

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

BERRY PLASTICS CORP
Form 424B3
November 12, 2002

FILED PURSUANT TO RULE 424(B) (3)
File Number 333-97849

BERRY PLASTICS CORPORATION

SUPPLEMENT NO. 1 TO MARKET-MAKING PROSPECTUS DATED
AUGUST 19, 2002
THE DATE OF THIS SUPPLEMENT IS NOVEMBER 12, 2002

ON NOVEMBER 12, 2002, BPC HOLDING CORPORATION FILED THE ATTACHED
FORM 10-Q FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 28, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended September 28, 2002

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 35-1814673

(State or other jurisdiction (IRS employer
of incorporation or organization) identification number)

BERRY PLASTICS CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware 35-1813706

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

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

NONE
(Former name, former address and former fiscal year, if changed since last
report)

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

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

Indicate the number of shares outstanding of each of issuers' classes of common stock, as of the latest practicable date:

As of November 1, 2002, the following shares of capital stock of BPC Holding Corporation were outstanding: 2,767,279 shares of Common Stock, \$.01 par value, of BPC Holding Corporation. As of November 1, 2002, there were outstanding 100 shares of the Common Stock, \$.01 par value, of Berry Plastics Corporation.

1

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

THIS FORM 10-Q 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-Q 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-Q, INCLUDING, WITHOUT LIMITATION, THE INFORMATION SET FORTH UNDER "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.

2

BPC HOLDING CORPORATION
BERRY PLASTICS CORPORATION

FORM 10-Q INDEX

FOR QUARTERLY PERIOD ENDED SEPTEMBER 28, 2002

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

	PAGE NO.
Part I. Financial Information	
Item 1. Financial Statements (unaudited):	
Consolidated Balance Sheets	4
Consolidated Statements of Operations	6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	19
Item 3. Quantitative and Qualitative Disclosures about Market Risk	23
Item 4. Controls and Procedures	23
PART II. OTHER INFORMATION	
Item 2. Changes in Securities and Use of Proceeds	24
Item 4. Submission of Matters to a Vote of Security Holders	24
Item 6. Exhibits and Reports on Form 8-K	25
SIGNATURE	26
CERTIFICATIONS	27

3

PART 1. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

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

	COMPANY -----	PREDECESSOR -----
	SEPTEMBER 28, 2002	DECEMBER 29, 2001
	----- (UNAUDITED)	-----
Assets		
Current assets:		
Cash and cash equivalents	\$ 13,231	\$ 1,232
Accounts receivable (less allowance for doubtful accounts of \$2,114 at September 28, 2002 and \$2,070 at December 29, 2001)	63,069	48,623
Inventories:		
Finished goods	47,667	43,048
Raw materials and supplies	16,767	13,009
	-----	-----

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

	64,434	56,057
Prepaid expenses and other receivables	5,698	5,280
	-----	-----
Total current assets	146,432	111,192
Property and equipment:		
Land	9,074	9,443
Buildings and improvements	60,250	72,722
Machinery, equipment and tooling	120,352	201,357
Construction in progress	32,199	22,647
	-----	-----
	221,875	306,169
Less accumulated depreciation	8,176	102,952
	-----	-----
	213,699	203,217
Intangible assets:		
Deferred financing fees, net	19,455	8,475
Intangibles	423,072	121,878
	-----	-----
	442,527	130,353
Other	72	2,114
	-----	-----
Total assets	\$ 802,730	\$ 446,876
	=====	=====

4

BPC Holding Corporation and Subsidiaries
Consolidated Balance Sheets (continued)
(In Thousands of Dollars, except per share data)

	COMPANY	PREDECESSOR
	-----	-----
	SEPTEMBER 28,	DECEMBER 29,
	2002	2001
	-----	-----
	(UNAUDITED)	
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	\$ 37,358	\$ 34,862
Accrued expenses and other liabilities	10,467	8,955
Accrued interest	8,506	7,964
Employee compensation and payroll taxes	19,588	17,792
Current portion of long-term debt	8,680	22,292
	-----	-----
Total current liabilities	84,599	91,865
Long-term debt, less current portion	600,084	463,589
Accrued dividends on preferred stock	-	27,446
Deferred income taxes	547	489
Other liabilities	1,891	3,088
	-----	-----
	687,121	586,477

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

Stockholders' equity (deficit):		
Preferred stock; (Predecessor)	-	47,789
Common stock (Predecessor)	-	6
Treasury stock (Predecessor)	-	(405)
Warrants (Predecessor)	-	9,386
Common stock; \$.01 par value: 5,000,000 shares authorized; 2,767,279 shares issued and outstanding	28	-
Additional paid-in capital	271,057	25,315
Adjustment of the carryover basis of continuing stockholders	(145,404)	-
Notes receivable - common stock	(14,038)	-
Retained earnings (deficit)	3,704	(220,263)
Accumulated other comprehensive income (loss)	262	(1,429)
	-----	-----
Total stockholders' equity (deficit)	115,609	(139,601)
	-----	-----
Total liabilities and stockholders' equity (deficit)	\$ 802,730	\$ 446,876
	=====	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

5

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

	COMPANY	PREDECESSOR			COMPANY	PREDECESSOR		
	PERIOD	PERIOD	13 WEEKS	PERIOD	PERIOD	PERIOD	PERIOD	PERIOD
	FROM	FROM	ENDED	FROM	FROM	FROM	FROM	FROM
	7/22/02-	6/30/02-	9/29/01	7/22/02-	12/30/01-	7/21/02	9/28/02	7/21/02
	9/28/02	7/21/02		9/28/02	7/21/02			
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Net sales	\$ 97,822	\$ 29,753	\$ 121,910	\$ 97,822	\$ 280,677	\$		
Cost of goods sold	75,309	22,183	91,311	75,309	207,458			
	-----	-----	-----	-----	-----	-----	-----	-----
Gross profit	22,513	7,570	30,599	22,513	73,219			
Operating Expenses:								
Selling	4,612	1,146	5,551	4,612	12,080			
General and administrative	4,050	1,540	6,310	4,050	15,750			
Research and development	553	133	564	553	1,438			
Amortization of intangibles	102	374	3,290	102	1,249			
Merger expenses (Predecessor)	-	20,987	-	-	20,987			
Other expenses	596	679	700	596	2,804			
	-----	-----	-----	-----	-----	-----	-----	-----
Operating income (loss)	12,600	(17,289)	14,184	12,600	18,911			
Other expenses:								
Loss on disposal of property and equipment	56	-	433	56	291			

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

Income (loss) before interest, taxes, and extraordinary item	12,544	(17,289)	13,751	12,544	18,620
Interest:					
Expense	(8,876)	(3,160)	(13,500)	(8,876)	(28,747)
Income	123	2	9	123	5
Income (loss) before income taxes and extraordinary item	3,791	(20,447)	260	3,791	(10,122)
Income taxes	87	-	84	87	345
Net income (loss) before extraordinary item	3,704	(20,447)	176	3,704	(10,467)
Extraordinary item (less applicable income taxes of \$0)	-	25,328	-	-	25,328
Net income (loss)	3,704	(45,775)	176	3,704	(35,795)
Preferred stock dividends	-	(848)	(2,610)	-	(6,468)
Amortization of preferred stock discount	-	(62)	(256)	-	(574)
Net income (loss) attributable to common stockholders	\$ 3,704	\$ (46,685)	\$ (2,690)	\$ 3,704	\$ (42,837)

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

6

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

	COMPANY	PREDECESSOR	
	PERIOD FROM 7/22/02-9/28/02	PERIOD FROM 12/30/01-7/21/02	NINE MONTHS ENDING 9/29/01
	(Unaudited)	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES			
Net income (loss)	\$ 3,704	\$ (35,795)	\$ 3,106
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation	8,176	23,526	27,756
Non-cash interest expense	446	1,399	14,855

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

Amortization	102	1,249	9,386
Non-cash compensation expense	-	1,920	450
Extinguishment of debt	-	25,328	-
Loss on sale of property and equipment	57	291	389
Changes in operating assets and liabilities:			
Accounts receivable, net	2,138	(15,986)	(8,906)
Inventories	(5,582)	(4,255)	3,350
Prepaid expenses and other receivables	(50)	(603)	(3,475)
Other assets	-	2,042	32
Payables and accrued expenses	(4,512)	11,476	10,394
	-----	-----	-----
Net cash provided by operating activities	4,479	10,592	57,337
 INVESTING ACTIVITIES			
Additions to property and equipment	(5,371)	(17,396)	(23,943)
Proceeds from disposal of property and equipment	6	9	96
Transaction costs	(12,715)	-	-
Acquisitions of businesses	-	(3,834)	(23,513)
	-----	-----	-----
Net cash used for investing activities	(18,080)	(21,221)	(47,360)
 FINANCING ACTIVITIES			
Proceeds from long-term borrowings	580,000	24,492	2,000
Payments on long-term borrowings	(503,082)	(13,924)	(20,470)
Issuance of common stock	257,047	-	291
Issuance of preferred stock and warrants	-	-	10,000
Redemption of predecessor stock	(287,999)	-	-
Debt financing costs	(19,810)	-	(1,009)
	-----	-----	-----
Net cash provided by (used for) financing activities	26,156	10,568	(9,188)
Effect of exchange rate changes on cash	320	(815)	449
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents	12,875	(876)	1,238
Cash and cash equivalents at beginning of period	356	1,232	2,054
	-----	-----	-----
Cash and cash equivalents at end of period	\$ 13,231	\$ 356	\$ 3,292
	=====	=====	=====

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

BPC Holding Corporation and Subsidiaries
Notes to Consolidated Financial Statements
(In thousands of dollars, except as otherwise noted)
(Unaudited)

1. Basis of Presentation

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

THE ACCOMPANYING UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF BPC HOLDING CORPORATION AND ITS SUBSIDIARIES HAVE BEEN PREPARED IN ACCORDANCE WITH ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES FOR INTERIM FINANCIAL INFORMATION AND WITH THE INSTRUCTIONS FOR FORM 10-Q AND ARTICLE 10 OF REGULATION S-X. ACCORDINGLY, THEY DO NOT INCLUDE ALL OF THE INFORMATION AND FOOTNOTES REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES FOR COMPLETE FINANCIAL STATEMENTS. IN THE OPINION OF MANAGEMENT, ALL ADJUSTMENTS (CONSISTING OF NORMAL RECURRING ACCRUALS) CONSIDERED NECESSARY FOR A FAIR PRESENTATION HAVE BEEN INCLUDED. OPERATING RESULTS FOR THE PERIODS PRESENTED ARE NOT NECESSARILY INDICATIVE OF THE RESULTS THAT MAY BE EXPECTED FOR THE FULL FISCAL YEAR. THE ACCOMPANYING FINANCIAL STATEMENTS INCLUDE THE RESULTS OF BPC HOLDING CORPORATION ("HOLDING") AND ITS WHOLLY-OWNED SUBSIDIARY, BERRY PLASTICS CORPORATION ("BERRY"), AND ITS WHOLLY-OWNED SUBSIDIARIES. AS A RESULT OF THE MERGER DESCRIBED IN NOTE 2 BELOW, THE FINANCIAL STATEMENTS HAVE BEEN PRESENTED SEPARATELY FOR HOLDING'S PRIOR OWNERSHIP THROUGH THE MERGER DATE ("PREDECESSOR") AND SUBSEQUENT TO THE MERGER ("COMPANY"). THESE FINANCIAL STATEMENTS AND RELATED NOTES SHOULD BE READ IN CONNECTION WITH THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS AND FOOTNOTES THERETO INCLUDED IN HOLDING'S AND BERRY'S FORM 10-K FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR THE YEAR ENDED DECEMBER 29, 2001.

2. THE MERGER

On July 22, 2002, GS Berry Acquisition Corp. (the "Buyer") merged (the "Merger") with and into BPC Holding Corporation, pursuant to the Agreement and Plan of Merger (as amended, the "Merger Agreement"), dated as of May 25, 2002, by and among Buyer, GS Capital Partners 2000 Offshore, L.P., GS Capital Partners 2000 GMBH & Co. Beteiligungs KG, Bridge Street Special Opportunities Fund 2000, L.P., GS Capital Partners 2000 Employee Fund, L.P., Stone Street Fund 2000, L.P., BPC Holding, Berry Plastics Corporation and certain stockholders and warrant holders of BPC Holding. At the effective time of the Merger, (i) each share of common stock of BPC Holding Corporation issued and outstanding immediately prior to the effective time of the Merger was converted into the right to receive cash pursuant to the terms of the Merger Agreement, and (ii) each share of common stock of the Buyer issued and outstanding immediately prior to the effective time of the Merger was converted into one share of common stock of BPC Holding.

The total amount of funds required to consummate the Merger and to pay estimated fees and expenses related to the Merger, including amounts related to the repayment of indebtedness, the redemption of the outstanding preferred stock and the payment of transaction costs incurred by Holding, were approximately \$869.2 million (which includes the amount of certain indebtedness which will remain outstanding and the value of certain shares of Holding common stock held by our employees that were contributed to the Buyer immediately prior to the Merger). The Buyer and its affiliates own approximately 63% of the common stock of Holding. The remaining common stock of Holding is held by J.P. Morgan Partners Global Investors, L.P. and other private equity funds affiliated with J.P. Morgan Partners, LLC, the private equity investment arm of J.P. Morgan Chase & Co., which own approximately 29% of Holding's common stock and by members of Berry's management, which own the remaining 8%. The Company loaned approximately \$14.0 million to management in order to purchase a portion of the common equity.

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

The Merger 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 allocation is preliminary and is subject to change pending the finalization of expenses related to the Merger, completion of property appraisals, and identification of definite and indefinite lived intangible assets. The Company has applied the provisions of Emerging Issues Task Force 88-16, whereby, the carryover equity interests of certain shareholders from the Predecessor to the Successor were recorded at their Predecessor basis. The application of these provisions reduced stockholder's equity and intangibles by \$145.4 million. In connection with the Merger, the Predecessor incurred Merger related expenses of approximately \$21.0 million, consisting primarily of investment banking fees, bonuses to management, non-cash modification of stock option awards, legal costs, and fees to the largest voting stockholder of the Predecessor. In addition, as a result of extinguishing debt in connection with the Merger, \$6.6 million of existing deferred financing fees and \$18.7 million of prepayment fees and related charges were charged to expense in the quarter as an extraordinary item. The following table summarizes the preliminary allocation of purchase price.

Purchase price	\$ 836,708
Estimated buyer transaction costs	12,715
Net tangible assets acquired	(280,947)
Adjustment for carryover basis of continuing stockholders	(145,404)

Intangibles	\$423,072
	=====

As part of the Merger, the Company incurred \$12.7 million of transaction costs, of which \$8.0 million was paid to entities affiliated with GS Capital Partners 2000 Offshore, L.P., GS Capital Partners 2000 GMBH & Co. Beteiligungs KG, Bridge Street Special Opportunities Fund 2000, L.P., GS Capital Partners 2000 Employee Fund, L.P., and Stone Street Fund 2000, L.P. for services provided to consummate the Merger.

3. Recent Acquisitions

On May 14, 2001, Berry acquired all of the outstanding capital stock of Pescor Plastics, Inc. ("Pescor") for aggregate consideration of approximately \$24.8 million. The purchase was financed through the issuance by Holding of \$9.8 million of 14% predecessor preferred stock and additional borrowings under the retired senior credit facility. The operations of Pescor are included in Berry's operations since the acquisition date using the purchase method of accounting.

On January 24, 2002, Berry acquired the Alcoa Flexible Packaging injection molding assets of Mt. Vernon Plastics Corporation ("Mount Vernon") for aggregate consideration of approximately \$2.6 million. The purchase price was allocated to fixed assets (\$2.0 million) and inventory (\$0.6 million). The purchase was financed through borrowings under the Company's revolving line of credit under its retired senior credit facility. The operations of Mount Vernon are included in Berry's operations since the acquisition date using the purchase method of accounting. On January 31, 2002, Berry entered into a sale/leaseback arrangement with respect to the Mt. Vernon fixed assets.

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

The pro forma results listed below are unaudited and reflect purchase accounting adjustments assuming the Pescor acquisition, Mount Vernon acquisition, and the Merger occurred on December 31, 2000.

	Thirteen Weeks Ended		Thirty-nine Weeks Ended	
	SEPTEMBER 28, 2002	SEPTEMBER 29, 2001	SEPTEMBER 28, 2002	SEPTEMBER 29, 2001
Pro forma net sales	\$127,575	\$125,986	\$379,609	\$387,266
Pro forma net income (loss)	4,552	(548)	17,567	(616)

9

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 (amortization through December 29, 2001), net of the applicable income tax effects. In addition, for the Merger, pro forma adjustments have only been made to eliminate the Merger related expenses, including the extinguishment of debt, and reflect the interest expense reduction from the new financing.

4. LONG-TERM DEBT

Long-term debt consists of the following:

	COMPANY	PREDECESSOR
	SEPTEMBER 28, 2002	DECEMBER 29, 2001
Holding 12.50% Senior Secured Notes	\$ -	\$ 135,714
Berry 12.25% Senior Subordinated Notes	-	125,000
Berry 11% Senior Subordinated Notes	-	75,000
Berry 10 3/4% Senior Subordinated Notes	250,000	-
Term loans	330,000	54,596
Revolving lines of credit	532	49,053
Second Lien Senior Credit Facility	-	25,000
Nevada Industrial Revenue Bonds	2,500	3,000
Capital leases	25,732	18,131
Debt premium, net	-	387
	608,764	485,881
Less current portion of long-term debt	8,680	22,292
	\$600,084	\$463,589

=====

The current portion of long-term debt at September 28, 2002 consists of \$3.3 million of term loans payable in quarterly installments, \$0.5 million in repayments of the industrial bonds, and \$4.9 million in principal payments related to capital lease obligations. In fiscal 2002, Berry has entered into various capital lease obligations with no immediate cash flow effect resulting in capitalized property and equipment and corresponding capital lease obligations of \$17,075.

On July 22, 2002, Berry completed an offering of \$250.0 million aggregate principal amount of 10 3/4 % Senior Subordinated Notes due 2012 (the "2002 Notes"). The net proceeds to Berry from the sale of the 2002 Notes, after expenses, were \$239.4 million. The proceeds from the 2002 Notes were used in the financing of the Merger. The 2002 Notes mature on July 15, 2012, and interest is payable semi-annually on January 15 and July 15 of each year beginning January 15, 2003. Holding and all of Berry's domestic subsidiaries fully, jointly, severally, and unconditionally guarantee on a senior subordinated basis the 2002 Notes. The 2002 Notes are not guaranteed by the foreign subsidiaries: Berry Plastics Acquisition Corporation II, NIM Holdings Limited, Berry Plastics U.K. Limited, Norwich Acquisition Limited, CBP Holdings S.r.l., Capsol Berry Plastics S.p.a., or Ociesse S.r.l.

10

IN CONNECTION WITH THE MERGER, BERRY ENTERED INTO A NEW CREDIT AND GUARANTY AGREEMENT DATED AS OF JULY 22, 2002 ("CREDIT AGREEMENT") WITH A SYNDICATE OF LENDERS LED BY GOLDMAN SACHS CREDIT PARTNERS L.P., AS ADMINISTRATIVE AGENT, FOR A SENIOR SECURED CREDIT FACILITY (THE "CREDIT FACILITY"). AS OF SEPTEMBER 28, 2002, THE CREDIT FACILITY PROVIDES BERRY WITH (I) A \$330.0 MILLION TERM LOAN, (II) A \$100.0 MILLION REVOLVING LINE OF CREDIT, AND (III) A \$50 MILLION DELAYED DRAW FACILITY, SUBJECT TO CERTAIN LIMITATIONS. AS OF SEPTEMBER 28, 2002, BERRY HAD \$94.1 MILLION AVAILABLE UNDER THE REVOLVING LINE OF CREDIT. THE INDEBTEDNESS UNDER THE CREDIT AGREEMENT IS GUARANTEED BY HOLDING AND ALL OF ITS DOMESTIC SUBSIDIARIES. THE OBLIGATIONS OF BERRY UNDER THE CREDIT AGREEMENT AND THE GUARANTEES THEREOF ARE SECURED BY SUBSTANTIALLY ALL OF THE ASSETS OF SUCH ENTITIES, INCLUDING A PLEDGE OF ALL THE CAPITAL STOCK OF THE DOMESTIC SUBSIDIARIES AND 65% OF ALL THE CAPITAL STOCK OF EACH OF THE FOREIGN SUBSIDIARIES. In October 2002, Berry entered into an interest rate collar arrangement to protect \$50.0 million of the outstanding variable rate term loan debt from future interest rate volatility. The collar floor is set at 1.97% LIBOR (London Interbank Offering Rate) and capped at 6.75% LIBOR. THE CREDIT FACILITIES ABOVE CONTAIN VARIOUS FINANCIAL AND NON-FINANCIAL COVENANTS.

11

5. OPERATING SEGMENTS

The Company has three reportable segments: containers, closures, and consumer products. The Company evaluates performance and allocates

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

resources based on operating income before depreciation and amortization of intangibles adjusted to exclude (i) non-cash compensation, (ii) other non-recurring or "one-time" expenses, and (iii) management fees and reimbursed expenses paid to the Predecessor's largest voting stockholder ("Adjusted EBITDA"). One-time expenses primarily represent non-recurring expenses that relate to recently acquired businesses, Merger related expenses, and plant consolidations. In the thirteen weeks ended September 28, 2002, \$21.0 million of expenses related to the Merger are included in one-time expense in the following chart. Predecessor and Company results have been combined as this is consistent with the review of senior management. The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies in the Company's Form 10-K filed with the Securities and Exchange Commission for the year ended December 29, 2001.

	THIRTEEN WEEKS ENDED		THIRTY-NINE WEEKS ENDED	
	SEPTEMBER 28, 2002	SEPTEMBER 29, 2001	SEPTEMBER 28, 2002	SEPTEMBER 29, 2001
Net sales:				
Containers	\$ 65,767	\$ 61,481	\$ 188,382	\$ 184,427
Closures	32,833	34,094	100,661	102,483
Consumer Products	28,975	26,335	89,456	76,013
Adjusted EBITDA:				
Containers	17,885	16,568	51,065	50,345
Closures	7,232	7,452	23,161	21,799
Consumer Products	3,489	4,275	15,057	14,372
Total assets:				
Containers	379,164	213,257	379,164	213,257
Closures	260,062	162,162	260,062	162,162
Consumer Products	163,504	85,061	163,504	85,061
Reconciliation of Adjusted EBITDA to income (loss) before income taxes and extraordinary item:				
Adjusted EBITDA for reportable segments	\$ 28,606	\$ 28,295	\$ 89,283	\$ 86,516
Net interest expense	(11,912)	(13,491)	(37,495)	(41,474)
Depreciation	(10,604)	(9,714)	(31,702)	(27,756)
Amortization	(476)	(3,290)	(1,351)	(9,386)
Loss on disposal of property and equipment	(56)	(433)	(348)	(389)
One-time expenses	(22,214)	(745)	(24,387)	(3,103)
Non-cash compensation	-	(150)	-	(450)
Management fees	-	(212)	(331)	(637)
Income (loss) before income taxes and extraordinary item	\$ (16,656)	\$ 260	\$ (6,331)	\$ 3,321

6. COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) consists of net income (loss) adjusted for the change in cumulative translation gain (loss) for the respective period. Comprehensive income was \$4.6 million for the Company from July 22, 2002 to September 28, 2002. Comprehensive income (loss) for the Predecessor was

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

\$(45.8) million and \$(35.0) million for the period from June 30, 2002 to July 21, 2002 and from December 30, 2001 to July 21, 2002, respectively, and \$0.9 million and \$2.7 million for the thirteen and thirty-nine weeks ended September 29, 2001, respectively.

12

7. CONDENSED CONSOLIDATING FINANCIAL INFORMATION (IN THOUSANDS)

Holding conducts its business through its wholly owned subsidiary, Berry. Berry and all of Berry's subsidiaries are 100% owned by Holding. After the Merger, Holding and all existing and future domestic subsidiaries of the Company guarantee on a senior subordinated basis the \$250.0 million aggregate principal amount of 10 3/4 % Berry Plastics Corporation Senior Subordinated Notes due 2012. Separate narrative information or financial statements of guarantor and non-guarantor subsidiaries have not been included as management believes they would not be material to investors.

Presented below is condensed consolidating financial information for Holding, Berry, and its subsidiaries at September 28, 2002 (the Company) and December 29, 2001 (Predecessor) and for thirteen and thirty-nine weeks ended September 28, 2002 (Combined Company and Predecessor) and September 29, 2001 (Predecessor). The equity method has been used with respect to investments in subsidiaries.

	SEPTEMBER 28, 2002 (COMPANY)				
	BPC Holding Corporation (Parent)	Berry Plastics Corporation (Issuer)	Combined Guarantor SUBSIDIARIES	Combined Non Guarantor SUBSIDIARIES	Consolidated ADJUSTED
CONSOLIDATING BALANCE SHEET					
Current assets	\$ 114	\$ 56,616	\$ 78,254	\$ 11,448	\$
Net property and equipment	-	82,060	116,973	14,666	(2)
Other noncurrent assets	115,495	513,579	92,476	19,597	(2)
	-----	-----	-----	-----	-----
Total assets	\$115,609	\$652,255	\$287,703	\$45,711	\$ (2)
	=====	=====	=====	=====	=====
Current liabilities	\$ -	\$ 49,155	\$ 29,010	\$ 6,434	\$
Noncurrent liabilities	-	598,969	263,114	31,939	(2)
Equity (deficit)	115,609	4,131	(4,421)	7,338	(2)
	-----	-----	-----	-----	-----
Total liabilities and equity (deficit)	\$ 115,609	\$ 652,255	\$ 287,703	\$ 45,711	\$ (2)
	=====	=====	=====	=====	=====

	DECEMBER 29, 2001 (PREDECESSOR)				
	BPC Holding Corporation (Parent)	Berry Plastics Corporation (Issuer)	Combined Guarantor SUBSIDIARIES	Combined Non Guarantor SUBSIDIARIES	Consolidated ADJUSTED
<hr style="border-top: 1px dashed black;"/>					

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

CONSOLIDATING BALANCE SHEET

Current assets	\$ 440	\$ 32,459	\$ 68,519	\$ 9,774	\$
Net property and equipment	-	71,437	117,176	14,604	(2)
Other noncurrent assets	23,980	289,764	91,274	18,358	(2)
	-----	-----	-----	-----	-----
Total assets	\$ 24,420	\$ 393,660	\$ 276,969	\$ 42,736	\$ (2)
	=====	=====	=====	=====	=====
Current liabilities	\$ 861	\$ 60,212	\$ 22,557	\$ 8,235	\$
Noncurrent liabilities	163,160	311,574	310,244	35,555	(3)
Equity (deficit)	(139,601)	21,874	(55,832)	(1,054)	
	-----	-----	-----	-----	-----
Total liabilities and equity (deficit)	\$ 24,420	\$ 393,660	\$ 276,969	\$ 42,736	\$ (2)
	=====	=====	=====	=====	=====

13

THIRTEEN WEEKS ENDED SEPTEMBER 28, 2002 (COMBINED COMPANY)

	BPC Holding Corporation (Parent)	Berry Plastics Corporation (Issuer)	Combined Guarantor SUBSIDIARIES	Combined Non Guarantor SUBSIDIARIES	Consolidated ADJUSTED
	-----	-----	-----	-----	-----
CONSOLIDATING STATEMENT OF OPERATIONS					
Net sales	\$ -	\$ 44,125	\$ 78,358	\$ 5,092	
Cost of goods sold	-	30,452	62,295	4,745	
	-----	-----	-----	-----	-----
Gross profit	-	13,673	16,063	347	
Operating expenses	20,655	6,149	7,339	629	
	-----	-----	-----	-----	-----
Operating income (loss)	(20,655)	7,524	8,724	(282)	
Other expenses	-	-	56	-	
Interest expense, net	920	3,673	6,571	747	
Income taxes (benefit)	5	109	15	(42)	
Extraordinary item	9,282	15,844	-	202	
Equity in net (income) loss from subsidiary	11,209	(893)	-	-	
	-----	-----	-----	-----	-----
Net income (loss)	\$ (42,071)	\$ (11,209)	\$ 2,082	\$ (1,189)	\$
	=====	=====	=====	=====	=====

THIRTEEN WEEKS ENDED SEPTEMBER 29, 2001 (PREDECESSOR)

	BPC Holding Corporation (Parent)	Berry Plastics Corporation (Issuer)	Combined Guarantor SUBSIDIARIES	Combined Non Guarantor SUBSIDIARIES	Consolidated ADJUSTED
	-----	-----	-----	-----	-----
CONSOLIDATING STATEMENT OF OPERATIONS					
Net sales	\$ -	\$ 41,641	\$ 74,828	\$ 5,441	

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

Cost of goods sold	-	27,280	58,603	5,428	
Gross profit	-	14,361	16,225	13	
Operating expenses	190	5,728	9,760	737	
Operating income (loss)	(190)	8,633	6,465	(724)	
Other expenses (income)	-	59	403	(29)	
Interest expense, net	4,352	1,218	7,236	685	
Income taxes	4	8	45	27	
Equity in net (income) loss from subsidiary	(4,722)	2,626	-	-	
Net income (loss)	\$ 176	\$ 4,722	\$ (1,219)	\$ (1,407)	\$

14

THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2002 (COMBINED COMPANY AND SUBSIDIARIES)

	BPC Holding Corporation (Parent)	Berry Plastics Corporation (Issuer)	Combined Guarantor SUBSIDIARIES	Combined Non Guarantor SUBSIDIARIES	Consolidated ADJUSTED
CONSOLIDATING STATEMENT OF OPERATIONS					
Net sales	\$ -	\$ 131,165	\$ 231,894	\$ 15,440	
Cost of goods sold	-	87,270	181,465	14,032	
Gross profit	-	43,895	50,429	1,408	
Operating expenses	20,706	18,032	23,426	2,057	
Operating income (loss)	(20,706)	25,863	27,003	(649)	
Other expenses	-	98	249	-	
Interest expense, net	9,651	5,048	20,658	2,138	
Income taxes (benefit)	(8,248)	8,228	118	334	
Extraordinary item	9,282	15,844	-	202	
Equity in net (income) loss from subsidiary	700	(2,655)	-	-	
Net income (loss)	\$ (32,091)	\$ (700)	\$ 5,978	\$ (3,323)	\$

CONSOLIDATING STATEMENT OF CASH FLOWS

Net income (loss)	\$ (32,091)	\$ (700)	\$ 5,978	\$ (3,323)	\$
Non-cash expenses	24,770	14,270	20,947	2,507	
Equity in net (income) loss from subsidiary	700	(2,655)	-	-	
Changes in working capital	(114)	(8,638)	(4,780)	(1,800)	

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

Net cash provided by (used for) operating activities	(6,735)	2,277	22,145	(2,616)
Net cash used for investing activities	-	(18,425)	(20,516)	(360)
Net cash provided by (used for) financing activities	6,296	28,587	(1,752)	3,593
Effect on exchange rate changes on cash	-	-	-	(495)
Net increase (decrease) in cash and cash equivalents	(439)	12,439	(123)	122
Cash and cash equivalents at beginning of period	440	(700)	1,231	261
Cash and cash equivalents at end of period	\$ 1	\$ 11,739	\$ 1,108	\$ 383

15

THIRTY-NINE WEEKS ENDED SEPTEMBER 28, 2002 (COMBINED COMPANY A

	BPC Holding Corporation (Parent)	Berry Plastics Corporation (Issuer)	Combined Guarantor SUBSIDIARIES	Combined Non Guarantor SUBSIDIARIES	Cons ADJ
Net sales	\$ -	\$ 125,539	\$ 219,755	\$ 17,629	
Cost of goods sold	-	81,927	166,439	15,964	
Gross profit	-	43,612	53,316	1,665	
Operating expenses	554	18,964	29,819	4,072	
Operating income (loss)	(554)	24,648	23,497	(2,407)	
Other expenses (income)	-	41	405	(57)	
Interest expense, net	13,084	6,033	20,359	1,998	
Income taxes (benefit)	20	26	71	98	
Equity in net (income) loss from subsidiary	(16,764)	1,784	-	-	
Net income (loss)	\$ 3,106	\$ 16,764	\$ 2,662	\$ (4,446)	\$ (
CONSOLIDATING STATEMENT OF CASH FLOWS					
Net income (loss)	\$ 3,106	\$ 16,764	\$ 2,662	\$ (4,446)	\$ (
Non-cash expenses	13,523	11,263	24,949	3,101	
Equity in net (income) loss from subsidiary	(16,764)	1,784	-	-	
Changes in working capital	-	6,022	(3,248)	(1,379)	

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

Net cash provided by (used for) operating activities	(135)	35,833	24,363	(2,724)
Net cash used for investing activities	-	(33,759)	(10,795)	(2,806)
Net cash provided by (used for) financing activities	352	(1,706)	(13,256)	5,422
Effect on exchange rate changes on cash	-	-	(138)	587
Net increase in cash and cash equivalents	217	368	174	479
Cash and cash equivalents at beginning of period	220	642	931	261
Cash and cash equivalents at end of period period	\$ 437	\$ 1,010	\$ 1,105	\$ 740

16

8. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2001, the FASB issued SFAS No. 141, BUSINESS COMBINATIONS and SFAS No. 142, GOODWILL AND OTHER INTANGIBLE ASSETS. These pronouncements significantly change the accounting for business combinations, goodwill, and intangible assets. SFAS No. 141 eliminates the pooling-of-interests method of accounting for business combinations and further clarifies the criteria to recognize intangible assets separately from goodwill. The requirements of SFAS No. 141 are effective for any business combination that is completed after June 30, 2001. SFAS No. 142 states goodwill and indefinite lived intangible assets are no longer amortized but are reviewed for impairment annually (or more frequently if impairment indicators arise). Separable intangible assets that are deemed to have a finite life will continue to be amortized over their estimated useful lives. The Company adopted the provisions of SFAS Nos. 141 and 142 as of the beginning of fiscal 2002. Predecessor has performed the first of the required impairment tests of goodwill and indefinite lived intangible assets and has determined that no write-down of the asset values is necessary. Application of the nonamortization provisions of SFAS No. 142 is expected to result in an increase in net income (or decrease in net loss) of approximately \$10.5 million per year based on goodwill related to acquisitions prior to the adoption of the new rules. The Merger 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 allocation is preliminary and is subject to change pending the finalization of expenses related to the Merger, completion of property appraisals, and identification of definite and indefinite lived intangible assets. The following table presents the quarterly results of the Company on a comparable basis:

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

	COMPANY		PREDECESSOR		COMPANY		PREDECESSOR	
	PERIOD FROM	PERIOD FROM	THREE MONTHS ENDED	PERIOD FROM	PERIOD FROM	NINE MONTHS ENDED		
	7/22/02- 9/28/02	6/30/02- 7/21/02	9/29/01	7/22/02- 9/28/02	12/30/01- 7/21/02	9/29/01		
Reported net income (loss)	\$3,704	\$(45,775)	\$ 176	\$3,704	\$(35,795)	\$ 3,106		
Goodwill amortization, net of tax	-	-	2,596	-	-	7,380		
Adjusted net income (loss)	\$3,704	\$(45,775)	\$ 2,772	\$3,704	\$(35,795)	\$10,486		

In October 2001, the FASB issued SFAS No. 144, ACCOUNTING FOR THE IMPAIRMENT OR DISPOSAL OF LONG-LIVED ASSETS. This statement addresses the financial accounting and reporting for the impairment and disposal of long-lived assets. It supercedes and addresses significant issues relating to the implementation of SFAS No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF. SFAS No. 144 retains many of the fundamental provisions of SFAS No. 121 and establishes a single accounting model, based on the framework established in SFAS No. 121, for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. The Company adopted this standard as of the beginning of fiscal 2002. The application of SFAS No. 144 did not have a material impact on the Company's results of operations and financial position.

In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145, RESCISSION OF FASB STATEMENTS NO. 4, 44 AND 64, AMENDMENT OF FASB STATEMENT NO. 13 AND TECHNICAL CORRECTIONS (SFAS No. 145). Upon the adoption of SFAS No. 145, all gains and losses on the extinguishment of debt for periods presented in the financial statements will be classified as extraordinary items only if they meet the criteria in APB Opinion No. 30, REPORTING THE RESULTS OF OPERATIONS - REPORTING THE EFFECTS OF DISPOSAL OF A SEGMENT OF A BUSINESS, AND EXTRAORDINARY, UNUSUAL AND INFREQUENTLY OCCURRING EVENTS AND TRANSACTIONS (APB No. 30). The provisions of SFAS No. 145 related to the rescission of FASB Statement No. 4 and FASB Statement No. 64 shall be applied for fiscal years beginning after May 15, 2002. The Company is currently evaluating the effects, if any, that this standard will have on its results of operations and financial position. The provisions of SFAS No. 145 related to the rescission of FASB Statement No. 44, the amendment of FASB Statement No. 113 and Technical Corrections are effective as of May 15, 2002 and did not have a material impact on the Company.

In June 2002, the FASB issued Statement of Financial Accounting Standards No. 146, ACCOUNTING FOR COSTS ASSOCIATED WITH EXIT OR DISPOSAL ACTIVITIES (SFAS No.146). SFAS No. 146 nullifies Emerging Issues Task Force (EITF) Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)." SFAS No. 146 generally requires companies to recognize costs associated with exit activities when they are incurred rather than at the date of a commitment to an exit or disposal plan and is to be applied prospectively to exit or disposal activities initiated after December 31, 2002. The Company is currently evaluating the effects, if any,

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

that this standard will have on its results of operations and financial position.

18

ITEM 2.

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 BPC Holding Corporation ("Holding") and its wholly-owned subsidiary, Berry Plastics Corporation ("Berry"), and its wholly-owned subsidiaries. For analysis purposes, the results under Holding's prior ownership ("Predecessor") have been combined with results subsequent to the merger on July 22, 2002 ("Company") described below. 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.

On July 22, 2002, GS Berry Acquisition Corp. (the "Buyer") merged (the "Merger") with and into BPC Holding Corporation, pursuant to the Agreement and Plan of Merger (as amended, the "Merger Agreement"), dated as of May 25, 2002, by and among Buyer, GS Capital Partners 2000 Offshore, L.P., GS Capital Partners 2000 GMBH & Co. Beteiligungs KG, Bridge Street Special Opportunities Fund 2000, L.P., GS Capital Partners 2000 Employee Fund, L.P., Stone Street Fund 2000, L.P., BPC Holding, Berry Plastics Corporation and certain stockholders and warrant holders of BPC Holding. At the effective time of the Merger, (i) each share of common stock of BPC Holding Corporation issued and outstanding immediately prior to the effective time of the Merger was converted into the right to receive cash pursuant to the terms of the Merger Agreement, and (ii) each share of common stock of the Buyer issued and outstanding immediately prior to the effective time of the Merger was converted into one share of common stock of BPC Holding.

The Company remains 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 are at variable rates of interest, which 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.

CRITICAL ACCOUNTING POLICIES

The Company has disclosed those accounting policies that it considers to be significant in determining the amounts to be utilized for communicating its consolidated financial position, results of operations and cash flows in the

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

second note to its consolidated financial statements included in its Form 10-K filed with the Securities and Exchange Commission for the year ended December 29, 2001. Our discussion and analysis of our financial condition and results of operations are based on our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of financial statements in conformity with these principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Actual results are likely to differ from these estimates, but management does not believe such differences will materially affect the Company's financial position or

19

results of operations. The following accounting policies represent the most critical based on management's analysis due the impact on the Company's results of operations.

ACCOUNTS RECEIVABLE. The Company evaluates the allowance for doubtful accounts on a quarterly basis and reviews any significant customers with delinquent balances to determine future collectibility. The determination includes a review of legal issues (such as bankruptcy status), past history, current financial and credit reports, and the experience of the credit representative. Allowances are established in the quarter in which the account is deemed uncollectible. The Company maintains additional allowances based on historical bad debt experience. The Company believes, based on past history and credit policies, that the net accounts receivable are of good quality.

MEDICAL. The Company offers medical insurance that is primarily self-insured to its employees. The Company evaluates the medical claims liability on a quarterly basis and obtains an independent actuarial analysis on an annual basis. A liability is accrued for the expected claims incurred but not reported plus any known claims. Based on its analysis, the Company believes that the medical claims liability is sufficient.

WORKERS' COMPENSATION. Effective in fiscal 2000, the Company converted the majority of its facilities to a large deductible program for workers' compensation insurance. On a quarterly basis, the Company evaluates the liability based on third-party adjusters' independent analyses by claim. Based on its analysis, the Company believes that the workers' compensation liability is sufficient.

Based on a critical assessment of its accounting policies and the underlying judgements and uncertainties affecting the application of those policies, management believes that the Company's consolidated financial statements provide a meaningful and fair perspective of the Company. This is not to suggest that other risk factors such as changes in economic conditions, changes in material costs, and others could not adversely impact the Company's consolidated financial position, results of operations and cash flows in future periods.

RESULTS OF OPERATIONS

13 WEEKS ENDED SEPTEMBER 29, 2002 ("QUARTER")
COMPARED TO 13 WEEKS ENDED SEPTEMBER 29, 2001 ("PRIOR QUARTER")

NET SALES. Net sales increased \$5.7 million, or 5%, to \$127.6 million for the Quarter from \$121.9 million for the Prior Quarter despite an approximate 3% decrease in net selling price. Container net sales increased \$4.3

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

million from the Prior Quarter with the Mount Vernon acquisition providing approximately \$4.0 million of net sales in the Quarter. Closure net sales decreased \$1.3 million from the Prior Quarter due primarily to shedding low margin business in the Norwich facility. Consumer product sales for the Quarter increased \$2.6 million from the Prior Quarter primarily due to increased sales from the thermoformed drink cup line.

GROSS PROFIT. Gross profit decreased by \$0.5 million to \$30.1 million (24% of net sales) for the Quarter from \$30.6 million (25% of net sales) for the Prior Quarter. This decrease of 2% includes the combined impact of the added Mount Vernon sales volume, the effect of net selling prices and raw material costs, acquisition integration and productivity improvement initiatives. The historical margin percentage of the Mount Vernon acquired business is significantly less than the Company's historical gross margins thereby reducing consolidated margins until the business is fully integrated. Also, depreciation for the Quarter exceeded the Prior Quarter by \$0.9 million. In addition, the Company has continued to consolidate 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 removed the molding operations from its Fort Worth, Texas facility (acquired in the Pescor acquisition). The business from this location was distributed throughout Berry's facilities. Also, significant productivity improvements were made during the Quarter,

20

including the addition of state-of-the-art injection molding equipment, molds and printing equipment at several of the Company's facilities.

OPERATING EXPENSES. Selling expenses increased by \$0.2 million to \$5.8 million for the Quarter from \$5.6 million for the Prior Quarter principally as a result of the 5% increase in net sales. General and administrative expenses decreased from \$6.3 million for the Prior Quarter to \$5.6 million for the Quarter. This decrease of \$0.7 million is primarily attributable to decreased accrued bonus expenses and cost reduction efforts. During the Quarter, one-time transition expenses were \$0.2 million related to acquisitions, \$0.8 million related to the shutdown and reorganization of facilities, \$0.3 million related to an acquisition that was not completed, and \$21.0 million related to the Merger. In the Prior Quarter, one-time transition expenses related to acquisitions were \$0.3 million and \$0.4 million related to the shutdown and reorganization of facilities.

INTEREST EXPENSE, NET. Net interest expense decreased \$1.6 million to \$11.9 million for the Quarter compared to \$13.5 million for the Prior Quarter primarily due to decreased rates of interest on borrowings.

INCOME TAX. For the Quarter, the Company recorded income tax expense of \$0.1 million compared to \$0.1 million for the Prior Quarter. The Company continues to operate in a net operating loss carryforward position for federal income tax purposes.

EXTRAORDINARY ITEM. As a result of extinguishing the Company's debt in connection with the Merger, \$6.6 million of existing deferred financing fees and \$18.7 million of prepayment fees and related charges were charged to expense in the Quarter as an extraordinary item.

NET INCOME (LOSS). The Company recorded a net loss of \$42.1 million for the Quarter compared to net income of \$0.2 million for the Prior Quarter for the reasons discussed above.

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

39 Weeks Ended September 28, 2002 ("YTD")
Compared to 39 Weeks Ended September 29, 2001 ("Prior YTD")

NET SALES. Net sales increased \$15.6 million, or 4%, to \$378.5 million for the YTD from \$362.9 million for the Prior YTD despite an approximate 3% decrease in net selling price due to the cyclical impact of lower resin costs. Container net sales increased \$4.0 million from the Prior YTD, including approximately \$10.3 million of YTD sales from the Mount Vernon acquisition. The decrease, excluding the acquisition, can be primarily attributed to lower selling prices and a large promotion in the Prior YTD. Closure net sales decreased \$1.8 million from the Prior YTD due primarily to shedding low margin business in the Norwich facility. Consumer product sales for the YTD increased \$13.4 million from the Prior YTD primarily attributable to the Pescor acquisition and increased sales from the thermoformed drink cup line.

GROSS PROFIT. Gross profit decreased by \$2.9 million to \$95.7 million (25% of net sales) for the YTD from \$98.6 million (27% of net sales) for the Prior YTD. This decrease of 3% includes the combined impact of the added Pescor and Mount Vernon sales volume, the effect of net selling prices and raw material costs, acquisition integration and productivity improvement initiatives. The historical margin percentage of the Mount Vernon acquired business is significantly less than the Company's historical gross margins thereby reducing consolidated margins until the business is fully integrated. Also, depreciation for the YTD exceeded the Prior YTD by \$3.9 million. The Company has continued to consolidate 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 removed molding operations from its Fort Worth, Texas facility (acquired in the Pescor acquisition). The business from this location was 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.

21

OPERATING EXPENSES. Selling expenses decreased by \$0.3 million to \$16.7 million for the YTD from \$17.0 million for the Prior YTD, principally a result of cost reduction efforts. General and administrative expenses decreased from \$22.6 million for the Prior YTD to \$19.8 million for the YTD. This decrease of \$2.8 million is primarily attributable to decreased accrued bonus expenses and cost reduction efforts. During the YTD, one-time transition expenses were \$0.9 million related to acquisitions, \$2.2 million related to the shutdown and reorganization of facilities, \$0.3 million related to an acquisition that was not completed, and \$21.0 million related to the Merger. In the Prior YTD, one-time transition expenses related to acquisitions were \$1.4 million and \$1.6 million related to the shutdown and reorganization of facilities.

INTEREST EXPENSE, NET. Net interest expense decreased \$4.0 million to \$37.5 million for the YTD compared to \$41.5 million for the Prior YTD primarily due to decreased rates of interest on borrowings and reduced borrowings under the predecessor's senior credit facility.

INCOME TAX. For the YTD, the Company recorded income tax expense of \$0.4 million compared to \$0.2 million for the Prior YTD. The Company continues to operate in a net operating loss carryforward position for federal income tax purposes.

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

EXTRAORDINARY ITEM. As a result of extinguishing the Company's debt in connection with the Merger, \$6.6 million of existing deferred financing fees and \$18.7 million of prepayment fees and related charges were charged to expense in the Quarter as an extraordinary item.

NET INCOME (LOSS). The Company recorded a net loss of \$32.1 million for the YTD compared to net income of \$3.1 million for the Prior YTD for the reasons discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was \$15.1 million for the YTD compared to \$57.3 million for the Prior YTD. The decrease is primarily the result of expenses related to the Merger.

Net cash used for investing activities decreased from \$47.4 million for the Prior YTD to \$39.3 million for the YTD primarily as a result of the Pescor acquisition in the Prior YTD. YTD capital spending of \$22.8 million included \$1.2 million for buildings and systems, \$8.6 million for molds, \$9.1 million for molding and printing machines, and \$3.9 million for accessory equipment and systems.

Net cash provided by financing activities was \$36.7 million for the YTD compared to net cash used of \$9.2 million for the Prior YTD. The increase of \$45.9 million can be attributed to the financing of the Merger.

In connection with the Merger, Berry received approximately \$330.0 million from a senior term loan from a syndicate of lenders led by Goldman Sachs Credit Partners L.P., as administrative agent, approximately \$250.0 million from the issuance of 10 3/4 % Senior Subordinated Notes to various private institutional buyers, and, as a result of the Merger, approximately \$268.8 million in equity contributions from affiliates of the Buyer and certain existing stockholders and members of Berry's management. The \$330.0 million senior term loan is part of Berry's new senior secured credit facility that also includes a \$100.0 million revolving line of credit and a \$50.0 million delayed draw facility, both of which have not been drawn upon. THE CREDIT FACILITIES ABOVE CONTAIN VARIOUS FINANCIAL AND NON-FINANCIAL COVENANTS.

22

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. THE COMPANY ANTICIPATES THAT ITS CASH INTEREST, WORKING CAPITAL AND CAPITAL EXPENDITURE REQUIREMENTS FOR 2002 WILL BE SATISFIED THROUGH A COMBINATION OF FUNDS GENERATED FROM OPERATING ACTIVITIES AND CASH ON HAND, TOGETHER WITH FUNDS AVAILABLE UNDER THE REVOLVING LINE OF CREDIT. MANAGEMENT BASES SUCH BELIEF ON HISTORICAL EXPERIENCE AND THE SUBSTANTIAL CASH BALANCE AND FUNDS AVAILABLE UNDER THE REVOLVING LINE OF CREDIT. HOWEVER, THE COMPANY CANNOT PREDICT ITS FUTURE RESULTS OF OPERATIONS. AS OF SEPTEMBER 28, 2002, THE COMPANY HAD \$94.1 MILLION AVAILABLE UNDER THE REVOLVING LINE OF CREDIT AND \$13.2 MILLION IN CASH AND CASH EQUIVALENTS.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to market risk changes in interest rates primarily through its senior credit facility. The Company utilizes interest rate instruments to reduce the impact of either increases or decreases in interest rates on its floating rate debt. As a result of the current economic slowdown and corresponding interest rate

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

reductions, Berry entered into an interest rate collar arrangement in October 2002 to protect \$50.0 million of the outstanding variable rate term loan debt from future interest rate volatility. The collar floor is set at 1.97% LIBOR (London Interbank Offering Rate) and capped at 6.75% LIBOR. The Company is of the opinion that it is well positioned to manage interest exposures in the short term.

The Company is also subject to market risks with respect to pricing of its primary raw material (resin). Plastic resins are subject to cyclical price fluctuations, including those arising from supply shortages and changes in the prices of natural gas, crude oil and other petrochemical intermediates from which resins are produced. Management believes based on past experience that Berry can pass on a significant portion of any increase in resin costs over a period of time, but there may be a short-term negative impact to its financial performance. The Company also mitigates this risk by increasing resin inventories through its large infrastructure.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of disclosure controls and procedures.

As required by new Rule 13a-15 under the Securities Exchange Act of 1934, within the 90 days prior to the date of this report, the Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms. In connection with the new rules, we currently are in the process of further reviewing and documenting our disclosure controls and procedures, including our internal controls and procedures for financial reporting, and may from time to time make changes aimed at enhancing their effectiveness and to ensure that our systems evolve with our business.

(b) Changes in internal controls.

None

23

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

In connection with the Merger, on July 22, 2002, Berry consummated concurrent cash tender offers and consent solicitations with respect to its then-outstanding 12 1/4 % Senior Subordinated Notes issued by Berry and due 2004 (the "12 1/4 % Notes"), 12 1/4 % Series B Senior Subordinated Notes issued by Berry and due 2004 (the "12 1/4 % Series

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

B Notes"), and 11% Senior Subordinated Notes issued by Berry and due 2007 (the "11% Notes"). Also in connection with the Merger, on July 22, 2002, Holding consummated a cash tender offer and consent solicitation with respect to its then-outstanding 12 1/2 % Senior Secured Notes issued by Holding and due 2006 (the "12 1/2 % Notes" and together with the 11% Notes, the 12 1/4 % Notes and the 12 1/4 % Series B Notes, the "Notes"). Upon the consummation of the tender offers and consent solicitations for the Notes (the "Offers"), each of the indentures governing the Notes was amended to eliminate the significant restrictive covenants and related events of default contained in such indentures. Substantially all of the Notes were tendered and purchased by Berry and Holding and, on August 21, 2002, Berry and Holding consummated the redemption of all outstanding Notes not purchased pursuant to the Offers. After the consummation of such redemption, no Notes remained outstanding.

Also in connection with the Merger, on July 22, 2002, Holding merged with GS Berry Acquisition Corp. (the "Buyer"), whereby each share of common stock of the Buyer issued and outstanding immediately prior to the effective time of the Merger was converted into one share of Common Stock of Holding. Accordingly, at the time of the Merger, an aggregate of approximately 2,700,000 shares of Holding's Common Stock, with an aggregate value of \$272,625,109, were issued to GS Capital Partners 2000, L.P., GS Capital Partners 2000 Offshore, L.P., GS Capital Partners 2000 GMBH & Co. Beteiligungs KG, Bridge Street Special Opportunities Fund 2000, L.P., GS Capital Partners 2000 Employee Fund, L.P., Stone Street Fund 2000, L.P., Goldman Sachs Direct Investment Fund 2000, L.P., J.P. Morgan Partners (BHCA), L.P., J.P. Morgan Partners Global Investors, L.P., J.P. Morgan Partners Global Investors (Cayman), L.P., J.P. Morgan Partners Global Investors (Cayman) II, L.P., J.P. Morgan Partners Global Investors A, L.P. and members of management. No underwriters were used for the offering, and there were no underwriting discounts or commissions. The offering was exempt from registration under the Securities Act of 1933 pursuant to Rule 506 of Regulation D promulgated thereunder, as there were less than 35 purchasers of the Common Stock and the nature of the purchasers complied with Rule 506.

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

On July 22, 2002, in connection with the Merger, Holding, as the sole stockholder of Berry, executed a written consent pursuant to Section 228 of the General Corporation Law of the State of Delaware electing the following people to the Board of Directors of Berry: Joseph H. Gleberman, Douglas F. Londal, Patrick J. Dalton and Christopher C. Behrens. Ira G. Boots and Mathew J. Lori continued on as directors of Berry.

On July 15, 2002, the holders of a majority of Holding's Common Stock and each class of its then-outstanding Series C Preferred Stock executed a written consent pursuant to Section 228 of the General Corporation Law of the State of Delaware, whereby such stockholders approved an amendment to Holding's Amended and Restated Certificate of Incorporation so as to decrease the stated value and liquidation preference of each share of Holding's Class C Preferred Stock. The Class C Preferred Stock was redeemed in connection with the Merger.

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

1 Exhibits:

NONE

(B) REPORTS ON FORM 8-K:

NONE

25

SIGNATURE

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

BPC Holding Corporation
Berry Plastics Corporation

November 11, 2002

By: /S/ JAMES M. KRATOCHVIL
James M. Kratochvil
Executive Vice President, Chief Financial
Officer, Treasurer and Secretary of the
entities listed above (Principal Financial
and Accounting Officer)

26

CERTIFICATIONS

I, Ira G. Boots, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BPC Holding Corporation and Berry Plastics Corporation;

2. BASED ON MY KNOWLEDGE, THIS QUARTERLY REPORT DOES NOT CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT OR OMIT TO STATE A MATERIAL FACT NECESSARY TO MAKE THE STATEMENTS MADE, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH SUCH STATEMENTS WERE MADE, NOT MISLEADING WITH RESPECT TO THE PERIOD COVERED BY THIS QUARTERLY REPORT;

3. BASED ON MY KNOWLEDGE, THE FINANCIAL STATEMENTS, AND OTHER FINANCIAL INFORMATION INCLUDED IN THIS QUARTERLY REPORT, FAIRLY PRESENT IN ALL MATERIAL RESPECTS THE FINANCIAL CONDITION, RESULTS OF OPERATIONS AND CASH FLOWS OF THE REGISTRANT AS OF, AND FOR, THE PERIODS PRESENTED IN THIS QUARTERLY REPORT;

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

4. THE REGISTRANT'S OTHER CERTIFYING OFFICERS AND I ARE RESPONSIBLE FOR ESTABLISHING AND MAINTAINING DISCLOSURE CONTROLS AND PROCEDURES (AS DEFINED IN EXCHANGE ACT RULES 13A-14 AND 15D-14) FOR THE REGISTRANT AND WE HAVE:

a) DESIGNED SUCH DISCLOSURE CONTROLS AND PROCEDURES TO ENSURE THAT MATERIAL INFORMATION RELATING TO THE REGISTRANT, INCLUDING ITS CONSOLIDATED SUBSIDIARIES, IS MADE KNOWN TO US BY OTHERS WITHIN THOSE ENTITIES, PARTICULARLY DURING THE PERIOD IN WHICH THIS QUARTERLY REPORT IS BEING PREPARED;

b) EVALUATED THE EFFECTIVENESS OF THE REGISTRANT'S DISCLOSURE CONTROLS AND PROCEDURES AS OF A DATE WITHIN 90 DAYS PRIOR TO THE FILING DATE OF THIS QUARTERLY REPORT (THE "EVALUATION DATE"); AND

c) PRESENTED IN THIS QUARTERLY REPORT OUR CONCLUSIONS ABOUT THE EFFECTIVENESS OF THE DISCLOSURE CONTROLS AND PROCEDURES BASED ON OUR EVALUATION AS OF THE EVALUATION DATE;

5. THE REGISTRANT'S OTHER CERTIFYING OFFICERS AND I HAVE DISCLOSED, BASED ON OUR MOST RECENT EVALUATION, TO THE REGISTRANT'S AUDITORS AND THE AUDIT COMMITTEE OF REGISTRANT'S BOARD OF DIRECTORS (OR PERSONS PERFORMING THE EQUIVALENT FUNCTION):

A) ALL SIGNIFICANT DEFICIENCIES IN THE DESIGN OR OPERATION OF INTERNAL CONTROLS WHICH COULD ADVERSELY AFFECT THE REGISTRANT'S ABILITY TO RECORD, PROCESS, SUMMARIZE AND REPORT FINANCIAL DATA AND HAVE IDENTIFIED FOR THE REGISTRANT'S AUDITORS ANY MATERIAL WEAKNESSES IN INTERNAL CONTROLS; AND

B) ANY FRAUD, WHETHER OR NOT MATERIAL, THAT INVOLVES MANAGEMENT OR OTHER EMPLOYEES WHO HAVE A SIGNIFICANT ROLE IN THE REGISTRANT'S INTERNAL CONTROLS; AND

6. THE REGISTRANT'S OTHER CERTIFYING OFFICERS AND I HAVE INDICATED IN THIS QUARTERLY REPORT WHETHER OR NOT THERE WERE SIGNIFICANT CHANGES IN INTERNAL CONTROLS OR IN OTHER FACTORS THAT COULD SIGNIFICANTLY AFFECT INTERNAL CONTROLS SUBSEQUENT TO THE DATE OF OUR MOST RECENT EVALUATION, INCLUDING ANY CORRECTIVE ACTIONS WITH REGARD TO SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES.

DATE: NOVEMBER 11, 2002

/S/ IRA G. BOOTS _____
Ira G. Boots
President and Chief Executive Officer

27

I, James M. Kratochvil, certify that:

1. I have reviewed this quarterly report on Form 10-Q of BPC Holding Corporation and Berry Plastics Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by

Edgar Filing: BERRY PLASTICS CORP - Form 424B3

this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 11, 2002

/S/ JAMES M. KRATOCHVIL_____

James M. Kratochvil

Executive Vice President, Chief Financial Officer, Treasurer and Secretary