

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended December 28, 2013

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:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, \$0.01 par value per share	New York Stock Exchange

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

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Securities Exchange Act of 1934. Yes No

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 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 No

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

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 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

As of January 31, 2014, there were approximately 116,300,000 shares of the registrant's common stock outstanding.

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Form 10-Q includes “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), 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,” or “anticipates” or similar expressions that relate to our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this Form 10-Q.

All forward-looking information and subsequent written and oral forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include:

- risks associated with our substantial indebtedness and debt service;
- changes in prices and availability of resin and other raw materials and our ability to pass on changes in raw material prices on a timely basis;
- performance of our business and future operating results;
- risks related to our acquisition strategy and integration of acquired businesses;
- reliance on unpatented know-how and trade secrets;
- increases in the cost of compliance with laws and regulations, including environmental, safety, and production and product laws and regulations;
- risks related to disruptions in the overall economy and the financial markets that may adversely impact our business;
- catastrophic loss of one of our key manufacturing facilities, natural disasters, and other unplanned business interruptions;
- risks of competition, including foreign competition, in our existing and future markets;
- general business and economic conditions, particularly an economic downturn;
- risks that our restructuring program may entail greater implementation costs or result in lower cost savings than anticipated;
- the ability of our insurance to cover fully our potential exposures; and
- the other factors discussed in our Form 10-K for the fiscal year ended September 28, 2013 in the section titled “Risk Factors.”

We caution readers that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this Form 10-Q may not in fact occur. Accordingly, investors should not place undue reliance on those statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Readers should carefully review the factors discussed in our Form 10-K for the fiscal year ended September 28, 2013 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 (“SEC”). We undertake no obligation to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events or other changes.

Berry Plastics Group, Inc.
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For Quarterly Period Ended December 28, 2013

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Item 1. Financial Statements

Berry Plastics Group, Inc.
Consolidated Balance Sheets
(in millions of dollars, except per share data)

	December 28, 2013	September 28, 2013
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 162	\$ 142
Accounts receivable (less allowance of \$3 at December 28, 2013 and September 28, 2013)	405	449
Inventories:		
Finished goods	333	335
Raw materials and supplies	239	240
	572	575
Deferred income taxes	260	139
Prepaid expenses and other current assets	45	32
Total current assets	1,444	1,337
Property, plant, and equipment, net	1,280	1,266
Goodwill, intangible assets and deferred costs, net	2,528	2,520
Other assets	12	12
Total assets	\$ 5,264	\$ 5,135
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable	\$ 362	\$ 337
Accrued expenses and other current liabilities	327	276
Current portion of long-term debt	74	71
Total current liabilities	763	684
Long-term debt, less current portion	3,875	3,875
Deferred income taxes	509	385
Other long-term liabilities	300	387
Total liabilities	5,447	5,331
Commitments and contingencies		
Stockholders' equity (deficit):		
Common stock; (\$0.01 par value; 400,000,000 shares authorized; 116,279,187 shares issued and 116,208,703 shares outstanding as of December 28, 2013; 115,895,927 issued and 115,825,443 outstanding as of September 28, 2013)	1	1
Additional paid-in capital	330	322
Non-controlling interest	3	3
Accumulated deficit	(498)	(504)
Accumulated other comprehensive loss	(19)	(18)
Total stockholders' equity (deficit)	(183)	(196)
Total liabilities and stockholders' equity (deficit)	\$ 5,264	\$ 5,135

See notes to consolidated financial statements.

Berry Plastics Group, Inc.
Consolidated Statements of Operations and Comprehensive Income (Loss)
(Unaudited)
(in millions of dollars, except per share data)

	Quarterly Period Ended	
	December 28, 2013	December 29, 2012
Net sales	\$ 1,140	\$ 1,072
Costs and expenses:		
Cost of goods sold	964	895
Selling, general and administrative	77	77
Amortization of intangibles	26	27
Restructuring and impairment charges	10	5
Operating income	<u>63</u>	<u>68</u>
Debt extinguishment	—	16
Other income, net	(1)	(3)
Interest expense, net	55	70
Income (loss) before income taxes	<u>9</u>	<u>(15)</u>
Income tax expense (benefit)	3	(5)
Net income (loss)	<u>\$ 6</u>	<u>\$ (10)</u>
Comprehensive income (loss)	<u>\$ 5</u>	<u>\$ (7)</u>
Net income (loss) per share:		
Basic	\$ 0.05	\$ (0.09)
Diluted	0.05	(0.09)
Outstanding weighted-average shares: (in thousands)		
Basic	115,933	111,352
Diluted	120,479	111,352

See notes to consolidated financial statements.

Berry Plastics Group, Inc.
Consolidated Statement of Changes in Stockholders' Equity (Deficit)
For the Quarterly Period Ended December 29, 2012 and December 28, 2013
(Unaudited)
(in millions of dollars)

	Common Stock	Paid-in Capital	Notes Receivable- Common Stock	Non- controlling Interest	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at September 29, 2012	\$ 1	\$ 131	\$ (2)	\$ 3	\$ (47)	\$ (561)	\$ (475)
Proceeds from issuance of common stock	—	4	—	—	—	—	4
Stock compensation expense	—	4	—	—	—	—	4
Termination of redeemable shares redemption requirement	—	23	—	—	—	—	23
Proceeds from initial public offering	—	438	—	—	—	—	438
Initial obligation under tax receivable agreement	—	(300)	—	—	—	—	(300)
Derivative amortization	—	—	—	—	1	—	1
Net loss	—	—	—	—	—	(10)	(10)
Currency translation	—	—	—	—	2	—	2
Balance at December 29, 2012	<u>\$ 1</u>	<u>\$ 300</u>	<u>\$ (2)</u>	<u>\$ 3</u>	<u>\$ (44)</u>	<u>\$ (571)</u>	<u>\$ (313)</u>
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	<u>\$ 1</u>	<u>\$ 330</u>	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ (19)</u>	<u>\$ (498)</u>	<u>\$ (183)</u>

See notes to consolidated financial statements.

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

	Quarterly Period Ended	
	December 28, 2013	December 29, 2012
Cash Flows from Operating Activities:		
Net income (loss)	\$ 6	\$ (10)
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	59	60
Amortization of intangibles	26	27
Non-cash interest expense	2	5
Deferred income tax	4	(5)
Debt extinguishment	—	16
Stock compensation expense	5	4
Impairment of long-lived assets	2	—
Other non-cash items	1	1
Changes in operating assets and liabilities:		
Accounts receivable, net	51	61
Inventories	14	(14)
Prepaid expenses and other assets	(4)	12
Accounts payable and other liabilities	6	(70)
Net cash from operating activities	<u>172</u>	<u>87</u>
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(47)	(45)
Proceeds from sale of assets	1	2
Deposit on acquisition of business	(5)	—
Acquisition of business, net of cash acquired	(62)	(20)
Net cash from investing activities	<u>(113)</u>	<u>(63)</u>
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	3	1
Repayments on long-term borrowings	(13)	(522)
Proceeds from issuance of common stock	3	4
Payment of tax receivable agreement	(32)	—
Proceeds from initial public offering	—	438
Net cash from financing activities	<u>(39)</u>	<u>(79)</u>
Effect of exchange rate changes on cash	—	—
Net change in cash	<u>20</u>	<u>(55)</u>
Cash and cash equivalents at beginning of period	142	87
Cash and cash equivalents at end of period	<u>\$ 162</u>	<u>\$ 32</u>

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. Background

Berry Plastics Group, Inc. (“Berry” or the “Company”) is a leading provider of value-added plastic consumer packaging and engineered materials with a track record of delivering high-quality customized solutions to our customers. Representative examples of our products include drink cups, thin-wall containers, bottles, specialty closures, prescription vials, specialty films, adhesives and corrosion protection materials. We sell our solutions predominantly into consumer-oriented end-markets, such as food and beverage, healthcare and personal care.

2. Basis of Presentation

Berry, through its wholly-owned subsidiaries operates in four primary segments: Rigid Open Top, Rigid Closed Top, Engineered Materials, and Flexible Packaging. The Company’s customers are located principally throughout the United States, without significant concentration in any one region or with any one customer. 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. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full fiscal year. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company’s Form 10-K filed with the Securities and Exchange Commission for the fiscal year end September 28, 2013. All intercompany transactions have been eliminated. The Company issued financial statements by filing with the Securities and Exchange Commission and has evaluated subsequent events up to the time of the filing.

In October 2012, the Company filed an initial public offering. The proceeds, net of transaction fees, of \$438 million and cash from operations were used to repurchase \$455 million of 11% Senior Subordinated Notes. In connection with the initial public offering, the Company entered into an income tax receivable agreement that provides for the payment to pre-initial public offering stockholders, option holders and holders of our stock appreciation rights, 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income tax that are actually realized (or are deemed to be realized in the case of a change of control) as a result of the utilization of our and our subsidiaries’ net operating losses attributable to periods prior to the initial public offering. For further information regarding fiscal 2013 transactions, refer to the consolidated financial statements and footnotes thereto included in the Company’s Form 10-K filed with the Securities and Exchange Commission for the fiscal year end September 28, 2013.

3. Acquisition

Graphic Packaging

On September 30, 2013, the Company acquired Graphic Packaging’s flexible plastics and films business (“Graphic”) for a purchase price of \$62 million. Graphic is a producer of wraps, films, pouches, and bags for the food, medical, industrial, personal care, and pet food markets. The newly acquired business is operated in the Company’s Flexible Packaging Division. To finance the purchase, the Company used existing liquidity. The Graphic 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 Company has not finalized the purchase price allocation to the fair values of fixed assets, intangibles and is reviewing the working capital acquired.

4. Restructuring and Impairment Charges

In November 2013, the Company initiated a cost reduction plan designed to deliver meaningful cost savings and optimal equipment utilization. This plan will result in several plant rationalizations. The Company expects to incur approximately \$50 million of total costs throughout fiscal 2014 related to this plan. These costs will primarily consist of one-time costs associated with facility consolidation, including severance and termination benefits, other costs associated with exiting facilities and non-cash asset impairment charges.

	Quarterly Period Ended	
	December 28, 2013	December 29, 2012
Rigid Open Top		
Severance and termination benefits	\$ 1	\$ 1
Total	<u>\$ 1</u>	<u>\$ 1</u>
Rigid Closed Top		
Severance and termination benefits	\$ —	\$ 1
Facility exit costs and other	—	1
Asset impairment	—	—
Total	<u>\$ —</u>	<u>\$ 2</u>
Engineered Materials		
Severance and termination benefits	\$ 1	\$ 1
Facility exit costs and other	—	—
Asset impairment	2	—
Total	<u>\$ 3</u>	<u>\$ 1</u>
Flexible Packaging		
Severance and termination benefits	\$ 3	\$ —
Facility exit costs and other	3	1
Asset impairment	—	—
Total	<u>\$ 6</u>	<u>\$ 1</u>
Consolidated		
Severance and termination benefits	\$ 5	\$ 3
Facility exit costs and other	3	2
Asset impairment	2	—
Total	<u>\$ 10</u>	<u>\$ 5</u>

The table below sets forth the activity with respect to the restructuring accrual at September 28, 2013 and December 28, 2013:

	Severance and termination benefits	Facilities exit costs and other	Non- cash	Total
Balance at September 29, 2012	\$ 4	\$ 3	\$ —	\$ 7
Charges	5	3	6	14
Non-cash asset impairment	—	—	(6)	(6)
Cash payments	(7)	(4)	—	(11)
Balance at September 28, 2013	<u>2</u>	<u>2</u>	<u>—</u>	<u>4</u>
Charges	5	3	2	10
Non-cash asset impairment	—	—	(2)	(2)
Cash payments	(1)	(3)	—	(4)
Balance at December 28, 2013	<u>\$ 6</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ 8</u>

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 28, 2013	September 28, 2013
Employee compensation, payroll and other taxes	\$ 68	\$ 86
Interest	51	45
Rebates	62	55
Tax receivable agreement obligation	85	32
Other	61	58
	<u>\$ 327</u>	<u>\$ 276</u>

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

	December 28, 2013	September 28, 2013
Lease retirement obligation	\$ 23	\$ 22
Sale-lease back deferred gain	31	32
Pension liability	41	43
Tax receivable agreement obligation	191	277
Other	14	13
	<u>\$ 300</u>	<u>\$ 387</u>

6. Long-Term Debt

Long-term debt consists of the following:

	Maturity Date	December 28, 2013	September 28, 2013
Term loan	April 2015	\$ 1,122	\$ 1,125
Term loan	February 2020	1,393	1,397
Revolving line of credit	June 2016	—	—
9½% Second Priority Senior Secured Notes	May 2018	500	500
9¾% Second Priority Senior Secured Notes	January 2021	800	800
Senior Unsecured Term Loan	June 2014	18	18
Debt discount, net		(7)	(8)
Capital leases and other	Various	123	114
		<u>3,949</u>	<u>3,946</u>
Less current portion of long-term debt		<u>(74)</u>	<u>(71)</u>
		<u>\$ 3,875</u>	<u>\$ 3,875</u>

The Company's senior secured credit facilities consist of \$2.5 billion term loan and \$650 million asset based revolving line of credit. The availability under the revolving line of credit is the lesser of \$650 million or based on a defined borrowing base which is calculated based on available accounts receivable and inventory. The revolving line of credit allows up to \$130 million of letters of credit to be issued instead of borrowings under the revolving line of credit. At December 28, 2013, the Company had no outstanding balance on the revolving credit facility, \$37 million outstanding letters of credit and a \$114 million borrowing base reserve providing unused borrowing capacity of \$499 million under the revolving line of credit. The Company was in compliance with all covenants as of December 28, 2013.

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 fair value of the derivatives are offset by changes in the fair value of the related hedged item are 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.

In November 2010, the Company entered into two separate interest rate swap transactions to manage cash flow variability associated with \$1 billion of the outstanding variable rate term loan debt (the "2010 Swaps"). The first agreement had a notional amount of \$500 million and became effective in November 2010. The agreement swaps three month variable LIBOR contracts for a fixed three year rate of 0.8925% and expired in November 2013. The second agreement had a notional amount of \$500 million and became effective in December 2010. The agreement swaps three month variable LIBOR contracts for a fixed three year rate of 1.0235% and expired in November 2013. In August 2011, the Company began utilizing 1-month LIBOR contracts for the underlying senior secured credit facility. The Company's change in interest rate selection caused the Company to lose hedge accounting on both of the interest rate swaps. The Company recorded subsequent changes in fair value in the Consolidated Statement of Operations and amortized the unrealized losses to Interest expense through November 2013.

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 "2013 Swaps"). 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 loss and will be amortized to Interest expense from May 2016 through May 2019, the original term of the swap agreement.

Derivatives instruments	Liability Derivatives		
	Balance Sheet Location	December 28, 2013	September 28, 2013
Interest rate swaps — 2010 Swaps	Other long-term liabilities	\$ —	\$ 1

The effect of the derivative instruments on the Consolidated Statement of Operations is as follows:

Derivatives not designated as hedging instruments under FASB guidance	Statement of Operations Location	Quarterly Period Ended	
		December 28, 2013	December 29, 2012
Interest rate swaps — 2010 Swaps	Other income	\$ (1)	\$ (1)
	Interest expense	\$ 1	\$ 1

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 a 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 annually conducts a qualitative screen analysis for each of our reporting units to determine if it is more likely than not that a goodwill impairment exists and also performs a qualitative screen analysis to determine if any of our indefinite lived intangible assets may be impaired. If the conclusion is that it is more likely than not that an impairment may exist, the Company will perform a step one impairment evaluation of goodwill or other indefinite lived intangibles. Our annual analysis is performed as of the first date of the fourth quarter. We completed this assessment in the fourth quarter of 2013 and have not recorded any impairment charges. There were no impairment indicators for the goodwill or indefinite lived intangible assets in the current quarter. We utilize a methodology, which leverages a six year discounted cash flow analysis with a terminal year in combination with a comparable company market approach to determine the fair value of our reporting units.

Included in the following table are the major categories of assets measured at fair value on a non-recurring basis as of December 28, 2013 and September 28, 2013, along with the impairment loss recognized on the fair value measurement during the period:

As of December 28, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Quarterly Period Ended December 28, 2013 Impairment Loss</u>
	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs		
Indefinite-lived trademarks	\$ —	\$ —	\$ 207	\$ 207	\$ —
Goodwill	—	—	1,644	1,644	—
Definite lived intangible assets	—	—	649	649	—
Property, plant, and equipment	—	—	1,280	1,280	2
Total	\$ —	\$ —	\$ 3,780	\$ 3,780	\$ 2

As of September 28, 2013

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>	<u>Fiscal 2013 Impairment Loss</u>
	Quoted Prices in Active Markets for Identical Assets or Liabilities	Significant Other Observable Inputs	Significant Unobservable Inputs		
Indefinite-lived trademarks	\$ —	\$ —	\$ 207	\$ 207	\$ —
Goodwill	—	—	1,634	1,634	—
Definite lived intangible assets	—	—	649	649	5
Property, plant, and equipment	—	—	1,266	1,266	—
Total	\$ —	\$ —	\$ 3,756	\$ 3,756	\$ 5

Valuation of Property, Plant and Equipment and Definite Lived Intangible Assets

The Company periodically realigns its manufacturing operations which results in facilities being closed and shut down and equipment transferred to other facilities or equipment being scrapped. The Company utilizes appraised values to corroborate the fair value of the facilities and has utilized a scrap value based on prior facility shut downs to estimate the fair value of the equipment, which has approximated the actual value that was received. When impairment indicators exist, the Company will also perform an undiscounted cash flow analysis to determine the recoverability of the Company's property, plant and equipment and definite lived intangibles.

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 \$166 million as of December 28, 2013. 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 effective tax rate was 29% and 32% for the quarterly period ended December 28, 2013 and December 29, 2012, respectively. A reconciliation of income tax benefit, computed at the federal statutory rate, to income tax benefit, as provided for in the financial statements, is as follows:

	<u>Quarterly Period Ended</u>	
	<u>December 28, 2013</u>	<u>December 29, 2012</u>
Income tax benefit computed at statutory rate	\$ 3	\$ (5)
State income tax benefit, net of federal taxes	—	—
Uncertain tax position	(1)	—
Other	1	—
Income tax expense (benefit)	\$ 3	\$ (5)

9. Operating Segments

Berry's operations are organized into four reportable segments: Rigid Open Top, Rigid Closed Top, Engineered Materials, and Flexible Packaging. The Company has manufacturing and distribution centers in the United States, Canada, Mexico, Belgium, Australia, Germany, Brazil, Malaysia, India, and the Netherlands. The North American operation represents 96% of the Company's net sales, 98% of total long-lived assets, and 97% of the total assets. Selected information by reportable segment is presented in the following table:

	Quarterly Period Ended	
	December 28, 2013	December 29, 2012
Net sales:		
Rigid Open Top	\$ 261	\$ 259
Rigid Closed Top	332	313
Rigid Packaging	<u>\$ 593</u>	<u>\$ 572</u>
Engineered Materials	342	325
Flexible Packaging	205	175
Total net sales	<u>\$ 1,140</u>	<u>\$ 1,072</u>
Operating income (loss):		
Rigid Open Top	\$ 13	\$ 27
Rigid Closed Top	30	18
Rigid Packaging	\$ 43	\$ 45
Engineered Materials	25	24
Flexible Packaging	(5)	(1)
Total operating income	<u>\$ 63</u>	<u>\$ 68</u>
Depreciation and amortization:		
Rigid Open Top	\$ 23	\$ 23
Rigid Closed Top	30	32
Rigid Packaging	\$ 53	\$ 55
Engineered Materials	19	18
Flexible Packaging	13	14
Total depreciation and amortization	<u>\$ 85</u>	<u>\$ 87</u>
	December 28, 2013	September 28, 2013
Total assets:		
Rigid Open Top	\$ 1,802	\$ 1,805
Rigid Closed Top	1,995	1,964
Rigid Packaging	<u>\$ 3,797</u>	<u>\$ 3,769</u>
Engineered Materials	823	817
Flexible Packaging	644	549
Total assets	<u>\$ 5,264</u>	<u>\$ 5,135</u>
Goodwill:		
Rigid Open Top	\$ 681	\$ 681
Rigid Closed Top	830	831
Rigid Packaging	\$ 1,511	\$ 1,512
Engineered Materials	73	73
Flexible Packaging	60	49
Total goodwill	<u>\$ 1,644</u>	<u>\$ 1,634</u>

10. 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. BP Parallel, LLC is the entity that we established to buyback debt securities of Berry Plastics Group, Inc. and Berry Plastics Corporation. 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 28, 2013

	Parent	Issuer	Guarantor Subsidiaries	Non— Guarantor Subsidiaries	Eliminations	Total
Current assets	260	212	824	158	(10)	1,444
Intercompany receivable	327	3,423	—	49	(3,799)	—
Property, plant and equipment, net	—	91	1,120	69	—	1,280
Other assets	765	1,100	2,290	759	(2,374)	2,540
Total assets	<u>\$ 1,352</u>	<u>\$ 4,826</u>	<u>\$ 4,234</u>	<u>\$ 1,035</u>	<u>\$ (6,183)</u>	<u>\$ 5,264</u>
Current liabilities	94	193	411	75	(10)	763
Intercompany payable	—	—	3,799	—	(3,799)	—
Other long-term liabilities	1,441	3,915	41	5	(718)	4,684
Stockholders' equity (deficit)	(183)	718	(17)	955	(1,656)	(183)
Total liabilities and stockholders' equity (deficit)	<u>\$ 1,352</u>	<u>\$ 4,826</u>	<u>\$ 4,234</u>	<u>\$ 1,035</u>	<u>\$ (6,183)</u>	<u>\$ 5,264</u>

September 28, 2013

	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Current assets	139	186	864	158	(10)	1,337
Intercompany receivable	348	3,448	—	40	(3,836)	—
Property, plant and equipment, net	—	115	1,079	72	—	1,266
Other assets	768	1,054	2,277	737	(2,304)	2,532
Total assets	<u>\$ 1,255</u>	<u>\$ 4,803</u>	<u>\$ 4,220</u>	<u>\$ 1,007</u>	<u>\$ (6,150)</u>	<u>\$ 5,135</u>
Current liabilities	41	197	374	83	(11)	684
Intercompany payable	—	—	3,837	—	(3,837)	—
Other long-term liabilities	1,410	3,919	44	6	(732)	4,647
Stockholders' equity (deficit)	(196)	687	(35)	918	(1,570)	(196)
Total liabilities and stockholders' equity (deficit)	<u>\$ 1,255</u>	<u>\$ 4,803</u>	<u>\$ 4,220</u>	<u>\$ 1,007</u>	<u>\$ (6,150)</u>	<u>\$ 5,135</u>

Condensed Supplemental Consolidated Statements of Operations

Quarterly Period Ended December 28, 2013

	Non-						
	Parent	Issuer	Guarantor Subsidiaries	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)	—
Deposit on acquisition of business	—	—	—	(5)	—	(5)
Acquisition of business, net of cash acquired	—	—	(62)	—	—	(62)
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	—	—	—	—	3
Payment of tax receivable agreement	(32)	—	—	—	—	(32)
Repayments on long-term borrowings	—	(13)	—	—	—	(13)
Changes in intercompany balances	32	—	(57)	(5)	30	—
Net cash provided from financing activities	3	(13)	(57)	(2)	30	(39)
Effect of exchange rate on cash	—	—	—	—	—	—
Net change in cash	—	18	—	2	—	20
Cash and cash equivalents at beginning of period	—	116	—	26	—	142
Cash and cash equivalents at end of period	\$ —	\$ 134	\$ —	\$ 28	\$ —	\$ 162

Quarterly Period Ended December 29, 2012

	Parent	Issuer	Guarantor Subsidiaries	Non— Guarantor Subsidiaries	Eliminations	Total
Net sales	\$ —	\$ 133	\$ 849	\$ 90	\$ —	\$ 1,072
Cost of goods sold	—	137	694	64	—	895
Selling, general and administrative	—	10	58	9	—	77
Amortization of intangibles	—	3	23	1	—	27
Restructuring and impairment charges	—	—	5	—	—	5
Operating income (loss)	—	(17)	69	16	—	68
Debt extinguishment	—	16	—	—	—	16
Other income, net	—	(3)	—	—	—	(3)
Interest expense, net	11	9	55	(31)	26	70
Equity in net income of subsidiaries	(4)	(62)	—	—	58	—
Income (loss) before income taxes	(15)	23	14	47	(84)	(15)
Income tax expense (benefit)	(5)	10	(1)	—	(9)	(5)
Net income (loss)	<u>\$ (10)</u>	<u>\$ 13</u>	<u>\$ 15</u>	<u>\$ 47</u>	<u>\$ (75)</u>	<u>\$ (10)</u>
Comprehensive income (loss)	<u>\$ (10)</u>	<u>\$ 14</u>	<u>\$ 15</u>	<u>\$ 49</u>	<u>\$ (75)</u>	<u>\$ (7)</u>

Consolidating Statement of Cash Flows

Cash Flow from Operating Activities	\$ —	\$ (21)	\$ 95	\$ 13	\$ —	\$ 87
Cash Flow from Investing Activities						
Additions to property, plant, and equipment	—	(2)	(42)	(1)	—	(45)
Proceeds from sale of assets	—	—	2	—	—	2
Investment in Parent	—	—	—	(21)	21	—
(Contributions) distributions to/from subsidiaries	(442)	421	—	—	21	—
Intercompany advances (repayments)	—	46	—	—	(46)	—
Acquisition of business, net of cash acquired	—	—	(20)	—	—	(20)
Net cash from investing activities	(442)	465	(60)	(22)	(4)	(63)
Cash Flow from Financing Activities						
Proceeds from long-term borrowings	—	—	—	1	—	1
Proceeds from issuance of common stock	4	—	—	—	—	4
Proceeds from initial public offering	438	—	—	—	—	438
Repayments of long-term borrowings	—	(501)	—	—	(21)	(522)
Changes in intercompany balances	—	—	(34)	(12)	46	—
Contribution from Issuer	—	—	—	21	(21)	—
Net cash from financing activities	442	(501)	(34)	10	4	(79)
Effect of exchange rate on cash	—	—	—	—	—	—
Net change in cash	—	(57)	1	1	—	(55)
Cash and cash equivalents at beginning of period	—	66	—	21	—	87
Cash and cash equivalents at end of period	<u>\$ —</u>	<u>\$ 9</u>	<u>\$ 1</u>	<u>\$ 22</u>	<u>\$ —</u>	<u>\$ 32</u>

11. 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.

12. Basic and Diluted Net Income (Loss) per Share

Basic net income or loss per share is calculated by dividing the net income or loss 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 or loss per share is computed by dividing the net income or loss 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 or loss 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 or loss per share.

The following tables and discussion provide a reconciliation of the numerator and denominator of the basic and diluted net loss per share computations. The calculation below provides net income or loss on both basic and diluted basis for the quarterly period ended December 28, 2013 and December 29, 2012.

	Quarterly Period Ended	
	December 28, 2013	December 29, 2012
Net income (loss)	\$ 6	\$ (10)
Weighted average shares of common stock outstanding-- basic (in thousands)	<u>115,933</u>	<u>111,352</u>
Other common stock equivalents (in thousands)	<u>4,546</u>	<u>—</u>
Weighted average shares of common stock outstanding-- diluted (in thousands)	<u><u>120,479</u></u>	<u><u>111,352</u></u>
Basic net income (loss) per share	\$ 0.05	\$ (0.09)
Diluted net income (loss) per share	\$ 0.05	\$ (0.09)

The conversion of stock options is not included in the calculation of diluted net loss per common share for the three quarterly period ended December 29, 2012 as the effect of these conversions would be antidilutive to the net loss available to common shareholders. Thus, the weighted average common equivalent shares used for purposes of computing diluted EPS are the same as those used to compute basic EPS for these periods. Shares excluded from the calculation as the effect of their conversion into shares of our common stock would be antidilutive were 12,166,539 as of December 29, 2012.

13. Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of net income (loss) 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 accumulated balances related to each component of other comprehensive income (loss) were as follows (amounts below are net of taxes):

	Currency Translation	Defined Benefit Pension and Retiree Health Benefit Plans	Interest Rate Hedges	Accumulated Other Comprehensive Loss
Balance as of September 28, 2013	\$ (20)	\$ (8)	\$ 10	\$ (18)
Other comprehensive loss	(1)	-	-	(1)
Tax expense (benefit)	-	-	-	-
Balance as of December 28, 2013	<u>\$ (21)</u>	<u>\$ (8)</u>	<u>\$ 10</u>	<u>\$ (19)</u>

14. Subsequent Event

Incremental Term Loan

In January 2014, the Company entered into an incremental assumption agreement to increase the commitments under Berry Plastics Corporation's existing term loan credit agreement by \$1,125 million. Berry Plastics Corporation borrowed loans in an aggregate principal amount equal to the full amount of the commitments on such date. The incremental term loans bear interest at LIBOR plus 2.75% per annum with a LIBOR floor of 1.00%, mature in January 2021 and are subject to customary amortization. The proceeds from the incremental term loan, in addition to existing liquidity, were used to satisfy Berry Plastics Corporation's outstanding term loan facility with that was to mature in April 2015.

In connection with the incremental term loan, the Company paid a \$1 million underwriting fee to Apollo Global Securities, LLC, an affiliate of of Apollo Management, L.P that served as a manager of the offering.

Qingdao P&B Co., Ltd

In January 2014, the Company announced that its acquisition of the controlling interest (75%) of Qingdao P&B Co., Ltd ("P&B") was approved by the competent approval authority in China. P&B utilizes thermoform, injection, and automated assembly manufacturing processes to produce products for multiple markets across China as well as globally, most predominately serving the food and personal care markets. P&B has annual revenues of \$34 million and will operate in the Company's Flexible Packaging Division.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Unless the context requires otherwise, references in this Management’s Discussion and Analysis of Financial Condition and Results of Operations to the “Company” refer to Berry Plastics Group, Inc, and references to “we,” “our” or “us” refer to Berry Plastics Group, Inc. together with its consolidated subsidiaries, after giving effect to the transactions described in the next paragraph. You should read the following discussion in conjunction with the consolidated financial statements of the Company and its subsidiaries and the accompanying notes thereto, which information is included elsewhere herein. This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described in our Form 10-K for the fiscal year ended September 28, 2013 in the section titled “Risk Factors” and other risk factors identified from time to time in our periodic filings with the SEC. Our actual results may differ materially from those contained in any forward-looking statements. You should read the explanation of the qualifications and limitations on these forward-looking statements referenced within this report.

Acquisitions

We have a long history of acquiring and integrating companies. We maintain an opportunistic acquisition strategy, which is focused on improving our long-term financial performance, enhancing our market positions and expanding our product lines or, in some cases, providing us with a new or complementary product line. In our acquisitions, we seek to obtain businesses for attractive post-synergy multiples, creating value for our stockholders from synergy realization, leveraging the acquired products across our customer base, creating new platforms for future growth, and assuming best practices from the businesses we acquire.

The Company has included the expected benefits of acquisition integrations within our unrealized synergies, which are in turn recognized in earnings after an acquisition has been fully integrated. While the expected benefits on earnings is estimated at the commencement of each transaction, once the execution of the plan and integration occur, we are generally unable to accurately estimate or track what the ultimate effects have been due to system integrations and movements of activities to multiple facilities. As historical business combinations have not allowed us to accurately separate realized synergies compared to what was initially identified, we measure the synergy realization based on the overall segment profitability post integration. In connection with our acquisitions, we have in the past and may in the future incur charges related to reductions and rationalizations.

We also include the expected impact of our restructuring plans within our unrealized synergies which are in turn recognized in earnings after the restructuring plans are completed. While the expected benefits on earnings is estimated at the commencement of each plan, due to the nature of the matters we are generally unable to accurately estimate or track what the ultimate effects have been due to movements of activities to multiple facilities.

Graphic Packaging

On September 30, 2013, the Company acquired Graphic Packaging’s flexible plastics and films business (“Graphic”) for a purchase price of \$62 million. Graphic is a producer of wraps, films, pouches, and bags for the food, medical, industrial, personal care, and pet food markets. The newly acquired business is operated in the Company’s Flexible Packaging Division. To finance the purchase, the Company used existing liquidity. The Graphic 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 Company has not finalized the purchase price allocation to the fair values of fixed assets, intangibles and is reviewing the working capital acquired.

Qingdao P&B Co., Ltd

In January 2014, the Company announced that its acquisition of the controlling interest (75%) of Qingdao P&B Co., Ltd (“P&B”) was approved by the competent approval authority in China. P&B utilizes thermoform, injection, and automated assembly manufacturing processes to produce products for multiple markets across China as well as globally, most predominately serving the food and personal care markets. P&B has annual revenues of \$34 million and will operate in the Company’s Flexible Packaging Division.

Recent Developments

2014 Cost Reduction Plan

In November 2013, the Company initiated a cost reduction plan designed to deliver meaningful cost savings and optimal equipment utilization. This plan will result in several plant rationalizations. The Company expects to incur approximately \$50 million of total costs throughout fiscal 2014 related to this plan. These costs will primarily consist of one-time costs associated with facility consolidation, including severance and termination benefits, other costs associated with exiting facilities and non-cash asset impairment charges.

Incremental Term Loan

In January 2014, the Company entered into an incremental assumption agreement to increase the commitments under Berry Plastics Corporation's existing term loan credit agreement by \$1,125 million. Berry Plastics Corporation borrowed loans in an aggregate principal amount equal to the full amount of the commitments on such date. The incremental term loans bear interest at LIBOR plus 2.75% per annum with a LIBOR floor of 1.00%, mature in January 2021 and are subject to customary amortization. The proceeds from the incremental term loan, in addition to existing liquidity, were used to satisfy Berry Plastics Corporation's outstanding term loan facility with that was to mature in April 2015.

Executive Summary

Business. We operate in the following four segments: Rigid Open Top, Rigid Closed Top (together our Rigid Packaging business), Engineered Materials, and Flexible Packaging. The Rigid Packaging business sells primarily containers, foodservice items, closures, overcaps, bottles, prescription containers, and tubes. Our Engineered Materials segment primarily sells pipeline corrosion protection solutions, tapes and adhesives, PE-based film products and can liners. The Flexible Packaging segment sells high barrier, multilayer film products as well as finished flexible packages such as printed bags and pouches.

Raw Material Trends. Our primary raw material is plastic resin. Polypropylene and polyethylene account for approximately 90% of our plastic resin purchases based on the pounds purchased. Plastic resins are subject to price fluctuations, including those arising from supply shortages and changes in the prices of natural gas, crude oil and other petrochemical intermediates from which resins are produced. The average industry prices, as published in Chem Data, per pound were as follows by fiscal year:

	Polyethylene Butene Film			Polypropylene		
	2014	2013	2012	2014	2013	2012
1st quarter	\$.82	\$.69	\$.68	\$.89	\$.76	\$.79
2nd quarter	—	.74	.76	—	.96	.88
3rd quarter	—	.77	.72	—	.84	.85
4th quarter	—	.79	.68	—	.89	.71

Due to differences in the timing of passing through resin cost changes to our customers on escalator/de-escalator programs, segments are negatively impacted in the short term when plastic resin costs increase and are positively impacted when plastic resin costs decrease. This timing lag in passing through raw material cost changes could affect our results as plastic resin costs fluctuate.

Outlook. The Company is impacted by general economic and industrial growth, plastic resin availability and affordability, and general industrial production. Our business has both geographic and end market diversity, which reduces the effect of any one of these factors on our overall performance. Our results are affected by our ability to pass through raw material cost changes to our customers, improve manufacturing productivity and adapt to volume changes of our customers. We seek to improve our overall profitability by implementing cost reduction programs associated with our manufacturing, selling and general and administrative expenses.

Looking forward, the Company anticipates its fiscal 2014 adjusted free cash flow to be approximately \$270 million. This estimate assumes flat pricing on plastic resin costs, no change in short term interest rates and benefits and costs from the restructuring program initiatives.

Results of Operations

Comparison of the Quarterly Period Ended December 28, 2013 (the "Quarter") and the Quarterly Period Ended December 29, 2012 (the "Prior Quarter")

Net Sales. Net sales increased from \$1,072 million in the Prior Quarter to \$1,140 million in the Quarter. This increase is primarily attributed to net sales from acquired business of 2% and selling price increases of 5% due to higher resin prices shown above partially offset by a 1% decline from exited business. The following discussion in this section provides a comparison of net sales by business segment.

	Quarterly Period Ended			
	December 28, 2013	December 29, 2012	\$ Change	% Change
Net sales:				
Rigid Open Top	\$ 261	\$ 259	\$ 2	1%
Rigid Closed Top	332	313	19	6%
Rigid Packaging	\$ 593	\$ 572	\$ 21	4%
Engineered Materials	342	325	17	5%
Flexible Packaging	205	175	30	17%
Total net sales	\$ 1,140	\$ 1,072	\$ 68	6%

Net sales in the Rigid Open Top business increased from \$259 million in the Prior Quarter to \$261 million in the Quarter as a result of net selling price increases of 7% partially offset by a volume decline of 2% and product realignment of 4%. The volume decline was primarily attributed to softness in thermoformed drink cups. Net sales in the Rigid Closed Top business increased from \$313 million in the Prior Quarter to \$332 million in the Quarter as a result of net selling price increases of 4% and volume improvement of 2%. The Engineered Materials business net sales increased from \$325 million in the Prior Quarter to \$342 million in the Quarter as a result of net selling price increases of 4% and product realignment of 3% partially offset by exited business of 2%. The Flexible Packaging business net sales increased from \$175 million in the Prior Quarter to \$205 million in the Quarter as a result of acquisitions volume attributed to Graphic of 15% and net selling price increases of 5% partially offset by a volume decline of 3%. The Flexible Packaging volume decline was primarily attributed to the soft customer demand partially offset by volume gains in our personal care products.

Operating Income. Operating income decreased from \$68 million (6% of net sales) in the Prior Quarter to \$63 million (6% of net sales) in the Quarter. This decrease is primarily attributed to \$12 million from the relationship of net selling price to raw material costs and \$2 million from volume declines described above partially offset by \$1 million decrease in depreciation expense, \$2 million decrease in amortization expense, \$1 million decrease in business integration, \$1 million increase from acquisitions and \$4 million improvement in manufacturing efficiencies. The following discussion in this section provides a comparison of operating income by business segment

	Quarterly Period Ended			
	December 28, 2013	December 29, 2012	\$ Change	% Change
Operating income:				
Rigid Open Top	\$ 13	\$ 27	\$ (14)	(52%)
Rigid Closed Top	30	18	12	67%
Rigid Packaging	\$ 43	\$ 45	\$ (2)	(4%)
Engineered Materials	25	24	1	4%
Flexible Packaging	(5)	(1)	(4)	400%
Total operating income	\$ 63	\$ 68	\$ (5)	(7%)

Operating income for the Rigid Open Top business decreased from \$27 million (10% of net sales) in the Prior Quarter to \$13 million (5% of net sales) in the Quarter. This decrease is primarily attributed to \$1 million from volume declines, \$4 million decline in operating performance in manufacturing, \$2 million increase of selling, general and administrative expenses, \$2 million increase in business integration expense and \$5 million decline in the relationship of net selling price to raw material costs. Operating income for the Rigid Closed Top business increased from \$18 million (6% of net sales) in the Prior Quarter to \$30 million (9% of net sales) in the Quarter. This increase is primarily attributed to a \$6 million decline in business integration expenses, \$1 million from improved volumes, \$1 million decline in selling, general and administrative expenses, \$4 million improvement in operating performance in manufacturing and \$2 million decline in depreciation and amortization expense partially offset by \$2 million decline in the relationship of net selling price to raw material costs. Operating income for the Engineered Materials business improved from \$24 million (7% of net sales) in the Prior Quarter to \$25 million (7% of net sales) in the Quarter. This increase is primarily attributed to \$6 million improvement in operating performance in manufacturing, and a \$2 million decline in selling, general and administrative expenses, partially offset by \$1 million from volume declines and \$6 million decline in the relationship of net selling price to raw material costs. Operating loss for the Flexible Packaging business increased from \$1 million (-1% of net sales) in the Prior Quarter to \$5 million (-2% of net sales) in the Quarter. This decline is primarily attributed to a \$4 million increase in business integration expense, \$1 million from volume declines, \$2 million decline in operating performance in manufacturing, \$1 million increase in selling, general and administrative expenses partially offset by \$2 million benefit from the Graphic acquisition, \$1 million reduction of depreciation and amortization expense and \$1 million gain in the relationship of net selling price to raw material costs.

Other Income. Other income declined by \$2 million in the Quarter primarily due to the change in the fair value of derivative instruments.

Interest Expense. Interest expense decreased from \$70 million in the Prior Quarter to \$55 million in the Quarter primarily as the result of the various debt extinguishments that resulted from our incremental term loan capital restructuring in fiscal 2013.

Income Tax Expense(Benefit). For the Quarter, we recorded an income tax expense of \$3 million compared to \$5 million of income tax benefit in the Prior Quarter. The effective tax rate for the Quarter is impacted by the relative impact of discrete items and certain international entities for which a full valuation allowance is recognized.

Liquidity and Capital Resources

Senior Secured Credit Facility

Through our wholly owned subsidiary Berry Plastics Corporation, we have senior secured credit facilities consisting of a \$2.5 billion term loan and a \$650 million asset based revolving line of credit (“Credit Facility”). In January 2014, the Company entered into an incremental assumption agreement to increase the commitments under Berry Plastics Corporation’s existing term loan credit agreement by \$1.1 billion. Berry Plastics Corporation borrowed loans in an aggregate principal amount equal to the full amount of the commitments on such date. The \$1.1 billion incremental term loan matures in January 2021, the remaining \$1.4 billion of term loan matures in February 2020 and the revolving line of credit matures in June 2016, subject to certain conditions. The availability under the revolving line of credit is the lesser of \$650 million or based on a defined borrowing base which is calculated based on available accounts receivable and inventory. The revolving line of credit allows up to \$130 million of letters of credit to be issued instead of borrowings under the revolving line of credit. At December 28, 2013, the Company had no outstanding balance on the revolving credit facility, \$37 million outstanding letters of credit and a \$114 million borrowing base reserve providing unused borrowing capacity of \$499 million under the revolving line of credit. The Company was in compliance with all covenants as of December 28, 2013.

Our fixed charge coverage ratio, as defined in the revolving credit facility, is calculated based on a numerator consisting of adjusted EBITDA less pro forma adjustments, income taxes paid in cash and capital expenditures, and a denominator consisting of scheduled principal payments in respect of indebtedness for borrowed money, interest expense and certain distributions. We are obligated to sustain a minimum fixed charge coverage ratio of 1.0 to 1.0 under the revolving credit facility at any time when the aggregate unused capacity under the revolving credit facility is less than 10% of the lesser of the revolving credit facility commitments and the borrowing base (and for 10 business days following the date upon which availability exceeds such threshold) or during the continuation of an event of default. At December 28, 2013, the Company had unused borrowing capacity of \$499 million under the revolving credit facility and thus was not subject to the minimum fixed charge coverage ratio covenant. Our fixed charge ratio was 2.1 to 1.0 at December 28, 2013.

Despite not having financial maintenance covenants, our debt agreements contain certain negative covenants. The failure to comply with these negative covenants could restrict our ability to incur additional indebtedness, effect acquisitions, enter into certain significant business combinations, make distributions or redeem indebtedness. The term loan facility contains a negative covenant first lien secured leverage ratio covenant of 4.0 to 1.0 on a pro forma basis for a proposed transaction, such as an acquisition or incurrence of additional first lien debt. Our first lien secured leverage ratio was 3.1 to 1.0 at December 28, 2013.

A key financial metric utilized in the calculation of the first lien leverage ratio is Adjusted EBITDA as defined in the Company's senior secured credit facilities. The following table reconciles (i) our Adjusted EBITDA to net income and (ii) our Adjusted Free Cash Flow to cash flow from operating activities, in each case, for the four quarters and quarterly period ended December 28, 2013:

	December 28, 2013	
	Four Quarters Ended	Quarterly Period Ended
Adjusted EBITDA	\$ 801	\$ 174
Net interest expense	(229)	(55)
Depreciation and amortization	(339)	(85)
Income tax expense	(36)	(3)
Business optimization and other expense	(30)	(13)
Restructuring and impairment	(19)	(10)
Extinguishment of debt	(48)	-
Pro forma acquisitions	(8)	-
Unrealized cost savings	(19)	(2)
Net income	<u>\$ 73</u>	<u>\$ 6</u>
Cash flow from operating activities	\$ 549	\$ 172
Net additions to property, plant, and equipment	(224)	(46)
Payments of tax receivable agreement	(37)	(32)
Adjusted free cash flow	<u>\$ 288</u>	<u>\$ 94</u>
Cash flow from investing activities	(295)	(113)
Cash flow from financing activities	(124)	(39)

Adjusted EBITDA and Adjusted Free Cash Flow, as presented in this document, are supplemental financial measures that are not required by, or presented in accordance with, generally accepted accounting principles in the United States ("GAAP"). Adjusted EBITDA and Adjusted Free Cash Flow are not GAAP financial measures and should not be considered as an alternative to operating or net income or cash flows from operating activities, in each case determined in accordance with GAAP. We define "Adjusted EBITDA" as net income (loss) before depreciation and amortization, income tax expense (benefit), interest expense (net) and certain restructuring and business optimization charges and as adjusted for unrealized cost reductions and acquired businesses, including unrealized synergies, which are more particularly defined in our credit documents and the indentures governing our notes. Adjusted EBITDA is used by our lenders for debt covenant compliance purposes and by our management as one of several measures to evaluate management performance. While the determination of appropriate adjustments in the calculation of Adjusted EBITDA is subject to interpretation under the terms of the Credit Facility, management believes the adjustments described above are in accordance with the covenants in the Credit Facility. Adjusted EBITDA eliminates certain charges that we believe do not reflect operations and underlying operational performance. Although we use Adjusted EBITDA as a financial measure to assess the performance of our business, the use of Adjusted EBITDA has important limitations, including that (1) Adjusted EBITDA does not represent funds available for dividends, reinvestment or other discretionary uses, or account for one-time expenses and charges; (2) Adjusted EBITDA does not reflect cash outlays for capital expenditures or contractual commitments; (3) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital; (4) Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on indebtedness; (5) Adjusted EBITDA does not reflect income tax expense or the cash necessary to pay income taxes; (6) Adjusted EBITDA excludes depreciation and amortization and, although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements; and (7) Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations.

We define "Adjusted Free Cash Flow" as cash flow from operating activities less additions to property, plant and equipment and payments of the tax receivable agreement. We use Adjusted Free Cash Flow as a measure of liquidity because it assists us in assessing our company's ability to fund its growth through its generation of cash. We believe Adjusted Free Cash Flow is useful to an investor in evaluating our liquidity because Adjusted Free Cash Flow and similar measures are widely used by investors, securities analysts and other interested parties in our industry to measure a company's liquidity without regard to revenue and expense recognition, which can vary depending upon accounting methods. Although we use Adjusted Free Cash Flow as a liquidity measure to assess our ability to generate cash, the use of Adjusted Free Cash Flow has important limitations, including that: (1) Adjusted Free Cash Flow does not reflect the cash requirements necessary to service principal payments on our indebtedness; and (2) Adjusted Free Cash Flow removes the impact of accrual basis accounting on asset accounts and non-debt liability accounts.

Adjusted EBITDA and Adjusted Free Cash Flow may be calculated differently by other companies, including other companies in our industry, limiting their usefulness as comparative measures. Because of these limitations, you should consider Adjusted EBITDA and Adjusted Free Cash Flow alongside other performance measures and liquidity measures, including operating income, various cash flow metrics, net income and our other GAAP results.

Tax Receivable Agreement

In connection with the initial public offering, the Company entered into an income tax receivable agreement ("TRA") that provides for the payment to pre-initial public offering stockholders, option holders and holders of our stock appreciation rights, 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income tax that are actually realized (or are deemed to be realized in the case of a change of control) as a result of the utilization of our and our subsidiaries' net operating losses attributable to periods prior to the initial public offering. The actual utilization of net operating losses as well as the timing of any payments under the TRA will vary depending upon a number of factors, including the amount, character and timing of our and our subsidiaries' taxable income in the future.

The Company expects to pay \$85 million during the next twelve months related to the TRA. The Company made \$32 million of payments related to the TRA in the Quarter.

Cash Flows

Net cash provided by operating activities increased from \$87 million in the Prior Quarter to \$172 million in the Quarter. The change is primarily attributed to improved working capital.

Net cash used in investing activities increased from \$63 million in the Prior Quarter to \$113 million in the Quarter primarily as a result of an increase in acquisition activity related to Graphic. Our capital expenditures are forecasted at \$230 million for fiscal 2014 and will be funded from cash flows from operating activities and existing liquidity.

Net cash used in financing activities was \$79 million in the Prior Quarter compared to \$39 million in the Quarter. The Quarter change is primarily attributed to a decline in long-term repayments, net of proceeds from the initial public offering, partially offset by the \$32 million of TRA payments.

Based on our current level of operations, we believe that cash flow from operations and available cash, together with available borrowings under our senior secured credit facilities, will be adequate to meet our short-term liquidity needs over the next twelve months. We base such belief on historical experience and the funds available under the revolving credit facility. However, we cannot predict our future results of operations and our ability to meet our obligations involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of our Form 10-K filed with the SEC for the fiscal year ended September 28, 2013. In particular, increases in the cost of resin which we are unable to pass through to our customers on a timely basis or significant acquisitions could severely impact our liquidity.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity

We are exposed to market risk from changes in interest rates primarily through our senior secured credit facilities. Our senior secured credit facilities are comprised of (i) a \$2.6 billion term loan and (ii) a \$650 million revolving credit facility. At December 28, 2013, the Company had no outstanding balance on the revolving credit facility. The net outstanding balance of the term loan was \$2.5 billion at December 28, 2013. Borrowings under our senior secured credit facilities bear interest, at our option, at either an alternate base rate or an adjusted LIBOR rate for a one-, two-, three- or six month interest period, or a nine- or twelve-month period, if available to all relevant lenders, in each case, plus an applicable margin. The alternate base rate is the greater of (i) in the case of our term loan, Credit Suisse's prime rate or, in the case of our revolving credit facility, Bank of America's prime rate and (ii) one-half of 1.0% over the weighted average of rates on overnight Federal Funds as published by the Federal Reserve Bank of New York. At December 28, 2013, the LIBOR rate of 0.22% was applicable to the term loan and second priority senior secured floating rate notes. A 0.25% change in LIBOR would not have a material impact on our interest expense.

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 "2013 Swaps"). The agreement swaps the greater of a three-month variable LIBOR contract or 1.00% for a fixed three-year rate of 2.355%, with an effective date in May 2016 and expiration in May 2019. 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 Loss and will be amortized to Interest expense from May 2016 through May 2019, the original term of the swap agreement.

We are exposed to market risk from changes in plastic resin prices that could impact our results of operations and financial condition. Our plastic resin purchasing strategy is to deal with only high-quality, dependable suppliers. We believe that we have maintained strong relationships with these key suppliers and expect that such relationships will continue into the foreseeable future. The resin market is a global market and, based on our experience, we believe that adequate quantities of plastic resins will be available at market prices, but we can give you no assurances as to such availability or the prices thereof. If the price of resin increased or decreased by 5% it would result in a material change to our cost of goods sold.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Under applicable SEC regulations, management of a reporting company, with the participation of the principal executive officer and principal financial officer, must periodically evaluate the company's "disclosure controls and procedures," which are defined generally as controls and other procedures of a reporting company designed to ensure that information required to be disclosed by the reporting company in its periodic reports filed with the commission (such as this Form 10-Q) is recorded, processed, summarized, and reported on a timely basis.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the disclosure controls and procedures as of December 28, 2013. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 28, 2013, the design and operation of our disclosure controls and procedures were effective at the reasonable assurance level.

(b) Changes in internal controls.

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 28, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

There have been no material changes in legal proceedings from the items disclosed in our Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended September 28, 2013.

Item 1A. Risk Factors

You should carefully consider the risks described in our Form 10-K filed with the SEC for the fiscal year ended September 28, 2013, including those under the heading "Risk Factors" and other information contained in this Quarterly Report before investing in our securities. Realization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations. There were no material changes in the Company's risk factors since described in our Form 10-K filed with the SEC for the fiscal year ended September 28, 2013.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not Applicable

Item 3. Defaults Upon Senior Securities

Not Applicable

Item 4. Mine Safety Disclosures

Not Applicable

Item 5. Other Information

Not Applicable

Item 6.**Exhibits**

- 10.1 Employment agreement, dated as of January 1, 2002, between Berry Plastics Corporation and Curtis Begle
- 10.2 U.S. \$1,125,000,000 Incremental Assumption Agreement, dated as of January 6, 2014, by and among Berry Plastics Group, Inc., Berry Plastics Corporation and certain of its subsidiaries referenced therein and Credit Suisse AG, Cayman Islands Branch
- 10.3 Amendment No. 1 to Employment agreement, dated as of January 1, 2002, between Berry Plastics Corporation and Curtis Begle
- 10.4 Amendment No. 2 to Employment agreement, dated as of January 1, 2002, between Berry Plastics Corporation and Curtis Begle
- 10.5 Amendment No. 3 to Employment agreement, dated as of January 1, 2002, between Berry Plastics Corporation and Curtis Begle
- 10.6 Amendment No. 4 to Employment agreement, dated as of January 1, 2002, between Berry Plastics Corporation and Curtis Begle
- 31.1 Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer
- 31.2 Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer
- 32.1 Section 1350 Certification of the Chief Executive Officer
- 32.2 Section 1350 Certification of the Chief Financial Officer

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.

January 31, 2014

Berry Plastics Group, Inc.

By: /s/ Mark W. Miles

Mark W. Miles

Chief Financial Officer



EMPLOYMENT AGREEMENT dated as of January 1, 2002 between **BERRY PLASTICS CORPORATION**, a Delaware corporation (the "Corporation"), and Curtis Begle (the "Employee").

The Employee is an employee of the Corporation and as such has substantial experience that has value to the Corporation. The Corporation desires to employ the Employee, and the Employee desires to accept such employment, on the terms and subject to the conditions hereinafter set forth.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations hereinafter set forth, the parties hereto agree as follows:

1. **Employment; Effectiveness of Agreement.** Effective as of the date hereof (such date, the "Commencement Date," for all purposes hereof), the Corporation shall employ the Employee, and the Employee shall accept employment by the Corporation, upon the terms and conditions hereinafter set forth.
 2. **Term.** Subject to earlier termination as provided herein, the employment of the Employee hereunder shall commence on the Commencement Date and terminate on January 1, 2007. Such period of employment is hereinafter referred to as the "Employment Period."
 3. **Duties.** During the Employment Period, the Employee shall be initially employed by the Corporation as Marketing Manager, and shall perform such duties and services consistent with such position as may reasonably be assigned to the Employee by the officers of the Corporation or their designees.
 4. **Time to be Devoted to Employment.** Except for vacation, absences due to temporary illness and absences resulting from causes set forth in Section 6, the Employee shall devote the Employee's business time, attention and energies on a full-time basis to the performance of the duties and responsibilities referred to in Section 3. The Employee shall not during the Employment Period be engaged in any other business activity which, in the reasonable judgment of the officers of the Corporation, would conflict with the ability of the Employee to perform his or her duties under this Agreement, whether or not such activity is pursued for gain, profit or other pecuniary advantage.
 5. **Compensation; Benefits; Reimbursement.**
 - (a) **Base Salary.** During the Employment Period, the Corporation shall pay to the Employee an annual base salary of \$49,500, which shall be subject to review and, at the option of persons having authority regarding such matters at the Corporation, subject to increase (such salary, as the same may be increased from time to time as aforesaid, being referred to herein as the "Base Salary"). The Base Salary shall be payable in such installments (but not less frequent than monthly) as is the policy of the Corporation with respect to employees of the Corporation at substantially the same level of employment as the Employee.
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(b) **Bonus.** During the Employment Period, the Employee shall be entitled to participate in all bonus and incentive programs of the Corporation (the "Programs") generally available from time to time to employees of the Corporation at substantially the same level of employment as the Employee, such participation to be in substantially the same manner as the participation therein by such employees.

(c) **Benefits.** During the Employment Period, the Employee shall be entitled to such benefits (together with the Programs, the "Benefit Arrangements") as are generally made available from time to time to other employees of the Corporation at substantially the same level of employment as the Employee.

(d) **Reimbursement of Expenses.** During the Employment Period, the Corporation shall reimburse the Employee, in accordance with the policies and practices of the Corporation in effect from time to time with respect to other employees of the Corporation at substantially the same level of employment as the Employee, for all reasonable and necessary traveling expenses and other disbursements incurred by him or her for or on behalf of the Corporation in connection with the performance of his or her duties hereunder upon presentation by the Employee to the Corporation of appropriate documentation therefor.

(e) **Deductions.** The Corporation shall deduct from any payments to be made by it to the Employee under this Section 5 or Section 8 any amounts required to be withheld in respect of any Federal, state or local income or other taxes.

6. **Disability or Death of the Employee.**

(a) If, during the Employment Period, the Employee is incapacitated or disabled by accident, sickness or otherwise (hereinafter, a "Disability") so as to render the Employee mentally or physically incapable of performing the services required to be performed under this Agreement for 90 days in any period of 360 consecutive days, the Corporation may, at any time thereafter, at its option, terminate the employment of the Employee under this Agreement immediately upon giving the Employee notice to that effect, it being understood that upon such termination the Employee shall be eligible for the disability benefits provided by the Corporation.

(b) If the Employee dies during the Employment Period, the Termination Date (as defined below) shall be deemed to be the date of the Employee's death.

7. **Termination.**

(a) The Corporation may terminate the employment of the Employee and all of the Corporation's obligations under this Agreement (except as hereinafter provided) at any time for "cause" by giving the Employee notice of such termination, with reasonable specificity of the grounds therefor. For the purposes of this Section 7, "cause" shall mean (i) willful misconduct with respect to the business and affairs of the Corporation or any subsidiary or affiliate thereof, insubordination or willful neglect of duties (other than neglect due solely to the Employee's illness or other involuntary mental or physical disability), including the Employee's violation of any material Corporation policy, (ii) material breach of any of the provisions of this Agreement or (iii) conviction for a crime involving moral turpitude or fraud. A termination pursuant to this Section 7(a) shall take effect immediately upon the giving of the notice contemplated hereby.

(b) The Corporation may terminate the employment of the Employee and all of the Corporation's obligations under this Agreement (except as hereinafter provided) at any time during the Employment Period without "cause" by giving the Employee written notice of such termination, to be effective 30 days following the giving of such written notice.

(c) The Employee may terminate the employment of the Employee hereunder at any time during the Employment Period by giving the Corporation at least 30 days' prior written notice of such termination, such termination to be effective on the date specified in such notice, whereupon all of the Corporation's obligations hereunder shall terminate (except as hereinafter provided). For convenience of reference, the date upon which any termination of the employment of the Employee pursuant to Section 6 or 7 hereof shall be effective shall be hereinafter referred to as the "Termination Date."

8. Effect of Termination of Employment.

(a) Upon the effective date of termination of the Employee's employment pursuant to Section 6, Section 7(a) or Section 7(c) hereof, neither the Employee nor the Employee's beneficiaries or estate shall have any further rights under this Agreement or any claims against the Corporation arising out of this Agreement, except the right to receive, within 30 days of the Termination Date:

(i) the unpaid portion of the Base Salary provided for in Section 5(a), computed on a pro rata basis to the Termination Date;

(ii) reimbursement for any expenses for which the Employee shall not have theretofore been reimbursed, as provided in Section 5(d); and

(iii) the unpaid portion of any amounts earned by the Employee prior to the Termination Date pursuant to any Benefit Arrangement; provided, however, unless specifically provided otherwise in this Section 8, the Employee shall not be entitled to receive any benefits under a Benefit Arrangement that have accrued during a fiscal year if the terms of such Benefit Arrangement require that the beneficiary be employed by the Corporation as of the end of such fiscal year.

(b) Upon the termination of the Employee's employment pursuant to Section 7(b), neither the Employee nor the Employee's beneficiaries or estate shall have any further rights under this Agreement or any claims against the Corporation arising out of this Agreement, except the right to receive:

(i) the unpaid portion of the Base Salary, computed on a pro rata basis, for the period from the Commencement Date until the first anniversary of the Termination Date, payable in such installments as the Base Salary was paid prior to the Termination Date; and

(ii) the payments, if any, referred to in Sections 8(a)(ii) and (iii).

(c) The Employee's obligations under Sections 9, 10 and 11 of this Agreement, and the Corporation's obligations under this Section 8, shall survive the termination of this Agreement and the termination of the Employee's employment hereunder.

9. Disclosure of Information.

(a) From and after the date hereof, the Employee shall not use or disclose to any person, firm, corporation or other business entity (other than any officer, director, employee, affiliate or representative of the Corporation), except as required in connection with the performance of the Employee's duties under and in compliance with the terms of this Agreement and as required by law or judicial process, any Confidential Information (as hereinafter defined) for any reason or purpose whatsoever, nor shall the Employee make use of any of the Confidential Information for the Employee's purposes or for the benefit of any person or entity except the Corporation or any subsidiary thereof.

(b) For purposes of this Agreement, "Confidential Information" shall mean (i) the Intellectual Property Rights (as hereinafter defined) of the Corporation and its subsidiaries and (ii) all other information of a proprietary nature relating to the Corporation or any subsidiary thereof, or the business or assets of the Corporation or any such subsidiary, including, without limitation, books, records, customer and registered user lists, vendor lists, supplier lists, distribution channels, pricing information, cost information, marketing plans, strategies, forecasts, financial statements, budgets and projections, other than information which is generally within the public domain at the time of the receipt thereof by the Employee or at the time of use or disclosure of such Confidential Information by the Employee other than as a result of the breach by the Employee of the Employee's agreement hereunder.

(c) As used herein, the term "Intellectual Property Rights" means all industrial and intellectual property rights, including, without limitation, patents, patent applications, patent rights, trademarks, trademark applications, trade names, service marks, service mark applications, copyrights, copyright applications, know-how, certificates of public convenience and necessity, franchises, licenses, trade secrets, proprietary processes and formulae, inventions, development tools, marketing materials, trade dress, logos and designs and all documentation and media constituting, describing or relating to the above, including, without limitation, manuals, memoranda and records.

10. Restrictive Covenants.

(a) The Employee acknowledges and recognizes that during the Employment Period he will be privy to Confidential Information and further acknowledges and recognizes that the Corporation would find it extremely difficult to replace the Employee. Accordingly, in consideration of the premises contained herein and the consideration to be received by the Employee hereunder (including, without limitation, the severance compensation described in Section 8(b)(i), if any), without the prior written consent of the Corporation, the Employee shall not, at any time during the employer/employee relationship between the Corporation and the Employee and for the one-year period after the termination of such employer/employee relationship, (i) directly or indirectly engage in, represent in any way, or be connected with, any Competing Business directly competing with the business of the

Corporation or any direct or indirect subsidiary or affiliate thereof within the state in which the Employee is employed or any other state of the United States, whether such engagement shall be as an officer, director, owner, employee, partner, affiliate or other participant in any Competing Business, (ii) assist others in engaging in any Competing Business in the manner described in clause (i) above, (iii) induce other employees of the Corporation or any direct or indirect subsidiary or affiliate thereof to terminate their employment with the Corporation or any such direct or indirect subsidiary or affiliate or to engage in any Competing Business or (iv) induce any entity or person with which the Corporation or any direct or indirect subsidiary or any affiliate thereof has a business relationship to terminate or alter such business relationship. As used herein, "Competing Business" shall mean any business involving the sale of products in any city or county in any state of the United States if such business or the products sold by it are competitive, directly or indirectly, at the time of the Termination of Employment with (A) the business of the Corporation or any direct or indirect subsidiary thereof, (B) any of the products manufactured, sold or distributed by the Corporation or any direct or indirect subsidiary thereof or (C) any products or business being developed or conducted by the Corporation or any direct or indirect subsidiary thereof.

(b) The Employee understands that the foregoing restrictions may limit his ability to earn a livelihood in a business similar to the business of the Corporation or any subsidiary or affiliate thereof, but he or she nevertheless believes that he or she has received and will receive sufficient consideration and other benefits as an employee of the Corporation and as otherwise provided hereunder to justify clearly such restrictions which, in any event (given his education, skills and ability), the Employee does not believe would prevent him or her from earning a living.

11. Right to Inventions. The Employee shall promptly disclose, grant and assign to the Corporation for its sole use and benefit any and all inventions, improvements, technical information and suggestions reasonably relating to the business of the Corporation or any subsidiary or affiliate thereof (collectively, the "Inventions") which the Employee may develop or acquire during the period of the employer/employee relationship between the Corporation and the Employee (whether or not during usual working hours), together with all patent applications, letters patent, copyrights and reissues thereof that may at any time be granted for or upon the Inventions. In connection therewith:

(a) the Employee recognizes and agrees that the Inventions shall be the sole property of the Corporation, and the Corporation shall be the sole owner of all patent applications, letters patent, copyrights and reissues thereof that may at any time be granted for or on the Inventions;

(b) the Employee hereby assigns to the Corporation any rights the Employee may have in or acquire to the Inventions;

(c) the Employee shall, at the expense of the Corporation, promptly execute and deliver such applications, assignments, descriptions and other instruments as may be necessary or proper in the opinion of the Corporation to vest title to the Inventions and any patent applications, patents, copyrights, reissues or other proprietary

rights related thereto in the Corporation and to enable it to obtain and maintain the entire right and title thereto throughout the world;

(d) the Employee recognizes and agrees that the Inventions to the extent copyrightable shall constitute works for hire under the copyright laws of the United States; and

(e) the Employee shall render to the Corporation, at its expense, all such assistance as it may require in the prosecution of applications for said patents, copyrights, reissues or other proprietary rights, in the prosecution or defense of interferences which may be declared involving any said applications, patents, copyrights or other proprietary rights and in any litigation in which the Corporation may be involved relating to the Inventions.

12. Miscellaneous Provisions.

(a) **Entire Agreement; Amendments.** This Agreement and the other agreements referred to herein contain the entire agreement between the parties hereto with respect to the transactions contemplated hereby and supersede all prior agreements or understandings between the parties with respect thereto. This Agreement shall not be altered or otherwise amended except pursuant to an instrument in writing signed by each of the parties hereto.

(b) **Descriptive Headings.** Descriptive headings are for convenience only and shall not control or affect the meaning or construction of any provisions of this Agreement.

(c) **Notices.** All notices or other communications pursuant to this Agreement shall be in writing and shall be deemed to be sufficient if delivered personally, telecopied, sent by nationally-recognized, overnight courier or mailed by registered or certified mail (return receipt requested), postage prepaid, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(i) if to the Corporation, to:

Berry Plastics Corporation
101 Oakley Street
P.O. Box 959
Evansville, Indiana 47706
Attention: Ira G. Boots
Telecopier: (812) 421-9604;

with a copy to:

O'Sullivan LLP
30 Rockefeller Plaza
New York, New York 10112
Attention: Michael J. O'Brien, Esq.
Telecopier: (212) 408-2420; and

(ii) if to the Employee, to him or her at:

Curtis Begle
1314 Halsey Avenue
Evansville, IN 47720

All such notices and other communications shall be deemed to have been delivered and received (A) in the case of personal delivery, on the date of such delivery, (B) in the case of delivery by telecopy, on the date of such delivery, (C) in the case of delivery by nationally-recognized, overnight courier, on the Business Day following dispatch, and (D) in the case of mailing, on the third Business Day following such mailing. As used herein, "Business Day" shall mean any day that is not a Saturday, Sunday or a day on which banking institutions in New York, New York are not required to be open.

(d) **Counterparts.** This Agreement may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

(e) **Governing Law.** This Agreement shall be governed by and construed in accordance with the laws of Indiana applicable to contracts made and performed wholly therein.

(f) **Benefits of Agreement; Assignment.** The totals and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, representatives, heirs and estate, as applicable. Anything contained herein to the contrary notwithstanding, this Agreement shall not be assignable by any party hereto without the consent of the other party hereto.

(g) **Waiver of Breach.** The waiver by either party of a breach of any provision of this Agreement by the other party must be in writing and shall not operate or be construed as a waiver of any subsequent breach by such other party.

(h) **Severability.** In the event that any provision of this Agreement is determined to be partially or wholly invalid, illegal or unenforceable in any jurisdiction, then such provision shall, as to such jurisdiction, be modified or restricted to the extent necessary to make such provision valid, binding and enforceable, or if such provision cannot be modified or restricted, then such provision shall, as to such jurisdiction, be deemed to be excised from this Agreement; provided, however, that the binding effect and enforceability of the remaining provisions of this Agreement, to the extent the economic benefits conferred upon the parties by virtue of this Agreement remain substantially unimpaired, shall not be affected or impaired in any manner, and any such invalidity, illegality or unenforceability with respect to such provisions shall not invalidate or render unenforceable such provision in any other jurisdiction.

(i) **Remedies.** All remedies hereunder are cumulative, are in addition to any other remedies provided for by law and may, to the extent permitted by law, be exercised concurrently or separately, and the exercise of any one remedy shall not be deemed to be an election of such remedy or to preclude the exercise of any other remedy. The Employee acknowledges that in the event of a breach of any of the Employee's covenants contained in

Sections 9, 10 or 11, the Corporation shall be entitled to immediate relief enjoining such violations in any court or before any judicial body having jurisdiction over such a claim.

(j) Survival. Sections 8 through 11, this Section 12 and the defined terms used in any section referred to in this Section 12(j), shall survive the termination of the Employee's employment on the Termination Date and the expiration of this Agreement.

* * * *

IN WITNESS WHEREOF, the parties have duly executed this Employment Agreement as of the date first above written.

BERRY PLASTICS CORPORATION

By: /s/ Ira G. Boots
Ira G. Boots
President & Chief Executive Officer

/s/ Curtis Begle
Curtis Begle

\$1,125,000,000 INCREMENTAL TERM LOANS

INCREMENTAL ASSUMPTION AGREEMENT

Dated as of January 6, 2014

among

BERRY PLASTICS GROUP, INC.,

BERRY PLASTICS CORPORATION

and

CERTAIN SUBSIDIARIES OF BERRY PLASTICS CORPORATION

as Loan Parties,

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

as Administrative Agent

and

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

as Incremental Term Lender

INCREMENTAL ASSUMPTION AGREEMENT

THIS INCREMENTAL ASSUMPTION AGREEMENT (this "Agreement"), dated as of January 6, 2014, is among **BERRY PLASTICS CORPORATION**, a Delaware corporation (the "Borrower"), **BERRY PLASTICS GROUP, INC.**, a Delaware corporation ("Holdings"), each Subsidiary of the Borrower listed on the signature pages hereto (together with Holdings and Borrower, the "Loan Parties"), Credit Suisse AG, Cayman Islands Branch, as an Incremental Term Lender (as defined in the Credit Agreement referred to below) (in such capacity, the "Incremental Term Lender"), and Credit Suisse AG, Cayman Islands Branch (formerly known as Credit Suisse, Cayman Islands Branch), as administrative agent (in such capacity, the "Administrative Agent") for the Lenders under the Credit Agreement.

PRELIMINARY STATEMENTS:

(1) The Loan Parties, the Administrative Agent and the other agents and lenders party thereto are parties to the Second Amended and Restated Term Loan Credit Agreement dated as of April 3, 2007 (as modified by that certain Incremental Assumption Agreement, dated as of February 8, 2013 (the "Initial Incremental Assumption Agreement"), the "Credit Agreement"). Capitalized terms not otherwise defined in this Agreement have the same meanings as specified in the Credit Agreement.

(2) The Borrower has requested that the Incremental Term Lender provide an Incremental Term Loan Commitment (and Incremental Term Loans consisting of Other Term Loans) in the amount of \$1,125,000,000.00 (such commitments, together, the "Term E Loan Commitments" and such Incremental Term Loans, the "Term E Loans"), and the Incremental Term Lender is willing to provide such Incremental Term Loan Commitment and Incremental Term Loans, subject in each case to the terms and conditions set forth herein.

(3) The Loan Parties, the Incremental Term Lender and the Administrative Agent are entering into this Agreement in order to evidence the Term E Loan Commitments and Term E Loans in accordance with Section 2.21 of the Credit Agreement.

SECTION 1. New Commitments and New Loans

Pursuant to Section 2.21 of the Credit Agreement, and subject to the satisfaction of the conditions set forth in Section 3 hereof:

(a) The Incremental Term Lender agrees to make a single loan to the Borrower on the Effective Date in a principal amount not to exceed the amount set forth with respect to the Incremental Term Lender on Schedule 1 hereto (with respect to the Incremental Term Lender, its "Term E Loan Commitment").

(b) The Administrative Agent hereby approves of the Incremental Term Lender as an Incremental Term Lender under the Credit Agreement and approves of the terms of the Term E Loans as set forth in Section 2 hereof.

SECTION 2. Terms of the Term E Loans

Pursuant to Section 2.21 of the Credit Agreement, the Term E Loans shall be Other Term Loans, the terms of which shall be as follows:

(a) The aggregate amount of the Term E Loans and Term E Loan Commitments shall be \$1,125,000,000.00.

(b) The Incremental Term Facility Maturity Date with respect to the Term E Loans shall be the date that is seven years following the Effective Date.

(c) The amortization schedule relating to the Term E Loans shall be as set forth on Annex A attached hereto.

(d) The Applicable Margin with respect to the Term E Loans shall be 2.75% per annum in the case of any Eurocurrency Loan that is a Term E Loan and shall be 1.75% for any ABR Loan that is a Term E Loan.

(e) Solely for the purposes of calculation of interest payable in respect of Term E Loans, the term "ABR" shall mean, for any day, a fluctuating rate per annum equal to the highest of (a) the Federal Funds Effective Rate plus 1/2 of 1%, (b) the rate of interest in effect for such day as publicly announced from time to time by Credit Suisse as its "prime rate" at its principal office in New York, New York and (c) 2.00%. Any change in such rate announced by Credit Suisse shall take effect at the opening of business on the day specified in the public announcement of such change.

(f) Solely for the purposes of calculation of interest payable in respect of Term E Loans, the term "LIBO Rate" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, the greater of (a) 1.00% per annum and (b) the rate per annum equal to the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Bloomberg (or other commercially available source providing quotations of BBA LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; provided, that if such rate is not available at such time for any reason, then the "LIBO Rate" for such Interest Period shall be the rate per annum determined by the Administrative Agent to be the rate at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurocurrency Loan being made, continued or converted by Credit Suisse and with a term equivalent to such Interest Period would be offered by Credit Suisse's London Branch to major banks in the London interbank eurocurrency market at their request at approximately 11:00 a.m. (London time) two Business Days prior to the commencement of such Interest Period.

(g) Notwithstanding anything herein or in the Credit Agreement to the contrary, in the event that, on or prior to the six-month anniversary of the Effective Date, there occurs any Repricing Event or in connection with a Repricing Event constituting an amendment or conversion of Term E Loans, any Incremental Term Lender (as defined in the Credit Agreement) is required to assign its Term E Loans pursuant to Section 2.19(c) of the Credit Agreement, the Borrower shall on the date of such Repricing Event pay to the Administrative Agent, for the account of each Incremental Term Lender (as defined in the Credit Agreement) with such Term E Loans that are subject to such Repricing Event or are required to be so assigned, a fee equal to 1.00% of the principal amount of the Term E Loans subject to such Repricing Event or required to be so assigned; provided that any prepayment of any Term E Loans made in connection with a Change in Control shall not require the payment of the 1.00% premium otherwise provided for in this paragraph.

For purposes of this Section 2(g), "Repricing Event" shall mean any prepayment or repayment of Term E Loans with the proceeds of, or any conversion or amendment of Term E Loans into, any new or replacement tranche of term loans bearing interest with an "effective yield" (taking into account, for example, upfront fees, interest rate spreads, interest rate benchmarks floors and original interest discount, but excluding the effect of any arrangement, structuring, syndication or other fees payable in connection therewith that are not shared with all lenders or holders of such new or replacement loans and without taking into account any fluctuations in the Adjusted LIBO Rate or comparable rate) less than the "effective yield" applicable to the Term E Loans (as such comparative yields are determined consistent with generally accepted financial practices) (it being understood that (x) in each case, the yield shall

exclude any structuring, commitment and arranger fees or other fees unless such similar fees are paid to all lenders generally in the primary syndication of such new or replacement tranche of term loans and shall include any rate floors and any upfront or similar fees paid to all lenders generally in the primary syndication of such new or replacement tranche of term loans or original issue discount payable with respect to such new or replacement tranche of term loans and (y) any such repayment, prepayment or conversion shall only constitute a Repricing Event to the extent the primary purpose of such repayment, prepayment, conversion or amendment, as reasonably determined by the Borrower in good faith, is to reduce the "effective yield" on the Term E Loans).

(h) The provisions set forth in Section 2(h) of the Initial Incremental Assumption Agreement shall also apply to the Term E Loans with the same effect as such terms apply to the Term D Loans, it being understood and agreed that, on and after the Effective Date, such provisions shall apply to, and be effective as to, all Term Loans under the Credit Agreement, as modified by this Agreement.

(i) All other terms not described herein and relating to the Term E Loans shall be the same as the terms of the Term D Loans.

SECTION 3. Conditions to Effectiveness

The Incremental Term Lender agrees to make its Term E Loans to the Borrower in an aggregate principal amount not to exceed its Term E Loan Commitment on and as of the date (the "Effective Date") on which the following conditions shall have been satisfied:

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received, on behalf of itself and the Lenders, a favorable written opinion of Wachtell, Lipton, Rosen & Katz, counsel to the Borrower, Jason Greene, as in-house counsel to the Loan Parties and Richards Layton & Finger, as Delaware counsel to certain of the Loan Parties, each (A) dated the Effective Date, (B) addressed to the Administrative Agent, the Collateral Agent and the Lenders, (C) covering the Borrower and each Loan Party that is organized under the laws of Delaware or New York and (D) customary in form and substance for transactions of the type contemplated hereby and reasonably satisfactory to the Administrative Agent and covering such matters as are customary for transactions of the type contemplated hereby and consistent with the opinions delivered in connection with the Initial Incremental Assumption Agreement.

(c) The Administrative Agent shall have received in the case of each Loan Party each of the items referred to in clauses (i), (ii), (iii) and (iv) below:

(i) a copy of the certificate or articles of incorporation, certificate of limited partnership or certificate of formation, including all amendments thereto, of each Loan Party, (A) in the case of a corporation, certified as of a recent date by the Secretary of State (or other similar official) of the jurisdiction of its organization, and a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Loan Party as of a recent date from such Secretary of State (or other similar official) or (B) in the case of a partnership or limited liability company, certified by the Secretary or Assistant Secretary of each such Loan Party;

(ii) a certificate of the Secretary or Assistant Secretary or similar officer of each Loan Party dated the Effective Date and certifying:

(A) that attached thereto is a true and complete copy of the by-laws (or partnership agreement, limited liability company agreement or other equivalent governing documents) of such Loan Party as in effect on the Effective Date and at all times since the date of the resolutions described in clause (B) below,

(B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member) authorizing the execution, delivery and performance of this Agreement and, in the case of the Borrower, the borrowing of Term E Loans, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Effective Date,

(C) that the certificate or articles of incorporation, certificate of limited partnership or certificate of formation of such Loan Party has not been amended since the date of the last amendment thereto disclosed pursuant to clause (i) above,

(D) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of such Loan Party, and

(E) as to the absence of any pending proceeding for the dissolution or liquidation of such Loan Party or, to the knowledge of such person, threatening the existence of such Loan Party;

(iii) certification of a director or another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary or similar officer executing the certificate delivered pursuant to Section 3(c)(ii); and

(iv) a certificate of a Responsible Officer of the Borrower as to satisfaction of the condition set forth in Section 3(e) hereof.

(d) The Administrative Agent and the Incremental Term Lender shall have received all fees (including in respect of original issue discount or upfront fees) due and payable thereto on or prior to the Effective Date and, to the extent invoiced, all other amounts due and payable (whether pursuant to the Loan Documents or any agreement relating to the arrangement of the Term E Commitments) on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including reasonable fees, charges and disbursements of Latham & Watkins LLP and local counsel) required to be reimbursed or paid by the Loan Parties hereunder or under any Loan Document.

(e) The representations and warranties set forth in Article III of the Credit Agreement shall be true and correct in all material respects as of the Effective Date, in each case, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date), and immediately after giving effect to the Borrowing of the Term E Loans, no Event of Default or Default shall have occurred and be continuing or would result therefrom.

(f) Substantially concurrently with the making by the Incremental Term Lender of its Term E Loans to the Borrower on the Effective Date, all of the principal, interest, fees and other amounts due and payable in respect of the Term C Loans under the Credit Agreement shall have been paid by the Borrower.

(g) The Administrative Agent shall have received a "Life-of-Loan" flood hazard determination notice for each real property encumbered by a Mortgage, and if such real property is located in a special flood hazard area, (x) a notice about special flood hazard area status and flood disaster assistance duly executed by the Borrower and the applicable Loan Party and (y) certificates of flood insurance evidencing any such insurance required by the Credit Agreement.

SECTION 4. Post Effective Date Security Documentation.

(a) The Borrower shall and shall cause each Material Subsidiary to within 90 days (with up to an additional 30 days if reasonably necessary) after the Effective Date (or such longer period as the Administrative Agent may determine), execute, deliver and file, as applicable amendments (to the extent reasonably required by the Administrative Agent) to the Mortgages existing prior to the Effective Date to give effect to the Term E Loans, together with (w) such title endorsements to the existing title insurance policies relating to the property subject to such Mortgages as are reasonably required by the Administrative Agent, which shall be in the same insured amount and otherwise consistent with those that have been issued previously in connection with such title insurance policies (it being understood that the Borrower shall not be required to deliver (I) any zoning opinion (except that if reasonably required by the title insurer, the Borrower shall provide customary zoning reports from a national zoning information service), or (II) any new, updated or revised survey (subject to any "no-change" survey affidavit below), (x) such owner's title affidavits as may be reasonably required by the title insurer (if any) in substantially the form previously accepted by the title insurer with respect to such Mortgages, including therein any so-called "no-change" survey affidavit, (y) any documents required in connection with the recording of such mortgage amendments and (z) with respect to each Mortgage amendment, an opinion of local counsel (to the extent delivered in connection with previous amendments of the Mortgages required to give effect to the Term D Loans, if any), in form and substance substantially consistent (or with such changes requested by such local counsel as the Administrative Agent shall agree, in its reasonable discretion) with those, if any, delivered in connection with previous amendments to the Mortgages.

SECTION 5. Representations and Warranties. On the Effective Date, the Loan Parties represent and warrant to the Incremental Term Lender that: (a) the execution, delivery and performance by Holdings, the Borrower and each of the Subsidiary Loan Parties of this Agreement and the incurrence of the Term E Loans hereunder and under the Credit Agreement (as amended hereby) are permitted under, and do not conflict with or violate, the terms of the Credit Agreement, the Intercreditor Agreement or the Senior Lender Intercreditor Agreement, (b) the proceeds of the Term E Loans will be used substantially simultaneously by the Borrower to repay all of the Term C Loans, (c) no action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with this Agreement or the incurrence by the Borrower of the Term E Loans, except for the actions contemplated by Section 4 above, (d) immediately after giving effect to the incurrence by the Borrower of the Term E Loans and the use of proceeds thereof, (i) the fair value of the assets of the Borrower (individually) and Holdings, the Borrower and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, of the Borrower (individually) and Holdings, the Borrower and its Subsidiaries on a consolidated basis, respectively; (ii) the present fair saleable value of the property of the Borrower (individually) and Holdings, the Borrower and its Subsidiaries on a consolidated basis will be greater than the amount that will be required to pay the probable liability of the Borrower (individually) and Holdings, the Borrower and its Subsidiaries on a consolidated basis, respectively, on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (iii) the Borrower (individually) and Holdings, the Borrower and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (iv) the Borrower (individually) and Holdings, the Borrower and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Effective Date, and (e) on the Effective Date, neither Holdings nor the Borrower intends to, and neither Holdings nor the Borrower believes that it or any of its subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such subsidiary.

SECTION 6. Reference to and Effect on the Credit Agreement; Confirmation of Guarantors. (a) On and after the effectiveness of this Agreement, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “hereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by, and after giving effect to, this Agreement.

(b) Each Loan Document, after giving effect to this Agreement, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed, except that, on and after the effectiveness of this Agreement, each reference in each of the Loan Documents (including the Collateral Agreement and the other Security Documents) to the “Credit Agreement”, “thereunder”, “thereof” or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement, as amended by, and after giving effect to, this Agreement, and each reference to “Lender” therein shall, for the avoidance of doubt, include each Incremental Term Lender (as defined in the Credit Agreement), including the Incremental Term Lender. Without limiting the generality of the foregoing, the Security Documents (in the case of the Mortgages, after giving effect to any amendments thereto required to give effect to the Term E Loans) and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, as amended by, and after giving effect to, this Agreement (in the case of the Mortgages, subject to any limitations contained in the Mortgages on maximum indebtedness or maximum indebtedness permitted to be secured thereby), in each case subject to the terms thereof.

(c) Each Loan Party hereby (i) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under each of the Loan Documents to which it is a party, (ii) ratifies and reaffirms each grant of a lien on, or security interest in, its property made pursuant to the Loan Documents (including, without limitation, the grant of security made by such Loan Party pursuant to the Collateral Agreement) and confirms that (in the case of the Mortgages, if any after giving effect to any amendments required to give effect to the Term E Loans) such liens and security interests continue to secure the Obligations under the Loan Documents, including, without limitation, all Obligations resulting from or incurred pursuant to the Term E Loans (in the case of the Mortgages, subject to any limitations contained in the Mortgages on maximum indebtedness or maximum indebtedness permitted to be secured thereby), in each case subject to the terms thereof and (iii) in the case of each Guarantor, ratifies and reaffirms its guaranty of the Obligations pursuant to Article II of the Collateral Agreement.

(d) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or any Agent under any of the Loan Documents, or constitute a waiver of any provision of any of the Loan Documents.

(e) This Agreement is a Loan Document.

SECTION 7. Incremental Term Lender.

(a) The Incremental Term Lender (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 5.04 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; (ii) agrees that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) represents and warrants that its name set forth on its signature page hereto is its legal name; (iv) confirms that it is not the Borrower or any of its Subsidiaries or an Affiliate of any of them; (v) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to such Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (vi) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vii) attaches any U.S. Internal Revenue Service forms required under Section 2.17 of the Credit Agreement.

(b) On and after the Effective Date, the Incremental Term Lender shall be a party to the Credit Agreement as a Lender and shall have all of the rights and obligations of a Lender thereunder. All notices and other communications provided for hereunder or under the Loan Documents to the Incremental Term Lender shall be to its address as set forth in the administrative questionnaire it has furnished to the Administrative Agent.

SECTION 8. Costs, Expenses. The Borrower agrees to pay all reasonable out-of-pocket costs and expenses (including Other Taxes) incurred by the Administrative Agent in connection with the preparation, execution and delivery of this Agreement and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 9.05 of the Credit Agreement.

SECTION 9. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 3. Delivery of an executed counterpart to this Agreement by facsimile transmission (or other electronic transmission pursuant to procedures approved by the Administrative Agent) shall be effective as delivery of a manually signed original.

SECTION 10. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BERRY PLASTICS CORPORATION

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

BERRY PLASTICS GROUP, INC.

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

[Signature Page for Incremental Assumption Agreement]

BERRY PLASTICS TECHNICAL SERVICES, INC.
BERRY STERLING CORPORATION
CPI HOLDING CORPORATION
PESCOR, INC.
VENTURE PACKAGING, INC.
VENTURE PACKAGING MIDWEST, INC.
BERRY PLASTICS ACQUISITION CORPORATION V
BERRY PLASTICS OPCO, INC.
BERRY PLASTICS ACQUISITION CORPORATION IX
BERRY PLASTICS ACQUISITION CORPORATION XII
BERRY PLASTICS ACQUISITION CORPORATION XIII
CAPLAS NEPTUNE, LLC
CAPLAS LLC
PRIME LABEL & SCREEN INCORPORATED

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

BPREX CLOSURES, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

CARDINAL PACKAGING, INC.

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

BERRY PLASTICS SP, INC.

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

[Signature Page for Incremental Assumption Agreement]

ROLLPAK CORPORATION

By: /s/ Mark W. Miles

Mark W. Miles
Title: Chief Financial Officer

BPREX CLOSURES KENTUCKY INC.

By: /s/ Mark W. Miles

Mark W. Miles
Title: Chief Financial Officer

BPREX CLOSURE SYSTEMS, LLC

By: /s/ Mark W. Miles

Mark W. Miles
Title: Chief Financial Officer

BPREX DELTA INC.

By: /s/ Mark W. Miles

Mark W. Miles
Title: Chief Financial Officer

BERRY PLASTICS FILMCO, INC.

By: /s/ Mark W. Miles

Mark W. Miles
Title: Chief Financial Officer

[Signature Page for Incremental Assumption Agreement]

AEROCON, LLC
BERRY PLASTICS IK, LLC

By: /s/ Mark W. Miles
Mark W. Miles
Title: Chief Financial Officer

BERRY PLASTICS ACQUISITION CORPORATION XV,
LLC

By: /s/ Mark W. Miles
Mark W. Miles
Title: Chief Financial Officer

BERRY PLASTICS DESIGN, LLC

By: /s/ Mark W. Miles
Mark W. Miles
Title: Chief Financial Officer

[Signature Page for Incremental Assumption Agreement]

COVALENCE SPECIALTY COATINGS LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

COVALENCE SPECIALTY ADHESIVES LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

KERR GROUP, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

POLY-SEAL, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

[Signature Page for Incremental Assumption Agreement]

BERRY PLASTICS ACQUISITION LLC X

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

SEAL FOR LIFE INDUSTRIES, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

SAFFRON ACQUISITION, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

SUN COAST INDUSTRIES, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

SETCO, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

GRAFCO INDUSTRIES LIMITED PARTNERSHIP

By: Caplas Neptune, LLC its General Partner

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

CAPTIVE PLASTICS HOLDINGS, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

CAPTIVE PLASTICS, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

KNIGHT PLASTICS, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

PACKERWARE, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

PLIANT, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

[Signature Page for Incremental Assumption Agreement]

UNIPLAST HOLDINGS, LLC

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

UNIPLAST U.S., INC.

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

PLIANT CORPORATION INTERNATIONAL

By: /s/ Mark W. Miles

Mark W. Miles

Title: Chief Financial Officer

[Signature Page for Incremental Assumption Agreement]

CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH, as Administrative Agent

By: /s/ Doreen Barr

Doreen Barr

Title: Authorized Signatory

By: /s/Jean-Marc Vauclair

Title: Authorized Signatory

[Signature Page for Incremental Assumption Agreement]

CREDIT SUISSE AG, CAYMAN ISLANDS
BRANCH, as Incremental Term Lender

By: /s/ Doreen Barr

Doreen Barr

Title: Authorized Signatory

By: /s/ Jean-Marc Vauclair

Jean-Marc Vauclair

Title: Authorized Signatory

[Signature Page for Incremental Assumption Agreement]

Schedule 1

Incremental Term Lender

Term E Loan Commitments

Credit Suisse AG, Cayman Islands Branch

\$1,125,000,000.00

Annex A

Subject to the provisions of Section 2.10 of the Credit Agreement, the Borrower shall repay Term E Loans on each date set forth below in the aggregate principal amount set forth opposite such date (each such date being referred to as a "Term E Loan Installment Date")

Date	Amount of Term E Loans to Be Repaid
June 30, 2014	\$ 2,812,500
September 30, 2014	\$ 2,812,500
December 31, 2014	\$ 2,812,500
March 31, 2015	\$ 2,812,500
June 30, 2015	\$ 2,812,500
September 30, 2015	\$ 2,812,500
December 31, 2015	\$ 2,812,500
March 31, 2016	\$ 2,812,500
June 30, 2016	\$ 2,812,500
September 30, 2016	\$ 2,812,500
December 31, 2016	\$ 2,812,500
March 31, 2017	\$ 2,812,500
June 30, 2017	\$ 2,812,500
September 30, 2017	\$ 2,812,500
December 31, 2017	\$ 2,812,500
March 31, 2018	\$ 2,812,500
June 30, 2018	\$ 2,812,500
September 30, 2018	\$ 2,812,500
December 31, 2018	\$ 2,812,500
March 31, 2019	\$ 2,812,500
June 30, 2019	\$ 2,812,500
September 30, 2019	\$ 2,812,500
December 31, 2019	\$ 2,812,500
March 31, 2020	\$ 2,812,500
June 30, 2020	\$ 2,812,500
September 30, 2020	\$ 2,812,500
December 31, 2020	\$ 2,812,500
Incremental Term Facility Maturity Date with respect to the Term E Loans	\$1,049,062,500 or remainder



**AMENDMENT TO EMPLOYMENT
AGREEMENT** dated as of September 13, 2006, between
Berry Plastics Corporation, a Delaware corporation (the
“Corporation”), and CURTIS L. BEGLE (the “Employee”).

WHEREAS, the Employee has entered into an employment agreement with the Corporation, dated as of September 13, 2006 (the “Employment Agreement”);

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth and for other good and valuable consideration, the parties hereto do hereby agree to amend the Employment Agreement, effective as of as of and subject to the occurrence of the Closing Date (as defined in the Agreement and Plan of Merger (the “Merger Agreement”), dated as of June 28, 2006, by and between BPC Holding Corporation, BPC Holding Acquisition Corp. and BPC Acquisition Corp.), as follows (the “Amendment”):

1. Term. Section 1 of the Employment Agreement is hereby deleted in its entirety and replaced with the following text:

“Subject to earlier termination as provided herein, the employment of the Employee hereunder shall commence on the [Commencement Date/Effective Date] and terminate on December 31, 2011. Such period of employment is hereinafter referred to as the “Employment Period.”

2. Retiree Plan. A new Section 8(c) is hereby inserted in the Employment Agreement and shall read as follows:

“Upon the termination of the Employee’s employment by reason of “retirement” (as defined in the Corporation’s Health and Welfare Plan for Early Retirees (the “Retiree Plan”)), the Employee (and his or her eligible spouse and dependents) shall be entitled to receive post-retirement medical insurance coverage pursuant to the terms of the Retiree Plan, for which the cost of premiums shall be paid by the Employee (or such spouse and/or dependents). In the event that the Retiree Plan is no longer in effect (or if otherwise necessary for tax and legal purposes), the Corporation shall make available equivalent coverage to the Employee (and such spouse and/or dependents) at substantially the same cost to the Employee (and such spouse and/or dependents) as would have been charged under the Retiree Plan as of the earlier of the date the Retiree Plan is terminated and the time of the Employee’s retirement (“Equivalent Retiree Coverage”); provided, however, that the Corporation may increase the premium charged to the Employee (and such spouse and/or dependents) based on the increase in cost, if any, to provide the Retiree Plan that may arise after the Employee’s retirement. The Corporation shall take all action necessary to ensure that the Equivalent Retiree Coverage, if any, shall be provided other than pursuant to the terms of a self-insured medical reimbursement plan that does not satisfy the requirements of Section 105(h)(2) of the Internal Revenue Code of 1986, as amended.”

3. Former Section 8(c) of the Employment Agreement shall be re-numbered 8(d).

4. Restrictive Covenants. Clause (iii) of Section 10(a) of the Employment Agreement is hereby deleted in its entirety and replaced with the following text:

“(iii) induce or solicit individuals who are, or were at any time in the preceding twelve months, employees of the Corporation or any direct or indirect subsidiary or affiliate thereof to terminate their employment with the Corporation or any such direct or indirect subsidiary or affiliate or to engage in any Competing Business, or hire, or induce or solicit (or assist others to hire or induce or solicit) the hiring of, individuals then employed, or employed at any time in the preceding twelve months, by the Corporation or any subsidiary thereof, or”

5. Counterparts. This Amendment may be executed in any number of counterparts, and each such counterpart shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

IN WITNESS WHEREOF, the Corporation has caused this Amendment to be duly executed by its officer thereunder duly authorized and the Employee has hereunto set his hand, all as of the day and year first set forth above.

BERRY PLASTICS CORPORATION

By: /s/ Marcia Jochem
Name: Marcia Jochem
Title: Executive Vice President, Human Resources

ACCEPTED:

The undersigned hereby acknowledges having read this Amendment and, having had the opportunity to consult with legal and tax advisors, hereby agrees to be bound by all provisions set forth herein.

/s/ Curtis L. Begle
Curtis L. Begle



**Amendment to
Employment Agreement**

Your employment agreement (the "Agreement") with Berry Plastics Corporation (the "Company") is hereby amended, effective as of December 31, 2008.

In consideration of the premises and the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, you and the Company hereby agree to amend the Agreement as follows:

1. Section 5(h) of the Agreement is hereby amended to include the following text at the end thereof:

"Any such bonus or incentive payment shall be paid no later than two and a half months after the end of the fiscal year in respect of which such payment is awarded, unless the Employee shall elect to defer the receipt of such payment pursuant to an arrangement that meets the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code")."

2. Section 7(c) of the Agreement is hereby amended to include the following text at the end thereof:

"Notwithstanding the foregoing, in no event shall the Termination Date occur until the Employee experiences a "separation from service" within the meaning of Section 409A of the Code, and the date on which such separation from service takes place shall be the "Termination Date."

3. The final sentence of Section 8(c) of the Agreement is hereby amended to include the following text after the word "provided":

"in such a manner that such benefits are excluded from the Employee's income for federal income tax purposes and"

Except as expressly modified hereby, the terms and provisions of the Agreement shall remain in full force and effect

Sincerely,
BERRY PLASTICS CORPORATION

/s/ Marcia Jochem
Marcia Jochem
Executive Vice President, Human Resources

Acknowledged and Agreed:

/s/ Curtis Begle
Printed Name: Curtis Begle



AMENDMENT TO EMPLOYMENT AGREEMENT

AMENDMENT NO. 3 dated as of August 1, 2010 between **BERRY PLASTICS CORPORATION**, a Delaware corporation (the "Corporation"), and **CURTIS L. BEGLE** (the "Employee").

Reference is made to the Employment Agreement dated as of January 1, 2001 as amended on September 13, 2006 and as further amended on December 31, 2008 (the "Agreement"), between the Corporation and the Employee. The Corporation and the Employee desire to amend certain terms of the Agreement. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Agreement.

Accordingly, in consideration of the mutual covenants and premises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Termination of Employment.** Section 8(b) of the Agreement is hereby amended by adding a new paragraph (iii) which reads in its entirety as follows:

"(iii) the applicable bonus provided for in Section 5(b) computed on a pro-rata basis to the Termination Date, payable at the same time and in the same manner only as, if and when bonuses are paid to other employees of the Corporation of comparable level."
2. **Effect of Amendment.** Except as expressly amended hereby, the Agreement shall remain in full force and effect and unchanged.
3. **Counterparts.** This Amendment No. 3 may be executed in one or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties have hereunto set their hands as of the date first written above.

BERRY PLASTICS CORPORATION

By: /s/ Marcia Jochem
Marcia Jochem
Executive Vice President, Human Resources

/s/ Curtis Begle
Curtis Begle



AMENDMENT TO EMPLOYMENT AGREEMENT

Your employment agreement (the “Agreement”) with Berry Plastics Corporation (the “Corporation”), as previously amended from time to time, is hereby amended as set forth herein,

In consideration of the premises and the mutual covenants, representations, warranties and agreements contained herein, and intending to be legally bound hereby, you and the Corporation hereby agree to the following:

1. Amendments Effective on Agreement Expiration. The following amendments and modifications to the Agreement shall be effective as of the expiration of the Agreement:

A. Employment, Effectiveness of Agreement. Section 1 of the Agreement is hereby deleted in its entirety and replaced with the following text:

The employment of the Employee hereunder shall continue indefinitely until terminated as provided herein. Such period of employment is hereinafter referred to as the “Employment Period”. The “Commencement Date” is the date that the Employee and the Corporation first executed an employment agreement regarding the Employee’s employment with the Corporation.

B. Term. Section 2 of the Agreement is deleted in its entirety.

C. Effect of Termination of Employment. Section 8 of the Agreement is hereby deleted in its entirety and replaced with the following text:

Effect of Termination of Employment.

- (a) Upon the effective date of termination of the Employee’s employment pursuant to Section 6, Section 7(a) or Section 7(c) hereof, neither the Employee nor the Employee’s beneficiaries or estate shall have any further rights under this Agreement or any claims against the Corporation arising out of this Agreement, except the right to receive, within 30 days of the Termination Date:
- (i) the unpaid portion of the Base Salary provided for in Section 5(a), computed on a pro rata basis to the Termination Date;
 - (ii) reimbursement for any expenses for which the Employee shall not have theretofore been reimbursed, as provided in Section 5(d); and
 - (iii) the unpaid portion of any amounts earned by the Employee prior to the Termination Date pursuant to any Benefit Arrangement; provided, however, unless specifically provided otherwise in this Section 8, the Employee shall not be entitled to receive any benefits under a Benefit Arrangement that have accrued during a fiscal year if the terms of such Benefit Arrangement require that the beneficiary be employed by the Corporation as of the end of such fiscal year.
-

- (b) Upon the termination of the Employee's employment pursuant to Section 7(b) prior to January 1, 2015, neither the Employee nor the Employee's beneficiaries or estate shall have any further rights under this Agreement or any claims against the Corporation arising out of this Agreement, except the right to receive:
- (i) the unpaid portion of the Base Salary, computed on a pro rata basis, for the period from the Commencement Date until twelve (12) months after the Termination Date, payable in such installments as the Base Salary was paid prior to the Termination Date;
 - (ii) the payments, if any, referred to in Sections 8(a)(ii) and (iii); and
 - (iii) the applicable bonus provided for in Section 5(b) computed on a pro rata basis to the Termination Date, payable at the same time and in the same manner only as, if and when bonuses are paid to other employees of the Corporation of comparable level.
- (c) Upon the termination of the Employee's employment pursuant to Section 7(b) on or after January 1, 2015, neither the Employee nor the Employee's beneficiaries or estate shall have any further rights under this Agreement or any claims against the Corporation arising out of this Agreement, except the right to receive:
- (i) severance benefits pursuant to the provisions of the Berry Plastics Corporation Severance Pay Plan in effect as of the Termination Date;
 - (ii) the payments, if any, referred to in Sections 8(a)(i), (ii) and (iii); and
 - (iii) the payments, if any, referred to in Section 8(b)(iii).
- (d) The Employee's obligations under Sections 9, 10 and 11 of this Agreement, and the Corporation's obligations under this Section 8, shall survive the termination of this Agreement and the termination of the Employee's employment hereunder.
- (e) In consideration for the promises and monies paid by the Corporation in accordance with the Agreement, the Employee must execute and return to the Corporation, and not revoke any part of, a Separation Agreement and Release (the "Release") containing a general release and waiver of claims against the Corporation and its respective officers, directors, stockholders, employees and affiliates with respect to Employee's employment, and other customary terms, in a form and substance substantially similar to the Release attached hereto as Schedule A. The Employee must deliver the executed Release within the minimum time period required by law or, if none, within 14 days after the Employee receives the Release from the Corporation.
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D. Restrictive Covenants. At the end of Section 10(a) of the Agreement, the following text is hereby added:

Notwithstanding the above, if Employee separates from employment and is an eligible employee under the Berry Plastics Corporation and Subsidiaries Severance Pay Plan (the "Plan"), Section 3(i) and (ii) above will be effective only during the time period Employee receives such severance payments under the Plan.

E. Benefits of Agreement; Assignment. Section 12(f) of the Employment Agreement is hereby deleted in its entirety and replaced with the following text:

Benefits of Agreement; Assignment. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, assigns, representatives, heirs and estate, as applicable. Anything contained herein to the contrary notwithstanding, this Agreement shall not be assignable by any party hereto without the consent of the other party hereto; provided however, the Corporation may assign this Agreement to any subsidiary or affiliate of the Corporation or to any purchaser of the equity interests or substantially all of the assets of the business segment of the Corporation to which Employee has been assigned.

2. Current Amendments. The following amendments and modifications to the Agreement shall be effective as of December 31, 2011:

A. Section 5(b) of the Agreement is hereby amended by adding the following text to the end thereof:

Any such bonus or incentive payment shall be paid no later than two and one-half months after the end of the fiscal year of which such payment is awarded, unless the Employee shall elect to defer the receipt of such payment pursuant to an arrangement that meets the requirements of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code").

B. Section 7(c) of the Agreement is hereby amended by adding the following text to the end thereof:

Notwithstanding the foregoing, in no event shall the Termination Date occur until the Employee experiences a "separation from service" within the meaning of Code Section 409A, and the date which such separation from service takes place shall be the "Termination Date".

C. The following text is hereby added as Section 12(k):

Compliance With Code Section 409A.

- (i) Notwithstanding any provision of this Agreement to the contrary, this Agreement is intended to be exempt from or, in the alternative, comply with Code Section 409A and the interpretive guidance in effect thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions. The Agreement shall be construed and interpreted in accordance with such intent.
- (ii) In the event that it is determined that any payment, coverage or benefit due or owing to the Employee pursuant to this Agreement is subject to the additional tax imposed by Code Section 409A or any successor provision thereof or any interest or penalties, including interest imposed under Code Section 409(A)(1)(B)(i)(I), incurred by the Employee as a result of the application of such provision, the Corporation agrees to cooperate with the Employee to modify the Agreement, but only (A) to the minimum extent necessary to avoid the application of such tax and (B) to the extent that the Corporation would not, as a result, suffer any adverse consequences.
- (iii) In the event the Employee is a "Specified Employee," within the meaning of Code Section 409A and Treas. Reg. 1.409A-1(c)(i) (or any similar or successor provisions) as determined in accordance with the Corporation's policy for determining Specified Employees, cash severance or any other amounts that are nonqualified deferred compensation (within the meaning of Code Section 409A that would otherwise be payable during the six-month period immediately following the Termination Date shall, to the extent required by Code Section 409A, instead be paid on the earlier of (i) the first business day after the date that is six months after the Termination Date or (ii) the Employee's death.
- (iv) For purposes of this Agreement, all payments of "deferred compensation," as defined in Code Section 409A, due to the Employee's "termination of employment" shall be payable upon the Executive's "separation from service," as defined by Treas. Reg. §1.409A-1(h).

[Remainder of Page Intentionally Left Blank]

Except as expressly modified hereby, the terms and provisions of the Agreement shall remain in full force and effect.

Sincerely,
BERRY PLASTICS CORPORATION

/s/ Edward Stratton
Edward Stratton
Executive Vice President, Human Resources

Acknowledged and Agreed:

/s/ Curtis Begle
Printed Name: Curtis Begle
Date: 12-16-11

SCHEDULE A

FORM OF WAIVER AND RELEASE

Release. In consideration of the promises and monies paid by Berry in this Agreement, and intending to be legally bound, Employee does hereby REMISE, RELEASE AND FOREVER DISCHARGE the Company, its affiliates, subsidiaries and parents, and its officers, directors, employees, and agents, and its and their respective successors and assigns, heirs, executors, and administrators (collectively, "Releasees") from all causes of action, suits, debts, claims and demands whatsoever in law or in equity, which Employee ever had, now has, or hereafter may have, whether known or unknown, or which Employee's heirs, executors, or administrators may have, by reason of any matter, cause or thing whatsoever, from the beginning of Employee's employment to the date of this Agreement, and particularly, but without limitation of the foregoing general terms, any claims arising from or relating in any way to Employee's employment relationship with Company, the terms and conditions of that employment relationship, and the termination of that employment relationship, including, but not limited to the following:

Anti-discrimination and retaliation statutes, such as Title VII of the Civil Rights Act of 1964, which prohibits discrimination and harassment based on race, color, national origin, religion, and sex and prohibits retaliation; the Age Discrimination in Employment Act ("ADEA"), which prohibits age discrimination in employment; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; the Americans With Disabilities Act and Sections 503 and 504 of the Rehabilitation Act of 1973, which prohibit discrimination based on disability; Sections 1981 and 1983 of the Civil Rights Act of 1866, which prohibit discrimination and harassment on the basis of race, color, national origin, religion or sex; the Sarbanes-Oxley Act of 2002, which prohibits retaliation against employees who participate in any investigation or proceeding related to an alleged violation of mail, wire, bank, or securities laws; applicable state anti-discrimination statutes, which prohibit retaliation and discrimination on the basis of age, disability, gender, race, color, religion, and national origin; and any other federal, state, or local laws prohibiting employment discrimination or retaliation.

Federal employment statutes, such as the WARN Act, which requires that advance notice be given of certain work force reductions; the Employee Retirement Income Security Act of 1974, which, among other things, protects employee benefits; the Family and Medical Leave Act of 1993, which requires employers to provide leaves of absence under certain circumstances; and any other federal laws relating to employment, such as veterans' reemployment rights laws.

Other laws, such as any federal, state, or local laws providing workers' compensation benefits (except as otherwise prohibited by law), restricting an employer's right to terminate employees, or otherwise regulating employment; any federal, state, or local law enforcing express or implied employment contracts or requiring an employer to deal with employees fairly or in good faith; any state and federal whistleblower laws, any other federal, state, or local laws providing recourse for alleged wrongful discharge, improper garnishment, assignment, or deduction from wages, health and/or safety violations, improper drug and/or alcohol testing, tort, physical or personal injury, emotional distress, fraud, negligence, negligent misrepresentation, abusive litigation, and similar or related claims, willful or negligent infliction of emotional harm, libel, slander, defamation and/or any other common law or statutory causes of action.

Examples of released claims, include, but are not limited to the following (except to the extent explicitly preserved by Section 2(a), above, of this Agreement): (i) claims that in any way relate to allegations of alleged discrimination, retaliation or harassment; (ii) claims that in any way relate to Employee's employment with the Company and/or its conclusion, such as claims for breach of contract, compensation, overtime wages, promotions, upgrades, bonuses, commissions, lost wages, or unused accrued vacation or sick pay; (iii) claims that in any way relate to any state law contract or tort causes of action; and (iv) any claims to attorneys' fees, costs and/or expenses or other indemnities with respect to claims Employee is releasing.

To the fullest extent permitted by law Employee represents and affirms that (i), Employee has not filed or caused to be filed on Employee's behalf any claim for relief against the Company or any Releasee and, to the best of Employee's knowledge and belief, no outstanding claims for relief have been filed or asserted against the Company or any Releasee on Employee's behalf; and (ii) , Employee has no knowledge of any improper, unethical or illegal conduct or activities that Employee has not already reported to any supervisor, manager, department head, human resources representative, agent or other representative of the Company, to any member of the Company's legal or compliance departments, or to the ethics hotline; and (iii) Employee will not file, commence, prosecute or participate in any judicial or arbitral action or proceeding against the Company or any Releasee based upon or arising out of any act, omission, transaction, occurrence, contract, claim or event existing or occurring on or before the date of this Agreement. This provision shall not apply to any non-waivable charges or claims brought before any governmental agency. With respect to any such non-waivable claims, however, Employee agrees to waive his/her right (if any) to any monetary or other recovery, including but not limited to reinstatement, should any governmental agency or other third party pursue any claims on his/her behalf, either individually or as part of any class or collective action,

Employee represents and warrants that he/she has not sold, assigned or transferred any claim he/she is purporting to release, nor has he/she attempted to do so. Employee expressly represents and warrants that he/she has the full legal authority to enter into this Agreement for himself/herself and his/her estate, and does not require the approval of anyone else.

FMLA and FLSA Rights Honored: Employee acknowledges that he/she has received all of the leave from work for family and/or personal medical reasons and/or other benefits to which he/she believes he/she is entitled under Employer's policy and the Family and Medical Leave Act of 1993 ("FMLA"), as amended. Employee has no pending request for FMLA leave with Employer; nor has Employer mistreated Employee in any way on account of any illness or injury to Employee or any member of Employee's family. Employee further acknowledges that he/she has received all of the monetary compensation, including hourly wages, salary and/or overtime compensation, to which he/she believes he/she is entitled under the Fair Labor Standards Act ("FLSA"), as amended.

[if Employee is over 40 years of age, this provision will be included:

Period of Consideration and Revocation - It is understood that Employee shall have twenty-one (21) [or forty-five (45) days (depending on the reason for termination)] from today to decide whether they wish to enter into this separation agreement. It is further understood that Employee will have seven (7) days from the date that they execute this Agreement to revoke the Agreement. Any revocation within this period must be submitted, in writing, to the Company and state, "I hereby revoke my acceptance of our Agreement." The revocation must be mailed to the Executive Vice President of Human Resources, Berry Plastics Corporation, 101 Oakley Street, Evansville, Indiana 47710. If Employee decides to enter into this Agreement, its salary continuation terms shall be applied retroactive to the date Employee signs.]

Access to Independent Legal Counsel; Knowing anti Voluntary Execution: EMPLOYEE ACKNOWLEDGES THAT HE/SHE HAS BEEN ADVISED TO SEEK INDEPENDENT LEGAL COUNSEL OF HIS/HER OWN CHOOSING IN CONNECTION WITH ENTERING INTO THIS AGREEMENT. EMPLOYEE FURTHER ACKNOWLEDGES THAT IF DESIRED, HIS/HER LEGAL COUNSEL HAS REVIEWED THIS AGREEMENT, THAT EMPLOYEE FULLY UNDERSTANDS THE TERMS AND CONDITIONS OF THIS AGREEMENT AND THAT EMPLOYEE AGREES TO BE FULLY BOUND BY AND SUBJECT THERETO. EMPLOYEE HAS CAREFULLY READ THIS AGREEMENT AND KNOWS AND UNDERSTANDS THE CONTENTS THEREOF, AND THAT HE/SHE EXECUTES THE SAME AS HIS/HER OWN FREE ACT AND DEED.



CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Jonathan D. Rich, Chairman and Chief Executive Officer of Berry Plastics Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Berry Plastics Group, Inc. (the "Registrant");

2. Based on my knowledge, this 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 report;

3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Jonathan D. Rich

Jonathan D. Rich

Chairman and Chief Executive Officer

Date: January 31, 2014



CHIEF FINANCIAL OFFICER CERTIFICATION

I, Mark W. Miles, Chief Financial Officer of Berry Plastics Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Berry Plastics Group, Inc. (the "Registrant");
 2. Based on my knowledge, this 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 report;
 3. Based on my knowledge, the financial statements, and other financial information included in this 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 report;
 4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 annual report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
 5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):
-

All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

- (a) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ Mark W. Miles

Mark W. Miles

Chief Financial Officer

Date: January 31, 2014



**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Berry Plastics Group, Inc. (the "Registrant") on Form 10-Q for the quarter ended December 28, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jonathan D. Rich, Chairman and Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Jonathan D. Rich
Jonathan D. Rich
Chairman and Chief Executive Officer

Date: January 31, 2014

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS
ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Berry Plastics Group, Inc. (the "Registrant") on Form 10-Q for the quarter ended December 28, 2013, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark W. Miles, the Chief Financial Officer, Assistant Secretary and Treasurer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Mark W. Miles

Mark W. Miles

Chief Financial Officer

Date: January 31, 2014
