BERRY PLASTICS GROUP INC
Form 10-Q
January 30, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 27, 2014

or

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number 001-35672
BERRY PLASTICS GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-5234618 (IRS employer identification number)
101 Oakley Street Evansville, Indiana (Address of principal executive offices)	47710 (Zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or 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 [X] No [ ]

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

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, or non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ] Small reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes[ ] No[X]

Class	Outstanding at January 30, 2015
Common Stock, $.01 par value per share	118.9 million shares

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Form 10-Q includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 with respect to our financial condition, results of operations and business and our expectations or beliefs concerning future events. The forward-looking statements include, in particular, statements about our plans, strategies and prospects under the heading "Management’s Discussion and Analysis of Financial Condition and Results of Operations". You can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “would,” “could,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” “outlook,” “anticipates” or “looking forward” or similar expressions that rel our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this Form 10-Q.

Readers should carefully review the factors discussed in our most recent Form 10-K in the section titled “Risk Factors” and other risk factors identified from time to time in our periodic filings with the Securities and Exchange Commission.

Berry Plastics Group, Inc.
Form 10-Q Index
For Quarterly Period Ended December 27, 2014

Part I. Financial Information

Item 1. Financial Statements

Berry Plastics Group, Inc.
Consolidated Statements of Income
(Unaudited)
(in millions of dollars, except per share amounts)

	Quarterly Period Ended	
	December 27, 2014	December 28, 2013
Net sales	$ 1,220	$ 1,140
Costs and expenses:		
Cost of goods sold	1,037	964
Selling, general and administrative	86	77
Amortization of intangibles	25	26
Restructuring and impairment charges	4	10
Operating income	68	63
Other income, net	(1)	(1)
Interest expense, net	53	55
Income before income taxes	16	9
Income tax expense	3	3
Net income	$ 13	$ 6
Net income per share:		
Basic	$ 0.11	$ 0.05
Diluted	0.11	0.05
Outstanding weighted-average shares:		
Basic	118.2	115.9
Diluted	122.9	120.5

Berry Plastics Group, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(in millions of dollars)

	Quarterly Period Ended	
	December 27, 2014	December 28, 2013
Net income	$ 13	$ 6
Currency translation	(14)	(1)
Interest rate hedges	(7)	—
Provision for income taxes related to other comprehensive income items	2	—
Comprehensive income (loss)	$ (6)	$ 5

See notes to consolidated financial statements.

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Berry Plastics Group, Inc.
Consolidated Balance Sheets
(in millions of dollars)

	December 27, 2014	September 27, 2014
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 53	$ 129
Accounts receivable (less allowance of $3 at December 27, 2014 and $3 at September 27, 2014)	442	491
Inventories:		
Finished goods	362	353
Raw materials and supplies	257	251
	619	604
Deferred income taxes	249	166
Prepaid expenses and other current assets	39	42
Total current assets	1,402	1,432
Property, plant, and equipment, net	1,331	1,364
Goodwill, intangible assets and deferred costs, net	2,442	2,471
Other assets	1	1
Total assets	$ 5,176	$ 5,268
Liabilities		
Current liabilities:		
Accounts payable	$ 352	$ 395
Accrued expenses and other current liabilities	334	314
Current portion of long-term debt	56	58
Total current liabilities	742	767
Long-term debt, less current portion	3,756	3,860
Deferred income taxes	469	386
Other long-term liabilities	302	356
Total liabilities	5,269	5,369
Redeemable non-controlling interest	13	13
Stockholders' equity (deficit)		
Common stock (118.8 and 118.0 shares issued, respectively)	1	1
Additional paid-in capital	381	367
Non-controlling interest	3	3
Accumulated deficit	(429)	(442)
Accumulated other comprehensive loss	(62)	(43)
Total stockholders' equity (deficit)	(106)	(114)
Total liabilities and stockholders' equity (deficit)	$ 5,176	$ 5,268

See notes to consolidated financial statements.

Berry Plastics Group, Inc.
Consolidated Statement of Changes in Stockholders' Equity (Deficit)
For the Quarterly Period Ended December 27, 2014 and December 28, 2013
(Unaudited)
(in millions of dollars)

	Common Stock	Additional Paid-in Capital	Non-controlling Interest	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at September 28, 2013	$1	$322	$ 3	$ (18)	$ (504)	$(196)
Proceeds from issuance of common stock	—	3	—	—	—	3
Stock compensation expense	—	5	—	—	—	5
Net income	—	—	—	—	6	6
Currency translation	—	—	—	(1)	—	(1)
Balance at December 28, 2013	$1	$330	$ 3	$ (19)	$ (498)	$(183)
Balance at September 27, 2014	$1	$367	$ 3	$ (43)	$ (442)	$(114)
Proceeds from issuance of common stock	—	7	—	—	—	7
Stock compensation expense	—	7	—	—	—	7
Net income	—	—	—	—	13	13
Interest rate hedge, net of tax	—	—	—	(5)	—	(5)
Currency translation	—	—	—	(14)	—	(14)
Balance at December 27, 2014	$1	$381	$ 3	$ (62)	$ (429)	$(106)

See notes to consolidated financial statements.

Berry Plastics Group, Inc.
Consolidated Statements of Cash Flows
(Unaudited)
(in millions of dollars)

	Quarterly Period Ended	
	December 27, 2014	December 28, 2013
Cash Flows from Operating Activities:		
Net income	$ 13	$ 6
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	66	59
Amortization of intangibles	25	26
Non-cash interest expense	2	2
Deferred income tax	3	4
Stock compensation expense	7	5
Impairment of long-lived assets	2	2
Other non-cash items	(2)	1
Changes in operating assets and liabilities:		
Accounts receivable, net	45	51
Inventories	(18)	14
Prepaid expenses and other assets	(5)	(4)
Accounts payable and other liabilities	(38)	6
Net cash from operating activities	100	172
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(35)	(47)
Proceeds from sale of assets	10	1
Acquisition of business, net of cash acquired	—	(67)
Net cash from investing activities	(25)	(113)
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	—	3
Repayments on long-term borrowings	(116)	(13)
Proceeds from issuance of common stock	7	3
Payment of tax receivable agreement	(39)	(32)
Net cash from financing activities	(148)	(39)
Effect of exchange rate changes on cash	(3)	—
Net change in cash	(76)	20
Cash and cash equivalents at beginning of period	129	142
Cash and cash equivalents at end of period	$ 53	$ 162

See notes to consolidated financial statements.

Berry Plastics Group, Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(tables in millions of dollars, except per share data)

1. Basis of Presentation

The accompanying unaudited Consolidated Financial Statements of the Company have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") pursuant to the rules and regulations of the Securities and Exchange Commission for interim reporting. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included, and all subsequent events up to the time of the filing have been evaluated. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's most recent Form 10-K filed with the Securities and Exchange Commission.

2. Recently Issued Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board issued a final standard on revenue recognition. Under the new standard, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In order to do so, an entity would follow the five-step process for in-scope transactions: 1) identify the contract with a customer, 2) identify the separate performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the separate performance obligations in the contract, and 5) recognize revenue when (or as) the entity satisfies a performance obligation. For public entities, the provisions of the new standard are effective for annual reporting periods beginning after December 15, 2016 and early adoption is not permitted. An entity can apply the new revenue standard retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application in retained earnings. The Company is currently assessing the impact to the consolidated financial statements.

3. Acquisitions

Rexam Healthcare Containers and Closures

In June 2014, the Company acquired Rexam's Healthcare Containers and Closures business ("C&C") for a purchase price of $130 million, net of cash acquired. The C&C business produces bottles, closures and specialty products for pharmaceutical and over-the-counter healthcare applications. The C&C acquisition has been accounted for under the purchase method of accounting, and accordingly, the purchase price has been allocated to the identifiable assets and liabilities based on estimated fair values at the acquisition date. The acquired assets and assumed liabilities consisted of working capital of $30 million, property and equipment of $84 million, non-current deferred tax benefit of $4 million, intangible assets of $9 million, and goodwill of $6 million and other long-term liabilities of $3 million. The Company has not finalized the purchase price allocation to the fair values of fixed assets, intangibles, or deferred income taxes and is reviewing the working capital acquired.

4. Restructuring and Impairment Charges

The Company incurred restructuring costs related to severance, asset impairment and facility exit costs of $4 million and $10 million for the quarterly period ended December 27, 2014 and December 28, 2013, respectively. The tables below set forth the significant components of the restructuring charges recognized, by segment:

	Quarterly Period Ended	
	December 27, 2014	December 28, 2013
Rigid Open Top	$ —	$ 1
Rigid Closed Top	1	—
Engineered Materials	—	3
Flexible Packaging	3	6
Consolidated	$ 4	$ 10

The table below sets forth the activity with respect to the restructuring accrual at December 27, 2014:

	Severance and termination benefits	Facilities exit costs and other	Non-cash	Total
Balance at September 27, 2014	$ 5	$ 8	$ —	$ 13
Charges	1	1	2	4
Non-cash asset impairment	—	—	(2)	(2)
Cash payments	(3)	(1)	—	(4)
Balance at December 27, 2014	$ 3	$ 8	$ —	$ 11

5. Accrued Expenses, Other Current Liabilities and Other Long-Term Liabilities

The following table sets forth the totals included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets:

	December 27, 2014	September 27, 2014
Employee compensation, payroll and other taxes	$ 86	$ 99
Interest	55	44
Rebates	57	50
Tax receivable agreement obligation	60	39
Other	76	82
	$ 334	$ 314

The following table sets forth the totals included in Other long-term liabilities on the Consolidated Balance Sheets:

	December 27, 2014	September 27, 2014
Lease retirement obligation	$ 31	$ 31
Sale-lease back deferred gain	29	30
Pension liability	44	45
Tax receivable agreement obligation	174	234
Other	24	16
	$ 302	$ 356

The Company made $39 million of payments related to the income tax receivable agreement ("TRA") in the first fiscal quarter of 2015, of which Apollo Global Management, LLC received $33 million. The TRA provides for the payment to TRA holders 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income tax that are actually realized as a result of the utilization of our net operating losses attributable to periods prior to the initial public offering.

6. Long-Term Debt

Long-term debt consists of the following:

	Maturity Date	December 27, 2014	September 27, 2014
Term loan	February 2020	$ 1,379	$ 1,383
Term loan	January 2021	1,019	1,122
Revolving line of credit	June 2016	—	—
9¾% Second Priority Senior Secured Notes	January 2021	800	800
5½% Second Priority Senior Secured Notes	May 2022	500	500
Capital leases and other	Various	114	113
		3,812	3,918
Less current portion of long-term debt		(56)	(58)
		$ 3,756	$ 3,860

The Company's senior secured credit facilities consist of $2.4 billion of term loans and a $650 million asset based revolving line of credit. The Company was in compliance with all covenants as of December 27, 2014.

In October 2014, the Company elected to make a voluntary one-time $100 million principal payment on the outstanding term loan using existing liquidity.

7. Financial Instruments and Fair Value Measurements

As part of the overall risk management, the Company uses derivative instruments to reduce exposure to changes in interest rates attributed to the Company's floating-rate borrowings. For those derivative instruments that are designated and qualify as hedging instruments, the Company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation. To the extent hedging relationships are found to be effective, as determined by FASB guidance, changes in the fair value of the derivatives are offset by changes in the fair value of the related hedged item and recorded to Accumulated other comprehensive loss. Management believes hedge effectiveness is evaluated properly in preparation of the financial statements.

Cash Flow Hedging Strategy

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of Accumulated other comprehensive loss and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period or periods during which the hedged transaction affects earnings. The categorization of the framework used to price these derivative instruments is considered a Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value.

In February 2013, the Company entered into an interest rate swap transaction to manage cash flow variability associated with $1 billion of outstanding variable rate term loan debt. The agreement swapped the greater of a three-month variable LIBOR contract or 1.00% for a fixed three-year rate of 2.355%, with an effective date in May 2016 and expiration in May 2019. In June 2013, the Company elected to settle this derivative instrument and received $16 million as a result of this settlement. The offset is included in Accumulated other comprehensive income and will be amortized to Interest expense from May 2016 through May 2019, the original term of the swap agreement.

In March 2014, the Company entered into an interest rate swap transaction to manage cash flow variability associated with $1 billion of outstanding variable rate term loan debt. The agreement swaps the greater of a three-month variable LIBOR contract or 1.00% for a fixed three-year rate of 2.59%, with an effective date in February 2016 and expiration in February 2019. The Company records changes in fair value in Accumulated other comprehensive income and Deferred income taxes.

Derivatives instruments	Balance Sheet Location	December 27, 2014	September 27, 2014
Interest rate swap	Other long-term liabilities	$ 10	$ 3

Non-recurring Fair Value Measurements

The Company has certain assets that are measured at fair value on a non-recurring basis when impairment indicators are present. The assets are adjusted to fair value only when the carrying values exceed the fair values. The categorization of the framework used to price the assets is considered Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value. These assets include primarily our definite lived and indefinite lived intangible assets, including Goodwill and our property plant and equipment. The Company reviews Goodwill and other indefinite lived assets for impairment as of the first day of the fourth fiscal quarter each year, and more frequently if impairment indicators exist. The Company determined Goodwill and other indefinite lived assets were not impaired in our annual fiscal 2014 assessment and no impairment indicators existed in the current quarter.

Included in the following table are the major categories of assets measured at fair value on a non-recurring basis as of December 27, 2014 and September 27, 2014, along with the impairment loss recognized on the fair value measurement during the period:

	As of December 27, 2014				
	Level 1	Level 2	Level 3	Total	Impairment
Indefinite-lived trademarks	$—	$—	$207	$207	$—
Goodwill	—	—	1,657	1,657	—
Definite lived intangible assets	—	—	559	559	—
Property, plant, and equipment	—	—	1,331	1,331	2
Total	$—	$—	$3,754	$3,754	$2

	As of September 27, 2014				
	Level 1	Level 2	Level 3	Total	Impairment
Indefinite-lived trademarks	$—	$—	$207	$207	$—
Goodwill	—	—	1,659	1,659	—
Definite lived intangible assets	—	—	585	585	—
Property, plant, and equipment	—	—	1,364	1,364	7
Total	$—	$—	$3,815	$3,815	$7

The Company’s financial instruments consist primarily of cash and cash equivalents, long-term debt and capital lease obligations. The fair value of our long-term indebtedness exceeded book value by $29 million as of December 27, 2014. The Company’s long-term debt fair values were determined using Level 2 inputs as other significant observable inputs were not available.

8. Income Taxes

The Company's effective tax rate was 21% and 29% for the quarterly period ended December 27, 2014 and December 28, 2013, respectively. The primary reason the expense was lower than our statutory rate was the extension of the research and development tax credit through the end of calendar 2014. A reconciliation of Income tax expense, computed at the federal statutory rate, to Income tax expense, as provided for in the financial statements, is as follows:

	Quarterly Period Ended	
	December 27, 2014	December 28, 2013
Income tax expense computed at statutory rate	$ 6	$ 3
Research and development credits	(3)	—

Uncertain tax position	—	(1)
Other	—	1
Income tax expense	$ 3	$ 3

9. Operating Segments

The Company's operations are organized into four reportable segments: Rigid Open Top, Rigid Closed Top, Engineered Materials, and Flexible Packaging. We have manufacturing and distribution centers in the United States, Canada, Mexico, Belgium, France, Australia, Germany, Brazil, Malaysia, India, China, and the Netherlands. The North American operation represents 95% of net sales, 96% of total long-lived assets, and 95% of the total assets. Selected information by reportable segment is presented in the following table:

	Quarterly Period Ended	
	December 27, 2014	December 28, 2013
Net sales:		
Rigid Open Top	$ 257	$ 261
Rigid Closed Top	373	332
Engineered Materials	349	342
Flexible Packaging	241	205
Total net sales	$ 1,220	$ 1,140
Operating income (loss):		
Rigid Open Top	$ 7	$ 13
Rigid Closed Top	21	30
Engineered Materials	32	25
Flexible Packaging	8	(5)
Total operating income	$ 68	$ 63
Depreciation and amortization:		
Rigid Open Top	$ 23	$ 23
Rigid Closed Top	36	30
Engineered Materials	17	19
Flexible Packaging	15	13
Total depreciation and amortization	$ 91	$ 85

	December 27, 2014	September 27, 2014
Total assets:		
Rigid Open Top	$ 1,804	$ 1,808
Rigid Closed Top	1,910	1,966
Engineered Materials	713	722
Flexible Packaging	749	772
Total assets	$ 5,176	$ 5,268
Goodwill:		
Rigid Open Top	$ 681	$ 681
Rigid Closed Top	826	827
Engineered Materials	70	71
Flexible Packaging	80	80
Total goodwill	$ 1,657	$ 1,659

10. Contingencies and Commitments

The Company is party to various legal proceedings involving routine claims which are incidental to the business. Although the 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 the business, financial condition, results of operations, or cash flows of the Company.

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11. Basic and Diluted Net Income per Share

Basic net income per share is calculated by dividing the net income attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for common stock equivalents. Diluted net income per share is computed by dividing the net income attributable to common stockholders by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method and the if-converted method. For purposes of this calculation, stock options are considered to be common stock equivalents and are only included in the calculation of diluted net income per share when their effect is dilutive. The Company's redeemable common stock is included in the weighted-average number of common shares outstanding for calculating basic and diluted net income per share.

The following tables and discussion provide a reconciliation of the numerator and denominator of the basic and diluted net income per share computations. The calculation below provides net income on both basic and diluted basis for the quarterly period ended December 27, 2014 and December 28, 2013:

	Quarterly Period Ended	
(in millions, except per share amounts)	December 27, 2014	December 28, 2013
Numerator		
Net income	$ 13	$ 6
Denominator		
Weighted average common shares outstanding - basic	118.2	115.9
Dilutive shares	4.7	4.6
Weighted average common and common equivalent shares outstanding - diluted	122.9	120.5
Per common share income		
Basic	$ 0.11	$ 0.05
Diluted	$ 0.11	$ 0.05

12. Comprehensive Income

Comprehensive income is comprised of net income and other comprehensive income (loss). Other comprehensive losses include net unrealized gains or losses resulting from currency translations of foreign subsidiaries, changes in the value of our derivative instruments and adjustments to the pension liability.

The balances related to each component of other comprehensive income (loss) during the three months ended December 27, 2014 were as follows:

	Currency Translation	Defined Benefit Pension and Retiree Health Benefit Plans	Interest Rate Hedges	Accumulated Other Comprehensive Loss
Balance at September 27, 2014	$(36)	$(15)	$8	$ (43)
Other comprehensive loss	(14)	—	(7)	(21)
Tax expense	—	—	2	2
Balance at December 27, 2014	$(50)	$(15)	$3	$ (62)

13. Guarantor and Non-Guarantor Financial Information

Berry Plastics Corporation ("Issuer") has notes outstanding which are fully, jointly, severally, and unconditionally guaranteed by substantially all of Berry's domestic subsidiaries. Separate narrative information or financial statements of the guarantor subsidiaries have not been included because they are 100% owned by the parent company and the guarantor subsidiaries unconditionally guarantee such debt on a joint and several basis. A guarantee of a guarantor of the securities will terminate upon the following customary circumstances: the sale of the capital stock of such guarantor if such sale complies with the indenture, the designation of such guarantor as an unrestricted subsidiary, the defeasance or discharge of the indenture, as a result of the holders of certain other indebtedness foreclosing on a pledge of the shares of a guarantor subsidiary or if such guarantor no longer guarantees certain other indebtedness of the issuer. The guarantees are also limited as necessary to prevent them from constituting a fraudulent conveyance under applicable law and guarantees guaranteeing subordinated debt are subordinated to certain other of the Company's debts. Presented below is condensed consolidating financial information for the parent, issuer, guarantor subsidiaries and non-guarantor subsidiaries. Our issuer and guarantor financial information includes all of our domestic operating subsidiaries, our non-guarantor subsidiaries include our foreign subsidiaries and BP Parallel, LLC. Berry Plastics Group, Inc. uses the equity method to account for its ownership in Berry Plastics Corporation in the Condensed Consolidating Supplemental Financial Statements. Berry Plastics Corporation uses the equity method to account for its ownership in the guarantor and non-guarantor subsidiaries. All consolidating entries are included in the eliminations column along with the elimination of intercompany balances.

Condensed Supplemental Consolidated Balance Sheet

	December 27, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non—Guarantor Subsidiaries	Eliminations	Total
Current assets	250	99	863	190	—	1,402
Intercompany receivable	—	3,321	—	97	(3,418)	—
Property, plant, and equipment, net	—	81	1,139	111	—	1,331
Other assets	76	1,370	2,207	118	(1,328)	2,443
Total assets	$326	$4,871	$4,209	$516	$(4,746)	$5,176
Current liabilities	57	216	393	76	—	742
Intercompany payable	(282)	—	3,700	—	(3,418)	—
Other long-term liabilities	644	3,838	38	7	—	4,527
Non-controlling interest	13	—	—	13	(13)	13
Stockholders' equity (deficit)	(106)	817	78	420	(1,315)	(106)
Total liabilities and stockholders' equity (deficit)	$326	$4,871	$4,209	$516	$(4,746)	$5,176

	September 27, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non—Guarantor Subsidiaries	Eliminations	Total
Current assets	166	171	901	194	—	1,432
Intercompany receivable	—	3,343	—	87	(3,430)	—
Property, plant and equipment, net	—	84	1,162	118	—	1,364
Other assets	69	1,357	2,227	125	(1,306)	2,472

Total assets	$ 235	$ 4,955	$ 4,290	$ 524	$ (4,736)	$ 5,268
Current liabilities	35	212	435	85	—	767
Intercompany payable	(319)	—	3,749	—	(3,430)	—
Other long-term liabilities	620	3,934	42	6	—	4,602
Non-controlling interest	13	—	—	13	(13)	13
Stockholders’ equity (deficit)	(114)	809	64	420	(1,293)	(114)
Total liabilities and stockholders’ equity (deficit)	$ 235	$ 4,955	$ 4,290	$ 524	$ (4,736)	$ 5,268

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Condensed Supplemental Consolidated Statements of Operations

Quarterly Period Ended December 27, 2014	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales	$—	$159	$948	$113	$—	$1,220
Cost of goods sold	—	147	809	81	—	1,037
Selling, general and administrative	—	16	60	10	—	86
Amortization of intangibles	—	2	21	2	—	25
Restructuring and impairment charges	—	—	4	—	—	4
Operating income (loss)	—	(6)	54	20	—	68
Other income, net	—	(1)	—	—	—	(1)
Interest expense, net	—	7	41	5	—	53
Equity in net income of subsidiaries	(16)	(28)	—	—	44	—
Income (loss) before income taxes	16	16	13	15	(44)	16
Income tax expense (benefit)	3	2	—	1	(3)	3
Net income (loss)	$13	$14	$13	$14	$(41)	$13
Comprehensive income (loss)	$13	$13	$9	$—	$(41)	$(6)
Consolidating Statement of Cash Flows						
Cash Flow from Operating Activities	$—	$(16)	$102	$14	$—	$100
Cash Flow from Investing Activities						
Additions to property, plant, and equipment	—	(3)	(30)	(2)	—	(35)
Proceeds from sale of assets	—	—	10	—	—	10
(Contributions) distributions to/from subsidiaries	(7)	7	—	—	—	—
Intercompany advances (repayments)	—	55	—	—	(55)	—
Acquisition of business, net of cash acquired	—	—	—	—	—	—
Net cash from investing activities	(7)	59	(20)	(2)	(55)	(25)
Cash Flow from Financing Activities						
Proceeds from issuance of common stock	7	—	—	—	—	7
Payment of tax receivable agreement	(39)	—	—	—	—	(39)
Repayments on long-term borrowings	—	(115)	—	(1)	—	(116)

Changes in intercompany balances	39	—	(91)	(3)	55	—
Net cash provided from financing activities	7	(115)	(91)	(4)	55	(148)
Effect of exchange rate on cash	—	—	—	(3)	—	(3)
Net change in cash	—	(72)	(9)	5	—	(76)
Cash and cash equivalents at beginning of period	—	70	15	44	—	129
Cash and cash equivalents at end of period	$—	$(2)	$6	$49	$—	$53

	Quarterly Period Ended December 28, 2013					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales	$—	$146	$907	$87	$—	$1,140
Cost of goods sold	—	131	762	71	—	964
Selling, general and administrative	—	19	51	7	—	77
Amortization of intangibles	—	3	21	2	—	26
Restructuring and impairment charges	—	—	10	—	—	10
Operating income (loss)	—	(7)	63	7	—	63
Debt extinguishment	—	—	—	—	—	—
Other income, net	—	(1)	—	—	—	(1)
Interest expense, net	13	6	44	(33)	25	55
Equity in net income of subsidiaries	(22)	(58)	—	—	80	—
Income (loss) before income taxes	9	46	19	40	(105)	9
Income tax expense (benefit)	3	16	—	1	(17)	3
Net income (loss)	$6	$30	$19	$39	$(88)	$6
Comprehensive income (loss)	$6	$30	$19	$38	$(88)	$5
Consolidating Statement of Cash Flows						
Cash Flow from Operating Activities	$—	$—	$162	$10	$—	$172
Cash Flow from Investing Activities						
Additions to property, plant, and equipment	—	(2)	(44)	(1)	—	(47)
Proceeds from sale of assets	—	—	1	—	—	1
(Contributions) distributions to/from subsidiaries	(3)	3	—	—	—	—
Intercompany advances (repayments)	—	30	—	—	(30)	—
Acquisition of business, net of cash acquired	—	—	(62)	(5)	—	(67)
Net cash from investing activities	(3)	31	(105)	(6)	(30)	(113)
Cash Flow from Financing Activities						
Proceeds from long-term borrowings	—	—	—	3	—	3
Proceeds from issuance of common stock	3	—	—			