BERRY PLASTICS CORP
Form 10-Q
May 15, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________________ to ___________________

Commission File Number 33-75706

BPC HOLDING CORPORATION
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Delaware	35-1814673
(State or other jurisdiction of incorporation or organization)	(IRS employer identification number

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

Delaware	35-1813706
(State or other jurisdiction of incorporation or organization)	(IRS employer identification number

101 Oakley Street Evansville, Indiana	47710
(Address of principal executive offices)	(Zip code)

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

NONE

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. [X]Yes [ ]No

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

As of April 30, 2001, the following shares of capital stock of BPC Holding Corporation were outstanding: 91,000 shares of Class A Voting Common Stock; 259,000 shares of Class A Nonvoting Common Stock; 144,546 shares of Class B Voting Common Stock; 56,509 shares of Class B Nonvoting Common Stock; and 16,833 shares of Class C Nonvoting Common Stock. As of April 30, 2001 there were outstanding 100 shares of the Common Stock, $.01 par value, of Berry Plastics Corporation.

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

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

BPC HOLDING CORPORATION
BERRY PLASTICS CORPORATION

FORM 10-Q INDEX

FOR QUARTERLY PERIOD ENDED MARCH 31, 2001

PART I. FINANCIAL INFORMATION
Item 1. Financial Statements

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

	MARCH 31, 2001 (UNAUDITED
ASSETS	
Current assets:	
Cash and cash equivalents	$ 3,357
Accounts receivable (less allowance for doubtful accounts of $1,898 at March 31, 2001 and $1,724 at December 30, 2000)	62,341
Inventories:	
Finished goods	34,114
Raw materials and supplies	13,621
	47,735
Prepaid expenses and other receivables	7,615
Total current assets	121,048
Property and equipment:	
Land	8,876
Buildings and improvements	60,751
Machinery, equipment and tooling	204,523
Construction in progress	21,919
	296,069
Less accumulated depreciation	118,731
	177,338
Intangible assets:	
Deferred financing and origination fees, net	9,621
Covenants not to compete, net	2,666
Excess of cost over net assets acquired, net	111,187
	123,474
Other	289
Total assets	$422,149

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

	MARCH 31, 2001 (UNAUDITED

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	
Current liabilities:	
Accounts payable	$ 27,515
Accrued expenses and other liabilities	10,857
Accrued interest	13,689
Employee compensation and payroll taxes	15,944
Current portion of long-term debt	23,152
Total current liabilities	91,157
Long-term debt, less current portion	448,029
Accrued dividends on preferred stock	19,772
Deferred income taxes	440
Other liabilities	2,645
	562,043
Stockholders' equity (deficit):	
Series A Preferred Stock; 600,000 shares authorized, issued and outstanding (net of discount of $2,112 at March 31, 2001 and $2,185 at December 30, 2000)	12,459
Series A-1 Preferred Stock; 1,400,000 shares authorized; 1,000,000 shares issued and outstanding (net of discount of $5,217 at March 31, 2001 and $5,400 at December 30, 2000)	19,783
Series B Preferred Stock; 200,000 shares authorized, issued and outstanding	5,000
Class A Common Stock; $.01 par value:	
Voting; 500,000 shares authorized; 91,000 shares issued and outstanding	1
Nonvoting; 500,000 shares authorized; 259,000 shares issued and outstanding	3
Class B Common Stock; $.01 par value:	
Voting; 500,000 shares authorized; 145,058 shares issued and 144,546 shares outstanding	1
Nonvoting; 500,000 shares authorized; 58,612 shares issued and 56,509 shares outstanding	1
Class C Common Stock; $.01 par value:	
Nonvoting; 500,000 shares authorized; 17,000 shares issued and 16,833 shares outstanding	-
Treasury stock: 512 shares Class B Voting Common Stock; 2,103 shares Class B Nonvoting Common Stock; and 167 shares Class C Nonvoting Common Stock	(405)
Additional paid-in capital	32,819
Warrants	9,386
Retained earnings (deficit)	(217,145)
Accumulated other comprehensive loss	(1,797)
Total stockholders' equity (deficit)	(139,894)
Total liabilities and stockholders' equity (deficit)	$ 422,149

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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

	THIRTEEN WEEKS ENDED MARCH 31, 2001	THIRTEEN WEEKS ENDED APRIL 1, 2000
	(UNAUDITED)	
Net sales	$116,016	$ 97,184
Cost of goods sold	83,927	75,189
Gross profit	32,089	21,995
Operating expenses:		
Selling	5,742	5,170
General and administrative	7,242	6,329
Research and development	401	726
Amortization of intangibles	2,751	2,222
Other expenses	1,383	1,781
Operating income	14,570	5,767
Other expenses (income):		
Loss (gain) on disposal of property and equipment	(28)	528
Income before interest and taxes	14,598	5,239
Interest:		
Expense	(13,550)	(11,551)
Income	56	12
Income (loss) before income taxes	1,104	(6,300)
Income taxes	82	16
Net income (loss)	1,022	(6,316)
Preferred stock dividends	(2,116)	(1,034)
Amortization of preferred stock discount	(256)	(73)
Net loss attributable to common shareholders	$ (1,350)	$ (7,423)

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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

	THIRTEEN WEEKS ENDED MARCH 31, 2001	APRIL 2000

	(UNAUDITED)	
OPERATING ACTIVITIES		
Net income (loss)	$ 1,022	$ (6,3
Adjustments to reconcile net loss to net cash provided by (used for) operating activities:		
Depreciation	8,665	6,8
Non-cash interest expense	4,953	4,0
Amortization	2,751	2,2
Non-cash compensation expense	150	1
Loss (gain) on sale of property and equipment	(28)	5
Changes in operating assets and liabilities:		
Accounts receivable, net	(14,361)	(11,7
Inventories	1,109	2,1
Prepaid expenses and other receivables	(2,407)	(2,9
Other assets	(163)	(1
Payables and accrued expenses	963	4,7
Net cash provided by (used for) operating activities	2,654	(5
INVESTING ACTIVITIES		
Additions to property and equipment	(5,893)	(7,2
Proceeds from disposal of property and equipment	28	
Net cash used for investing activities	(5,865)	(7,2
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	9,797	16,2
Payments on long-term borrowings	(5,774)	(8,3
Net cash provided by financing activities	4,023	7,9
Effect of exchange rate changes on cash	491	
Net increase in cash and cash equivalents	1,303	1
Cash and cash equivalents at beginning of period	2,054	2,5
Cash and cash equivalents at end of period	$ 3,357	$ 2,7

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

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

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of BPC Holding Corporation and its subsidiaries (the "Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions for Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the periods presented are not necessarily indicative of the results that may be expected for the full fiscal year. The accompanying financial statements include the results of BPC Holding Corporation ("Holding") and its wholly-owned subsidiary, Berry Plastics Corporation ("Berry"), and its wholly-owned subsidiaries: Berry Iowa Corporation, Berry Tri-Plas Corporation, Berry Sterling Corporation, AeroCon, Inc., PackerWare Corporation, Berry Plastics Design Corporation, Venture Packaging, Inc. and its subsidiaries Venture Packaging Midwest, Inc. and Berry Plastics Technical Services, Inc., NIM Holdings Limited and its subsidiary Berry Plastics U.K. Limited and its subsidiary Norwich Acquisition Limited, Knight Plastics, Inc., CPI Holding Corporation and its subsidiary Cardinal Packaging, Inc., Berry Plastics Acquisition Corporation II, Poly-Seal Corporation, Berry Plastics Acquisition Corporation III, and CBP Holdings S.r.l. and its subsidiaries Capsol Berry Plastics S.p.a. and Oceisse S.r.l. For further information, refer to the consolidated financial statements and footnotes thereto included in Holding's and Berry's Form 10-K filed with the Securities and Exchange Commission for the year ended December 30, 2000.

Certain amounts on the 2000 financial statements have been reclassified to conform with the 2001 presentation.

2. ACQUISITIONS

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

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

The pro forma results listed below are unaudited and reflect purchase accounting adjustments assuming the Poly-Seal and Capsol acquisitions occurred on January 2, 2000.

	THIRTEEN WEEKS ENDED APRIL 1, 2000
Pro forma net sales	$112,397
Pro forma net loss	(6,674)

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

3. LONG-TERM DEBT

Long-term debt consists of the following:

	MARCH 31, 2001	DECEMBER 30, 2000
Holding 12.50% Senior Secured Notes	$127,282	$127,282
Berry 12.25% Senior Subordinated Notes	125,000	125,000
Berry 11% Senior Subordinated Notes	75,000	75,000
Term loans	69,768	75,607
Revolving lines of credit	44,274	35,447
Second Lien Senior Facility	25,000	25,000
Nevada Industrial Revenue Bonds	3,500	3,500
Capital leases	859	1,435
Debt premium, net	498	535
	471,181	468,806
Less current portion of long-term debt	23,152	23,232
	$448,029	$445,574

The current portion of long-term debt consists of $22.7 million of monthly installments on the term loans, and $0.5 million in repayments of the industrial bonds and the monthly principal payments related to capital lease obligations.

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The Company has a financing and security agreement (the "Financing Agreement") with a syndicate of lenders led by Bank of America for a senior secured credit facility (the "Credit Facility"). As of March 31, 2001, the Credit Facility provides the Company with (i) a $70.0 million revolving line of credit ("US Revolver"), subject to a borrowing base formula, (ii) a $2.1 million (using the March 31, 2001 exchange rate) revolving line of credit denominated in British Sterling in the U.K. ("UK Revolver"), subject to a separate borrowing base formula, (iii) a $66.8 million term loan facility, (iv) a $3.0 million (using the March 31, 2001 exchange rate) term loan facility denominated in British Sterling in the U.K. ("UK Term Loan") and (v) a $3.7 million standby letter of credit facility to support the Company's and its subsidiaries' obligations under the Nevada Bonds. CBP Holdings S.r.l. has a revolving credit facility (the "Italy Revolver") from Bank of America for $11.9 million (using the March 31, 2001 exchange rate) denominated in Euros. Bank of America also extends working capital financing (the "Italy Working Capital Line") of up to $1.5 million (using the March 31, 2001 exchange rate) denominated in Euros. The full amount available under the Italy Revolver and the Italy Working Capital Line are applied to reduce amounts available under the US Revolver, as does the outstanding balance under the UK Revolver. At March 31, 2001, the Company had unused borrowing capacity under the Credit Facility's revolving line of credit of approximately $26.1 million. The indebtedness under the Credit Facility is guaranteed by Holding and all of its subsidiaries (other than its subsidiaries in the United Kingdom and Italy). The obligations of the Company and the subsidiaries under the Credit Facility and the guarantees thereof are secured by substantially all of the assets of such entities.

NOTE 4. CONDENSED CONSOLIDATING FINANCIAL INFORMATION (IN THOUSANDS)

Holding conducts its business through its wholly owned subsidiary, Berry. Holding and all of Berry's subsidiaries fully, jointly, severally, and unconditionally guarantee on a senior subordinated basis the $100.0 million aggregate principal amount of 12.25% Berry Plastics Corporation Senior Subordinated Notes due 2004 issued on April 21, 1994 (the "1994 Notes"), the $25.0 million aggregate principal amount of 12.25% Berry Plastics Corporation Series B Senior Subordinated Notes due 2004 issued on August 24, 1998 (the "1998 Notes"), and the $75.0 million aggregate principal amount of 11% Berry Plastics Corporation Senior Subordinated Notes due 2007 issued on July 6, 1999 (the "1999 Notes"). There are no nonguarantor subsidiaries with respect to the notes issued by Berry. Holding's 12.50% Series B Senior Secured Notes due 2006 (the "1996 Notes") are not guaranteed by Berry or any of Berry's wholly owned subsidiaries. The Indenture dated as of April 21, 1994 (the "1994 Indenture"), the Indenture dated August 24, 1998 (the "1998 Indenture") and the Indenture dated July 6, 1999 (the "1999 Indenture") restrict, and the Credit Facility prohibits, Berry's ability to pay any dividend or make any distribution of funds to Holding to satisfy interest and other obligations on Holding's 1996 Notes. Berry and all of Berry's subsidiaries are 100% owned by Holding. Separate narrative information or financial statements of guarantor subsidiaries have not been included as management believes they would not be material to investors. Presented below is condensed consolidating financial information for Holding, Berry, and its subsidiaries at March 31, 2001 and December 30, 2000 and for the thirteen weeks ended March 31, 2001 and April 1, 2000. The equity method has been used with respect to investments in subsidiaries.

	MARCH 31, 2001				
	BPC HOLDING CORPORATION (PARENT)	BERRY PLASTICS CORPORATION (ISSUER)	COMBINED GUARANTOR SUBSIDIARIES	CONSOLIDATING ADJUSTMENTS	CONSOLIDATED
CONSOLIDATING BALANCE SHEETS					
Current assets	$ 186	$ 38,044	$ 82,818	$ -	$ 121,048

Net property and equipment	-	58,626	118,712	-	177,338
Other noncurrent assets	11,851	269,935	109,540	(267,563)	123,763
Total assets	$ 12,037	$366,605	$311,070	$(267,563)	$ 422,149
Current liabilities	$ 4,877	$ 53,620	$ 32,660	$ -	$ 91,157
Noncurrent liabilities	147,054	303,700	324,280	(304,148)	470,886
Equity (deficit)	(139,894)	9,285	(45,870)	36,585	(139,894)
Total liabilities and equity (deficit)	$ 12,037	$366,605	$311,070	$(267,563)	$422,149

	DECEMBER 30, 2000				
	BPC HOLDING CORPORATION (PARENT)	BERRY PLASTICS CORPORATION (ISSUER)	COMBINED GUARANTOR SUBSIDIARIES	CONSOLIDATING ADJUSTMENTS	CONSOLIDATED
CONSOLIDATING BALANCE SHEETS					
Current assets	$ 220	$ 32,290	$ 72,192	$ -	$ 104,702
Net property and equipment	-	55,221	124,583	-	179,804
Other noncurrent assets	8,226	267,840	113,455	(260,905)	128,616
Total assets	$ 8,446	$355,351	$310,230	$(260,905)	$ 413,122
Current liabilities	$ 661	$ 50,968	$ 32,603	$ -	$ 84,232
Noncurrent liabilities	144,938	299,694	312,691	(290,436)	466,887
Equity (deficit)	(137,153)	4,689	(35,064)	29,531	(137,997)
Total liabilities and equity (deficit)	$ 8,446	$355,351	$310,230	$(260,905)	$ 413,122

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	THIRTEEN WEEKS ENDED MARCH 31, 2001				
	BPC HOLDING CORPORATION (PARENT)	BERRY PLASTICS CORPORATION (ISSUER)	COMBINED GUARANTOR SUBSIDIARIES	CONSOLIDATING ADJUSTMENTS	CONSOLI
CONSOLIDATING STATEMENTS OF OPERATIONS					

Net sales	$ -	$ 39,808	$ 76,208	$ -	$ 116
Cost of goods sold	-	26,198	57,729	-	83
Gross profit	-	13,610	18,479	-	32
Operating expenses	179	6,173	11,167	-	17
Operating income (loss)	(179)	7,437	7,312	-	14
Other expenses (income)	-	(28)	-	-	
Interest expense	4,338	2,452	6,704	-	13
Income taxes	7	5	70	-	
Equity in net (income) loss from subsidiary	(5,546)	(538)	-	6,084	
Net income (loss)	$ 1,022	$ 5,546	$ 538	$ (6,084)	$ 1
CONSOLIDATING STATEMENTS OF CASH FLOWS					
Net income (loss)	$ 1,022	$ 5,546	$ 538	$ (6,084)	$ 1
Non-cash expenses	4,491	3,371	8,629	-	16
Equity in net (income) loss from subsidiary	(5,546)	(538)	-	6,084	
Changes in working capital	12	(2,793)	(12,078)	-	(14
Net cash provided by (used for) operating activities	(21)	5,586	(2,911)	-	2
Net cash used for investing activities	-	(4,786)	(1,079)	-	(5
Net cash provided by (used for) financing activities	(13)	724	3,312	-	4
Effect on exchange rate changes on cash	-	-	491	-	
Net increase (decrease) in cash and cash equivalents	(34)	1,524	(187)	-	1
Cash and cash equivalents at beginning of period	220	642	1,192	-	2
Cash and cash equivalents at end of period	$ 186	$ 2,166	$ 1,005	$ -	$ 3

	THIRTEEN WEEKS ENDED APRIL 1, 2000				
	BPC HOLDING CORPORATION (PARENT)	BERRY PLASTICS CORPORATION (ISSUER)	COMBINED GUARANTOR SUBSIDIARIES	CONSOLIDATING ADJUSTMENTS	CONSOLI
CONSOLIDATING STATEMENTS OF OPERATIONS					
Net sales	$ -	$40,469	$ 56,715	$ -	$ 97

Cost of goods sold	-	27,634	47,555	-	75
Gross profit	-	12,835	9,160	-	21
Operating expenses	155	6,634	9,439	-	16
Operating income (loss)	(155)	6,201	(279)	-	5
Other expenses (income)	-	246	282	-	
Interest expense	3,593	3,738	4,208	-	11
Income taxes	4	10	2	-	
Equity in net (income) loss from subsidiary	2,564	4,771	-	(7,335)	
Net income (loss)	$ (6,316)	$ (2,564)	$ (4,771)	$ 7,335	$ (6
CONSOLIDATING STATEMENTS OF CASH FLOWS					
Net income (loss)	$ (6,316)	$ (2,564)	$ (4,771)	$ 7,335	$ (6
Non-cash expenses	3,603	3,047	7,014	-	13
Equity in net (income) loss from subsidiary	2,564	4,771	-	(7,335)	
Changes in working capital	146	463	(8,514)	-	(7
Net cash provided by (used for) operating activities	(3)	5,717	(6,271)	-	
Net cash used for investing activities	-	(1,340)	(5,906)	-	(7
Net cash provided by (used for) financing activities	-	(3,775)	11,738	-	7
Effect on exchange rate changes on cash	-	-	1	-	
Net increase (decrease) in cash and cash equivalents	(3)	602	(438)	-	
Cash and cash equivalents at beginning of period	703	386	1,457	-	2
Cash and cash equivalents at end of period	$ 700	$ 988	$ 1,019	$ -	$ 2

5. OPERATING SEGMENTS

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

THIRTEEN

	MARCH 31, 2001
Net sales:	
Containers	$ 56,402
Overcaps and closures	35,082
Drink cups and housewares	24,532
Adjusted EBITDA:	
Containers	15,295
Overcaps and closures	7,689
Drink cups and housewares	4,779
Total assets:	
Containers	208,879
Overcaps and closures	158,891
Drink cups and housewares	54,379
Reconciliation of Adjusted EBITDA to income (loss) before income taxes:	
Adjusted EBITDA for reportable segments	$ 27,763
Net interest expense	(13,494)
Depreciation	(8,665)
Amortization	(2,751)
Gain (loss) on disposal of property and equipment	28
One-time expenses	(1,415)
Stock option accounting	(150)
Management fees	(212)
Income (loss) before income taxes	$ 1,104

One-time expenses represent non-recurring expenses that relate to recently acquired businesses and plant consolidations.

6. COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) was $68 and ($6.4 million) for the thirteen weeks ended March 31, 2001 and April 1, 2000, respectively.

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7. SUBSEQUENT EVENT

On May 14, 2001, Berry acquired all of the outstanding capital stock of Pescor Plastics, Inc. for aggregate consideration of approximately $22.0 million. The purchase was financed through the issuance by Holding of $10.0 million of 14% preferred stock and additional borrowings under the Credit Facility. In conjunction with the acquisition, the Credit Facility and the $25 million second lien senior credit facility due to General Electric Capital Corporation (the "Second Lien Senior Facility") were amended to extend the maturity date of each to January 21, 2004.

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations

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

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

RESULTS OF OPERATIONS

13 WEEKS ENDED MARCH 31, 2001 (THE "QUARTER")
COMPARED TO 13 WEEKS ENDED APRIL 1, 2000 (THE "PRIOR QUARTER")

NET SALES. Net sales increased $18.8 million, or 19%, to $116.0 million for the Quarter from $97.2 million for the Prior Quarter with an approximate 2% increase in net selling price. Container net sales increased $1.0 million from the Prior Quarter due primarily to increased selling prices. Overcap and closure net sales increased $13.8 million with the Poly-Seal and Capsol acquisitions contributing $15.0 million of net sales in the Quarter, partially offset by a general slow down in the market. Drink cup and housewares sales for the Quarter were $4.1 million more than the Prior Quarter primarily due to strong demand in the retail market.

GROSS PROFIT. Gross profit increased by $10.1 million to $32.1 million (28% of net sales) for the Quarter from $22.0 million (23% of net sales) for the Prior Quarter. This increase of 46% includes the combined impact of the added Poly-Seal and Capsol sales volume, effect of net selling price and raw material cost, acquisition integration and productivity improvement initiatives. The 2% increase in net selling price was primarily the result of partially recovering raw material cost increases incurred in 2000. In addition, the Company has continued to consolidate products and business of recent acquisitions to the most efficient tooling, providing customers with improved products and customer service. As part of the integration, the Company closed its York, Pennsylvania facility and removed remaining production from its Minneapolis, Minnesota facility (acquired in the Cardinal Acquisition) in the fourth quarter of 2000. The business from these locations are distributed throughout Berry's facilities. Also, significant productivity improvements were made during the year, including the addition of state-of-the-art injection molding equipment, molds and printing equipment

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at several of the Company's facilities. Additional significant cost reductions have been achieved through the Company's realignment in the third quarter of 2000 from a functional based organization to a divisional structure. This realignment has enabled the Company to reduce personnel costs and improve employee productivity.

OPERATING EXPENSES. Selling expenses increased by $0.5 million to $5.7 million for the Quarter from $5.2 million for the Prior Quarter principally as a result of the Poly-Seal and Capsol acquisitions, partially offset by savings from the organizational realignment in the third quarter of 2000. General and administrative expenses increased from $6.3 million for the Prior Quarter to $7.2 million for the Quarter. This increase of $0.9 million is primarily attributable to the Poly-Seal and Capsol acquisitions partially offset by savings from the organizational realignment in the third quarter of 2000. During the Quarter, one-time transition expenses were $0.7 million related to acquisitions and $0.7 million related to the shutdown and reorganization of facilities. In the Prior Quarter, one-time transition expenses related to acquisitions were $0.3 million and $1.5 million related to the shutdown and reorganization of facilities.

INTEREST EXPENSE, NET. Net interest expense increased $2.0 million to $13.5 million for the Quarter compared to $11.5 million for the Prior Quarter primarily due to borrowings under the senior credit facility to support the Poly-Seal and Capsol acquisitions.

INCOME TAX. For the Quarter, the Company recorded income tax expense of $82,000 compared to income tax expense of $16,000 for the Prior Quarter. The Company continues to operate in a net operating loss carryforward position for federal income tax purposes.

NET INCOME (LOSS). The Company recorded a net income of $1.0 million for the Quarter compared to a net loss of $6.3 million for the Prior Quarter for the reasons discussed above.

LIQUIDITY AND CAPITAL RESOURCES

Net cash provided by operating activities was $2.7 million for the Quarter compared to the Prior Quarter in which operating activities used net cash of $0.6 million. The increase is primarily the result of improved operating performance with net income before depreciation and amortization increasing $9.7 million from the Prior Quarter.

Capital spending of $5.9 million for the Quarter represents a decrease of $1.4 million from the Prior Quarter. The Quarter's capital spending included $0.9 million for buildings and systems, $1.8 million for molds, $2.4 million for molding and printing machines, and $0.8 million for accessory equipment and systems.

Net cash provided by financing activities was $4.0 million for the Quarter compared to $8.0 million for the Prior Quarter. The decrease of $4.0 million can be attributed to decreased borrowings under the Credit Facility's revolving line of credit as net cash provided by operating activities has increased $3.3 million from the Prior Quarter.

On May 14, 2001, in connection with the acquisition described in Note 7 to the consolidated financial statements appearing elsewhere in this report, the Company entered into an amendment of each of the Credit Facility and the Second Lien Senior Facility. Under the amendment to the Credit Facility, the commitments under the Revolving Credit Facility were increased from $70.0 million to

$80.0 million and an additional term loan facility was created for borrowings up to $2.0 million. The amendments to both agreements modified certain financial covenants and a negative covenant relating to investments in the Company's foreign subsidiaries. In addition, the amendments extended the maturity date of both the Credit Facility and the Senior Lien Senior Facility to January 21, 2004. The Company paid fees of approximately $0.8 million in connection with the acquisition financing, extension of the maturity date, and the covenant amendments.

Increased working capital needs occur whenever the Company experiences strong incremental demand or a significant rise in the cost of raw material, particularly plastic resin. The Company anticipates that its cash interest, working capital and capital expenditure requirements for 2001 will be satisfied through a combination of funds generated from operating activities and cash on hand, together with funds available under the Credit Facility. Management bases such belief on historical experience and the substantial funds available under the Credit Facility. However, the Company cannot predict its future results of operations. At March 31, 2001, the Company's cash balance was $3.4 million, and Berry had unused borrowing capacity under the Credit Facility's borrowing base of approximately $26.1 million.

The 1994 Indenture, 1998 Indenture, and 1999 Indenture restrict, and the Credit Facility prohibits, Berry's ability to pay any dividend or make any distribution of funds to Holding to satisfy interest and other obligations on the 1996 Notes.

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

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

None

(b) Reports on Form 8-K:

None

SIGNATURE

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

BPC Holding Corporation
Berry Plastics Corporation

May 14, 2001

By: /s/ James M. Kratochvil

James M. Kratochvil
Executive Vice President, Chief Financial Officer, Treasurer and Secretary of the entities listed above (Principal Financial and Accounting Officer)