstanding 100 shares of the Common Stock, \$.01 par value, of Berry Plastics Corporation.

DOCUMENTS INCORPORATED BY REFERENCE

None

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

THIS FORM 10-K CONTAINS STATEMENTS THAT CONSTITUTE FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "EXCHANGE ACT"). THOSE STATEMENTS APPEAR IN A NUMBER OF PLACES IN THIS FORM 10-K AND INCLUDE STATEMENTS REGARDING THE INTENT, BELIEF OR CURRENT EXPECTATIONS OF THE COMPANY. WITHOUT LIMITING THE FOREGOING, THE WORDS "BELIEVES," "ANTICIPATES," "PLANS," "EXPECTS" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. ANY SUCH FORWARD-LOOKING STATEMENTS ARE NOT GUARANTEES OF FUTURE PERFORMANCE AND MAY INVOLVE RISKS AND UNCERTAINTIES, AND ACTUAL RESULTS MAY DIFFER FROM THOSE IN THE FORWARD-LOOKING STATEMENTS AS A RESULT OF VARIOUS FACTORS. VARIOUS ECONOMIC AND COMPETITIVE FACTORS COULD CAUSE ACTUAL RESULTS OR EVENTS TO DIFFER MATERIALLY FROM THOSE DISCUSSED IN SUCH FORWARD-LOOKING STATEMENTS. THE ACCOMPANYING INFORMATION CONTAINED IN THIS FORM 10-K, INCLUDING, WITHOUT LIMITATION, THE INFORMATION SET FORTH UNDER "BUSINESS" AND "MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS," IDENTIFIES IMPORTANT FACTORS THAT COULD CAUSE DIFFERENCES, INCLUDING THE COMPANY'S ABILITY TO PASS THROUGH RAW MATERIAL PRICE INCREASES TO ITS CUSTOMERS, ITS ABILITY TO SERVICE DEBT, THE AVAILABILITY OF PLASTIC RESIN, THE IMPACT OF CHANGING ENVIRONMENTAL LAWS AND CHANGES IN THE LEVEL OF THE COMPANY'S CAPITAL INVESTMENT. ALTHOUGH MANAGEMENT BELIEVES IT HAS THE BUSINESS STRATEGY AND RESOURCES NEEDED FOR IMPROVED OPERATIONS, FUTURE REVENUE AND MARGIN TRENDS CANNOT BE RELIABLY PREDICTED.

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BPC HOLDING CORPORATION
BERRY PLASTICS CORPORATION

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PART I

Item 1. BUSINESS

General

BPC Holding Corporation ("Holding"), is the parent of Berry Plastics Corporation ("Berry" or the "Company"), a leading domestic manufacturer and supplier of plastic packaging products focused on five markets: open-top containers, aerosol overcaps, closures, drink cups and housewares. The Company also has a presence in Europe with production facilities in Norwich, England and Milan, Italy. In order to support these five markets, the Company is organized into three divisions: containers, overcaps and closures, and drink cups and housewares. The Company believes that it is the largest supplier of aerosol overcaps in the world, with sales of over two billion overcaps in fiscal 2000. In addition, based on discussions with customers, sales representatives and external sales brokers, the Company believes that it is a leading manufacturer and supplier of semi-disposable housewares. Within each of its markets, the Company concentrates on manufacturing higher quality value-added products sold to marketers of image-conscious industrial and consumer products that utilize the Company's proprietary molds, superior color matching capabilities and sophisticated multi-color printing capabilities.

The Company supplies aerosol overcaps and closures to a wide variety of customers and for a wide variety of commercial and consumer products. Similarly, the Company's open-top containers are used for packaging a broad spectrum of commercial and consumer products. The Company's drink cups are sold to fast food and family-dining restaurants, convenience stores, stadiums, and retail stores. The Company also sells primarily seasonal, semi-disposable housewares and lawn and garden products such as plates, bowls, pitchers and flower pots, to major retail marketers. Berry's customer base is comprised of over 10,000 customers with operations in a widely diversified range of markets. The Company's top ten

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customers accounted for approximately 15% of fiscal 2000 net sales, with no customer accounting for more than 4% of the Company's net sales in fiscal 2000. The historical allocation of the Company's total net sales among its product categories is as follows:

	Fiscal		
	2000	1999	1998
Containers	57%	57%	57%
Overcaps and closures	27	25	21
Drink cups and housewares	16	18	22

The Company believes that it derives a strong competitive position from its state-of-the-art production capabilities, extensive array of proprietary molds in a wide variety of sizes and styles and dedication to service and quality. In the aerosol overcap market, the Company distinguishes itself with superior color matching capabilities, which is of extreme importance to its base of image-conscious consumer products customers, and proprietary packing equipment, which enables the Company to deliver a higher quality product while lowering warehousing and shipping costs. In the container and drink cup markets, an in-house graphic arts department and sophisticated printing and decorating capabilities permit the Company to offer extensive value-added decorating options. The Company believes that it is an industry innovator, particularly in the area of decoration. These market-related strengths, combined with the Company's modern proprietary mold technology, high speed molding capabilities and multiple-plant locations, all contribute to the Company's strong market position.

In addition to these marketing and manufacturing strengths, the Company believes that its close working relationships with customers are crucial to maintaining market positions and developing future growth opportunities. The Company employs a direct sales force that is focused on working with customers and the Company's production and product design personnel to develop customized packaging that enhances customer product differentiation and improves product performance. The Company works to develop innovative new products and identify and pursue non-traditional markets that can use existing Company products.

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History

Imperial Plastics, the Company's predecessor, was established in 1967 in Evansville, Indiana. Berry Plastics, Inc. ("Old Berry") was formed in 1983 to purchase substantially all of the assets of Imperial Plastics. In 1988, Old Berry acquired Gilbert Plastics of New Brunswick, New Jersey, a leading manufacturer of aerosol overcaps, and subsequently relocated Gilbert Plastics' production to Old Berry's Evansville, Indiana facility. In 1990, the Company and Holding, the holder of 100% of the outstanding capital stock of the Company, were formed to purchase the assets of Old Berry. In February 1992, the Company acquired substantially all of the assets of the Mammoth Containers division of Genpak Corporation.

In March 1995, Berry Sterling Corporation ("Berry Sterling"), a newly formed wholly owned subsidiary of the Company, acquired substantially all of the

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assets of Sterling Products, Inc., a producer of injection molded plastic drink cups and lids. Management believes that the acquisition gave the Company immediate penetration into a rapidly expanding plastic drink cup market. In December 1995, Berry Tri-Plas Corporation ("Berry Tri-Plas"), a wholly owned subsidiary of the Company, acquired substantially all of the assets of Tri-Plas, Inc., a manufacturer of injection molded containers and lids. Management believes that the acquisition gave the Company an immediate presence in the polypropylene container product line, which is mainly used for food and "hot fill" applications.

In January 1997, the Company acquired certain assets of Container Industries, Inc. ("Container Industries"), a manufacturer and marketer of injection molded industrial and pry-off containers for building products and other industrial markets. Also, in January 1997, the Company acquired PackerWare Corporation ("PackerWare"), a manufacturer and marketer of plastic containers, drink cups, housewares, and lawn and garden products (the "PackerWare Acquisition"). Management believes that the PackerWare Acquisition significantly diversified and expanded the Company's position in the drink cup business and gave the Company immediate penetration into the housewares market. The acquisition also provided the Company with a plant located in Lawrence, Kansas, that is well situated to service its markets.

In May 1997, Berry Plastics Design Corporation ("Berry Design"), a newly formed wholly owned subsidiary of the Company, acquired substantially all of the assets of Virginia Design Packaging Corp. ("Virginia Design"), a manufacturer and marketer of injection-molded containers used primarily for food packaging. Management believes that the acquisition of these assets has enhanced the Company's position in the food packaging and food service markets. In August 1997, the Company acquired Venture Packaging, Inc. ("Venture Packaging"), a manufacturer and marketer of injection-molded containers used in the food, dairy and various other markets (the "Venture Packaging Acquisition"). Management believes that the Venture Packaging Acquisition strategically assisted the Company in marketing its product line of open-top containers and lids.

In July 1998, NIM Holdings ("NIM Holdings"), a newly formed wholly owned subsidiary of the Company, acquired all of the capital stock of Norwich Injection Moulders Limited ("Norwich Moulders") of Norwich, England (the "Berry UK Acquisition"), a manufacturer and marketer of injection-molded overcaps and closures for the European market. In fiscal 1999, the Company changed the name from Norwich Injection Moulders Limited to Berry Plastics UK Limited ("Berry UK"). Management believes that the Berry UK Acquisition provided the Company with a production platform that allows it to better serve its global customers and introduce its other product lines in Europe. In October 1998, Knight Plastics, Inc. ("Knight") acquired substantially all of the assets of the Knight Engineering and Plastics Division of Courtaulds Packaging Inc. (the "Knight Acquisition"), a manufacturer of aerosol overcaps. Management believes that the Knight Acquisition enhanced the Company's overcap business and better positioned the Company to meet the needs of its domestic and multi-national customers.

In July 1999, the Company acquired all of the outstanding capital stock of CPI Holding Corporation ("CPI Holding"), the parent company of Cardinal Packaging, Inc. ("Cardinal"), of Streetsboro, Ohio (the "Cardinal Acquisition"), a manufacturer and marketer of open-top containers. Management believes that the Cardinal Acquisition enhanced the Company's open-top container product selection and provided many of its customers with a single packaging supplier.

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On May 9, 2000, Berry acquired all of the outstanding capital stock of Poly-Seal Corporation ("Poly-Seal"), a manufacturer and marketer of closures,

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for aggregate consideration of approximately \$58.0 million (the "Poly-Seal Acquisition"). The purchase was financed through the issuance by Holding of \$25.0 million of 14% preferred stock and warrants and additional borrowings under the Company's senior credit facility. Management believes that the Poly-Seal Acquisition was a major step in expanding the Company's participation in the closures business and provided a U.S. closure production platform in Baltimore, Maryland.

On October 4, 2000, Berry, through its Italian subsidiary, CBP Holdings S.r.l., acquired all of the outstanding capital stock of Capsol S.p.a. ("Capsol"), headquartered in Cornate d'Adda, near Milan, Italy and the whole quota capital of a related company, Ociesse S.r.l., for aggregate consideration of approximately \$14.0 million (the "Capsol Acquisition"). The purchase was financed through additional borrowings under the Company's senior credit facility. Capsol is a manufacturer and marketer of aerosol overcaps and closures. Management believes that the Capsol Acquisition will expand the Company's participation in the European market for overcaps and closures.

Container Market

The Company classifies its containers into five product lines: thinwall, pry-off, dairy, polypropylene and industrial. Management believes that the Company is the leading U.S. manufacturer in the thinwall, pry-off and frozen dessert (component of dairy) container markets. The following table describes each of the Company's five product lines.

Product Line	Description	Sizes	M
Thinwall	Thinwalled, multi-purpose containers with or without handles and lids	6 oz. to 2 gallons	Food, promo wide variety
Pry-off	Containers having a tight lid-fit and requiring an opening device and also meet the Consumer Product Safety Commission standards for child safety	4 oz. to 2 gallons	Building pr other chemi uses
Dairy	Thinwall containers in traditional dairy market sizes and styles	6 oz. to 5 lbs., Multi-pack	Cultured da yogurt, cot dips, and f
Polypropylene	Usually clear containers in round, oblong or rectangular shapes	6 oz. to 5 lbs.	Food, deli,
Industrial	Thick-walled, larger pails designed to accommodate heavy loads	2.5 to 5 gallons	Building pr other indus

The largest end-uses for the Company's containers are food products, building products, chemicals and dairy products. The Company has a diverse customer base for its container lines, and no single container customer exceeded 3% of the Company's total net sales in fiscal 2000.

Management believes that the Company offers the broadest product line among U.S.-based injection-molded plastic container manufacturers. The Company's container capacities range from 4 ounces to 5 gallons and are offered in various styles with accompanying lids, bails and handles, as well as a wide array of

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decorating options. In addition to a complete product line, the Company has sophisticated printing capabilities, an in-house graphic arts department, low cost manufacturing capability with eleven plants strategically located throughout the United States and a dedication to high quality products and customer service. Product engineers work with customers to design and commercialize new containers. In addition, as part of the Company's dedication to customer service, the Company provides filling machine equipment to many of its customers, primarily in the dairy market, and also provides the services necessary to operate such equipment. The Company believes providing such equipment and services increases customer retention by increasing the customer's production efficiency.

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The Company seeks to develop niche container products and new applications by taking advantage of the Company's state-of-the-art decorating and graphic arts capabilities and dedication to service and quality. Management believes that these capabilities have given the Company a significant competitive advantage in certain high-margin niche container applications for specialized products. Examples include popcorn containers for new movie promotions and professional and college sporting and entertainment events, where the ability to produce sophisticated and colorful graphics is crucial to the product's success. In order to identify new applications for existing products, the Company relies extensively on its national sales force. Once these opportunities are identified, the Company's sales force interfaces with the Company's product design engineers to satisfy customers' needs.

In non-industrial containers, the Company's strongest competitors include Airlite, Sweetheart, Landis, and Polyainers. The Company also produces commodity industrial pails for a market that is dominated by large volume competitors such as Letica, Plastics, NAMPAC and Ropak. The Company does not participate heavily in this large market.

Aerosol Overcap Market

Based on discussions with our customers, sales representatives and external sales brokers, the Company believes it is the worldwide leader in the production of aerosol overcaps. Approximately 19% of the U.S. market consists of marketers who produce overcaps in-house for their own needs. Management believes that a portion of these in-house producers will increase the outsourcing of their production to high technology, low cost manufacturers, such as the Company, as a means of reducing manufacturing assets and focusing on their core marketing objectives.

The Company's aerosol overcaps are used in a wide variety of consumer goods markets including spray paints, household and personal care products, insecticides and numerous other commercial and consumer products. Most U.S. manufacturers and contract fillers of aerosol products are customers of the Company for some portion of their needs. In fiscal 2000, no single overcap customer accounted for more than 2% of the Company's total net sales.

Management believes that, over the years, the Company has developed several significant competitive advantages, including a reputation for outstanding quality, short lead-time requirements to fill customer orders, long-standing relationships with major customers, the ability to accurately reproduce over 3,500 colors, proprietary packing technology that minimizes freight cost and warehouse space, high-speed, low-cost molding and decorating capability and a broad product line of proprietary molds. In addition, the Company has received the "Supplier Quality Achievement Award" for five consecutive years (1995-1999) from S.C. Johnson Wax. The Company continues to

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develop new products in the overcap market, including the "spray-thru" line of aerosol overcaps.

Competitors in this market include Dubuque Plastics, Cobra and Transcontainer. In addition, a number of companies, including several of the Company's customers (e.g., S.C. Johnson and Reckitt & Colman), currently produce aerosol overcaps for their own use.

Closures Market

The Company initiated an acquisition strategy to establish itself as a global provider in the closures market with the Berry UK Acquisition. The Company continued executing the strategy in 2000 with the Poly-Seal Corporation Acquisition and the Capsol Acquisition. Management believes the combined product line offerings to the closures market establish the Company as a leading provider of closure systems globally. The product line offerings include continuous thread, dispensing, tamper evident, and child resistant closures. In addition, the Company is a leading provider of fitments and plugs for medical applications, cups and spouts for liquid laundry detergent, dropper bulb assemblies for medical and personal care applications, and jiggers for mouthwash products.

The Company's closures are used in a wide variety of consumer goods markets including health and beauty aids, pharmaceutical, household chemicals, commercial chemicals, and food and dairy. The Company is a major provider of closures to many of the leading companies in these markets. In fiscal 2000, no single closure customer accounted for more than 1% of the Company's total net sales.

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Management believes the capabilities and expertise the Company has established as a closure provider create significant competitive advantages, including the latest in single and bi-injection technology, molding of thermoplastic and thermoset resins, compression molding of thermoplastic resins, and lining and assembly applications applying the latest in vision inspection technology. In addition, the Company has an in-house package development and design group focused on developing new closure systems to meet both customers proprietary needs and stock systems for the changing closure needs of the markets served. The Company has an outstanding reputation for quality and has received numerous "Supplier Quality Achievement Awards" from customers in different markets.

Major competitors in this market include Owens-Illinois, Kerr/Suncoast, Phoenix Closures, Portola, Rexam Closures, and Seaquist Closures.

Drink Cup Market

Based on discussions with our customers, sales representatives and external sales brokers, the Company believes that it is the leading provider of injection molded plastic drink cups in the U.S. As beverage producers, convenience stores and fast food restaurants increase their marketing efforts for larger sized drinks, the Company believes that the plastic drink cup market will expand because of plastic's desirability over paper for larger drink cups. The Company produces injection-molded plastic cups that range in size from 12 to 64 ounces. Primary markets are fast food and family dining restaurants, convenience stores, stadiums, and retail stores. Virtually all cups are decorated, often as promotional items, and Berry is known in the industry for innovative, state-of-the-art graphics capability.

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Berry has historically supplied a full line of traditional straight-sided and drive-through style drink cups from 12 to 64 ounces with disposable and reusable lids primarily to fast food and convenience store chains. With the PackerWare Acquisition, the Company expanded its presence while diversifying into the stadium and family dining restaurant markets. The 64 ounce cup, which has been highly successful with convenience stores, is one of the Company's fastest growing drink cups. Major drink cup competitors include Packaging Resources Incorporated, Pescor Plastics and WNA (formerly Cups Illustrated).

Housewares Market

The housewares market is a multi-billion dollar market. The Company's participation is focused on producing seasonal (spring and summer) semi-disposable plastic housewares and plastic lawn and garden products. Examples of our products include plates, bowls, pitchers, tumblers and outdoor flowerpots. Berry sells virtually all of its products in this market through major national retail marketers and national chain stores, including Wal-Mart and Target. PackerWare is a recognized brand name in these markets and PackerWare branded products are often co-branded by the Company's customers.

The Company's position in this market has been to provide a high value to consumers at a relatively modest price, consistent with the key price points of the retail marketers. Berry believes outstanding service and ability to deliver products with timely combination of color and design further enhance its position in this market. This focus allowed PackerWare to be named 1998 Vendor of the Year by Wal-Mart in its Housewares division.

Marketing and Sales

The Company reaches its large and diversified base of over 10,000 customers primarily through its direct field sales force. These field sales representatives are focused on individual product lines, but are encouraged to sell all Company products to serve the needs of the Company's customers. The Company believes that a direct field sales force is able to better focus on target markets and customers, with the added benefit of permitting the Company to control pricing decisions centrally. The Company also utilizes the services of manufacturing representatives to assist its direct sales force.

The Company believes that it produces a high level of customer satisfaction. Highly skilled customer service representatives are located in each of the Company's facilities to support the national field sales force. In addition, telemarketing representatives, marketing managers and sales/marketing executives oversee the marketing and sales efforts. Manufacturing and engineering personnel work closely with field sales personnel to satisfy customers' needs through the production of high quality, value-added products and on-time deliveries.

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Additional marketing and sales techniques include a Graphic Arts department with computer-assisted graphic design capabilities and in-house production of photopolymer printing plates. Berry also has a centralized Color Matching and Materials Blending department that utilizes a computerized spectrophotometer to insure that colors match those requested by customers.

Manufacturing

General

The Company primarily manufactures its products using the plastic

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injection molding process. The process begins when plastic resin, in the form of small pellets, is fed into an injection molding machine. The injection molding machine then melts the plastic resin and injects it into a multi-cavity steel mold, forcing the plastic resin to take the final shape of the product. At the end of each molding cycle (generally five to 25 seconds), the plastic parts are ejected from the mold into automated handling systems from which they are packed in corrugated containers for further processing or shipment. After molding, the product may be either decorated (printing, silk-screening, labeling) or assembled (e.g., bail handles fitted to containers). The Company believes that its molding and decorating capabilities are among the best in the industry.

The Company's overall manufacturing philosophy is to be a low-cost producer by using high speed molding machines, modern multi-cavity hot runner, cold runner and insulated runner molds, extensive material handling automation and sophisticated printing technology. The Company utilizes state-of-the-art robotic packaging processes for large volume products, which enables the Company to deliver a higher quality product (due to reduced breakage) while lowering warehousing and shipping costs (due to more efficient use of space). Each plant has complete tooling maintenance capability to support molding and decorating operations. The Company has historically made, and intends to continue to make, significant capital investments in plant and equipment because of the Company's objectives to grow, improve productivity, and maintain competitive advantages.

Product Development

The Company utilizes full-time product engineers who use three-dimensional computer-aided-design (CAD) technology to design and modify new products and prepare mold drawings. Engineers use an in-house model shop, which includes a thermoforming machine, to produce prototypes and sample parts. The Company can simulate the molding environment by running unit-cavity prototype molds in a small injection molding machine dedicated to research and development of new products. Production molds are then designed and outsourced for production by various companies in the United States and Canada with whom the Company has extensive experience and established relationships. The Company's engineers oversee the mold-building process from start to finish.

Quality Assurance

Each plant extensively utilizes Total Quality Management philosophies, including the use of statistical process control and extensive involvement of employees to increase productivity. This teamwork approach to problem-solving increases employee participation and provides necessary training at all levels. The Evansville, Henderson, Iowa Falls, Charlotte, Lawrence, Suffolk, Baltimore, and Milan, plants have been approved for ISO certification, which certifies compliance by a company with a set of shipping, trading and technology standards promulgated by the International Standardization Organization ("ISO"). The Company is actively pursuing ISO certification in all of the remaining facilities. Extensive testing of parts for size, color, strength and material quality using statistical process control (SPC) techniques and sophisticated technology is also an ongoing part of the Company's traditional quality assurance activities.

Systems

Berry utilizes a fully integrated computer software system at its plants capable of producing complete financial and operational reports. This accounting and control system is easily expandable to add new features and/or locations as the Company grows. In addition, the Company has in place a sophisticated quality assurance system, a bar code based material management system and an integrated manufacturing system.

Sources and Availability of Raw Materials

The most important raw material purchased by the Company is plastic resin. The Company purchased approximately \$94.7 million of resin in fiscal 2000. Approximately 67% of the resin pounds purchased were high density polyethylene ("HDPE"), 11% linear low density polyethylene and 22% polypropylene. The Company's purchasing strategy is to deal with only high-quality, dependable suppliers, such as Dow, Union Carbide, Chevron, Nova, Equistar, and ExxonMobil. Although the Company does not have any supply requirements contracts with its key suppliers, management believes that the Company has maintained outstanding relationships with these key suppliers over the past several years and expects that such relationships will continue into the foreseeable future. Based on its experience, the Company believes that adequate quantities of plastic resins will be available, but no assurances can be given.

Employees

At the end of fiscal 2000, the Company had approximately 3,100 employees. Poly-Seal Corporation, a wholly owned subsidiary, and the United Steelworkers of America are parties to a collective bargaining agreement which expires on April 21, 2001. As of the end of fiscal 2000, 331 employees of Poly-Seal Corporation were covered by this agreement.

Patents and Trademarks

The Company has numerous patents and trademarks with respect to its products. None of the patents or trademarks are considered by management to be material to the business of the Company.

Environmental Matters and Government Regulation

The past and present operations of the Company and the past and present ownership and operations of real property by the Company are subject to extensive and changing federal, state and local environmental laws and regulations pertaining to the discharge of materials into the environment, the handling and disposition of wastes or otherwise relating to the protection of the environment. The Company believes that it is in substantial compliance with applicable environmental laws and regulations. However, the Company cannot predict with any certainty that it will not in the future incur liability under environmental statutes and regulations with respect to non-compliance with environmental laws, contamination of sites formerly or currently owned or operated by the Company (including contamination caused by prior owners and operators of such sites) or the off-site disposal of hazardous substances.

Like any manufacturer, the Company is subject to the possibility that it may receive notices of potential liability, pursuant to CERCLA or analogous state laws, for cleanup costs associated with offsite waste recycling or disposal facilities at which wastes associated with its operations have allegedly come to be located. Liability under CERCLA is strict, retroactive and joint and several. No such notices are currently pending.

The Food and Drug Administration (the "FDA") regulates the material content of direct-contact food containers and packages, including certain thinwall containers manufactured by the Company. The Company uses approved resins and pigments in its direct contact food products and believes it is in material compliance with all such applicable FDA regulations.

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The plastics industry, including the Company, is subject to existing and potential Federal, state, local and foreign legislation designed to reduce solid wastes by requiring, among other things, plastics to be degradable in landfills, minimum levels of recycled content, various recycling requirements, disposal fees and limits on the use of plastic products. In addition, various consumer and special interest groups have lobbied from time to time for the implementation of these and other similar measures. The principal resin used in the Company's products, HDPE, is recyclable, and, accordingly, the Company believes that the legislation promulgated to date and such initiatives to date have not had a material adverse effect on the Company. There can be no assurance that any such future legislative or regulatory efforts or future initiatives would not have a material adverse effect on the Company. On January 1, 1995, legislation in Oregon, California and Wisconsin went into effect requiring products packaged in rigid plastic containers to comply with standards intended to encourage recycling and increased use of recycled materials. Although the regulations vary by state, the principal requirement is the use of post consumer regrind ("PCR") as an ingredient in containers sold for non-food uses. Additionally, Oregon and California allow lightweighting of the container or concentrating the product sold in the container as options for compliance. Oregon and California provide for an exemption from all such regulations if statewide recycling reaches or exceeds 25% of rigid plastic containers. In September 1996, California passed a new bill exempting food and cosmetics containers from the foregoing requirement. However, non-food containers are still required to comply.

In December 1996, the Department of Environmental Quality estimated that Oregon had met its recycling goal of 25% for 1997 (based on 1996 data), and accordingly, was in compliance for the 1997 calendar year. However, in January 1998, California formally approved a 23.2% recycling rate for the state during 1996, and since this falls below the required 25% rate for exemption of non-food containers, the state can now begin enforcing its recycled content mandate on any non-food plastic containers from 8 oz. to 5 gallons. The Company, in order to facilitate individual customer compliance with these regulations, is providing customers the option of purchasing containers with reduced weight.

Item 2. PROPERTIES

The following table sets forth the Company's principal facilities:

Location -----	Acres -----	Square Footage -----	Use ---	Owned/Leased -----
Evansville, IN	18.7	409,000	Headquarters and manufacturing	Owned
Evansville, IN	2.8	123,000	Manufacturing	Leased
Henderson, NV	12.3	157,000	Manufacturing	Owned
Iowa Falls, IA	14.0	96,000	Manufacturing	Owned
Charlotte, NC	37.3	146,000	Manufacturing	Owned
Lawrence, KS	19.3	423,000	Manufacturing	Owned
Suffolk, VA	14.0	96,000	Manufacturing	Owned
Monroeville, OH	34.7	152,000	Manufacturing	Owned

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Norwich, England	5.0	84,000	Manufacturing	Owned
Woodstock, IL	11.7	169,000	Manufacturing	Owned
Streetsboro, OH	12.0	143,000	Manufacturing	Owned
Baltimore, MD	9.9	241,000	Manufacturing	Owned
Milan, Italy	11.6	104,000	Manufacturing	Leased

The Company believes that its property and equipment are well-maintained, in good operating condition and adequate for its present needs.

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Item 3. LEGAL PROCEEDINGS

The Company is party to various legal proceedings involving routine claims which are incidental to its business. Although the Company's legal and financial liability with respect to such proceedings cannot be estimated with certainty, the Company believes that any ultimate liability would not be material to its financial condition.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

By Written Consent in Lieu of a Meeting of Stockholders of Holding dated as of December 30, 2000, a majority of the stockholders approved an increase in the size of Holding's stock option plan to permit the issuance of additional stock options to employees. The number of shares of Class B Nonvoting Common Stock of Holding reserved for issuance under the Amended and Restated BPC Holding Corporation 1996 Stock Option Plan was increased by 15,000 shares, to a total of 76,620 shares.

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PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

There is no public trading market for any class of common stock of Holding or the Company. With respect to the capital stock of Holding, as of March 9, 2001, there were three holders of the Class A Voting Common Stock, three holders of the Class A Nonvoting Common Stock, 41 holders of the Class B Voting Common Stock, 103 holders of the Class B Nonvoting Common Stock and 40 holders of the Class C Nonvoting Common Stock. All of the issued and outstanding common stock of the Company is held by Holding.

On April 21, 1994, the Company paid a \$50.0 million dividend, which was financed through the issuance of \$100.0 million aggregate principal amount of 12.25% Berry Plastics Corporation Senior Subordinated Notes, due 2004, to Holding, the holder of all of its common stock. Holding utilized the \$50.0 million dividend to make a distribution to the holders of its common stock and holders of certain other equity interests.

Other than the payment of the \$50.0 million distribution described above, Holding has not paid cash dividends on its capital stock. Because Holding intends to retain any earnings to provide funds for the operation and expansion

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of the Company's business and to repay outstanding indebtedness, Holding does not intend to pay cash dividends on its common stock in the foreseeable future. Furthermore, as a holding company with no independent operations, the ability of Holding to pay cash dividends will be dependent on the receipt of dividends or other payments from the Company. Under the terms of the Indenture dated as of April 21, 1994 (the "1994 Indenture"), among the Company, Holding, Berry Iowa Corporation, Berry Tri-Plas and United States Trust Company of New York, as Trustee ("U.S. Trust"), the Indenture dated June 18, 1996 (the "1996 Indenture"), between Holding and First Trust of New York, National Association, as Trustee, and also the Indenture dated August 24, 1998 (the "1998 Indenture") and the Indenture dated July 6, 1999 (the "1999 Indenture"), among Holding, all of its direct and indirect subsidiaries and U.S. Trust, Holding and the Company are not permitted to pay any dividends on their common stock for the foreseeable future. In addition, the Company's senior credit facility contains covenants that, among other things, restricts the payment of dividends by the Company. In addition, Delaware law limits Holding's ability to pay dividends from current or historical earnings or profits or capital surplus. Any determination to pay cash dividends on common stock of the Company or Holding in the future will be at the discretion of the Board of Directors of the Company and Holding, respectively.

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Item 6. SELECTED FINANCIAL DATA

The following selected financial data are derived from the consolidated financial statements of Holding which have been audited by Ernst & Young LLP, independent auditors. The data should be read in connection with the consolidated financial statements, related notes and other financial information included herein. Holding's fiscal year is a 52/53 week period ending generally on the Saturday closest to December 31. All references herein to "2000," "1999," "1998," "1997," and "1996," relate to the fiscal years ended December 30, 2000, January 1, 2000, January 2, 1999, December 27, 1997, and December 28, 1996, respectively.

	BPC Holding Corpo		
	Fiscal		
	2000	1999	1998
	(in thousands of d		
Statement of Operations Data:			
Net sales	\$ 408,088	\$ 328,834	\$ 271,830
Cost of goods sold	312,119	241,067	199,227
Gross margin	95,969	87,767	72,603
Operating expenses (a)	65,862	54,118	44,001
Operating income	30,107	33,649	28,602
Other expenses (b)	877	1,416	1,865
Interest expense, net (c)	51,457	40,817	34,556
Loss before income taxes and extraordinary item	(22,227)	(8,584)	(7,819)
Income taxes (benefit)	(142)	554	(249)
Loss before extraordinary item	(22,085)	(9,138)	(7,570)

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Extraordinary item, net of tax (d)	1,022	--	--
	-----	-----	-----
Net loss	(23,107)	(9,138)	(7,570)
Preferred stock dividends	6,655	3,776	3,551
Amortization of preferred stock discount	768	292	292
	-----	-----	-----
Net loss attributable to common shareholders	\$ (30,530)	\$ (13,206)	\$ (11,413)
	=====	=====	=====
Balance Sheet Data (at end of year):			
Working capital	\$ 20,470	\$ 10,527	\$ 4,762
Fixed assets	179,804	146,792	120,005
Total assets	413,122	340,807	255,317
Total debt	468,806	403,989	323,298
Stockholders' equity (deficit)	(137,997)	(133,471)	(120,357)
Other Data:			
Depreciation and amortization (e)	42,148	\$ 31,795	\$ 24,830
Capital expenditures	31,530	30,738	22,595

- (a) Operating expenses include business start-up and machine integration expenses of \$2,237 related to recent acquisitions, litigation expenses of \$700 related to a drink cup patent, and plant consolidation expenses of \$3,702 related to the shutdown and reorganization of facilities during fiscal 2000; business start-up and machine integration expenses of \$3,647 related to recent acquisitions and plant consolidation expenses of \$1,501 related to the shutdown and reorganization of facilities during fiscal 1999; business start-up and machine integration expenses of \$1,272 related to the businesses acquired in 1997, plant consolidation expenses of \$2,370 and \$191 related to the shutdown of the Anderson, South Carolina and Reno, Nevada facilities, and start-up expenses of \$109 and \$142 related to the Norwich and Knight Acquisitions, respectively, during fiscal 1998; business start-up and machine integration expenses of \$3,255 related to the businesses acquired in 1997, plant consolidation expenses of \$480 and \$368 related to the shutdown of the Winchester, Virginia and Reno, Nevada facilities, respectively, during fiscal 1997; and one-time compensation expense of \$2,762, Tri-Plas Acquisition start-up expenses of \$671 and \$907 for costs related to the consolidation of the Winchester, Virginia facility during fiscal 1996.
- (b) Other expenses consist of loss on disposal of property and equipment for the respective years.
- (c) Includes non-cash interest expense of \$18,047, \$15,567, \$14,824, \$13,065, and \$7,256, in fiscal 2000, 1999, 1998, 1997, and 1996, respectively.
- (d) Extraordinary item relates to deferred financing and origination fees written off as a result of amending the senior credit facility.
- (e) Depreciation and amortization excludes non-cash amortization of deferred financing and origination fees and debt premium/discount amortization which are included in interest expense.

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Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Unless the context discloses otherwise, the "Company" as used in this Management's Discussion and Analysis of Financial Condition and Results of Operations shall include Holding and its subsidiaries on a consolidated basis. The following discussion should be read in conjunction with the consolidated financial statements of Holding and its subsidiaries and the accompanying notes thereto, which information is included elsewhere herein.

The Company is highly leveraged. The high degree of leverage could have important consequences, including, but not limited to, the following: (i) a substantial portion of Berry's cash flow from operations must be dedicated to the payment of principal and interest on its indebtedness, thereby reducing the funds available to Berry for other purposes; (ii) Berry's ability to obtain additional debt financing in the future for working capital, capital expenditures, acquisitions, general corporate purposes or other purposes may be impaired; (iii) certain of Berry's borrowings will be at variable rates of interest, which will expose Berry to the risk of higher interest rates; (iv) the indebtedness outstanding under the senior credit facility is secured by substantially all of the assets of Berry; (v) Berry is substantially more leveraged than certain of its competitors, which may place Berry at a competitive disadvantage, particularly in light of its acquisition strategy; and (vi) Berry's degree of leverage may hinder its ability to adjust rapidly to changing market conditions and could make it more vulnerable in the event of a downturn in general economic conditions or its business.

Consolidated earnings have been insufficient to cover fixed charges by \$20.5 million, \$7.1 million, and \$7.0 million for fiscal years 2000, 1999, and 1998, respectively. In addition, Holding has experienced consolidated net losses during each of such periods principally as a result of expenses and charges incurred in connection with acquisitions by Berry. These net losses were \$23.1 million, \$9.1 million, and \$7.6 million for fiscal 2000, 1999, and 1998. Holding expects that it will continue to experience consolidated net losses for the foreseeable future.

Year Ended December 30, 2000 Compared to Year Ended January 1, 2000

Net Sales. Net sales increased 24% to \$408.1 million in 2000, up \$79.3 million from \$328.8 million in 1999, including an approximate 5% increase in net selling price due to increased raw material costs. Overcap and closure net sales increased \$31.2 million, primarily due to the Poly-Seal Acquisition and Capsol Acquisition which provided combined 2000 net sales of \$32.3 million. Container sales increased \$42.5 million, primarily due to the Cardinal Acquisition and increased selling prices, despite a large custom program in 1999 that did not reoccur in 2000. Net sales in the drink cup and housewares segment increased \$5.6 million in 2000 primarily as a result of a significant new product and strong retail demand in housewares.

Gross Margin. Gross margin increased \$8.2 million or 9% from \$87.8 million (27% of net sales) in 1999 to \$96.0 million (24% of net sales) in 2000. This increase of 9% includes the combined impact of the added Poly-Seal, Capsol, and Cardinal sales volume, acquisition integration, and productivity improvement initiatives offset partially by the cyclical impact of higher raw material costs. The cost of the Company's primary raw material, resin, increased approximately 36% in 2000 when compared to 1999. A major focus continues to be the consolidation of products and business of recent acquisitions to the most efficient tooling, providing customers with improved products and customer service. As part of the integration, the Company closed its York, Pennsylvania facility and removed remaining production from its Minneapolis, Minnesota facility (acquired in the Cardinal Acquisition) in the fourth quarter of 2000. Additionally, the Company closed its Arlington Heights, Illinois facility

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(acquired in the Knight Acquisition) in the first quarter of 1999 and its Ontario, California facility (acquired in the Cardinal Acquisition) in the third quarter of 1999. In addition, the Company made two configuration changes that were completed in the fourth quarter of 1999 with the Minneapolis, Minnesota and Iowa Falls, Iowa locations closing their molding operations. The business from these locations are distributed throughout Berry's facilities. Also, significant productivity improvements were made during the year, including the addition of state-of-the-art injection molding equipment, molds and printing equipment at several of the Company's facilities.

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Operating Expenses. Operating expenses during 2000 were \$65.9 million (16% of net sales), compared with \$54.1 million (16% of net sales) for 1999. Selling expenses increased \$4.2 million, almost all as a result of acquired businesses. General and administrative expenses increased \$2.4 million in 2000 primarily as a result of recent acquisitions, but was partially offset by decreased accrued bonus expenses. Research and development costs increased \$0.3 million to \$2.6 million in 2000 primarily as a result of increased new product requests from customers and productivity improvement initiatives. Intangible asset amortization increased from \$7.2 million in 1999 to \$10.6 million for 2000, primarily a result of the amortization of goodwill ascribed to acquired companies in 1999 and 2000. Other expenses were \$6.6 million for 2000 compared to \$5.1 million for 1999. Other expenses in 2000 include business start-up and machine integration expenses of \$2.2 million related to recent acquisitions, plant consolidation expenses of \$3.7 million related to the shutdown and reorganization of facilities, and \$0.7 million of litigation expenses related to a drink cup patent. Other expenses in 1999 include business start-up and machine integration expenses of \$3.6 million related to recent acquisitions and plant consolidation expenses of \$1.5 million related to the shutdown and reorganization of facilities.

Interest Expense, Net. Net interest expense, including amortization of deferred financing costs for 2000, was \$51.5 million (13% of net sales) compared to \$40.8 million (12% of net sales) in 1999, an increase of \$10.7 million. This increase is attributed to interest on borrowings related to the acquired businesses in 1999 and 2000, but was offset partially by principal reductions. Cash interest paid in 2000 was \$32.8 million as compared to \$29.8 million for 1999.

Income Taxes. During fiscal 2000, the Company recorded a benefit of \$0.1 million for income taxes compared to an expense of \$0.6 million for fiscal 1999. The Company continues to operate in a net operating loss carryforward position for federal income tax purposes.

Extraordinary Item. As a result of amending the Company's senior credit facility, \$1.0 million of deferred financing and origination fees related to the facility have been charged to expense in 2000 as an extraordinary item.

Net Loss. The Company recorded a net loss of \$23.1 million in 2000 compared to a \$9.1 million net loss in 1999 for the reasons stated above.

Year Ended January 1, 2000 Compared to Year Ended January 2, 1999

Net Sales. Net sales increased 21% to \$328.8 million in 1999, up \$57.0 million from \$271.8 million in 1998, including an approximate 1% increase in net selling price due to increased raw material costs. Plastic packaging product net sales increased \$53.2 million in fiscal 1999. Within this segment, aerosol overcap net sales increased \$17.3 million primarily due to the Knight Acquisition. In addition, container sales increased \$27.5 million, primarily due

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to the Cardinal Acquisition and continued market strength of base products. Net sales in the drink cup product line decreased \$6.2 million in 1999 primarily as a result of a large promotion in 1998 and increased competition in the drink cup market. Other plastic packaging product lines, including closures and custom molded products, increased \$14.5 million due to a large custom program in 1999 and the acquisition of Berry UK in 1998. Housewares net sales increased \$3.9 million or 18% in 1999 due primarily to new products and strong consumer demand.

Gross Margin. Gross margin increased \$15.2 million or 21% from \$72.6 million (27% of net sales) in 1998 to \$87.8 million (27% of net sales) in 1999. This increase of 21% includes the combined impact of the added Cardinal, Berry UK, and Knight sales volume, acquisition integration, and productivity improvement initiatives offset partially by higher raw material costs. A major focus continues to be the consolidation of products and business of recent acquisitions to the most efficient tooling, providing customers with improved products and customer service. As part of the integration, the Company closed its Arlington Heights, Illinois facility (acquired in the Knight Acquisition) in the first quarter of 1999 and its Ontario, California facility (acquired in the Cardinal Acquisition) in the third quarter of 1999. In addition, the Company made two configuration changes that were completed in the fourth quarter of 1999 with the Minneapolis, Minnesota (acquired in the Cardinal Acquisition) and Iowa Falls, Iowa locations closing their molding operations. The business from these locations are distributed throughout Berry's facilities. Also, significant productivity improvements were made during the year, including the addition of state-of-the-art injection molding equipment, molds and printing equipment at several of the Company's facilities.

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Operating Expenses. Operating expenses during 1999 were \$54.1 million (16% of net sales), compared with \$44.0 million (16% of net sales) for 1998. Selling expenses increased \$2.6 million, almost all a result of expanded sales coverage and recent acquisitions. General and administrative expenses increased \$2.7 million in 1999 primarily as a result of recent acquisitions. Research and development costs increased \$0.6 million to \$2.3 million in 1999 primarily as a result of increased new product requests from customers and productivity improvement initiatives. Intangible amortization increased from \$4.1 million in 1998 to \$7.2 million for 1999, primarily a result of the amortization of goodwill ascribed to acquired companies in 1998 and 1999. Other expenses were \$5.1 million for 1999 compared to \$4.1 million for 1998. Other expenses in 1999 include business start-up and machine integration expenses of \$3.6 million related to recent acquisitions and plant consolidation expenses of \$1.5 million related to the shutdown and reorganization of facilities. Other expenses in 1998 include business start-up and machine integration expenses of \$1.5 million related to recent acquisitions and plant consolidation expenses of \$2.6 million related to the shutdown of facilities.

Interest Expense, Net. Net interest expense, including amortization of deferred financing costs for 1999, was \$40.8 million (12% of net sales) compared to \$34.6 million (13% of net sales) in 1998, an increase of \$6.2 million. This increase is attributed to interest on borrowings related to the acquired businesses in 1998 and 1999 offset partially by principal reductions. Cash interest paid in 1999 was \$29.8 million as compared to \$33.2 million for 1998.

Income Taxes. During fiscal 1999, the Company recorded an expense of \$0.6 million for income taxes compared to a benefit of \$0.2 million for fiscal 1998. The Company continues to operate in a net operating loss carryforward position for federal income tax purposes.

Net Loss. The Company recorded a net loss of \$9.1 million in 1999 compared

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to a \$7.6 million net loss in 1998 for the reasons stated above.

Income Tax Matters

Holding has unused operating loss carryforwards of \$44.0 million for federal income tax purposes which begin to expire in 2010. Alternative minimum tax credit carryforwards of approximately \$3.1 million are available to Holding indefinitely to reduce future years' federal income taxes.

Liquidity and Capital Resources

The Company has a financing and security agreement (the "Financing Agreement") with a syndicate of lenders led by Bank of America for a senior secured credit facility (the "Credit Facility"). As of December 30, 2000, the Credit Facility provides the Company with (i) a \$70.0 million revolving line of credit ("US Revolver"), subject to a borrowing base formula, (ii) a \$2.4 million (using the December 30, 2000 exchange rate) revolving line of credit denominated in British Sterling in the U.K. ("UK Revolver"), subject to a separate borrowing base formula, (iii) a \$72.1 million term loan facility, (iv) a \$3.5 million (using the December 30, 2000 exchange rate) term loan facility denominated in British Sterling in the U.K. ("UK Term Loan") and (v) a \$4.2 million standby letter of credit facility to support the Company's and its subsidiaries' obligations under the Nevada Bonds. At December 30, 2000, the Company had unused borrowing capacity under the Credit Facility's revolving line of credit of approximately \$25.1 million. The indebtedness under the Credit Facility is guaranteed by Holding and all of its subsidiaries (other than its subsidiaries in Italy). The obligations of the Company and the subsidiaries under the Credit Facility and the guarantees thereof are secured by substantially all of the assets of such entities.

CBP Holdings, S.r.l. has a revolving credit facility (the "Italy Revolver") from Bank of America for \$12.7 million (using the December 30, 2000 exchange rate) denominated in Euros. Bank of America also extends working capital financing (the "Italy Working Capital Line") of up to \$1.5 million (using the December 30, 2000 exchange rate) denominated in Euros. The full amount available under the Italy Revolver and the Italy Working Capital Line are applied to reduce amounts available under the US Revolver, as does the outstanding balance under the UK Revolver.

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The Credit Facility requires the Company to comply with specified financial ratios and tests, including a minimum Tangible Capital Funds (as defined in the Credit Facility) test, maximum leverage ratio, interest coverage ratio, debt service coverage ratio and a fixed charge coverage ratio. The requirements of these tests may change on a quarterly basis. At December 30, 2000, the Credit Facility required the Company to have Tangible Capital Funds of not less than \$76.6 million and a maximum leverage ratio of 4.25. In addition, the interest, debt service, and fixed charge coverage ratios could not be less than 2.0, 1.5, and 1.0, respectively. At December 30, 2000, the last quarterly test date, the Company was in compliance with all of the financial covenants tested on such date.

The Credit Facility matures on January 21, 2002 unless previously terminated by the Company or by the lenders upon an Event of Default as defined in the Financing Agreement. The term loan facility requires periodic payments, varying in amount, through the maturity of the facility. Interest on borrowings under the Credit Facility is based on either (i) the lender's base rate (which is the higher of the lender's prime rate and the federal funds rate plus 0.5%) plus an applicable margin of 0.0% to 0.75% or (ii) eurodollar LIBOR (adjusted

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for reserves) plus an applicable margin of 2.0% to 2.75%, at the Company's option (8.9% at December 30, 2000 and 8.1% at January 1, 2000). Following receipt of the quarterly financial statements, the agent under the Credit Facility shall change the applicable interest rate margin on loans (other than under the UK Revolver and UK Term Loan) once per quarter to a specified margin determined by the ratio of funded debt to EBITDA of the Company and its subsidiaries. Notwithstanding the foregoing, interest on borrowings under the UK Revolver and the UK Term Loan is based on sterling LIBOR (adjusted for reserves) plus 2.5%. Interest on borrowings under the Italy Revolver and the Italy Working Capital Line is based on EURIBOR plus 2.0%.

On July 17, 2000, Berry obtained a second lien senior credit facility from General Electric Capital Corporation for an aggregate principal amount of \$25.0 million (the "Second Lien Senior Facility"), resulting in net proceeds of \$24.3 million after fees and expenses. The proceeds were utilized to reduce amounts then outstanding under the US Revolver. The indebtedness is guaranteed by Holding and all of its subsidiaries (other than its subsidiaries in Italy). The Second Lien Senior Facility is secured by a second priority lien on substantially the same collateral as the collateral for the Credit Facility. The \$25.0 million principal amount is due upon the Second Lien Senior Facility's maturity on July 1, 2002. Interest is based on either (i) the lender's base rate (which is the higher of the prime rate and the federal funds rate plus 0.5%) plus an applicable margin of 3.0% or (ii) eurodollar LIBOR (adjusted for reserves) plus an applicable margin of 4.5%, at the Company's option (11.1% at December 30, 2000). The covenants under the Second Lien Senior Facility are substantially the same as those in the Credit Facility.

The 1994 Indenture, the 1996 Indenture, the 1998 Indenture, and 1999 Indenture restrict the Company's ability to incur additional debt and contain other provisions which could limit the liquidity of the Company. At December 30, 2000, the Company had unused borrowing capacity under the Credit Facility's borrowing base of \$25.1 million, which is not considered additional indebtedness under the 1994 Indenture, 1996 Indenture, 1998 Indenture or 1999 Indenture. Any additional indebtedness above the borrowing base requires approval from the Credit Facility's lenders.

The 1994 Indenture, 1998 Indenture, and 1999 Indenture restrict, and the Credit Facility prohibits, Berry's ability to pay any dividend or make any distribution of funds to Holding to satisfy interest and other obligations on Holding's 12.50% Series B Senior Secured Notes due 2006 (the "1996 Notes"). Interest on the 1996 Notes is payable semi-annually on June 15 and December 15 of each year. However, from December 15, 1999 until June 15, 2001, Holding may, at its option, pay interest, at an increased rate of 0.75% per annum, in additional 1996 Notes valued at 100% of the principal amount thereof. Holding has issued an additional approximately \$22.3 million aggregate principal amount of 1996 Notes in satisfaction of its interest obligation. Holding's ability to pay principal and interest in cash on the 1996 Notes and Berry's ability to pay principal and interest on the notes issued under the 1994 Indenture, 1998 Indenture, and 1999 Indenture will depend on Berry's financial and operating performance, which in turn are subject to prevailing economic conditions and to certain financial, business and other factors beyond its control. Based on historical operating results, management believes that sufficient monies are available from Berry under the tax sharing agreement to enable Holding to make the December 2001 cash interest payment on the 1996 Notes, subject to Berry's ability to generate sufficient operating results to comply with covenants under the senior credit facility. However, if Berry cannot generate sufficient cash flow from operations to meet its obligations, then the Company may be forced to take actions such as reducing or delaying capital expenditures, selling assets, restructuring or refinancing its indebtedness, or seeking additional equity capital. There is no assurance that any of these actions could be effected on satisfactory terms, if at all.

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Net cash provided by operating activities was \$36.1 million in 2000 as compared to \$36.0 million in 1999. Net cash provided by operating activities was \$34.1 million in 1998. The increase in 1999 was primarily the result of improved operating performance as the Company's net loss plus non-cash expenses improved \$5.8 million.

Capital expenditures in 2000 were \$31.5 million, an increase of \$0.8 million from \$30.7 million in 1999. Capital expenditures totaled \$22.6 million in 1998. Capital expenditures in 2000 included investments of \$7.6 million for facility renovations, production systems and offices necessary to support production operating levels throughout the Company, \$13.6 million for molds, \$7.5 million for molding and printing machines, and \$2.8 million for accessory equipment and systems. Included in 2000 capital expenditures was \$19.4 million for major projects, including building expansions and new equipment for future growth. The capital expenditure budget for 2001 is expected to be \$30.1 million.

Net cash provided by financing activities was \$72.0 million in 2000 as compared to \$71.1 million in 1999. Net cash provided by financing activities was \$71.1 million in 1999 as compared to \$17.6 million in 1998. The \$53.5 million increase can be attributed primarily to the 1999 Notes issuance of \$75.0 million to finance the Cardinal Acquisition.

Increased working capital needs occur whenever the Company experiences strong incremental demand or a significant rise in the cost of raw material, particularly plastic resin. However, the Company anticipates that its cash interest, working capital and capital expenditure requirements for 2001 will be satisfied through a combination of funds generated from operating activities and cash on hand, together with funds available under the Credit Facility. Management bases such belief on historical experience and the substantial funds available under the Credit Facility. However, the Company cannot predict its future results of operations. At December 30, 2000, the Company's cash balance was \$2.1 million, and Berry had unused borrowing capacity under the Credit Facility's borrowing base of \$25.1 million.

General Economic Conditions and Inflation

The Company faces various economic risks ranging from an economic downturn adversely impacting the Company's primary markets to market fluctuations in plastic resin prices. In the short-term, rapid increases in resin cost may not be fully recovered through price increases to customers. Also, shortages of raw materials may occur from time to time. In the long-term, however, raw material availability and price changes generally do not have a material adverse effect on gross margin. Cost changes generally are passed through to customers. In addition, the Company believes that its sensitivity to economic downturns in its primary markets is less significant due to its diverse customer base and its ability to provide a wide array of products to numerous end markets.

The Company believes that it is not affected by inflation except to the extent that the economy in general is thereby affected. Should inflationary pressures drive costs higher, the Company believes that general industry competitive price increases would sustain operating results, although there can be no assurance that this will be the case.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

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Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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All other schedules have been omitted because they are not applicable or not required or because the required information is included in the consolidated financial statements or notes thereto.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

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PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information with respect to the executive officers, directors and certain key personnel of Holding and its subsidiaries:

Name	Age	Title
----	---	-----
Roberto Buaron(1) (4).....	54	Chairman and Director
Martin R. Imbler(1) (4).....	53	President, Chief Executive Officer and Director
Ira G. Boots.....	46	Executive Vice President, Chief Operating Officer, and Director
James M. Kratochvil.....	44	Executive Vice President, Chief

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		Financial Officer, Treasurer and Secretary
R. Brent Beeler.....	48	Executive Vice President and General Manager - Containers
William J. Herdrich.....	51	Executive Vice President and General Manager - Overcaps and Closures
Bruce J. Sims.....	51	Executive Vice President and General Manager - Drink Cups and Housewares
Lawrence G. Graev(2) (3).....	56	Director
Joseph S. Levy(2) (3).....	32	Vice President, Assistant Secretary and Director
Donald J. Hofmann, Jr.(1) (2) (3) (4).....	43	Director
Mathew J. Lori.....	37	Director
David M. Clarke.....	50	Director

-
- (1) Member of the Stock Option Committee of Holding.
 - (2) Member of the Audit Committee of Holding.
 - (3) Member of the Audit Committee of the Company.
 - (4) Member of the Compensation Committee of the Company.

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Roberto Buaron has been Chairman and a Director of the Company since it was organized in December 1990. He has also served as Chairman and a Director of Holding since 1990. He is the Chairman and Chief Executive Officer of First Atlantic Capital, Ltd. ("First Atlantic"), which he founded in 1989. From 1987 to 1989, he was an Executive Vice President with Overseas Partners, Inc., an investment management firm. From 1983 to 1986 he was First Vice President of Smith Barney, Inc., and a General Partner of First Century Partnership, its venture capital affiliate. Prior to 1983, he was a Principal at McKinsey & Company.

Martin R. Imbler has been President, Chief Executive Officer and a Director of the Company since January 1991. He has also served as a Director of Holding since January 1991, and as President of Holding since May 1996. From June 1987 to December 1990, he was President and Chief Executive Officer of Risdon Corporation, a cosmetic packaging company. Mr. Imbler was employed by American Can Company from 1981 to 1987, as Vice President and General Manager of the East/South Region Food and General Line Packaging business from 1985 to 1987 and as Vice President, Marketing, from 1981 to 1985.

Ira G. Boots has been Executive Vice President and a Director of the Company and has been Chief Operating Officer since April 1992 and August 2000, respectively. Prior to that, Mr. Boots was Vice President of Operations, Engineering and Product Development of the Company from December 1990 to April 1992. Mr. Boots was employed by Old Berry from 1984 to December 1990 as Vice President, Operations.

James M. Kratochvil has been Executive Vice President, Chief Financial Officer, Secretary and Treasurer of the Company since December 1997. He formerly served as Vice President, Chief Financial Officer and Secretary of the Company since 1991, and as Treasurer of the Company since May 1996. He was also promoted to Executive Vice President, Chief Financial Officer and Secretary of Holding in December 1997. He formerly served as Vice President, Chief Financial Officer and Secretary of Holding since 1991. Mr. Kratochvil was employed by Old Berry from 1985 to 1991 as Controller.

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R. Brent Beeler has been Executive Vice President and General Manager - Containers of the Company since August 2000. Prior to that, Mr. Beeler was Executive Vice President, Sales and Marketing of the Company since February 1996 and Vice President, Sales and Marketing of the Company since December 1990. Mr. Beeler was employed by Old Berry from October 1988 to December 1990 as Vice President, Sales and Marketing.

William J. Herdrich has been Executive Vice President and General Manager - Aerosol Overcaps and Closures of the Company since August 2000. From May 2000 to August 2000, Mr. Herdrich was a consultant to the Company. From April 1994 to May 2000, Mr. Herdrich was President, Executive Vice President and General Manager of Poly-Seal Corporation. Mr. Herdrich was employed by Seaquist Closures from 1990 to April 1994 as Executive Vice President.

Bruce J. Sims has been Executive Vice President and General Manager - Drink Cups and Housewares of the Company since August 2000. He formerly served as Executive Vice President, Sales and Marketing, Housewares of the Company since January 1997. Prior to the PackerWare Acquisition, Mr. Sims served as President of PackerWare from March 1996 to January 1997 and as Vice President from October 1994 to March 1996. From January 1990 to October 1994 he was Vice President of the Miner Container Corporation, a national injection molder.

Lawrence G. Graev has been a Director of the Company and Holding since August 1995. Mr. Graev is a partner in the law firm of O'Sullivan Graev & Karabell, LLP of New York, where he has been a partner since 1974. Mr. Graev is also a Director of First Atlantic.

Joseph S. Levy has been Vice President and Assistant Secretary of the Company and Holding since April 1995. Mr. Levy has been a Director of Holding and the Company since April 1998. Mr. Levy has been Principal of First Atlantic since December 1999, and prior to that Mr. Levy had been a Vice President.

Donald J. Hofmann, Jr. has been a Director of Holding and the Company since June 1996. Mr. Hofmann has been a Partner of J.P. Morgan Partners, LLC (formerly Chase Capital Partners), a global private equity organization with over \$20 billion under management, since September 1992. J.P. Morgan Partners provides equity and mezzanine debt financing for management buyouts and recapitalizations, growth equity and venture capital. Mr. Hofmann is also a director of Advanced Accessory Systems, LLC, United Auto Group and Pliant Corporation.

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Mathew J. Lori has been a Director of Holding and the Company since October 1996. Mr. Lori has been a Principal with J.P. Morgan Partners, LLC (formerly Chase Capital Partners) since January 1998, and prior to that, Mr. Lori had been an Associate since April 1996. From September 1993 to March 1996, he was an Associate in the Merchant Banking Group of The Chase Manhattan Bank, N.A.

David M. Clarke has been a Director of Holding and the Company since June 1996. Mr. Clarke is a Managing Director with Aetna Life Insurance Company, Private Equity and, prior to that, he had been a Vice President in the Investment Group of Aetna Life Insurance Company from 1988 to 1996.

The Stockholders Agreement (as defined herein) contains provisions regarding the election of directors. See "Certain Relationships and Related Transactions - Stockholders Agreements."

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Board Committees

The Board of Directors of Holding has an Audit Committee and a Stock Option Committee, and the Board of Directors of the Company has an Audit Committee and a Compensation Committee. The Audit Committees oversee the activities of the independent auditors and internal controls. The Stock Option Committee administers the BPC Holding Corporation 1996 Stock Option Plan. The Compensation Committee makes recommendations to the Board of Directors of the Company concerning salaries and incentive compensation for officers and employees of the Company.

Item 11. EXECUTIVE COMPENSATION

The following table sets forth a summary of the compensation paid by the Company to its Chief Executive Officer and the four other most highly compensated executive officers of the Company (collectively, the "Named Executive Officers") for services rendered in all capacities to the Company during fiscal 2000, 1999, and 1998:

SUMMARY COMPENSATION TABLE

Name and Principal Position -----	Fiscal Year ----	Annual Compensation -----	
		Salary -----	Bonus -----
Martin R. Imbler	2000	\$ 390,122	\$ 137,235
President and Chief Executive Officer	1999	362,940	121,201
	1998	327,397	46,697
Ira G. Boots	2000	289,328	150,000
Executive Vice President and Chief Operating Officer	1999	251,163	95,486
	1998	176,631	39,024
James M. Kratochvil	2000	212,049	120,000
Executive Vice President, Chief Financial Officer, Treasurer and Secretary	1999	200,894	80,083
	1998	142,483	30,413
R. Brent Beeler	2000	257,236	135,000
Executive Vice President and General Manager - Containers	1999	226,504	79,350
	1998	145,218	32,621
Bruce J. Sims	2000	193,055	114,000
Executive Vice President and General Manager - Drink Cups and Housewares	1999	190,922	95,486
	1998	163,518	39,024

 (1) Amounts shown reflect contributions by the Company under the Company's 401(k) plan.

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The following table provides information on the number of exercisable and unexercisable management stock options held by the Named Executive Officers at December 30, 2000.

FISCAL YEAR-END OPTION VALUES (1)

Name -----	Number of Unexercised Options at Fiscal Year-End Exercisable/Unexercisable ----- (#) (2)	Value of Unexercised In-the-Money Options at Fiscal Year-End Exercisable/Unexercisable ----- (2)
Martin R. Imbler	6,778/1,694	\$854,028/\$213,444
Ira G. Boots	4,171/1,043	525,546/131,418
James M. Kratochvil	2,607/652	328,482/82,152
R. Brent Beeler	2,607/652	328,482/82,152
Bruce J. Sims	780/520	92,040/61,360

-
- (1) None of Holding's capital stock is currently publicly traded. The values reflect management's estimate of the fair market value of the Class B Nonvoting Common Stock at December 30, 2000.
- (2) All options granted to management of the Company are exercisable for shares of Class B Nonvoting Common Stock, par value \$.01 per share, of Holding.

Director Compensation

Directors receive no cash consideration for serving on the Board of Directors of Holding or the Company, but directors are reimbursed for out-of-pocket expenses incurred in connection with their duties as directors.

Employment Agreements

The Company has an employment agreement with Mr. Imbler (the "Imbler Employment Agreement") that expires on June 30, 2001. Base compensation under the Imbler Employment Agreement for fiscal 2000 was \$390,122. The Imbler Employment Agreement also provides for an annual performance bonus of \$50,000 to \$175,000 based upon the Company's attainment of certain financial targets. The Company may terminate Mr. Imbler's employment for "cause" or upon a "disability" (as such terms are defined in the Imbler Employment Agreement). If the Company terminates Mr. Imbler "without cause" (as defined in the Imbler Employment Agreement), Mr. Imbler is entitled to receive, among other things, the greater of (i) one year's salary or (ii) 1/12 of one year's salary for each year (not to exceed 24 years in the aggregate) of employment with the Company. The Imbler Employment Agreement also contains customary noncompetition, nondisclosure and nonsolicitation provisions.

The Company also has employment agreements with each of Messrs. Boots, Kratochvil, Beeler, and Sims (each, an "Employment Agreement" and, collectively, the "Employment Agreements"). The agreements for Boots, Kratochvil and Beeler expire on June 30, 2001, and the agreement for Sims expires on January 21, 2002. The Employment Agreements provided for fiscal 2000 base compensation of \$289,328, \$212,049, \$257,236 and \$193,055, respectively. Salaries are subject in each case to annual adjustment at the discretion of the Compensation Committee of the Board of Directors of the Company. The Employment Agreements entitle each executive to participate in all other incentive compensation plans established for executive officers of the Company. The Company may terminate each Employment Agreement for "cause" or a "disability" (as such terms are defined in the Employment Agreements). If the Company terminates an executive's employment

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without "cause" (as defined in the Employment Agreements), the Employment Agreements require the Company to pay certain amounts to the terminated executive, including (i) the greater of (A) one year's salary or (B) 1/12 of one year's salary for each year (not to exceed 24 years in the aggregate) of employment with the Company (other than Mr. Sims, who would receive his salary for one year), and (ii) certain benefits under applicable incentive compensation plans. Each Employment Agreement also includes customary noncompetition, nondisclosure and nonsolicitation provisions.

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Compensation Committee Interlocks and Insider Participation

The Company established the Compensation Committee comprised of Messrs. Buaron, Imbler, and Hofmann, in October 1996. The annual salary and bonus paid to Messrs. Imbler, Boots, Kratochvil, Beeler, and Sims for fiscal 2000 were determined by the Compensation Committee in accordance with their respective employment agreements. All other compensation decisions with respect to officers of the Company are made by Mr. Imbler pursuant to policies established in consultation with the Compensation Committee.

The Company is party to an Amended and Restated Management Agreement (the "FACL Management Agreement") with First Atlantic pursuant to which First Atlantic provides the Company with financial advisory and management consulting services in exchange for an annual fee of \$750,000 and reimbursement for out-of-pocket costs and expenses. In consideration of such services, the Company paid First Atlantic fees and expenses of \$821,000 for fiscal 2000, \$792,000 for fiscal 1999, and \$835,000 for fiscal 1998. Under the FACL Management Agreement, the Company pays a fee for services rendered in connection with certain transactions equal to the lesser of (i) 1% of the total transaction value and (ii) \$1,250,000 for any such transaction consummated plus out-of-pocket expenses in respect of such transaction, whether or not consummated. First Atlantic received advisory fees of approximately \$140,000 and \$180,000 in July 1998 and October 1998, respectively, for originating, structuring and negotiating the Berry UK Acquisition and the Knight Acquisition, respectively. First Atlantic received advisory fees of approximately \$690,000 in July 1999 for originating, structuring and negotiating the Cardinal Acquisition. First Atlantic received advisory fees of approximately \$580,000 in May 2000 for originating, structuring and negotiating the Poly-Seal Acquisition. See "Certain Relationships and Related Transactions."

Mr. Buaron, the Chairman and a director of Holding and the Company, is the Chairman and Chief Executive Officer of First Atlantic. Mr. Graev is a director of First Atlantic. As an officer and the sole stockholder of First Atlantic, Mr. Buaron is entitled to receive any bonuses paid and any dividends declared by First Atlantic on its capital stock, including any bonuses paid as a result of, and any dividends paid out of any of the fees paid with respect to the acquisitions described above. First Atlantic is engaged by Atlantic Equity Partners International II, L.P. ("International") to provide certain financial and management consulting services for which it receives annual fees. First Atlantic and International have completely distinct ownership and equity structures. See "Certain Relationships and Related Transactions."

Atlantic Equity Partners, L.P. (the "Fund"), a prior stockholder of Holding, received in June 1996 approximately \$67.6 million from the sale of its common stock in Holding and warrants to purchase common stock. First Atlantic is engaged by the Fund to provide certain financial and management consulting services for which it receives annual fees. First Atlantic and the Fund have completely distinct ownership and equity structures. Atlantic Equity Associates, L.P., a Delaware limited partnership ("AEA"), is the sole general partner of the

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Fund. Mr. Buaron is the sole shareholder of Buaron Capital Corporation ("Buaron Capital"). Buaron Capital is the managing and sole general partner of AEA. See "Certain Relationships and Related Transactions."

Stock Option Plan

Employees, directors and certain independent consultants of the Company and its subsidiaries are entitled to participate in the BPC Holding Corporation 1996 Stock Option Plan (the "Option Plan"), which provides for the grant of both "incentive stock options" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), and stock options that are non-qualified under the Code. The total number of shares of Class B Nonvoting Common Stock of Holding for which options may be granted pursuant to the Option Plan is 76,620. The Option Plan will terminate on October 3, 2003 or such earlier date on which the Board of Directors of Holding, in its sole discretion, determines. The Stock Option Committee of the Board of Directors of Holding administers all aspects of the Option Plan, including selecting which of the Company's directors, employees and independent consultants will receive options, the time when options are granted, whether the options are incentive stock options or non-qualified stock options, the manner and timing for vesting of such options, the terms of such options, the exercise date of any options and the number of shares subject to such options. Directors who are also employees are eligible to receive options under the Option Plan.

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The exercise price of incentive stock options granted by Holding under the Option Plan may not be less than 100% of the fair market value of the Class B Nonvoting Common Stock at the time of grant and the term of any option may not exceed seven years. With respect to any employee who owns stock representing more than 10% of the voting power of the outstanding capital stock of Holding, the exercise price of any incentive stock option may not be less than 110% of the fair market value of such shares at the time of grant and the term of such option may not exceed five years. The exercise price of a non-qualified stock option is determined by the Stock Option Committee on the date the option is granted. However, the exercise price of a non-qualified stock option may not be less than 100% of the fair market value of Class B Nonvoting Common Stock if the option is granted at any time after the initial public offering of such stock.

Options granted under the Option Plan are nontransferable except by will and the laws of descent and distribution. Options granted under the Option Plan typically expire after seven years and vest over a five-year period based on timing as well as achieving financial performance targets.

Under the Option Plan, as of December 30, 2000, there were outstanding options to purchase an aggregate of 60,774 shares of Class B Nonvoting Common Stock to 91 current and former employees of the Company, at an exercise price between \$100 and \$226 per share.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Stock Ownership

All of the outstanding capital stock of the Company is owned by Holding. The following table sets forth certain information regarding the ownership of the capital stock of Holding with respect to (i) each person known by Holding to own beneficially more than 5% of the outstanding shares of any class of its voting capital stock, (ii) each of Holding's directors, (iii) the Named Executive Officers and (iv) all directors and executive officers of Holding as a group. Except as otherwise indicated, each of the stockholders has sole voting

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and investment power with respect to the shares beneficially owned. Unless otherwise indicated, the address for each stockholder is c/o Berry Plastics Corporation, 101 Oakley Street, Evansville, Indiana 47710.

Name and Address of Beneficial Owner	Shares of Voting Common Stock(1)		Percentage of Voting Common Stock	Shares Nonvot Common St	
	Class A	Class B		Class A	Class
Atlantic Equity Partners International II, L.P.(2)	7,800	128,142	55.5%	2,200	3,385
J.P. Morgan Partners (SBIC), LLC(3)	52,000	5,623(4)	23.5	168,000	33,436
BPC Equity, LLC(5)	31,200	--	12.7	88,800	--
Roberto Buaron(6)	7,800	128,142	55.5	2,200	3,385
Martin R. Imbler	--	3,629	1.5	--	15,915
Joseph S. Levy(8)	--	42	*	--	118
Lawrence G. Graev(9)	--	--	--	--	--
Donald J. Hofmann, Jr.(10)	52,000	5,623(4)	23.5	168,000	33,436
Mathew J. Lori(11)	52,000	5,623(4)	23.5	168,000	33,436
David M. Clarke(12)	31,200	--	12.7	88,800	--
Ira G. Boots	--	1,718	*	--	6,489
James M. Kratochvil	--	1,196	*	--	6,011
R. Brent Beeler	--	1,196	*	--	6,011
Bruce J. Sims	--	--	*	--	1,695
All executive officers and directors as a group (12 persons)	91,000	140,350	94.5	259,000	73,160

* Less than one percent.

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- (1) The authorized capital stock of Holding consists of 3,500,000 shares of capital stock, including 2,500,000 shares of Common Stock, \$.01 par value (the "Holding Common Stock"), and 1,000,000 shares of Preferred Stock, \$.01 par value (the "Preferred Stock"). Of the 2,500,000 shares of Holding Common Stock, 500,000 shares are designated Class A Voting Common Stock, 500,000 shares are designated Class A Nonvoting Common Stock, 500,000 shares are designated Class B Voting Common Stock, 500,000 shares are designated Class B Nonvoting Common Stock, and 500,000 shares are designated Class C Nonvoting Common Stock. Of the 1,000,000 shares of Preferred Stock, 800,000 shares are designated Series A Senior Cumulative Exchangeable Preferred Stock, and 200,000 shares are designated Series B Cumulative Preferred Stock.
- (2) Address is P. O. Box 847, One Capital Place, Fourth Floor, Grand Cayman, Cayman Islands, British West Indies. Atlantic Equity Associates International II, L.P., a Delaware limited partnership ("AEA II"), is the sole general partner of International and as such exercises voting and/or investment power over shares of capital stock owned by International, including the shares of Holding Common Stock held by International (the "International Shares"). Mr. Buaron is the sole shareholder of Buaron Holdings Ltd. ("BHL"). BHL is the sole general partner of AEA II. As the

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general partner of AEA II, BHL may be deemed to beneficially own the International Shares. BHL disclaims any beneficial ownership of any shares of capital stock owned by International, including the International Shares. Through his affiliation with BHL and AEA II, Mr. Buaron controls the sole general partner of International and therefore has the authority to control voting and/or investment power over, and may be deemed to beneficially own, the International Shares. Mr. Buaron disclaims any beneficial ownership of any of the International Shares.

- (3) Address is 1221 Avenue of the Americas, New York, New York 10020.
- (4) Represents warrants to purchase such shares of common stock held by J.P. Morgan Partners (SBIC), LLC (formerly Chase Venture Capital Associates, LLC) ("JPMP(SBIC)") which are currently exercisable.
- (5) Address is c/o Aetna Life Insurance Company, Private Equity Group, IG6U, 151 Farmington Avenue, Hartford, Connecticut 06156. Aetna Life Insurance Company exercises voting and/or investment power over shares of capital stock owned by BPC Equity, LLC ("BPC Equity"), including shares of Holding Common Stock held by BPC Equity.
- (6) Address is c/o First Atlantic Capital, Ltd., 135 East 57th Street, New York, New York 10022. Represents shares of Holding Common Stock owned by International. Mr. Buaron is the sole shareholder of BHL. BHL is the sole general partner of AEA II. AEA II is the sole general partner of International and as such, exercises voting and/or investment power over shares of capital stock owned by International, including the International Shares. Mr. Buaron, as the sole shareholder and Chief Executive Officer of BHL, controls the sole general partner of International and therefore has voting and/or investment power over, and may be deemed to beneficially own, the International Shares. Mr. Buaron disclaims any beneficial ownership of the International Shares.
- (7) Includes 6,778 options granted to Mr. Imbler, which are presently exercisable.
- (8) Address is c/o First Atlantic Capital, Ltd., 135 East 57th Street, New York, New York 10022.
- (9) Address is c/o O'Sullivan Graev & Karabell, LLP, 30 Rockefeller Plaza, New York, New York 10112.
- (10) Address is c/o J.P. Morgan Partners, 1221 Avenue of the Americas, New York, New York 10020. Represents shares owned by JPMP(SBIC). Mr. Hofmann is a General Partner of J.P. Morgan Partners, LLC, which is the private equity investment arm of J.P. Morgan Chase & Co., which is an affiliate of JPMP(SBIC). Mr. Hofmann disclaims any beneficial ownership of the shares of Holding Common Stock held by JPMP(SBIC).
- (11) Address is c/o J.P. Morgan Partners, LLC, 1221 Avenue of the Americas, New York, New York 10020. Represents shares owned by JPMP(SBIC). Mr. Lori is a Principal with of J.P. Morgan Partners, which is the private equity investment arm of J.P. Morgan Chase & Co., which is an affiliate of JPMP(SBIC). Mr. Lori disclaims any beneficial ownership of the shares of Holding Common Stock held by JPMP(SBIC).
- (12) Address is c/o Aetna Life Insurance Company, Private Equity Group, IG6U, 151 Farmington Avenue, Hartford, Connecticut 06156. Represents shares owned by BPC Equity. Mr. Clarke is a Managing Director of Aetna, Inc., an affiliate of Aetna Life Insurance Company, which is a member of BPC Equity. Mr. Clarke disclaims any beneficial ownership of the shares of Holding Common Stock held by BPC Equity.
- (13) Includes 4,171 options granted to Mr. Boots, which are currently exercisable.
- (14) Includes 2,607 options granted to Mr. Kratochvil, which are currently exercisable.
- (15) Includes 2,607 options granted to Mr. Beeler, which are currently exercisable.
- (16) Includes 780 options granted to Mr. Sims, which are currently exercisable.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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First Atlantic

Pursuant to the FACL Management Agreement, First Atlantic provides the Company with financial advisory and management consulting services in exchange for an annual fee of \$750,000 and reimbursement for out-of-pocket costs and expenses. In consideration of such services, the Company paid First Atlantic fees and expenses of approximately \$821,000 for fiscal 2000, \$792,000 for fiscal 1999, and \$835,000 for fiscal 1998. Under the FACL Management Agreement, the Company pays a fee for services rendered in connection with certain transactions equal to the lesser of (i) 1% of the total transaction value and (ii) \$1,250,000 for any such transaction consummated plus out-of-pocket expenses in respect of such transaction, whether or not consummated. First Atlantic received advisory fees of approximately \$140,000 and \$180,000 in July 1998 and October 1998, respectively, for originating, structuring and negotiating the Berry UK Acquisition and the Knight Acquisition, respectively. First Atlantic received advisory fees of approximately \$690,000 in July 1999 for originating, structuring and negotiating the Cardinal Acquisition. First Atlantic received advisory fees of approximately \$580,000 in May 2000 for originating, structuring and negotiating the Poly-Seal Acquisition.

Mr. Buaron, the Chairman and a director of Holding and the Company, is the Chairman and Chief Executive Officer of First Atlantic. As an officer and the sole stockholder of First Atlantic, Mr. Buaron is entitled to receive any bonuses paid and any dividends declared by First Atlantic on its capital stock, including any bonuses paid as a result of, and any dividends paid out of the fees paid with respect to the acquisitions described above. Mr. Graev is also a director of First Atlantic, and Mr. Levy is an officer of First Atlantic. First Atlantic is engaged by International to provide certain financial and management consulting services for which it receives annual fees. First Atlantic and International have completely distinct ownership and equity structures.

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Atlantic Equity Partners, L.P. (the "Fund"), a prior stockholder of Holding, received in June 1996 approximately \$67.6 million from the sale of its common stock in Holding and warrants to purchase common stock. First Atlantic is engaged by the Fund to provide certain financial and management consulting services for which it receives annual fees. First Atlantic and the Fund have completely distinct ownership and equity structures. AEA is the sole general partner of the Fund. Mr. Buaron is the sole shareholder of Buaron Capital, and Buaron Capital is the managing and sole general partner of AEA.

Stockholders Agreements

Holding entered into a Stockholders Agreement dated as of June 18, 1996, as amended (the "Stockholders Agreement"), with certain common equity investors ("Common Stock Purchasers"), certain Management Stockholders (as defined herein) and, for limited purposes thereunder, the Northwestern Mutual Life Insurance Company ("Northwestern") and JPMP (SBIC) ("Preferred Stock Purchasers"). The Stockholders Agreement grants the Common Stock Purchasers certain rights and obligations, including the following: (i) until the occurrence of certain events specified in the Stockholders Agreement, to designate the members of a seven person Board of Directors as follows: (A) one director will be Roberto Buaron or his designee; (B) International will have the right to designate three directors (who are currently Messrs. Graev, Imbler and Levy); (C) JPMP (SBIC) will have the right to designate two directors (who are currently Messrs. Hofmann and Lori); and (D) the institutional holders (excluding International and JPMP (SBIC)) will have the right to designate one director (who is currently Mr. Clarke); (ii) in the case of certain Common Stock Purchasers, to subscribe for a proportional share of future equity issuances by Holding; (iii) under certain circumstances

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and in the case of International or JPMP(SBIC), to cause the initial public offering of equity securities of Holding or a sale of Holding subsequent to June 18, 2001 and (iv) under certain circumstances and in the case of a majority in interest of the institutional holders, to cause the initial public offering of equity securities of Holding or a sale of Holding subsequent to June 18, 2002. Provisions under the Stockholders Agreement also (i) prohibit Holding from taking certain actions without the consent of holders of a majority of voting stock held by JPMP(SBIC) and the institutional holders other than International (or, following the occurrence of certain events, International's consent), including certain transactions between Holding and any subsidiary, on the one hand, and First Atlantic or any of its affiliates, on the other hand; (ii) obligate Holding to provide certain Common Stock Purchasers with financial and other information regarding Holding and to provide access and inspection rights to all Common Stock Purchasers; and (iii) restrict transfers of equity by the Common Stock Purchasers, subject to certain exceptions (including for transfers of up to 10% of the equity (including warrants to purchase equity) held by each Common Stock Purchaser on the date of the Stockholders Agreement). Pursuant to the Stockholders Agreement, under certain circumstances the Preferred Stock Purchasers (and their transferees) have tag-along rights with respect to the warrants issued by Holding in 1996 and the Holding Common Stock issuable upon exercise thereof. Under specified circumstances and subject to certain exceptions, the Preferred Stock Purchasers (and their transferees) are entitled to include a pro rata share of their Preferred Stock in a transaction (or series of related transactions) involving the transfer by International, JPMP(SBIC) and the Institutional Holders (as defined in the Stockholders Agreement) of more than 50% of the aggregate amount of securities held by them on June 19, 1996.

The Stockholders Agreement grants registration rights, under certain circumstances and subject to specified conditions, to the Common Stock Purchasers. International and JPMP(SBIC) each have the right, on three occasions, to demand registration, at Holding's expense, of their shares of Holding Common Stock. Under certain circumstances, a majority in interest of the institutional holders (excluding International and JPMP(SBIC)) have the right, on one occasion, to demand registration, at Holding's expense, of their shares of Holding Common Stock. The Stockholders Agreement provides that if Holding proposes to register any of its securities, either for its own account or for the account of other stockholders, Holding will be required to notify all Common Stock Purchasers and to include in such registration the shares of Holding Common Stock requested to be included by them. All shares of Holding Common Stock owned by the Common Stock Purchasers requested to be included in a registration will be subject to cutbacks under certain circumstances in connection with an underwritten public offering.

The provisions of the Stockholders Agreement regarding voting rights, negative covenants, information/inspection rights, the right to force a sale of Holding, preemptive rights and transfer restrictions generally will expire on the earlier to occur of (i) the later of (A) June 18, 2001 if an underwritten public offering of equity securities of Holding resulting in gross proceeds of at least \$20.0 million occurs prior to June 18, 2001 and (B) the occurrence of such underwritten public offering that occurs subsequent to June 18, 2001; (ii) June 18, 2016; and (iii) a sale of Holding. In addition, the Stockholders Agreement provides that certain rights of a Common Stock Purchaser (to the extent such rights apply to such Common Stock Purchaser) to designate members of the Board of Directors of Holding and/or to approve certain actions by Holding will terminate if certain circumstances occur.

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Holding is also party to the Amended and Restated Stockholders Agreement dated June 18, 1996 (the "Management Stockholders Agreement"), with

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International and all management shareholders including, among others, Messrs. Imbler, Boots, Kratochvil, Beeler, and Sims (collectively, the "Management Stockholders"). The Management Stockholders Agreement contains provisions (i) limiting transfers of equity by the Management Stockholders; (ii) requiring the Management Stockholders to sell their shares as designated by Holding or International upon the consummation of certain transactions; (iii) granting the Management Stockholders certain rights of co-sale in connection with sales by International; (iv) granting Holding rights to repurchase capital stock from the Management Stockholders upon the occurrence of certain events; and (v) requiring the Management Stockholders to offer shares to Holding prior to any permitted transfer.

In order to finance a portion of the consideration delivered in connection with the acquisition of Poly-Seal Corporation, Holding issued, pursuant to a Preferred Stock and Warrant Purchase Agreement dated as of May 9, 2000 (the "Preferred Agreement") by and among Holding, JPMP (SBIC), and Northwestern, 1,000,000 shares of Series A-1 Preferred Stock in a private placement (the "Preferred Placement") for an aggregate purchase price of \$25 million. The Series A-1 Preferred Stock has a stated value of \$25 per share, and dividends accrue at a rate of 14% per annum and will accumulate until declared and paid. The Series A-1 Preferred Stock ranks pari-passu with the Series A Preferred Stock and prior to all other capital stock of Holding. In connection with the Preferred Placement, Holding issued warrants to purchase 25,997 shares of its Series B Non-Voting Common Stock at \$0.01 per share. Holding also extended the expiration period of currently outstanding warrants to purchase Series B Non-Voting Common Stock and Series B Voting Common Stock held by JPMP (SBIC) and Northwestern to May 9, 2006. The Series A-1 Preferred Stock and Warrants were issued in transactions exempt from registration in reliance on the exemption provided by Section 4 (2) of the Securities Act of 1933.

Tax Sharing Agreement

For federal income tax purposes, Berry and its domestic subsidiaries are included in the affiliated group of which Holding is the common parent and as a result, the federal taxable income and loss of Berry and its subsidiaries is included in the group consolidated tax return filed by Holding. In April 1994, Holding, Berry and certain of its subsidiaries entered into a tax sharing agreement, which was amended and restated in March 2001 (the "Tax Sharing Agreement"). Under the Tax Sharing Agreement, for fiscal 1994 and all taxable years thereafter for which the Tax Sharing Agreement remains in effect, Berry and its subsidiaries as a consolidated group are required to pay at the request of Holding an amount equal to the taxes that they would otherwise have to pay if they were to file separate federal, state or local income tax returns (including any amounts determined to be due as a result of a redetermination arising from an audit or otherwise of a tax liability which is attributable to them). If Berry and its subsidiaries would have been entitled to a tax refund for taxes paid previously on the basis computed as if they were to file separate returns, then under the Tax Sharing Agreement, Holding is required to pay at the request of Berry and its subsidiaries an amount equal to such tax refund. If, however, Berry and its subsidiaries would have reported a tax loss if they were to file separate returns, then Holdings intends, but is not obligated under the Tax Sharing Agreement, to pay to Berry and its subsidiaries an amount equal to the tax benefit that is realized by Holding as a result of such separate loss. Under the Tax Sharing Agreement any such payments to be made by Holding to Berry or any of its subsidiaries on account of a tax loss are within the sole discretion of Holding. No payments have been made to date.

Legal Services

Mr. Graev is a partner in the law firm of O'Sullivan Graev & Karabell, LLP, New York, New York. O'Sullivan Graev & Karabell, LLP provides legal services to the Company and Holding in connection with certain matters,

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principally relating to transactional, securities law, general corporate and litigation matters.

Transactions With Affiliates

The 1996 Indenture, the Stockholders Agreement, the 1994 Indenture, the 1998 Indenture, the 1999 Indenture, and the Credit Facility restrict the Company's and its affiliates' ability to enter into transactions with their affiliates, including their officers, directors and principal stockholders.

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PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) Documents Filed as Part of the Report

1. Financial Statements

The financial statements listed under Item 8 are filed as part of this report.

2. Financial Statement Schedules

The financial statement schedules listed under Item 8 are filed as part of this report.

Schedules other than the above have been omitted because they are either not applicable or the required information has been disclosed in the financial statements or notes thereto.

3. Exhibits

The exhibits listed on the accompanying Exhibit Index are filed as part of this report.

(b) Reports on Form 8-K

None.

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REPORT OF INDEPENDENT AUDITORS

The Stockholders and Board of Directors
BPC Holding Corporation

We have audited the accompanying consolidated balance sheets of BPC Holding Corporation ("Holding") as of December 30, 2000 and January 1, 2000, and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 30, 2000. Our audits also included the financial statement schedules listed in the Index at Item 14(a). These financial statements and schedules are the responsibility of Holding's management. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

We conducted our audits in accordance with auditing standards generally accepted

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in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of BPC Holding Corporation at December 30, 2000 and January 1, 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 30, 2000, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ ERNST & YOUNG LLP

Indianapolis, Indiana
February 16, 2001

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BPC Holding Corporation
Consolidated Balance Sheets
(In Thousands of Dollars)

	December 30, 2000	Jan
	-----	---
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,054	\$
Accounts receivable (less allowance for doubtful accounts of \$1,724 at December 30, 2000 and \$1,386 at January 1, 2000)	48,397	
Inventories:		
Finished goods	38,157	
Raw materials and supplies	10,822	
	-----	---
	48,979	
Prepaid expenses and other receivables	5,272	
	-----	---
Total current assets	104,702	
Property and equipment:		
Land	8,894	
Buildings and improvements	60,572	
Machinery, equipment and tooling	203,569	1
Construction in progress	16,901	
	-----	---
	289,936	2
Less accumulated depreciation	110,132	1
	-----	---
	179,804	1

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Intangible assets:	
Deferred financing and origination fees, net	10,422
Covenants not to compete, net	3,388
Excess of cost over net assets acquired, net	114,680
	128,490
Other	126

Total assets	\$413,122
	=====

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Consolidated Balance Sheets (continued)

	December 30, 2000

Liabilities and stockholders' equity (deficit)	
Current liabilities:	
Accounts payable	\$ 26,779
Accrued expenses and other liabilities	10,430
Accrued interest	9,006
Employee compensation and payroll taxes	14,785
Current portion of long-term debt	23,232

Total current liabilities	84,232
Long-term debt, less current portion	445,574
Accrued dividends on preferred stock	17,656
Deferred income taxes	491
Other liabilities	3,166

	551,119
Stockholders' equity (deficit):	
Series A Preferred Stock; 600,000 shares authorized, issued and outstanding (net of discount of \$2,185 at December 30, 2000 and \$2,478 at January 1, 2000)	12,386
Series A-1 Preferred Stock; 1,400,000 shares authorized; 1,000,000 shares issued and outstanding (net of discount of \$5,400 at December 30, 2000)	19,600
Series B Preferred Stock; 200,000 shares authorized, issued and outstanding	5,000
Class A Common Stock; \$.01 par value:	
Voting; 500,000 shares authorized; 91,000 shares issued and outstanding	1
Nonvoting; 500,000 shares authorized; 259,000 shares issued and outstanding	3
Class B Common Stock; \$.01 par value:	
Voting; 500,000 shares authorized; 145,058 shares issued and 144,546 shares outstanding	1
Nonvoting; 500,000 shares authorized; 58,612 shares issued and 56,509 shares outstanding	1
Class C Common Stock; \$.01 par value: Nonvoting; 500,000 shares authorized; 17,000 shares issued and 16,833 shares outstanding	--
Treasury stock: 512 shares Class B Voting Common Stock; 2,103 shares Class B Nonvoting Common Stock; and 167 shares Class C Nonvoting Common	

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Stock	(405)
Additional paid-in capital	35,041
Warrants	9,386
Retained earnings (deficit)	(218,168)
Accumulated other comprehensive income (loss)	(843)
Total stockholders' equity (deficit)	(137,997)
Total liabilities and stockholders' equity (deficit)	\$ 413,122

See notes to consolidated financial statements.

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BPC Holding Corporation
Consolidated Statements of Operations
(In Thousands of Dollars)

	Year Ended		
	December 30, 2000	January 1, 2000	January 2, 1999
Net sales	\$ 408,088	\$ 328,834	\$ 271,830
Cost of goods sold	312,119	241,067	199,227
Gross margin	95,969	87,767	72,603
Operating expenses:			
Selling	21,630	17,383	14,780
General and administrative	24,408	22,034	19,308
Research and development	2,606	2,338	1,690
Amortization of intangibles	10,579	7,215	4,139
Other expenses	6,639	5,148	4,084
Operating income	30,107	33,649	28,602
Other expenses:			
Loss on disposal of property and equipment	877	1,416	1,865
Income before interest and taxes	29,230	32,233	26,737
Interest:			
Expense	(51,553)	(41,040)	(35,555)
Income	96	223	999
Loss before income taxes and extraordinary item	(22,227)	(8,584)	(7,819)
Income taxes (benefit)	(142)	554	(249)
Loss before extraordinary item	(22,085)	(9,138)	(7,570)
Extraordinary item (less applicable income taxes of \$0)	(1,022)	--	--

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Net loss	(23,107)	(9,138)	(7,570)
Preferred stock dividends	(6,655)	(3,776)	(3,551)
Amortization of preferred stock discount	(768)	(292)	(292)
Net loss attributable to common shareholders	\$ (30,530)	\$ (13,206)	\$ (11,413)

See notes to consolidated financial statements.

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BPC Holding Corporation

Consolidated Statements of Changes in Stockholders' Equity (Deficit)
(In Thousands of Dollars)

	Common Stock			Preferred	
	Class A	Class B	Class C	Class A	Class
Balance at December 28, 1997	\$ 4	\$ 2	\$ --	\$11,509	\$
Net loss	-	-	--	--	--
Sale of stock to management	-	-	--	--	--
Purchase treasury stock from management	-	-	--	--	--
Translation loss	-	-	--	--	--
Accrued dividends on preferred stock	-	-	--	--	--
Amortization of preferred stock discount	-	-	--	292	--
Balance at January 2, 1999	4	2	--	11,801	--
Net loss	-	-	--	--	--
Sale of treasury stock to management	-	-	--	--	--
Purchase treasury stock from management	-	-	--	--	--
Translation loss	-	-	--	--	--
Accrued dividends on preferred stock	-	-	--	--	--
Amortization of preferred stock discount	-	-	--	292	--
Balance at January 1, 2000	4	2	--	12,093	--
Net loss	-	-	--	--	--
Purchase treasury stock from management	-	-	--	--	--
Translation loss	-	-	--	--	--
Stock-based compensation	-	-	--	--	--
Issuance of preferred stock	-	-	--	--	25,000

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Issuance of private warrants	-	-	--	--	(5,8
Accrued dividends on preferred stock	-	-	--	--	
Amortization of preferred stock discount	-	-	--	293	4
	----	----	-----	-----	-----
Balance at December 30, 2000	\$ 4	\$ 2	\$ --	\$12,386	\$ 19,6
	=====	=====	=====	=====	=====

	Additional Paid-In Capital	Warrants	Retained Earnings	Accumulated Other Comprehensive Income (Loss)
Balance at December 28, 1997	\$ 49,374	\$3,511	\$ (178,353)	\$ --
	-----	-----	-----	-----
Net loss	--	--	(7,570)	--
Sale of stock to management	80	--	--	--
Purchase treasury stock from management	--	--	--	--
Translation loss	--	--	--	(83)
Accrued dividends on preferred stock	(3,551)	--	--	--
Amortization of preferred stock discount	(292)	--	--	--
	-----	-----	-----	-----
Balance at January 2, 1999	45,611	3,511	(185,923)	(83)
	-----	-----	-----	-----
Net loss	--	--	(9,138)	--
Sale of treasury stock to management	16	--	--	--
Purchase treasury stock from management	--	--	--	--
Translation loss	--	--	--	(240)
Accrued dividends on preferred stock	(3,776)	--	--	--
Amortization of preferred stock discount	(292)	--	--	--
	-----	-----	-----	-----
Balance at January 1, 2000	41,559	3,511	(195,061)	(323)
	-----	-----	-----	-----
Net loss	--	--	(23,107)	--
Purchase treasury stock from management	--	--	--	--
Translation loss	--	--	--	(520)
Stock-based compensation	905	--	--	--
Issuance of preferred stock	--	--	--	--
Issuance of private warrants	--	5,875	--	--
Accrued dividends on preferred stock	(6,655)	--	--	--
Amortization of preferred stock discount	(768)	--	--	--
	-----	-----	-----	-----
Balance at December 30, 2000	\$ 35,041	\$9,386	\$ (218,168)	\$ (843)
	=====	=====	=====	=====

See notes to consolidated financial statements.

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BPC Holding Corporation Consolidated Statements of Cash Flows (In Thousands of Dollars)

	Year Ended		
	December 30, 2000	January 1, 2000	Jan 1
Operating activities			
Net loss	\$ (23,107)	\$ (9,138)	\$
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation	31,569	24,580	
Non-cash interest expense	18,047	15,567	
Amortization	10,579	7,215	
Non-cash compensation	905	--	
Write-off of financing fees	1,022	--	
Loss on sale of property and equipment	877	1,416	
Deferred income taxes	(349)	6	
Changes in operating assets and liabilities:			
Accounts receivable, net	(1,475)	(723)	
Inventories	7,383	(7,746)	
Prepaid expenses and other receivables	(1,163)	(529)	
Other assets	--	493	
Accounts payable and accrued expenses	(8,182)	4,860	
Net cash provided by operating activities	36,106	36,001	
Investing activities			
Additions to property and equipment	(31,530)	(30,738)	
Proceeds from disposal of property and equipment	1,666	529	
Acquisitions of businesses	(78,851)	(76,769)	
Net cash used for investing activities	(108,715)	(106,978)	
Financing activities			
Proceeds from long-term borrowings	80,032	90,435	
Payments on long-term borrowings	(31,543)	(16,340)	
Purchase of treasury stock from management	(149)	(16)	
Proceeds from issuance of preferred stock and warrants	25,000	--	
Proceeds from issuance of treasury stock	--	56	
Proceeds from issuance of common stock	--	--	
Debt issuance costs	(1,303)	(3,000)	
Net cash provided by financing activities	72,037	71,135	
Effect of exchange rate changes on cash	80	70	
Net increase (decrease) in cash and cash equivalents	(492)	228	
Cash and cash equivalents at beginning of year	2,546	2,318	
Cash and cash equivalents at end of year	\$ 2,054	\$ 2,546	\$
	=====	=====	=====

See notes to consolidated financial statements.

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BPC Holding Corporation

Notes to Consolidated Financial Statements
(In thousands of dollars, except as otherwise noted)

Note 1. Organization

BPC Holding Corporation ("Holding"), through its subsidiary Berry Plastics Corporation ("Berry" or the "Company") and its subsidiaries Berry Iowa Corporation ("Berry Iowa"), Berry Tri-Plas Corporation ("Berry Tri-Plas"), Berry Sterling Corporation ("Berry Sterling"), Aerocon, Inc., PackerWare Corporation ("PackerWare"), Berry Plastics Design Corporation ("Berry Design"), Venture Packaging, Inc. ("Venture Packaging") and its subsidiaries Venture Packaging Midwest, Inc. and Berry Plastics Technical Services, Inc., NIM Holdings Limited and its subsidiary Berry Plastics U.K. Limited ("Berry UK") and its subsidiary Norwich Acquisition Limited, Knight Plastics, Inc., CPI Holding Corporation and its subsidiary Cardinal Packaging, Inc. ("Cardinal"), Berry Plastics Acquisition Corporation II, Poly-Seal Corporation, Berry Plastics Acquisition Corporation III, and CBP Holdings, S.r.l. and its subsidiaries Capsol S.p.a. and Ociesse S.r.l. manufactures and markets plastic packaging products through its facilities located in Evansville, Indiana; Henderson, Nevada; Iowa Falls, Iowa; Charlotte, North Carolina; Suffolk, Virginia; Lawrence, Kansas; Monroeville, Ohio; Norwich, England; Woodstock, Illinois; Streetsboro, Ohio; Baltimore, Maryland, and Milan, Italy.

In October 1998, the Company acquired a facility in Arlington Heights, Illinois in connection with assets purchased from the Knight Engineering and Plastics Division of Courtaulds Packaging Inc. In 1999, the Company closed the Arlington Heights facility. In connection with the acquisition of CPI Holding Corporation in July 1999, the Company also acquired manufacturing facilities in Ontario, California and Minneapolis, Minnesota. The Ontario facility was closed in 1999, and all production was removed from the Minneapolis facility in 2000. Also in 2000, the Company closed its manufacturing facility in York, Pennsylvania. The business from these closed locations are distributed throughout Berry's facilities.

Holding's fiscal year is a 52/53 week period ending generally on the Saturday closest to December 31. All references herein to "2000," "1999," and "1998," relate to the fiscal years ended December 30, 2000, January 1, 2000, and January 2, 1999, respectively.

Note 2. Summary of Significant Accounting Policies

Consolidation and Business

The consolidated financial statements include the accounts of Holding and its subsidiaries, all of which are wholly owned. Intercompany accounts and transactions have been eliminated in consolidation. Holding, through its wholly owned subsidiaries, operates in three primary divisions: open-top containers, aerosol overcaps and closures, and drink cups and housewares. The Company's customers are located principally throughout the United States, without significant concentration in any one region or with any one customer. The Company performs periodic credit evaluations of its customers' financial condition and generally does not require collateral.

Purchases of various densities of plastic resin used in the manufacture of the Company's products aggregated approximately \$94.7 million in 2000. Dow Chemical Corporation is the principal supplier (approximately 33%) of the Company's total

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resin material requirements. The Company also uses other suppliers such as Union Carbide, Chevron, ExxonMobil, Nova and Equistar to meet its resin requirements. The Company does not anticipate any material difficulty in obtaining an uninterrupted supply of raw materials at competitive prices in the near future. However, should a significant shortage of the supply of resin occur, changes in both the price and availability of the principal raw material used in the manufacture of the Company's products could occur and result in financial disruption to the Company.

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Notes to Consolidated Financial Statements (continued)

The Company is subject to existing and potential federal, state, local and foreign legislation designed to reduce solid waste in landfills. While the principal resins used by the Company are recyclable and, therefore, reduce the Company's exposure to legislation promulgated to date, there can be no assurance that future legislation or regulatory initiatives would not have a material adverse effect on the Company. Legislation, if promulgated, requiring plastics to be degradable in landfills or to have minimum levels of recycled content would have a significant impact on the Company's business as would legislation providing for disposal fees or limiting the use of plastic products.

Cash and Cash Equivalents

All highly liquid investments with a maturity of three months or less at the date of purchase are considered to be cash equivalents.

Inventories

Inventories are valued at the lower of cost (first in, first out method) or market.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed primarily by the straight-line method over the estimated useful lives of the assets ranging from three to 25 years.

Intangible Assets

Origination fees and deferred financing fees are being amortized using the straight-line method over the lives of the respective debt agreements.

Covenants not to compete are being amortized using the straight-line method over the respective lives of the agreements ranging from one to five years.

The costs in excess of net assets acquired represent the excess purchase price over the fair value of the net assets acquired in the original acquisition of Berry Plastics and subsequent acquisitions. These costs are being amortized using the straight-line method over a range of 15 to 20 years.

Holding periodically evaluates the value of intangible assets to determine if impairment has occurred. This evaluation is based on various analyses including reviewing anticipated cash flows.

Revenue Recognition

Revenue from sales of products is recognized at the time product is shipped to the customer.

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Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts on the 1999 and 1998 financial statements have been reclassified to conform to the 2000 presentation.

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Notes to Consolidated Financial Statements (continued)

Impact of Recently Issued Accounting Standards

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, Accounting for Derivative Instruments and Hedging Activities, which is required to be adopted in fiscal years beginning after June 15, 2000. This statement establishes accounting reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. The statement requires all derivatives be recognized on the balance sheet at fair value. Changes in the fair value of derivatives will be accounted for based upon their intended use and designation. The adoption of this standard is not expected to have a material effect on the consolidated financial statements.

Note 3. Acquisitions

On July 2, 1998, NIM Holdings, a newly-formed, wholly-owned subsidiary of Berry, acquired all of the capital stock of Norwich Moulders of Norwich, England for aggregate consideration of approximately \$14.0 million. The purchase was primarily financed through the senior credit facility. The operations of Norwich Moulders are included in Berry's operations since the acquisition date using the purchase method of accounting.

On October 16, 1998, Knight Plastics, Inc. ("Knight"), a newly formed wholly-owned subsidiary of Berry, acquired substantially all of the assets of the Knight Engineering and Plastics Division of Courtaulds Packaging Inc. for aggregate consideration of approximately \$18.0 million. The purchase was financed through the senior credit facility's revolving line of credit. The operations of Knight are included in Berry's operations since the acquisition date using the purchase method of accounting.

On July 6, 1999, the Company acquired all of the outstanding capital stock of CPI Holding Corporation ("Cardinal"), the parent company of Cardinal Packaging, Inc. for aggregate consideration of approximately \$72.0 million. The purchase was financed through the issuance by Berry of \$75.0 million of 11% Senior Subordinated Notes. The operations of Cardinal are included in Berry's operations since the acquisition date using the purchase method of accounting.

On May 9, 2000, Berry acquired all of the outstanding capital stock of Poly-Seal Corporation ("Poly-Seal") for aggregate consideration of approximately \$58.0 million. The purchase was financed through the issuance by Holding of \$25.0 million of 14% preferred stock and warrants and additional borrowings under the senior credit facility. The operations of Poly-Seal are included in Berry's operations since the acquisition date using the purchase method of accounting.

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The fair value of the net assets acquired was based on preliminary estimates and may be revised at a later date.

On October 4, 2000, Berry, through its newly-formed, wholly owned Italian subsidiary CBP Holdings S.r.l. ("Capsol"), acquired all of the outstanding capital stock of Capsol S.p.a., headquartered in Cornate d'Adda, near Milan, Italy and the whole quota capital of a related company, Ociesse S.r.l., for aggregate consideration of approximately \$14.0 million. The purchase was financed through borrowings under the senior credit facility. The operations of Capsol are included in Berry's operations since the acquisition date using the purchase method of accounting. The fair value of the net assets acquired was based on preliminary estimates and may be revised at a later date.

The pro forma results listed below are unaudited and reflect purchase accounting adjustments assuming the Cardinal, Poly-Seal and Capsol acquisitions occurred at the beginning of each fiscal year presented.

	Year Ended	
	December 30, 2000	January 1, 2000
Pro forma net sales	\$ 433,153	\$ 418,749
Pro forma loss before extraordinary item	(26,465)	(14,147)
Pro forma net loss	(27,487)	(14,147)

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Notes to Consolidated Financial Statements (continued)

The pro forma financial information is presented for informational purposes only and is not necessarily indicative of the operating results that would have occurred had the acquisitions been consummated at the above dates, nor are they necessarily indicative of future operating results. Further, the information gathered on the acquired companies is based upon unaudited internal financial information and reflects only pro forma adjustments for additional interest expense and amortization of the excess of the cost over the underlying net assets acquired, net of the applicable income tax effects.

Note 4. Intangible Assets

Intangible assets consist of the following:

	December 30, 2000	January 1, 2000
Deferred financing and origination fees	\$ 19,621	\$ 18,924
Covenants not to compete	9,997	7,745
Excess of cost over net assets acquired	131,775	96,104
Accumulated amortization	(32,903)	(19,865)
	-----	-----
	\$ 128,490	\$ 102,908
	=====	=====

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Excess of cost over net assets acquired increased primarily due to the acquisitions of Poly-Seal and Capsol to the extent the purchase price exceeded the fair value of the net assets acquired.

Note 5. Long-Term Debt

Long-term debt consists of the following:

	December 30, 2000	January 1, 2000
	-----	-----
Holding 12.50% Senior Secured Notes	\$127,282	\$111,956
Berry 12.25% Senior Subordinated Notes	125,000	125,000
Berry 11% Senior Subordinated Notes	75,000	75,000
Term loans	75,607	55,221
Revolving lines of credit	35,447	31,649
Second Lien Senior Credit Facility	25,000	--
Nevada Industrial Revenue Bonds	3,500	4,000
Capital leases	1,435	479
Debt premium, net	535	684
	-----	-----
	468,806	403,989
Less current portion of long-term debt	23,232	21,109
	-----	-----
	\$445,574	\$382,880
	=====	=====

Holding 12.50% Senior Secured Notes

On June 18, 1996, Holding, as part of a recapitalization (see Note 9), issued 12.50% Senior Secured Notes due 2006 (the "1996 Offering") for net proceeds, after expenses, of approximately \$100.2 million (or \$64.6 million after deducting the amount of such net proceeds used to purchase marketable securities available for payment of interest on the notes). These notes were exchanged in October 1996 for the 12.50% Series B Senior Secured Notes due 2006 (the "1996 Notes"). Interest is payable semi-annually on June 15 and December 15 of each year. In addition, from December 15, 1999 until June 15, 2001, Holding may, at its option, pay interest, at an increased rate of 0.75% per annum, in additional 1996 Notes valued at 100% of the principal amount thereof. Holding has issued an additional approximately \$22.3 million (\$15.3 million in 2000) aggregate principal amount of 1996 Notes in satisfaction of its interest obligation.

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Notes to Consolidated Financial Statements (continued)

The 1996 Notes rank senior in right of payment to all existing and future subordinated indebtedness of Holding, including Holding's subordinated guarantee of all of Berry's Senior Subordinated Notes and pari passu in right of payment with all senior indebtedness of Holding. The 1996 Notes are effectively subordinated to all existing and future senior indebtedness of Berry, including borrowings under the senior credit facility, second lien senior credit facility, and the Nevada Industrial Revenue Bonds.

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Berry 12.25% Senior Subordinated Notes

On April 21, 1994, Berry completed an offering of 100,000 units consisting of \$100.0 million aggregate principal amount of 12.25% Berry Plastics Corporation Senior Subordinated Notes, due 2004 (the "1994 Notes") and 100,000 warrants to purchase 1.13237 shares of Class A Common Stock, \$.00005 par value (collectively the "1994 Transaction"), of Holding. The net proceeds to Berry from the sale of the 1994 Notes, after expenses, were \$93.0 million. On August 24, 1998, Berry completed an additional offering of \$25.0 million aggregate principal amount of 12.25% Series B Senior Subordinated Notes due 2004 (the "1998 Notes"). The net proceeds to Berry from the sale of the 1998 Notes, after expenses, were \$25.2 million. The 1994 Notes and 1998 Notes mature on April 15, 2004 and interest is payable semi-annually on October 15 and April 15 of each year and commenced on October 15, 1994 and October 15, 1998 for the 1994 Notes and 1998 Notes, respectively. Holding and all of Berry's subsidiaries fully, jointly, severally, and unconditionally guarantee on a senior subordinated basis the 1994 Notes and 1998 Notes. There are no nonguarantor subsidiaries. Berry and all of Berry's subsidiaries are 100% owned by Holding. Separate narrative information or financial statements of guarantor subsidiaries have not been included as management believes they would not be material to investors.

Berry is not required to make mandatory redemption or sinking fund payments with respect to the 1994 Notes and 1998 Notes. The 1994 Notes and 1998 Notes may be redeemed at the option of Berry, in whole or in part, at redemption prices ranging from 104.083% in 2001 to 100% in 2002 and thereafter. Upon a change in control, as defined in the indenture entered into in connection with the 1994 Transaction (the "1994 Indenture") and the 1998 Transaction ("1998 Indenture"), each holder of notes will have the right to require Berry to repurchase all or any part of such holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount thereof plus accrued interest.

The 1994 Notes and 1998 Notes rank pari passu with or senior in right of payment to all existing and future subordinated indebtedness of Berry. The notes rank junior in right of payment to all existing and future senior indebtedness of Berry, including borrowings under the senior credit facility, second lien senior credit facility, and the Nevada Industrial Revenue Bonds.

The 1994 Indenture and 1998 Indenture contains certain covenants which, among other things, limit Berry and its subsidiaries' ability to incur debt, merge or consolidate, sell, lease or transfer assets, make dividend payments and engage in transactions with affiliates.

Berry 11% Senior Subordinated Notes

On July 6, 1999, Berry completed an offering of \$75.0 million aggregate principal amount of 11% Berry Plastics Corporation Senior Subordinated Notes, due 2007 (the "1999 Notes"). The net proceeds to Berry from the sale of the 1999 Notes, after expenses, were \$72.0 million. The 1999 Notes mature on July 15, 2007 and interest is payable semi-annually on January 15 and July 15 of each year and commenced on January 15, 2000. Holding and all of Berry's subsidiaries fully, jointly, and severally, and unconditionally guarantee on a senior subordinated basis the 1999 Notes. There are no nonguarantor subsidiaries.

Berry is not required to make mandatory redemption or sinking fund payments with respect to the 1999 Notes. On or subsequent to July 15, 2003, the 1999 Notes may be redeemed at the option of Berry, in whole or in part, at redemption prices ranging from 105.5% in 2003 to 100% in 2006 and thereafter. Upon a change in control, as defined in the indenture entered into in connection with the 1999 Transaction (the "1999 Indenture"), each holder of notes will have the right to require Berry to repurchase all or any part of such holder's notes at a repurchase price in cash equal to 101% of the aggregate principal amount thereof plus accrued interest.

Notes to Consolidated Financial Statements (continued)

Credit Facility

The Company has a financing and security agreement (the "Financing Agreement") with a syndicate of lenders led by Bank of America for a senior secured credit facility (the "Credit Facility"). The Financing Agreement amended the prior agreement as additional funds were made available in connection with the acquisition of Poly-Seal. The amendment resulted in an extraordinary charge in fiscal 2000 of \$1.0 million of deferred financing and origination costs associated with the Financing Agreement and the prior financing agreement. As of December 30, 2000, the Credit Facility provides the Company with (i) a \$70.0 million revolving line of credit ("US Revolver"), subject to a borrowing base formula, (ii) a \$2.4 million (using the December 30, 2000 exchange rate) revolving line of credit denominated in British Sterling in the U.K. ("UK Revolver"), subject to a separate borrowing base formula, (iii) a \$72.1 million term loan facility, (iv) a \$3.5 million (using the December 30, 2000 exchange rate) term loan facility denominated in British Sterling in the U.K. ("UK Term Loan") and (v) a \$4.2 million standby letter of credit facility to support the Company's and its subsidiaries' obligations under the Nevada Bonds. At December 30, 2000, the Company had unused borrowing capacity under the Credit Facility's revolving line of credit of approximately \$25.1 million. The indebtedness under the Credit Facility is guaranteed by Holding and all of its subsidiaries (other than its subsidiaries in Italy). The obligations of the Company and the subsidiaries under the Credit Facility and the guarantees thereof are secured by substantially all of the assets of such entities.

CBP Holdings, S.r.l. has a revolving credit facility (the "Italy Revolver") from Bank of America for \$12.7 million (using the December 30, 2000 exchange rate) denominated in Euros. Bank of America also extends working capital financing (the "Italy Working Capital Line") of up to \$1.5 million (using the December 30, 2000 exchange rate) denominated in Euros. The full amount available under the Italy Revolver and the Italy Working Capital Line are applied to reduce amounts available under the US Revolver, as does the outstanding balance under the UK Revolver.

The Credit Facility matures on January 21, 2002 unless previously terminated by the Company or by the lenders upon an Event of Default as defined in the Financing Agreement. The term loan facility requires periodic payments, varying in amount, through the maturity of the facility. Interest on borrowings under the Credit Facility is based on either (i) the lender's base rate (which is the higher of the lender's prime rate and the federal funds rate plus 0.5%) plus an applicable margin of 0.0% to 0.75% or (ii) eurodollar LIBOR (adjusted for reserves) plus an applicable margin of 2.0% to 2.75%, at the Company's option (8.9% at December 30, 2000 and 8.1% at January 1, 2000). Following receipt of the quarterly financial statements, the agent under the Credit Facility shall change the applicable interest rate margin on loans (other than under the UK Revolver and UK Term Loan) once per quarter to a specified margin determined by the ratio of funded debt to EBITDA of the Company and its subsidiaries. Notwithstanding the foregoing, interest on borrowings under the UK Revolver and the UK Term Loan is based on sterling LIBOR (adjusted for reserves) plus 2.5%. Interest on borrowings under the Italy Revolver and the Italy Working Capital Line is based on EURIBOR plus 2.0%.

The Credit Facility contains various covenants that include, among other things: (i) maintenance of certain financial ratios and compliance with certain financial tests and limitations, (ii) limitations on the issuance of additional

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indebtedness and (iii) limitations on capital expenditures.

Second Lien Senior Credit Facility

On July 17, 2000, Berry obtained a second lien senior credit facility from General Electric Capital Corporation for an aggregate principal amount of \$25.0 million (the "Second Lien Senior Facility"), resulting in net proceeds of \$24.3 million after fees and expenses. The proceeds were utilized to reduce amounts then outstanding under the US Revolver. The indebtedness is guaranteed by Holding and all of its subsidiaries (other than its subsidiaries in Italy). The Second Lien Senior Facility is secured by a second priority lien on substantially the same collateral as the collateral for the Credit Facility.

The \$25.0 million principal amount is due upon the Second Lien Senior Facility's maturity on July 1, 2002. Interest is based on either (i) the lender's base rate (which is the higher of the prime rate and the federal funds rate plus 0.5%) plus an applicable margin of 3.0% or (ii) eurodollar LIBOR (adjusted for reserves) plus an applicable margin of 4.5%, at the Company's option (11.1% at December 30, 2000). The covenants under the Second Lien Senior Facility are substantially the same as those in the Credit Facility.

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Notes to Consolidated Financial Statements (continued)

Nevada Industrial Revenue Bonds

The Nevada Industrial Revenue Bonds bear interest at a variable rate (5.0% at December 30, 2000 and 5.7% at January 1, 2000), require annual principal payments of \$0.5 million on April 1, are collateralized by irrevocable letters of credit issued by Bank of America under the Credit Facility and mature in April 2007.

Other

Future maturities of long-term debt are as follows: 2001, \$23,232; 2002, \$113,917; 2003, \$575; 2004, \$125,640; 2005, \$500 and \$204,407 thereafter.

Interest paid was \$32,836, \$29,759, and \$33,236 for 2000, 1999, and 1998, respectively. Interest capitalized was \$1,707, \$1,447, and \$777 for 2000, 1999, and 1998, respectively.

Note 6. Lease and Other Commitments

Certain property and equipment are leased using capital and operating leases. Capitalized lease property consisted of manufacturing equipment with a cost of \$3,589 and \$993 and related accumulated amortization of \$1,483 and \$169 at December 30, 2000, and January 1, 2000, respectively. Capital lease amortization is included in depreciation expense. Total rental expense for operating leases was approximately \$9,183, \$7,282, and \$5,414 for 2000, 1999, and 1998, respectively.

Future minimum lease payments for capital leases and noncancellable operating leases with initial terms in excess of one year are as follows:

At December 30, 2000

Capital Leases Operating Leases

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2001	\$ 553	\$10,482
2002	459	8,740
2003	309	6,821
2004	213	5,645
2005	--	4,060
Thereafter	--	9,119
	-----	-----
	1,534	\$44,867
		=====
Less: amount representing interest	(99)	

Present value of net minimum lease payments	\$ 1,435	

		=====

Note 7. Income Taxes

For financial reporting purposes, income (loss) before income taxes and extraordinary item, by tax jurisdiction, is comprised of the following:

	December 30, 2000	January 1, 2000	January 2, 1999
	-----	-----	-----
United States	\$ (18,506)	\$ (8,105)	\$ (8,444)
Foreign	(3,721)	(479)	595
	-----	-----	-----
	\$ (22,227)	\$ (8,584)	\$ (7,819)
	=====	=====	=====

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Notes to Consolidated Financial Statements (continued)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of deferred tax liabilities and assets at December 30, 2000 and January 1, 2000 are as follows:

	December 30, 2000	January 1, 2000
	-----	-----
Deferred tax assets:		
Allowance for doubtful accounts	\$ 565	\$ 529
Inventory	1,481	1,047
Compensation and benefit accruals	2,412	1,508
Insurance reserves	628	415
Net operating loss carryforwards	17,214	11,943

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Alternative minimum tax (AMT) credit carryforwards	3,055	3,055
	-----	-----
Total deferred tax assets	25,355	18,497
Valuation allowance	(6,607)	(3,572)
	-----	-----
Deferred tax assets, net of valuation allowance	18,748	14,925
Deferred tax liabilities:		
Depreciation and amortization	19,239	15,428
	-----	-----
Net deferred tax liability	(491)	\$ (503)
	=====	=====

Income tax expense (benefit) consists of the following:

	December 30, 2000	January 1, 2000	January 2, 1999
	-----	-----	-----
Current			
Federal	\$ --	\$ --	\$ (493)
Foreign	--	80	152
State	207	468	92
Deferred			
Federal	--	--	--
Foreign	(349)	6	--
State	--	--	--
	-----	-----	-----
Income tax expense (benefit)	(142)	\$554	\$ (249)
	=====	=====	=====

Holding has unused operating loss carryforwards of approximately \$44.0 million for federal and state income tax purposes which begin to expire in 2010. AMT credit carryforwards are available to Holding indefinitely to reduce future years' federal income taxes.

Income taxes paid during 2000, 1999, and 1998 approximated \$329, \$860, and \$526, respectively.

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Notes to Consolidated Financial Statements (continued)

A reconciliation of income tax expense (benefit), computed at the federal statutory rate, to income tax expense, as provided for in the financial statements, is as follows:

	Year Ended		
	December 30, 2000	January 1, 2000	January 2, 1999
	-----	-----	-----
Income tax expense (benefit) computed at statutory rate	\$ (7,557)	\$ (2,919)	\$ (2,658)

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State income tax expense, net of federal benefit	(403)	309	90
Amortization of goodwill	2,262	1,292	339
Expenses not deductible for income tax purposes	119	248	432
Change in valuation allowance	5,340	1,773	1,677
Other	97	(149)	(129)
	-----	-----	-----
Income tax expense (benefit)	\$ (142)	\$ 554	\$ (249)
	=====	=====	=====

Note 8. Employee Retirement Plans

Berry sponsors a defined contribution 401(k) retirement plan covering substantially all employees. Contributions are based upon a fixed dollar amount for employees who participate and percentages of employee contributions at specified thresholds. Contribution expense for this plan was approximately \$1,301, \$1,057, and \$933 for 2000, 1999, and 1998, respectively.

Note 9. Stockholders' Equity

Common Stock

On June 18, 1996, Holding consummated the transaction described below (the "1996 Transaction"). BPC Mergerco, Inc. ("Mergerco"), a wholly owned subsidiary of Holding, was organized by Atlantic Equity Partners International II, L.P. ("International"), J.P. Morgan Partners (SBIC), LLC (formerly known as Chase Venture Capital Associates, L.P.) ("JPMP(SBIC)"), and certain other institutional investors to effect the acquisition of a majority of the outstanding capital stock of Holding. Pursuant to the terms of a Common Stock Purchase Agreement dated as of June 12, 1996 each of International, JPMP(SBIC) and certain other equity investors (collectively the "Common Stock Purchasers") subscribed for shares of common stock of Mergerco. In addition, pursuant to the terms of a Preferred Stock Purchase Agreement dated as of June 12, 1996 (the "Preferred Stock Purchase Agreement"), JPMP(SBIC) and an additional institutional investor (the "Preferred Stock Purchasers") purchased shares of preferred stock of Mergerco (the "Preferred Stock") and warrants (the "1996 Warrants") to purchase shares of common stock of Mergerco. Immediately after the purchase of the common stock, the preferred stock and the 1996 Warrants of Mergerco, Mergerco merged (the "Merger") with and into Holding, with Holding being the surviving corporation. Upon the consummation of the Merger: each share of the Class A Common Stock, \$.00005 par value, and Class B Common Stock, \$.00005 par value, of Holding and certain privately-held warrants exercisable for such Class A and Class B Common Stock were converted into the right to receive cash equal to the purchase price per share for the common stock into which such warrants were exercisable less the amount of the nominal exercise price therefor, and all other classes of common stock of Holding, a majority of which was held by certain members of management, were converted into shares of common stock of the surviving corporation. In addition, upon the consummation of the Merger, the holders of the warrants (the "1994 Warrants") to purchase capital stock of Holding that were issued in connection with the 1994 Transaction became entitled to receive cash equal to the purchase price per share for the common stock into which such warrants were exercisable less the amount of the exercise price therefor. The Company's common stock shareholders who held common stock immediately preceding the 1996 Transaction retained 78% of the common stock.

The authorized capital stock of Holding consists of 4,700,000 shares of capital stock, including 2,500,000 shares of Common Stock, \$.01 par value (the "Holding Common Stock"). Of the 2,500,000 shares of Holding Common Stock, 500,000 shares are designated Class A Voting Common Stock (the "Class A Voting Stock"), 500,000 shares are designated Class A Nonvoting Common Stock (the "Class A Nonvoting Stock"), 500,000 shares are designated Class B Voting Common Stock (the "Class B

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Voting Stock"), 500,000 shares are designated Class B Nonvoting Common Stock (the "Class B Nonvoting Stock"), and 500,000 shares are designated Class C Nonvoting Common Stock (the "Class C Nonvoting Stock").

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Notes to Consolidated Financial Statements (continued)

Preferred Stock And Warrants

In June 1996, for aggregate consideration of \$15.0 million, Holding issued units (the "Units") comprised of Series A Senior Cumulative Exchangeable Preferred Stock, par value \$.01 per share (the "Preferred Stock"), and detachable warrants to purchase shares of Class B Common Stock (voting and non-voting) constituting 6% of the issued and outstanding Common Stock of all classes, determined on a fully-diluted basis (the "Warrants").

Dividends accrue at a rate of 14% per annum, compounding and payable quarterly in arrears (each date of payment, a "Dividend Payment Date") and will accumulate until declared and paid. Dividends declared and accruing prior to the first Dividend Payment Date occurring after the sixth anniversary of the issue date (the "Cash Dividend Date") may, at the option of Holding, be paid in cash in full or in part or accrue quarterly on a compound basis. Thereafter, all dividends are payable in cash in arrears. The dividend rate is subject to increase to a rate of (i) 16% per annum if (and for so long as) Holding fails to declare and pay dividends in cash for any quarterly period following the Cash Dividend Date and (ii) 15% per annum if (and for so long as) Holding fails to comply with its obligations relating to the rights and preferences of the Preferred Stock. If Holding fails to pay in full, in cash, (a) all accrued and unpaid dividends on or prior to the twelfth anniversary of the issue date or (b) all accrued dividends on any Dividend Payment Date following the twelfth anniversary of the issue date, the holders of Preferred Stock will be permitted to elect a majority of the Board of Directors of Holding.

The Preferred Stock ranks prior to all other classes of stock of Holding upon liquidation and is entitled to receive, out of assets available for distribution, cash in the aggregate amount of \$15.0 million, plus all accrued and unpaid dividends thereon. Subject to the terms of the 1996 Indenture, on any Dividend Payment Date, Holding has the option of exchanging the Preferred Stock, in whole but not in part, for Senior Subordinated Exchange Notes, at the rate of \$25 in principal amount of notes for each \$25 of liquidation preference of Preferred Stock held; provided, however, that no shares of Preferred Stock may be exchanged for so long as any shares of Preferred Stock are held by JPMP (SBIC) or its affiliates. Upon such exchange, Holding will be required to pay in cash all accrued and unpaid dividends.

Pursuant to the Preferred Stock Purchase Agreement, the holders of Preferred Stock and Warrants have unlimited incidental registration rights (subject to cutbacks under certain circumstances). The exercise price of the Warrants is \$.01 per Warrant and the Warrants are exercisable immediately upon issuance. All unexercised warrants will expire on the tenth anniversary of the issue date. The number of shares issuable upon exercise of a Warrant are subject to anti-dilution adjustments upon the occurrence of certain events.

In conjunction with the Venture Packaging acquisition, Holding authorized and issued 200,000 shares of Series B Cumulative Preferred Stock to certain selling shareholders of Venture Packaging. The Preferred Stock has a stated value of \$25 per share, and dividends accrue at a rate of 14.75% per annum and will accumulate until declared and paid. The Preferred Stock ranks junior to the Series A Preferred Stock and prior to all other capital stock of Holding. In

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addition, Warrants to purchase 9,924 shares of Class B Non-Voting Common Stock at \$108 per share were issued to the same selling shareholders of Venture Packaging.

In connection with the Poly-Seal acquisition, Holding issued 1,000,000 shares of Series A-1 Preferred Stock to JPMP (SBIC) and The Northwestern Mutual Life Insurance Company (collectively, the "Purchasers"). The Series A-1 Preferred Stock has a stated value of \$25 per share, and dividends accrue at a rate of 14% per annum and will accumulate until declared and paid. The Series A-1 Preferred Stock ranks pari-passu to the Series A Preferred Stock and prior to all other capital stock of Holding. In addition, Warrants to purchase an aggregate of 25,997 shares of Class B Non-Voting Common Stock at \$0.01 per share were issued to the Purchasers.

Stock Option Plan

Pursuant to the provisions of the BPC Holding Corporation 1996 Stock Option Plan (the "Option Plan") as amended, whereby 76,620 shares have been reserved for future issuance, Holding has granted options to certain officers and key employees to acquire shares of Class B Nonvoting Common Stock. These options are subject to various agreements, which among other things, set forth the class of stock, option price and performance thresholds to determine exercisability and vesting requirements. The Option Plan expires October 3, 2003 or such earlier date on which the Board of Directors of Holding, in its sole discretion, determines. Option prices range from \$100 to \$226 per share. Options granted under the Option Plan typically expire after seven years and vest over a five-year period with half of each person's award based on continued employment and half based on the Company achieving financial performance targets.

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Notes to Consolidated Financial Statements (continued)

Financial Accounting Standards Board Statement 123, Accounting for Stock-Based Compensation ("Statement 123"), prescribes accounting and reporting standards for all stock-based compensation plans. Statement 123 provides that companies may elect to continue using existing accounting requirements for stock-based awards or may adopt a new fair value method to determine their intrinsic value. Holding has elected to continue following Accounting Principles Board Opinion No. 25, Accounting For Stock Issued to Employees ("APB 25") to account for its employee stock options. Under APB 25, because the exercise price of Holding's employee stock options equals the market price of the underlying stock on the date of grant, no compensation expense is recognized at the grant date.

Information related to the Option Plan is as follows:

	December 30, 2000		January 1, 2000		Num O Sha
	Number Of Shares	Weighted Average Exercise Price	Number Of Shares	Weighted Average Exercise Price	
Options outstanding, beginning of year	51,479	107	50,729	\$ 105	47
Options granted	16,225	226	1,500	170	11
Options exercised	--	--	--	--	

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Options canceled	(6,930)	158	(750)	115	(7
	-----		-----		--
Options outstanding, end of year	60,774	132	51,479	107	50
	=====		=====		==
Option price range at end of year	\$100 - \$226		\$100 - \$170		
Options exercisable at end of year	34,641		30,091		
Options available for grant at year end	15,846		141		
Weighted average fair value of options granted during year	\$226		\$170		

The following table summarizes information about the options outstanding at December 30, 2000:

Range of Exercise Prices	Number Outstanding At December 30, 2000	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price
\$100 - \$122	45,649	2 years	\$103
\$170 - \$226	15,125	6 years	\$216

Disclosure of pro forma financial information is required by Statement 123 as if Holding had accounted for its employee stock options using the fair value method as defined by the Statement. The fair value for options granted by Holding have been estimated at the date of grant using a Black Scholes option pricing model with the following weighted average assumptions:

	Year Ended		
	December 30, 2000	January 1, 2000	January 2, 1999
Risk-free interest rate	6.5%	7.0%	6.4%
Dividend yield	0.0%	0.0%	0.0%
Volatility factor	.20	.19	.20
Expected option life	6.5 years	5.0 years	5.0 years

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Notes to Consolidated Financial Statements (continued)

For purposes of the pro forma disclosures, the estimated fair value of the stock options are amortized to expense over the related vesting period. Because compensation expense is recognized over the vesting period, the initial impact on pro forma net loss may not be representative of compensation expense in future years, when the effect of amortization of multiple awards would be reflected in the Consolidated Statement of Operations. Holding's pro forma net

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losses giving effect to the estimated compensation expense related to stock options are as follows:

	Year Ended		
December 30, 2000	January 1, 2000	January 2, 1999	
Pro forma net loss	\$(22,492)	\$(9,400)	\$(7,798)

Stockholders Agreements

Holding entered into a stockholders agreement (the "Stockholders Agreement") dated as of June 18, 1996, as amended with the Common Stock Purchasers, certain management stockholders and, for limited purposes thereunder, the Preferred Stock Purchasers. The Stockholders Agreement grants certain rights including, but not limited to, designation of members of Holding's Board of Directors, the initiation of an initial public offering of equity securities of the Company or a sale of Holding. The agreement also restricts certain transfers of Holding's equity.

Holding has an agreement with its management stockholders and International that contains provisions (i) limiting transfers of equity by the management stockholders; (ii) requiring the management stockholders to sell their shares as designated by Holding or International upon the consummation of certain transactions; (iii) granting the management stockholders certain rights of co-sale in connection with sales by International; (iv) granting rights to repurchase capital stock from the management stockholders upon the occurrence of certain events; and (v) requiring the management stockholders to offer shares to Holding prior to any permitted transfer.

Note 10. Related Party Transactions

First Atlantic Capital, Ltd. ("First Atlantic") is engaged by International to provide certain financial and management consulting services for which it receives annual fees. The Company is party to a management agreement (the "Management Agreement") with First Atlantic. Pursuant to the Management Agreement, First Atlantic received advisory fees of approximately \$140, \$180, \$690, and \$580 in July 1998, October 1998, July 1999 and May 2000, respectively, for originating, structuring and negotiating the acquisitions of Berry UK, Knight, Cardinal, and Poly-Seal, respectively.

In consideration of financial advisory and management consulting services, the Company paid First Atlantic fees and expenses of \$821, \$792 and \$835 for fiscal 2000, 1999, and 1998, respectively.

Note 11. Fair Value of Financial Instruments Information

Holding's and the Company's financial instruments generally consist of cash and cash equivalents and long-term debt. The carrying amounts of Holding's and the Company's financial instruments approximate fair value at December 30, 2000, except for the 1994 Notes, 1996 Notes, 1998 Notes and 1999 Notes for which the fair value was below the carrying value by approximately \$15.7 million, \$56.6 million, \$4.8 million and \$21.0 million, respectively.

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Notes to Consolidated Financial Statements (continued)

Note 12. Operating Segments

The Company has three reportable segments: containers, overcaps and closures, and drink cups and housewares products. The Company evaluates performance and allocates resources based on operating income before depreciation and amortization of intangibles adjusted to exclude (i) stock option accounting, (ii) other non-recurring or "one-time" expenses, and (iii) management fees and reimbursed expenses paid to First Atlantic ("Adjusted EBITDA"). The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies.

	Year Ended		
	December 30, 2000	January 1, 2000	January 2, 1999
Net sales:			
Containers	\$ 231,209	\$ 188,696	\$ 154,048
Overcaps and closures	112,202	81,035	56,362
Drink cups and housewares	64,677	59,103	61,420
Adjusted EBITDA:			
Containers	47,578	41,303	32,742
Overcaps and closures	23,646	20,476	17,226
Drink cups and housewares	9,167	9,762	9,796
Total assets:			
Containers	189,129	147,931	133,667
Overcaps and closures	178,768	133,230	76,076
Drink cups and housewares	45,225	59,646	45,574
Reconciliation of Adjusted EBITDA to loss before income taxes:			
Adjusted EBITDA for reportable segments	\$ 80,391	\$ 71,541	\$ 59,764
Net interest expense	(51,457)	(40,817)	(34,556)
Depreciation	(31,569)	(24,580)	(20,690)
Amortization	(10,579)	(7,215)	(4,139)
Loss on disposal of property and equipment	(877)	(1,416)	(1,865)
One-time expenses	(6,804)	(5,224)	(4,861)
Stock option accounting	(459)	--	(600)
Management fees	(873)	(873)	(872)
Loss before income taxes and extraordinary item	\$ (22,227)	\$ (8,584)	\$ (7,819)

One time-expenses represent non-recurring expenses that relate to recently acquired businesses, plant consolidations, and litigation associated with a drink cup patent.

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Total liabilities and equity (deficit)	\$ (9,158)	\$ 295,404	\$232,752	\$ (178,000)
	=====	=====	=====	=====

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Notes to Consolidated Financial Statements (continued)

	Year Ended			
	December 30, 2000			
	BPC Holding Corporation (Parent)	Berry Plastics Corporation (Issuer)	Combined Guarantor Subsidiaries	Consolidated Adjusted
Consolidating Statements of Operations				
Net sales	\$ --	\$ 158,055	\$ 250,033	\$ --
Cost of goods sold	--	108,739	203,380	--
Gross margin	--	49,316	46,653	--
Operating expenses	616	23,303	41,943	--
Operating income	(616)	26,013	4,710	--
Other expenses	--	258	619	--
Interest expense	16,025	11,221	24,211	--
Income taxes (benefit)	18	168	(328)	--
Extraordinary item	--	1,022	--	--
Equity in net (income) loss from subsidiary	6,448	19,792	--	(19,792)
Net income (loss)	\$ (23,107)	\$ (6,448)	\$ (19,792)	\$ (23,107)
Consolidating Statements of Cash Flows				
Net income (loss)	\$ (23,107)	\$ (6,448)	\$ (19,792)	\$ (23,107)
Non-cash expenses	16,958	13,332	32,360	--
Equity in net (income) loss from subsidiary	6,448	19,792	--	(19,792)
Changes in working capital	(646)	2,931	(5,722)	--
Net cash provided by (used for) operating activities	(347)	29,607	6,846	--
Net cash used for investing activities	--	(78,328)	(30,387)	--
Net cash provided by (used for) financing activities	(136)	48,307	23,866	--
Effect on exchange rate changes on cash	--	80	--	--
Net increase (decrease) in cash and cash equivalents	(483)	(334)	325	--
Cash and cash equivalents at beginning of year	703	976	867	--
Cash and cash equivalents at end of year	\$ 220	\$ 642	\$ 1,192	\$ 220

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	=====	=====	=====	=====
	Year Ended			
	January 1, 2000			
	BPC Holding Corporation (Parent)	Berry Plastics Corporation (Issuer)	Combined Guarantor Subsidiarie	Conso Adjus
	-----	-----	-----	-----
Consolidating Statements of Operations				
Net sales	\$ --	\$ 149,901	\$ 178,933	\$
Cost of goods sold	--	98,950	142,117	
	-----	-----	-----	-----
Gross margin	--	50,951	36,816	
Operating expenses	70	23,638	30,410	
	-----	-----	-----	-----
Operating income	(70)	27,313	6,406	
Other expenses	--	21	1,395	
Interest expense	13,845	8,389	18,583	
Income taxes (benefit)	18	425	111	
Extraordinary item	--	--	--	
Equity in net (income) loss from subsidiary	(4,795)	13,683	--	
	-----	-----	-----	-----
Net income (loss)	\$ (9,138)	\$ 4,795	\$ (13,683)	\$
	=====	=====	=====	=====
Consolidating Statements of Cash Flows				
Net income (loss)	\$ (9,138)	\$ 4,795	\$ (13,683)	\$
Non-cash expenses	14,135	10,663	23,986	
Equity in net (income) loss from subsidiary	(4,795)	13,683	--	
Changes in working capital	(161)	90	(3,574)	
	-----	-----	-----	-----
Net cash provided by (used for) operating activities	41	29,231	6,729	
Net cash used for investing activities	--	(91,918)	(15,060)	
Net cash provided by (used for) financing activities	40	63,207	7,888	
Effect on exchange rate changes on cash	--	70	--	
	-----	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	81	590	(443)	
Cash and cash equivalents at beginning of year	622	386	1,310	
	-----	-----	-----	-----
Cash and cash equivalents at end of year	\$ 703	\$ 976	\$ 867	\$
	=====	=====	=====	=====
	Year Ended			
	January 2, 1999			
	BPC Holding Corporation (Parent)	Berry Plastics Corporation (Issuer)	Combined Guarantor Subsidiarie	Conso Adjus
	-----	-----	-----	-----

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Consolidating Statements of Operations					
Net sales	\$	--	\$ 140,856	\$ 130,974	\$
Cost of goods sold		--	91,763	107,464	
		-----	-----	-----	-----
Gross margin		--	49,093	23,510	
Operating expenses		748	22,401	20,852	
		-----	-----	-----	-----
Operating income		(748)	26,692	2,658	
Other expenses		--	390	1,475	
Interest expense		12,721	12,060	9,775	
Income taxes (benefit)		--	(249)	--	
Extraordinary item		--	--	--	
Equity in net (income) loss from subsidiary		(5,899)	8,592	--	(
		-----	-----	-----	-----
Net income (loss)	\$	(7,570)	\$ 5,899	\$ (8,592)	\$
		=====	=====	=====	=====
Consolidating Statements of Cash Flows					
Net income (loss)	\$	(7,570)	\$ 5,899	\$ (8,592)	\$
Non-cash expenses		14,157	10,117	17,135	
Equity in net (income) loss from subsidiary		(5,899)	8,592	--	(
Changes in working capital		(596)	1,107	(219)	
		-----	-----	-----	-----
Net cash provided by (used for) operating activities		92	25,715	8,324	
Net cash used for investing activities		--	(37,012)	(15,108)	
Net cash provided by (used for) financing activities		(178)	10,733	7,064	
Effect on exchange rate changes on cash		--	--	--	
		-----	-----	-----	-----
Net increase (decrease) in cash and cash equivalents		(86)	(564)	280	
Cash and cash equivalents at beginning of year		708	950	1,030	
		-----	-----	-----	-----
Cash and cash equivalents at end of year	\$	622	\$ 386	\$ 1,310	\$
		=====	=====	=====	=====

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on the 30th day of March, 2001.

BPC HOLDING CORPORATION

By /s/ Martin R. Imbler

Martin R. Imbler

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President

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature -----	Title -----	Date -----
<p>/s/ Roberto Buaron ----- Roberto Buaron</p>	<p>Chairman of the Board of Directors</p>	<p>March 30,</p>
<p>/s/ Martin R. Imbler ----- Martin R. Imbler</p>	<p>President and Director (Principal Executive Officer)</p>	<p>March 30,</p>
<p>/s/ James M. Kratochvil ----- James M. Kratochvil</p>	<p>Executive Vice President, Chief Financial Officer, Treasurer, and Secretary (Principal Financial and Accounting Officer)</p>	<p>March 30,</p>
<p>/s/ David M. Clarke ----- David M. Clarke</p>	<p>Director</p>	<p>March 30,</p>
<p>/s/ Lawrence G. Graev ----- Lawrence G. Graev</p>	<p>Director</p>	<p>March 30,</p>
<p>/s/ Donald J. Hofmann, Jr. ----- Donald J. Hofmann, Jr.</p>	<p>Director</p>	<p>March 30,</p>
<p>/s/ Joseph S. Levy ----- Joseph S. Levy</p>	<p>Vice President, Assistant Secretary, and Director</p>	<p>March 30,</p>
<p>/s/ Mathew J. Lori ----- Mathew J. Lori</p>	<p>Director</p>	<p>March 30,</p>

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities

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Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on the 30th day of March, 2001.

BERRY PLASTICS CORPORATION

By /s/ Martin R. Imbler

Martin R. Imbler
President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated:

Signature -----	Title -----
/s/ Roberto Buaron ----- Roberto Buaron	Chairman of the Board of Directors
/s/ Martin R. Imbler ----- Martin R. Imbler	President, Chief Executive Officer and Director (Principal Executive Officer)
/s/ James M. Kratochvil ----- James M. Kratochvil	Executive Vice President, Chief Financial Officer, Treasurer and Secretary (Principal Financial and Accounting Officer)
/s/ Joseph S. Levy ----- Joseph S. Levy	Vice President, Assistant Secretary, and Director
/s/ Ira G. Boots ----- Ira G. Boots	Executive Vice President, Chief Operating Officer, and Director
/s/ David M. Clarke ----- David M. Clarke	Director
/s/ Lawrence G. Graev ----- Lawrence G. Graev	Director

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/s/ Donald J. Hofmann, Jr. Director

 Donald J. Hofmann, Jr.

/s/ Mathew J. Lori Director

 Mathew J. Lori

Supplemental Information To Be Furnished With Reports Filed Pursuant To Section 15(d) Of The Act By Registrant Which Has Not Registered Securities Pursuant To Section 12 Of The Act

The Registrants have not sent any annual report or proxy material to securityholders.

BPC Holding Corporation

Schedule II -- Valuation and Qualifying Accounts
 (In thousands)

Description	Balance at Beginning of Year	Charged to Costs and Expenses	Charged to Other Accounts - Describe	Deductions - Describe	Balance End of Year
Year ended December 30, 2000					
Allowance for doubtful accounts	\$1,386 =====	\$ 79 =====	\$ 510(2) =====	\$ 251(1) =====	\$1,724 =====
Year ended January 1, 2000:					
Allowance for doubtful accounts	\$1,651 =====	\$ 324 =====	\$ 456(2) =====	\$1,045(1) =====	\$1,386 =====
Year ended January 2, 1999:					
Allowance for doubtful accounts	\$1,038 =====	\$ 875 =====	\$ 280(2) =====	\$ 542(1) =====	\$1,651 =====

-
- (1) Uncollectible accounts written off, net of recoveries.
 - (2) Primarily relates to purchase of accounts receivable and related allowance through acquisitions.

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EXHIBIT NO. DESCRIPTION OF EXHIBIT

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- 2.1 Asset Purchase Agreement dated February 12, 1992, among Berry Plastics Corporation (the "Company"), Berry Iowa, Berry Carolina, Inc., Genpak Corporation, a New York corporation, and Innopac International Inc., a public Canadian corporation (filed as Exhibit 10.1 to the Registration Statement on Form S-1 filed on February 24, 1994 (the "Form S-1") and incorporated herein by reference)
 - 2.2 Asset Purchase Agreement dated December 24, 1994, between the Company and Berry Plastics, Inc. (filed as Exhibit 10.2 to the Form S-1 and incorporated herein by reference)
 - 2.3 Asset Purchase Agreement dated March 1, 1995, among Berry Sterling Corporation, Sterling Products, Inc. and the stockholders of Sterling Products, Inc. (filed as Exhibit 2.3 to the Annual Report on Form 10-K filed on March 31, 1995 (the "1994 Form 10-K") and incorporated herein by reference)
 - 2.4 Asset Purchase Agreement dated December 21, 1995, among Berry Tri-Plas Corporation, Tri-Plas, Inc. and Frank C. DeVore (filed as Exhibit 2.4 to the Annual Report on Form 10-K filed on March 28, 1996 (the "1995 Form 10-K") and incorporated herein by reference)
 - 2.5 Asset Purchase Agreement dated January 23, 1996, between the Company and Alpha Products, Inc. (filed as Exhibit 2.5 to the 1995 Form 10-K and incorporated herein by reference)
 - 2.6 Stock Purchase and Recapitalization Agreement dated as of June 12, 1996, by and among Holding, BPC Mergerco, Inc. ("Mergerco") and the other parties thereto (filed as Exhibit 2.1 to the Current Report on Form 8-K filed on July 3, 1996 (the "Form 8-K") and incorporated herein by reference)
 - 2.7 Preferred Stock and Warrant Purchase Agreement dated as of June 12, 1996, by and among Holding, Mergerco, Chase Venture Capital Associates, L.P. ("CVCA") and The Northwestern Mutual Life Insurance Company ("Northwestern") (filed as Exhibit 2.2 to the Form 8-K and incorporated herein by reference)
 - 2.8 Agreement and Plan of Merger dated as of June 18, 1996, by and between Holding and Mergerco (filed as Exhibit 2.3 to the Form 8-K and incorporated herein by reference)
 - 2.9 Certificate of Merger of Mergerco with and into Holding, dated as of June 18, 1996 (filed as Exhibit 2.9 to the Registration Statement on Form S-4 filed on July 17, 1996 (the "1996 Form S-4") and incorporated herein by reference)
 - 2.10 Agreement and Plan of Reorganization dated as of January 14, 1997 (the "PackerWare Reorganization Agreement"), among the Company, PackerWare Acquisition Corporation, PackerWare Corporation and the shareholders of PackerWare (filed as Exhibit 2.1 to the Current Report on Form 8-K filed on February 4, 1997 (the "1997 8-K") and incorporated herein by reference)
 - 2.11 Amendment to the PackerWare Reorganization Agreement dated as of January 20, 1997 (filed as Exhibit 2.2 to the 1997 8-K and incorporated herein by reference)
 - 2.12 Asset Purchase Agreement dated as of January 17, 1997, among the

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Company, Container Industries, Inc. and the shareholders of Container Industries, Inc. (filed as Exhibit 2.12 to the Annual Report on Form 10-K for the fiscal year ended December 28, 1996 (the "1996 Form 10-K") and incorporated herein by reference)

- 2.13 Agreement and Plan of Reorganization dated as of January 14, 1997, as amended on January 20, 1997, among the Company, PackerWare Acquisition Corporation, PackerWare Corporation and the Shareholders of PackerWare Corporation (filed as Exhibits 2.1 and 2.2 to the Current Report on Form 8-K filed February 3, 1997 and incorporated herein by reference)

- 2.14 Asset Purchase Agreement dated May 13, 1997, among the Company, Berry Plastics Design Corporation, Virginia Design Packaging Corp. and the shareholders of Virginia Design Packaging Corp. (filed as Exhibit 2.14 to the Annual Report on Form 10-K for the fiscal year ended December 27, 1997 (the "1997 Form 10-K") and incorporated herein by reference)

- 2.15 Agreement for the Sale and Purchase of the Entire Issued Share Capital of Norwich Injection Moulders Limited dated July 2, 1998, among the Company, NIM Holdings Limited and the persons listed on Schedule 1 thereto (filed as Exhibit 2.15 to Amendment No. 1 to Form S-4 filed on December 29, 1998 (the "1998 Amended Form S-4") and incorporated herein by reference)

- 2.16 Stock Purchase Agreement dated June 18, 1999 among the Company, CPI Holding, Cardinal and the Shareholders of CPI Holding (filed as Exhibit 2.1 to the Current Report on Form 8-K filed on July 21, 1999 and incorporated herein by reference)

- 2.17 Merger Agreement, dated May 5, 2000, among the Company, Berry Plastics Acquisition Corporation, Poly-Seal and certain shareholders of Poly-Seal (filed as Exhibit 2.1 to the Current Report on Form 8-K filed on May 9, 2000 and incorporated herein by reference)

- *2.18 Share and Quota Purchase Agreement, dated July 27, 2000, between the Company and Annamaria Agnottoli, Guisepe Garibaldi, Francesco Garibaldi, Maddalena Garibaldi, and Maria Lorenza Zambon.

- *3.1 Amended and Restated Certificate of Incorporation of Holding (filed as Exhibit 3.1 to the 1996 Form S-4 and incorporated herein by reference)

- 3.2 By-laws of Holding (filed as Exhibit 3.2 to the Form S-1 and incorporated herein by reference)

- 3.3 Certificate of Incorporation of the Company (filed as Exhibit 3.3 to the Form S-1 and incorporated herein by reference)

- 3.4 By-laws of the Company (filed as Exhibit 3.4 to the Form S-1 and incorporated herein by reference)

- 3.5 Certificate of Designation, Preferences, and Rights of Series B Cumulative Preferred Stock of Holding (filed as Exhibit 3.10 to the 1997 Form 10-K and incorporated herein by reference)

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- *3.6 Certificate of Amendment of Certificate of Designation, Preferences and Rights of Series B Cumulative Preferred Stock of Holding
- 4.1 Indenture dated April 21, 1994 between the Company and United States Trust Company of New York, as Trustee (the "1994 Indenture") (including the form of Note and Guarantees as Exhibits A and B thereto respectively) (filed as Exhibit 4.1 to the Form S-1 and incorporated herein by reference)
- 4.2 Warrant Agreement between Holding and United States Trust Company of New York, as Warrant Agent (filed as Exhibit 4.2 to the Form S-1 and incorporated herein by reference)
- 4.3 Indenture dated as of June 18, 1996, between Holding and First Trust of New York, National Association, as Trustee (the "Trustee"), relating to Holding's Series A and Series B 12.5% Senior Secured Notes Due 2006 (filed as Exhibit 4.3 to the 1996 Form S-4 and incorporated herein by reference)
- 4.4 Pledge, Escrow and Disbursement Agreement dated as of June 18, 1996, by and among Holding, the Trustee and First Trust of New York, National Association, as Escrow Agent (filed as Exhibit 4.4 to the 1996 Form S-4 and incorporated herein by reference)
- 4.5 Holding Pledge and Security Agreement dated as of June 18, 1996, between Holding and First Trust of New York, National Association, as Collateral Agent (filed as Exhibit 4.5 to the 1996 Form S-4 and incorporated herein by reference)
- 4.6 Registration Rights Agreement dated as of June 18, 1996, by and among Holding and Donaldson, Lufkin & Jenrette Securities Corporation ("DLJ") (filed as Exhibit 4.6 to the 1996 Form S-4 and incorporated herein by reference)
- 4.7 BPC Holding Corporation 1996 Stock Option Plan (filed as Exhibit 4.7 to the 1996 Form 10-K and incorporated herein by reference)
- 4.8 Form of Nontransferable Performance-Based Incentive Stock Option Agreement (filed as Exhibit 4.7 to the 1996 Form 10-K and incorporated herein by reference)
- 4.9 Indenture dated as of August 24, 1998 among the Company, the Guarantors and United States Trust Company of New York, as trustee (the "1998 Indenture") (filed as Exhibit 4.9 to the 1998 Amended Form S-4 and incorporated herein by reference)
- 4.10 Registration Rights Agreement dated as of August 24, 1998 by and among the Company, the Guarantors and DLJ (filed as Exhibit 4.10 to the 1998 Amended Form S-4 and incorporated herein by reference)
- 4.11 Indenture dated as of July 6, 1999 among the Company, the Guarantors and United States Trust Company of New York, as trustee (the "1999 Indenture") (filed as Exhibit 10.27 to the Registration Statement on Form S-4 (Registration No. 333-85739) filed on August 23, 1999 (the

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"1999 Form S-4") and incorporated herein by reference)

- 4.12 Registration Rights Agreement dated as of July 6, 1999 by and among the Company, the Guarantors, DLJ and Chase Securities, Inc. (filed as Exhibit 10.28 to the 1999 Form S-4 and incorporated herein by reference)
- *4.13 Fourth Supplemental Indenture to the 1994 Indenture dated as of June 10, 1997 among the Company, Holding, Berry Iowa Corporation, Berry Tri-Plas Corporation, Berry Sterling Corporation, AeroCon, Inc., PackerWare Corporation, Berry Plastics Design Corporation, and United States Trust Company of New York, as trustee
- *4.14 Tenth Supplemental Indenture to the 1994 Indenture dated as of October 2, 2000 among the Company, Holding, Berry Iowa Corporation, Berry Tri-Plas Corporation, Berry Sterling Corporation, AeroCon, Inc., PackerWare Corporation, Berry Plastics Design Corporation, Venture Packaging, Inc., Berry Plastics Technical Services, Inc., Venture Packaging Midwest, Inc., NIM Holdings Limited, Berry Plastics U.K. Limited, Norwich Acquisition Limited, Knight Plastics, Inc., CPI Holding Corporation, Cardinal Packaging, Inc., Poly-Seal Corporation, Berry Plastics Acquisition Corporation II, Berry Plastics Acquisition Corporation III and United States Trust Company of New York, as trustee (together with a schedule of previous supplemental indentures to the 1994 Indenture)
- *4.15 Fourth Supplemental Indenture to the 1998 Indenture dated as of October 2, 2000 among the Company, Holding, Berry Iowa Corporation, Berry Tri-Plas Corporation, Berry Sterling Corporation, AeroCon, Inc., PackerWare Corporation, Berry Plastics Design Corporation, Venture Packaging, Inc., Berry Plastics Technical Services, Inc., Venture Packaging Midwest, Inc., NIM Holdings Limited, Berry Plastics U.K. Limited, Norwich Acquisition Limited, Knight Plastics, Inc., CPI Holding Corporation, Cardinal Packaging, Inc., Poly-Seal Corporation, Berry Plastics Acquisition Corporation II, Berry Plastics Acquisition Corporation III and United States Trust Company of New York, as trustee (together with a schedule of previous supplemental indentures to the 1998 Indenture)
- *4.16 Second Supplemental Indenture to the 1999 Indenture dated as of October 2, 2000 among the Company, Holding, Berry Iowa Corporation, Berry Tri-Plas Corporation, Berry Sterling Corporation, AeroCon, Inc., PackerWare Corporation, Berry Plastics Design Corporation, Venture Packaging, Inc., Berry Plastics Technical Services, Inc., Venture Packaging Midwest, Inc., NIM Holdings Limited, Berry Plastics U.K. Limited, Norwich Acquisition Limited, Knight Plastics, Inc., CPI Holding Corporation, Cardinal Packaging, Inc., Poly-Seal Corporation, Berry Plastics Acquisition Corporation II, Berry Plastics Acquisition Corporation III and United States Trust Company of New York, as trustee (together with a schedule of previous supplemental indentures to the 1999 Indenture)
- *10.1 Third Amended and Restated Financing and Security Agreement dated as of May 9, 2000, by and among the Company, NIM Holdings, Berry Plastics U.K. Limited, Bank of America, N.A., Fleet Capital Corporation, General Electric Capital Corporation, Heller Financial, Inc., PNC Bank, N.A., LaSalle Business Credit, Inc. and certain other lenders listed therein (the "Third Amended and Restated

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Financing Agreement")

- 10.2 Employment Agreement dated December 24, 1990, as amended, between the Company and Martin R. Imbler ("Imbler") (filed as Exhibit 10.9 to the Form S-1 and incorporated herein by reference)
- 10.3 Amendment to Imbler Employment Agreement dated November 30, 1995 (filed as Exhibit 10.6 to the 1995 Form 10-K and incorporated herein by reference)
- 10.4 Amendment to Imbler Employment Agreement dated June 30, 1996 (filed as Exhibit 10.4 to the 1996 Form S-4 and incorporated herein by reference)
- 10.5 Employment Agreement dated December 24, 1990, as amended, between the Company and R. Brent Beeler ("Beeler") (filed as Exhibit 10.10 to the Form S-1 and incorporated herein by reference)
- 10.6 Amendment to Beeler Employment Agreement dated November 30, 1995 (filed as Exhibit 10.8 to the 1995 Form 10-K and incorporated herein by reference)
- 10.7 Amendment to Beeler Employment Agreement dated June 30, 1996 (filed as Exhibit 10.7 to the 1996 Form S-4 and incorporated herein by reference)
- 10.8 Employment Agreement dated December 24, 1990, as amended, between the Company and James M. Kratochvil ("Kratochvil") (filed as Exhibit 10.12 to the Form S-1 and incorporated herein by reference)
- 10.9 Amendment to Kratochvil Employment Agreement dated November 30, 1995 (filed as Exhibit 10.12 to the 1995 Form 10-K and incorporated herein by reference)
- 10.10 Amendment to Kratochvil Employment Agreement dated June 30, 1996 (filed as Exhibit 10.13 to the 1996 Form S-4 and incorporated herein by reference)
- 10.11 Employment Agreement dated as of January 1, 1993, between the Company and Ira G. Boots ("Boots") (filed as Exhibit 10.13 to the Form S-1 and incorporated herein by reference)
- 10.12 Amendment to Boots Employment Agreement dated November 30, 1995 (filed as Exhibit 10.14 to the 1995 Form 10-K and incorporated herein by reference)
- 10.13 Amendment to Boots Employment Agreement dated June 30, 1996 (filed as Exhibit 10.16 to the 1996 Form S-4 and incorporated herein by reference)
- 10.14 Employment Agreement dated as of January 21, 1997, between the Company and Bruce J. Sims ("Sims") (filed as Exhibit 10.14 to the 1999 Form 10-K and incorporated herein by reference)
- 10.15 Financing Agreement dated as of April 1, 1991, between the City of Henderson, Nevada Public Improvement Trust and the Company (including exhibits) (filed as Exhibit 10.17 to the Form S-1 and incorporated herein by reference)

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- 10.16 Letter of Credit of NationsBank, N.A. dated April 16, 1997 (filed as Exhibit 10.15 to the 1998 Amended Form S-4 and incorporated herein by reference)
- 10.17 Stockholders Agreement dated as of June 18, 1996, among Holding, Atlantic Equity Partners International II, L.P., CVCA and the other parties thereto (filed as Exhibit 10.23 to the 1996 Form S-4 and incorporated herein by reference)
- 10.18 Amended and Restated Warrant to purchase Class B Common Stock of Holding dated May 9, 2000, issued to JPMP(SBIC) (Warrant No. 5) (filed as Exhibit 4.4 to the Current Report on Form 8-K filed May 9, 2000 and incorporated herein by reference)
- 10.19 Amended and Restated Warrant to purchase Class B Common Stock of Holding dated May 9, 2000, issued to JPMP(SBIC) (Warrant No. 6) (filed as Exhibit 4.5 to the Current Report on Form 8-K filed May 9, 2000 and incorporated herein by reference)
- 10.20 Amended and Restated Warrant to purchase Class B Common Stock of Holding dated May 9, 2000, issued to The Northwestern Mutual Life Insurance Company (Warrant No. 7) (filed as Exhibit 4.6 to the Current Report on Form 8-K filed May 9, 2000 and incorporated herein by reference)
- 10.21 Amended and Restated Warrant to purchase Class B Common Stock of Holding dated May 9, 2000, issued to The Northwestern Mutual Life Insurance Company (Warrant No. 8) (filed as Exhibit 4.7 to the Current Report on Form 8-K filed May 9, 2000 and incorporated herein by reference)
- 10.22 Amended and Restated Stockholders Agreement dated June 18, 1996, among Holding and certain stockholders of Holding (filed as Exhibit 10.28 to the 1996 Form S-4 and incorporated herein by reference)
- 10.23 Second Amended and Restated Management Agreement dated June 18, 1996, between First Atlantic Capital, Ltd. and the Company (filed as Exhibit 10.29 to the 1996 Form S-4 and incorporated herein by reference)
- 10.24 Warrant to purchase Class B Non-Voting Common Stock of BPC Holding Corporation, dated August 29, 1997, issued to Willard J. Rathbun (filed as Exhibit 10.30 to the 1997 Form 10-K and incorporated herein by reference)
- 10.25 Warrant to purchase Class B Non-Voting Common Stock of BPC Holding Corporation, dated August 29, 1997, issued to Craig Rathbun (filed as Exhibit 10.31 to the 1997 Form 10-K and incorporated herein by reference)
- *10.26 Amended and Restated Tax Sharing Agreement dated March 15, 2001, between BPC Holding Corporation and its subsidiaries
- *10.27 First Amendment to the Stockholders Agreement dated May 9, 2000 among Holding, Atlantic Equity Partners International II, L.P., JPMP(SBIC) and the other parties thereto
- 10.28 Warrant to purchase Class B Nonvoting Common Stock of Holding dated May 9, 2000, issued to JPMP(SBIC) (Warrant No. CBNV No. 1) (filed as Exhibit 4.2 to the Current Report on Form 8-K filed May 9, 2000 and incorporated herein by reference)

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- 10.29 Warrant to purchase Class B Nonvoting Common Stock of Holding dated May 9, 2000, issued to The Northwestern Mutual Life Insurance Company (Warrant No. CBNV No. 2) (filed as Exhibit 4.3 to the Current Report on Form 8-K filed May 9, 2000 and incorporated herein by reference)
- 10.30 Series A-1 Preferred Stock Purchase Agreement dated as of May 9, 2000 among Holding, JPMP(SBIC) and the Northwestern Mutual Life Insurance Company (filed as Exhibit 4.1 to the Current Report on Form 8-K filed May 9, 2000 and incorporated herein by reference)
- *10.31 First Amendment to the Third Amended and Restated Financing Agreement
- *10.32 Second Amendment to the Third Amended and Restated Financing Agreement
- *10.33 Loan and Security Agreement, dated July 17, 2000 by and among Berry, General Electric Capital Corporation and certain other lenders listed therein
- *21 List of subsidiaries

* Filed herewith.