BWAY Holding CO
Form 10-K/A
January 28, 2008
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K/A

Amendment No. 1

ANNUAL REPORT

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

For the Fiscal Year Ended:

September 30, 2007

Commission File Number	Registrant, State of Incorporation, Address and Telephone Number	I.R.S. Employer Identification No.
001-33527	BWAY Holding Company (A Delaware Corporation) 8607 Roberts Drive Suite 250 Atlanta, Georgia 30350-2237 (770) 645-4800	55-0800054
001-12415	BWAY Corporation (A Delaware Corporation) 8607 Roberts Drive Suite 250	36-3624491

Atlanta, Georgia 30350-2237

(770) 645-4800

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

Registrant	**Title of Each Class**	**Name of Exchange on Which Registered**
BWAY Holding Company	Common Stock, $0.01 par value	New York Stock Exchange
BWAY Corporation	None	None

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.

Registrant	
BWAY Holding Company	Yes ¨ No x
BWAY Corporation	Yes ¨ No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Registrant	
BWAY Holding Company	Yes ¨ No x
BWAY Corporation	Yes ¨ No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Registrant	
BWAY Holding Company	Yes x No ¨
BWAY Corporation	Yes x 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/A or any amendment to this Form 10-K/A.

Registrant	
BWAY Holding Company	¨
BWAY Corporation	¨

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

Registrant	**Large Accelerated Filer**	**Accelerated Filer**	**Non-accelerated Filer**
BWAY Holding Company			X
BWAY Corporation			X

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Registrant	
BWAY Holding Company	Yes ¨ No x
BWAY Corporation	Yes ¨ No x

As of April 1, 2007 (each of the registrants most recently completed second fiscal quarter), all of the voting and non-voting common equity of each Registrant were held by affiliates and were not publicly traded.

As of December 14, 2007, there were 21,660,737 shares of BWAY Holding Company s Common Stock outstanding and 1,000 shares of BWAY Corporation s Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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Explanatory Note

BWAY Holding Company and BWAY Corporation are filing this Amendment No. 1 (Amendment No. 1) to our Annual Report on Form 10-K for the fiscal year ended September 30, 2007 originally filed with the Securities and Exchange Commission on December 21, 2007 (the Original 10-K), to include the information required to be disclosed in Part III of Form 10-K, which we previously indicated would be incorporated by reference to BWAY Holding Company s definitive proxy statement. The information set forth in this Amendment No. 1 replaces the information set forth in Part III of the Original 10-K in its entirety.

In addition, this Amendment No. 1 corrects certain clerical errors in Part II of the Original 10-K. Adjusted EBITDA presented for fiscal 2007 and fiscal 2005 under Other Financial Data in the Selected Financial Data under Item 6 did not conform to the reconciliation presented in footnote 20 to the table. Adjusted EBITDA for fiscal 2007 in footnote 20 to the table contained a typographical error in the total. Other amounts shown under Other Financial Data for fiscal 2007 and fiscal 2005, which were based on Adjusted EBITDA, have been recalculated and revised to reflect the corrected Adjusted EBITDA as referenced above.

The information in this Amendment No. 1 speaks as of the filing date of the Original 10-K and has not been updated from the Original 10-K except as required to reflect the changes referenced above. Additionally, this Form 10-K/A does not purport to provide an update or a discussion of any developments subsequent to the filing of the Original 10-K.

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BWAY CORPORATION

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BWAY HOLDING COMPANY

BWAY CORPORATION

Annual Report on Form 10-K/A

For the Fiscal Year Ended September 30, 2007

(Annual Report)

PART I

Item 1. Business

Description of Business

BWAY Holding Company (BWAY Holding) is a holding company without independent operations. BWAY Corporation (BWAY) is BWAY Holding s wholly-owned operating subsidiary. BWAY Holding, BWAY and its subsidiaries are collectively referred to as the Company, we, us or our .

We manufacture and distribute metal and rigid plastic containers that are used primarily by manufacturers of industrial and consumer products for packaging. We have operations in the United States, Canada and Puerto Rico and primarily sell to customers located in these geographic markets. We are a leading North American manufacturer of general line rigid metal and plastic containers. We estimate that we are the leaders in U.S. market share in plastic pails, steel paint cans, steel specialty cans, ammunition boxes and plastic paint bottles, as well as the leaders in Canadian market share in steel pails and plastic pails. These products together represented more than 83% of our fiscal 2007 net sales. In fiscal 2007, our total net sales were $959.0 million, of which 59.7% were in our metal packaging segment and 40.3% were in our plastic packaging segment. We believe that our metal and plastic products, which we manufacture in our 22 strategically located facilities across the United States and in Canada and Puerto Rico, are complementary and often serve the same customers. Our products include:

Metal Containers. General line rigid metal containers made from steel, including paint cans and components, aerosol cans, steel pails, oblong cans, a variety of other specialty cans and ammunition boxes that our customers use to package paint, household and personal care products, automotive after-market products, paint thinners, driveway and deck sealants and other end-use products; and

Plastic Containers. Injection-molded plastic pails and blow-molded tight-head containers, bottles and drums that our customers use to package petroleum products, agricultural chemicals, other chemical applications, paint, ink, edible oils, high-solid coatings, roofing mastic and adhesives and driveway sealants.

Our end markets have historically exhibited stable demand and pricing characteristics, with little cyclicality and a relatively broad customer base. Metal containers are attractive to many of our customers based on steel s strength and non-permeability, its ability to hold highly volatile and solvent-based liquids and its fire safety characteristics. Aerosol cans, which are a type of metal container, provide an effective system of delivery for a controlled spray pattern and are the preferred packaging for certain products. In addition, plastic continues to prove adaptable to a wide variety of container end markets including the paint and building, non-retail food services, janitorial and chemical, agriculture, oil and petroleum, inks and other general industries. Plastic containers are attractive to many of our customers based on plastic s durability, weight and corrosion resistance.

Our History and Recent Acquisitions

BWAY Holding was incorporated as BCO Holding Company in 2002. BWAY is the successor to a business founded in 1875. On February 7, 2003, BWAY Holding acquired BWAY pursuant to a merger agreement dated September 30, 2002 whereby BWAY became a wholly-owned subsidiary of BWAY Holding, a holding company controlled by investment funds affiliated with Kelso & Company, L.P., (Kelso). Upon completion of the acquisition, BWAY, which had been a public company with its common stock listed on the New York Stock Exchange, became a private company and its common stock was delisted from the New York Stock Exchange.

On August 25, 2003, we acquired substantially all of the assets and assumed certain liabilities of SST Industries, a manufacturer of rigid plastic containers for industrial packaging markets. We paid approximately $23.1 million in cash for the acquisition, which was financed using available credit facility borrowings.

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On July 7, 2004, BWAY acquired all of the stock of North America Packaging Corporation (NAMPAC), a manufacturer of rigid plastic containers for industrial packaging markets, from MVOC, LLC, a Delaware limited liability company and sole owner of the common shares of NAMPAC. As a result of the acquisition, NAMPAC became a wholly-owned subsidiary of BWAY.

On July 17, 2006, we acquired substantially all of the assets and assumed certain of the liabilities of Industrial Containers Ltd., a Toronto-based manufacturer of rigid plastic containers and steel pails for industrial packaging markets. The net assets were acquired by ICL Industrial Containers ULC (ICL), a wholly-owned subsidiary of BWAY created to effectuate the acquisition. For a further discussion of the ICL acquisition, see Note 2, *Acquisitions*, of Notes to Consolidated Financial Statements, included in Item 8.

On January 30, 2007, we acquired substantially all of the assets and assumed certain liabilities of Vulcan Containers, Ltd., a Toronto based producer of steel pails for distribution primarily in Canada. The acquired business is referred to as Vulcan in this Annual Report. For a further discussion of the Vulcan acquisition, see Note 2, *Acquisitions*, to Notes to Consolidated Financial Statements, included in Item 8.

In March 2007, BWAY Holding filed a registration statement on Form S-1 with the Securities and Exchange Commission (SEC) under the Securities Act of 1933, as amended, related to its common stock. The SEC declared the registration statement effective on June 12, 2007 and on June 13, 2007, BWAY Holding common stock began trading on the New York Stock Exchange under the ticker symbol BWY. For a further discussion of the initial public offering, see Initial Public Offering of BWAY Holding in Note 1, *Business and Summary of Significant Accounting Policies*, to Notes to Consolidated Financial Statements, included in Item 8.

Industry Segments

Our business is organized on the basis of product type with two reportable segments: metal packaging and plastics packaging. We operate these reportable segments as separate divisions and differentiate the segments based on the nature of the products and services they offer. The markets in which we participate can generally be placed into two broad categories: North American general line rigid metal containers and North American general line rigid plastic containers.

Certain financial information about our industry segments is set forth in Management s Discussion and Analysis in Item 7 and Note 16, *Business Segments*, to Notes to Consolidated Financial Statements, included in Item 8.

Metal Packaging Segment

Products and Markets

Our metal packaging segment operates primarily in North America in the general line segment of the metal container market. In the United States, we are the third largest producer of steel aerosol cans, and we are the leading producer in our other product lines.

The primary uses for our general line cans are for paint and related products, lubricants, roof and driveway sealants, charcoal lighter fluid and household and personal care products. Specific products include round cans with rings and plugs (generally paint cans), specialty cans (generally PVC or rubber cement cans, brake fluid and other automotive after-market products cans, oblong or F -style cans, ammunition boxes and an assortment of other specialty cans), aerosol cans and steel pails. We produce a full line of these products to serve the specific requirements of a diversified base of nationally recognized customers. Most of our products are manufactured in facilities that are strategically located to allow us to deliver product to our customers within a one-day transit time.

Paint Cans. We believe that we are the leading supplier in North America and the only national supplier of metal paint cans. We believe that we are the sole supplier of metal paint cans to the leading domestic paint companies, and we believe that we are the sole supplier of metal paint can components to the primary manufacturer of hybrid (plastic and metal) paint cans in North America.

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Specialty Cans. We believe that we are the leading supplier of metal specialty cans in North America. Specialty cans include screw top cans, pour top cans, oblong or F -style cans and ammunition boxes. Screw top cans typically have an applicator or brush attached to a screw cap and are typically used for PVC pipe cleaner, PVC cement and rubber cement. Pour top cans are typically used for packaging specialty oils and automotive after-market products. Oblong or F -style cans are typically used for packaging paint-related products, charcoal lighter fluid and waterproofing products. Ammunition boxes provide a hermetic seal, are coated with a corrosion-resistant finish and are used to package small arms ammunitions and other ordnance products. We sell ammunition boxes to the U.S. Department of Defense as well as to major domestic and foreign producers of ordnance.

Aerosol Cans. We believe that we are the third largest supplier of aerosol cans in North America. We focus on serving as a primary supplier to small- and medium-sized customers and as a secondary supplier to large customers. Aerosol cans are typically used for packaging various household and industrial products, including paint and related products, personal care products, lubricants and insecticides.

Steel Pails. We believe that we are one of the leading suppliers of steel pails in North America. Steel pails are typically used for packaging paint and related products, roof and driveway sealants, marine coatings, vegetable oil and water repellent.

Customers

Our metal packaging segment customers include many of the world s leading paint, consumer and personal care companies. In fiscal 2007, sales to our 10 largest metal packaging segment customers accounted for approximately 47% of the segment s net sales. Of the fiscal 2007 segment net sales, approximately 16% were to The Sherwin-Williams Company.

Consistent with industry practice, we enter into multi-year supply agreements with many of our major customers. However, many of our contracts are requirements contracts under which we supply a percentage of a customer s requirements for our products over a period of time, without any specific commitment to unit volume. In addition, many of our customer contracts, including those with our major customers, provide that the customer may receive competitive proposals for all or a portion of the products we furnish to the customer under the contract, including proposals to reformulate the packaging to another material. We generally have the right to retain the customer s business subject to the terms of the competitive proposal.

In fiscal 2007, approximately 92% and 7% of our metal packaging segment net revenues were in the United States and Canada, respectively.

Raw Materials

Our principal raw materials consist of tinplate, blackplate and cold rolled steel, energy, various coatings, inks and compounds. Steel products represent the largest component of raw material costs. With the exception of pails and ammunition boxes, which are manufactured from either blackplate or cold rolled steel, all of our products are manufactured from tinplate steel. We purchase all required raw materials from outside sources.

Various domestic and foreign steel producers supply us with tinplate steel, although we currently purchase most of our tinplate steel from domestic suppliers. Procurement from suppliers generally depends on the suppliers product offering, product quality, service and price. The majority of our steel purchases are through requirements-based contracts at negotiated prices, subject to prevailing market conditions. We do not engage in forward contracts or other hedging arrangements related to these raw material purchases. Historically, we have generally been able to increase the price of our products to reflect increases in the price of steel, but we cannot be sure that we will be able to do so in the future.

A steel supply shortage could affect, among other things, our ability to obtain steel, the timing of steel deliveries and the price we pay for steel. In the event of supply interruptions, we could experience higher costs due to underutilization of our manufacturing facilities and lower sales due to a reduction in our ability to produce goods for sale.

In fiscal 2007, our four largest suppliers of steel provided approximately 76% of our steel requirements.

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In addition to steel products, we purchase energy from various suppliers as well as various coatings, inks and compounds. We do not anticipate any future shortages or supply problems for these items based on their historical availability and the current number of suppliers.

Competition

The steel container industry is highly competitive and some of our competitors have greater financial resources than we do. Competition is based primarily on price, manufacturing capacity, manufacturing flexibility, proximity to customer and quality. We believe that (i) the close proximity of our manufacturing facilities to key customer locations, (ii) our low-cost, flexible manufacturing capabilities and (iii) our reputation for quality and customer service enable us to compete effectively.

In addition to competition within the steel container industry, we face competitive risks from substitute products, such as plastics, and, to a lesser extent, composites and flexible packaging containers. Steel containers continue to be the preferred package in the majority of our customers markets. We believe this is primarily due to: (i) their price stability and competitiveness as compared to alternative packaging; (ii) the attractive strength and non-permeable characteristics of steel versus other materials, such as plastics; (iii) their lower storage and handling costs; (iv) their ability to hold highly volatile and solvent-based liquids; and (v) their fire safety characteristics. In addition, we believe steel containers are easier and less costly to recycle and have a higher rate of recycling than alternative materials.

One of the objectives of our recent acquisitions of general line rigid plastic container manufacturers was to mitigate competitive risk from plastic substitution. In addition, the broader product offering enables us to provide other products utilized by our existing customer base.

Plastics Packaging Segment

Products and Markets

We believe that we are the largest manufacturer of general line rigid plastic containers in the North American market and we produce products in five broad categories: (1) open-head containers; (2) tight-head containers; (3) F -style plastic bottles; (4) plastic drums; and (5) plastic paint bottles.

Open-head Containers. Open-head containers are injection-molded products made of high-density polyethylene, or HDPE, that are used primarily by the paint and coating, petroleum, food, building materials, agricultural and janitorial supply industries.

Tight-head Containers. Tight-head containers are blow-molded products made of HDPE that are used primarily by the food, petroleum, agricultural, chemical, janitorial supply, beverage and coating industries.

F -Style Plastic Bottles. F -style plastic bottles are one-piece, blow-molded HDPE containers that are most commonly used for storing and shipping herbicides and pesticides for the crop protection industries.

Plastic Drums. Plastic drums are large transportable containers made from HDPE available in either an open-head or tight-head format. Plastic drums are most frequently used for shipping concentrated beverage syrup and chemicals.

Plastic Paint Bottles. We are the primary supplier to The Sherwin-Williams Company of an innovative plastic paint container made from HDPE. The paint bottle is proprietary to The Sherwin-Williams Company, and we cannot provide it to other paint manufacturers.

Customers

Our plastics packaging segment customers include some of the world s leading paint, food and industrial companies, several of which are also customers of our metal packaging segment. We have long-term relationships with our customers and in many cases we are the exclusive supplier of our customers plastic packaging requirements. In fiscal 2007, sales to our 10 largest plastics packaging segment customers accounted for approximately 36% of the segment s net sales. Of the fiscal 2007 segment net sales, approximately 17% were to The Sherwin-Williams Company.

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We maintain a diversified customer base, which is broadly distributed among industries as diverse as paint, food, construction, petroleum and chemicals. Consistent with industry practice, we enter into multi-year supply agreements with many of our major customers. However, many of our contracts are requirements contracts under which we supply a percentage of a customer s requirements for our products over a period of time, without any specific commitment to unit volume. In addition, many of our customer contracts, including those with our major customers, provide that the customer may receive competitive proposals for all or a portion of the products we furnish to the customer under the contract, including proposals to reformulate the packaging to another material. We generally have the right to retain the customer s business subject to the terms of the competitive proposal.

In fiscal 2007, approximately 87% and 12% of our plastic packaging segment net revenues were in the United States and Canada, respectively.

Raw Materials

The main raw material utilized in the plastics packaging segment is HDPE, a plastic resin used to produce rigid plastic packaging containers and materials. HDPE is particularly suitable for our plastic packaging products because of its strength, stiffness and resistance to chemicals and moisture. HDPE resin constitutes approximately half of our plastics packaging segment total cost of products sold. As a commodity product, resin is susceptible to price fluctuations. Resin prices have increased approximately 14% during the last year.

In order to mitigate the impact of resin price fluctuations, we have agreements with our customers, which represent a substantial majority of our plastic packaging net sales, allowing changes in resin cost to be passed through to them. Most of these agreements are tied to specific chemical indices, such as the DeWitt Index, which provide a benchmark for the price of resin. Generally, some or all of the change in resin price is passed through to the customer, consistent with industry practice.

HDPE is the primary plastic resin we use in the manufacture of our products, which we purchase from major HDPE suppliers. The majority of our HDPE purchases are through requirements-based contracts at negotiated prices, subject to prevailing market conditions. In addition, we purchase resin in spot markets when resin can be bought below contract prices. We do not engage in forward contracts or other hedging arrangements related to these raw material purchases.

Competition

The general line rigid plastic containers market is very competitive and some of our competitors have greater financial resources than we do. Competition is based primarily on service, manufacturing flexibility, proximity to customer and price. We believe that (i) our low-cost, flexible manufacturing capacities, (ii) the close proximity of our manufacturing facilities to key customer locations and (iii) our reputation for quality and customer service enable us to compete effectively.

Employees

As of September 30, 2007, we employed approximately 2,450 hourly employees and approximately 520 salaried employees. As of September 30, 2007, approximately 24% of our hourly workforce was covered by nine separate collective bargaining agreements.

Of our nine collective bargaining agreements, the agreements with four, representing approximately 28% of our unionized employees, will become amendable in fiscal 2008.

While we consider relations with our employees to be good, we may not be able to negotiate new or renegotiate existing collective bargaining agreements (as they become amendable) with the same terms. A labor dispute could result in production interruptions, and a prolonged labor dispute, which could include a work stoppage, could adversely affect our ability to satisfy our customers requirements and could have a material adverse effect on our business, including our financial position, results of operations and/or cash flows.

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Environmental, Health and Safety Matters

We are subject to a broad range of federal, state, provincial and local environmental, health and safety laws, including those governing discharges to air, soil and water, the handling and disposal of hazardous substances and the investigation and remediation of contamination resulting from the release of hazardous substances. We believe that we are currently in material compliance with all applicable environmental, health and safety laws, though future expenditures may be necessary in order to maintain such compliance, including compliance with air emission control requirements for volatile organic compounds. In addition, in the course of our operations we use, store and dispose of hazardous substances. Some of our current and former facilities are currently involved in environmental investigations, remediations and other claims resulting from the release of hazardous substances or the presence of other contaminants. Except to the extent otherwise disclosed herein, we believe it is remote that any material losses may have resulted from identified environmental remediation matters or environmental investigations relating to our current or former facilities. While we do not believe that any identified investigation or remediation obligations will have a material adverse effect on our financial position, results of operations and/or cash flows, there are no assurances that such obligations will not arise in the future. Many of our facilities have a history of industrial usage for which investigation and remediation obligations could arise in the future and which could have a material adverse effect on our financial position, results of operations and/or cash flows.

We incurred approximately $1.8 million in capital expenditures in fiscal 2007 to comply with federal Maximum Achievable Control Technology, or MACT, regulations related to air emission control requirements for Hazardous Air Pollutants, or HAP, and volatile organic compounds. In addition, we expect to incur approximately $0.4 million in capital expenditures in fiscal 2008 to comply with certain environmental laws at a facility related to the ICL acquisition.

We received a March 14, 2007 letter from the EPA stating that corrective action is required at our Cincinnati facility to address documented releases of hazardous substances at the site. The documented releases referenced by the EPA occurred prior to our ownership of the site. The EPA has requested that we enter into an Administrative Order on Consent under the Resource Conservation and Recovery Act with respect to corrective action obligations. We are working with the EPA to address their concerns and have notified the former owner of the site who we believe has indemnity obligations to us with respect to the EPA s claim.

From time to time, we receive requests for information or are identified as a potentially responsible party (PRP) pursuant to the Federal Comprehensive Environmental Response, Compensation and Liability Act or analogous state laws with respect to off-site waste disposal sites utilized by our current or former facilities or our predecessors in interest. We do not believe that any of these identified matters will have a material adverse effect on our financial position, results of operations or cash flows. We cannot, however, provide assurance that such obligations will not arise in the future.

We are a member of a PRP group related to a waste disposal site in Georgia. Our status as a PRP was based on documents indicating that waste materials were transported to the site from our Homerville, Georgia facility prior to our acquisition of the facility in 1989. We joined the PRP group in order to reduce our exposure, which we estimate will approximate $0.1 million.

We record reserves for environmental liabilities when environmental investigation and remediation obligations are probable and related costs are reasonably estimable. We had accrued liabilities of approximately $0.3 million at September 30, 2007 and October 1, 2006; however, future expenditures may exceed the amounts accrued.

Available Information

We are required to file reports, proxy statements and other information with the SEC under the Securities Exchange Act of 1934, as amended (Exchange Act). Copies of these reports, proxy statements and other information can be read and copied at: SEC Public Reference Room, 100 F Street NE, Washington, D.C. 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330.

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The SEC maintains a Web site that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC. These materials may be obtained electronically by accessing the SEC s Web site at http://www.sec.gov.

We make available, free of charge on our Web site, our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, as soon as reasonably practicable after we electronically file these documents with, or furnish them to, the SEC. These documents are posted on our Web site at www.bwaycorp.com select the Investor Relations link and then the SEC Filings link.

We also make available, free of charge on our Web site, the charters of the Audit Committee, the Compensation and Human Resources Committee, and the Nominating, Corporate Governance and Public Policy Committee, as well as the Corporate Governance Principles of our Board of Directors (Board) and our Code of Business Ethics (including any amendment to, or waiver from, a provision of our Code of Business Ethics) adopted by our Board. These documents are posted on our Web site at www.bwaycorp.com select the Investor Relations link and then the Corporate Governance link.

Copies of any of the above-referenced documents will also be made available, free of charge, upon written request to: BWAY Holding Company, Investor Relations, 8607 Roberts Drive, Suite 250, Atlanta, GA 30350-2237.

Item 1A. Risk Factors

Described below are certain risks that our management believes are applicable to our business and the industry in which we operate. There may be additional risks that are not presently material or known. There are also risks within the economy and the capital markets, both domestically and internationally, that affect business generally, and our company and industry as well, such as inflation; higher interest rates; higher fuel and other energy costs; higher transportation costs; higher costs of labor, insurance and healthcare; foreign currency exchange rate fluctuations; changes in the level of unemployment; declines in the housing market; and declines in the home improvement sector, which have not been described. You should carefully consider each of the following risks and all other information set forth in this Annual Report.

If any of the events described below were to occur, our business, financial condition, results of operations, liquidity or access to the capital markets could be materially adversely affected. The following risks could cause our actual results to differ materially from our historical results and from results predicted by forward-looking statements made by us or on our behalf related to conditions or events that we anticipate may occur in the future. All forward-looking statements made by us or on our behalf are qualified by the risks described below.

Competition from other steel or plastic container manufacturers could significantly impact our profitability, as could an election by our customers to self-manufacture their steel or plastic container requirements.

The container industries in which we do business are highly competitive and some of our competitors have greater financial, technical, sales and marketing or other resources than we do. The principal methods of competition in our industry include price, manufacturing capacity, proximity to customers, manufacturing flexibility and quality. We may not be able to compete successfully with respect to any of these factors. Competition could force us to reduce our prices or could otherwise result in a loss of market share for our products. In addition, some manufacturers of products that are packaged in steel or plastic containers produce their own steel or plastic containers. The election by some of our existing customers, or potential future customers, to manufacture their steel or plastic containers in-house could significantly impact our profitability.

Our customer contracts generally allow our customers to change, and, in some cases, terminate their contracts on short notice.

Some of our fiscal 2007 sales were made to customers with whom we have contractual relationships. Many of these contracts, most of which are with our larger customers, are requirements contracts under which we supply a percentage of a customer s requirements for our products over a period of time, without any specific commitment by the customer to purchase a particular unit volume. As such, we are not guaranteed any minimum level of net sales under many of our contracts and many of our customers, including some of our largest customers, are under no obligation to continue to purchase products from us.

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Moreover, if a customer s requirements for our products exceed our ability to supply that customer, as has occurred from time to time in the past, we may have a short-term or long-term inability to supply all of its requirements from our own manufacturing facilities and may be required to purchase containers from third parties or take other proactive steps in order to fill that customer s order. Our inability to supply a customer s specific requirements from our manufacturing facilities could materially adversely affect our relationship with that customer or increase our operating costs.

In addition, many of our requirements contracts with our customers provide that the customer may receive competitive proposals for all or a portion of the products we furnish to the customer under the contract. We generally have the right to retain the customer s business subject to the terms of the competitive proposal. If we match a competitive proposal, it may result in reduced sales prices for the products that are the subject of the competitive proposal. If we choose not to match a competitive proposal, we may lose the sales that were the subject of the competitive proposal.

The loss of a key customer could have a significant negative impact on our sales and profitability.

In fiscal 2007, approximately 37% of our consolidated net sales were to our top 10 customers. Sales to our largest customer, The Sherwin-Williams Company, accounted for approximately 16% of our consolidated net sales during fiscal 2007. The loss of, or major reduction in business from, one or more of our major customers could create excess capacity within our manufacturing facilities and could result in the erosion of our gross margins and our market share position.

The loss of one or more members of our senior management team could adversely affect our ability to execute our business strategy.

We are dependent on the continued services of our senior management team. The loss of any such key personnel could have a material adverse effect on our ability to execute our business strategy. We do not maintain key-person insurance for any of our officers, employees or directors.

Increases in the price of our raw materials or energy supply or interruptions or shortages in the supply of raw materials could cause our production costs to increase, which could reduce our ability to compete effectively and erode our margins.

We require substantial amounts of raw materials in our operations, including steel, resin, energy, various inks and coatings. We purchase all raw materials we require from outside sources, and consolidate our steel and resin purchases among a select group of suppliers in an effort to leverage purchasing power. As a result, our purchases of both steel and resin are concentrated with a few suppliers and any interruptions in their supply of these materials could have a material adverse effect on our financial position, results of operations and/or cash flows. In addition, the availability and prices of our raw materials may be subject to curtailment or change due to new laws or regulations. For example, the United States previously imposed tariffs or quotas on imports of certain steel products and steel slabs. The availability and prices of raw materials may also be subject to shortages in supply, suppliers allocations to other purchasers, interruptions in production by suppliers (including by reason of labor strikes or work stoppages at our suppliers plants), our inability to leverage our purchasing power as successfully as we have in the past, changes in exchange rates and worldwide price levels. Historically, we have generally been able to increase the price of our products to reflect increases in the price of steel and plastic resin, but we may not be able to do so in the future and we have generally not been able in the past to pass on any price increases to our customers in the prices of the other raw materials we utilize in our business. To the extent we are not able to leverage our purchasing power in the future as successfully as we have in the past, we are not able to increase the price of our products to reflect increases in the prices of raw materials or we experience any interruptions or shortages in the supply of raw materials, our operating costs could materially increase.

The cost of producing our products is also sensitive to our energy costs such as natural gas and electricity. Energy prices, in particular natural gas, have increased in recent years, with a corresponding effect on our production costs.

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Our revenues or operating costs could be adversely affected by product liability or product recall costs involving our products or products of our customers.

We are subject to the risk of exposure to product liability and product recall claims if any of our products are alleged to have resulted in property damage, based, for example, on alleged product defect. We do maintain product liability insurance, but this insurance may not be adequate to cover losses related to product liability claims brought against us. Product liability insurance could in the future become more expensive and difficult to maintain and may not be available on commercially reasonable terms, if at all. In addition, we do not maintain any product recall insurance, so any product recall we are required to initiate could have a significant impact on our financial position, results of operations and/or cash flows.

The outcome of pending and future litigation related to the manufacture and sale of lead pigments and lead-based paint could have a material adverse effect on our financial condition, liquidity, results of operations and/or cash flows.

Several leading paint manufacturers are defendants in a substantial number of lawsuits concerning exposure of children to lead-based paint applied thirty or more years ago, including litigation brought by state and local governments alleging that lead pigment in paint constitutes a public nuisance requiring, among other types of relief, abatement. This or similar product liability litigation could have a material adverse effect on the financial condition of these paint manufacturers, which include several of our paint container customers. To the extent our orders decrease or we are unable to collect receivables from customers due to the effects of product liability litigation on our customers, including the lead-based paint litigation referred to above, our results of operations could be unfavorably affected.

In addition, one of our subsidiaries, Armstrong Containers, Inc. (Armstrong) has been named as one of several defendants in 30 lead-related personal injury cases based upon allegations relating to its alleged corporate predecessor s products that predated our ownership of Armstrong. The allegations in these cases are similar to those against leading paint manufacturers described above. In addition, Armstrong has been named as one of several defendants in eight of the public nuisance cases referred to above. The plaintiffs in the public nuisance cases seek compensatory and punitive damages, including the cost of abating the alleged nuisance, and the plaintiffs in the personal injury cases seek unspecified monetary damages in excess of the statutory minimum for personal injuries due to alleged exposure to lead paint, as well as punitive damages. We expect that additional lead pigment/lead-based paint litigation may be filed against Armstrong (or that Armstrong may be added to existing litigation against other defendants) in the future asserting similar or different claims and seeking similar or different types of damages or relief.

Litigation is inherently subject to many uncertainties. Adverse court rulings, determinations of liability, changes in legislation and administrative regulations, among other factors, could affect the lead pigment/lead-based paint litigation against Armstrong and encourage an increase in the number and impact the nature of future claims and proceedings. We can neither predict the outcome of existing or future cases that name Armstrong as a defendant due to the uncertainties involved nor can we reasonably determine the scope or amount of the potential costs and liabilities related to these matters. We have, therefore, not reserved any amounts in respect of potential payments of damages. Any potential liability determined to be attributable to Armstrong arising out of these matters may have a material adverse effect on our financial position, results of operations and/or cash flows.

For a more detailed discussion of this litigation, see Item 3, Legal Proceedings.

Increased consolidation in our end markets may result in the loss of customers, increased exposure to business risks of larger customers and increased pricing pressure.

In several of our end markets, such as paint and related products, there has been increased consolidation through mergers and acquisitions in recent years, and this trend may continue. We may lose customers if they are not the surviving entity in future mergers and acquisitions. In addition, our results of operations would be increasingly sensitive to changes in the business of customers that represent a larger portion of our sales or to any deterioration of these customers financial condition. A smaller number of larger customers as a result of industry consolidation may also exert pressure on us with respect to pricing and payment terms or require us to make changes to our facilities or operations, potentially adversely impacting our financial position, results of operations and/or cash flows.

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The availability and pricing of steel could be significantly affected by consolidation of key suppliers.

The steel industry has experienced consolidation in recent years and further consolidations could result in a decrease in the number of our major suppliers or a decrease in the number of alternative supply sources available to us. In this case, it would be more likely that termination of one or more of our relationships with major suppliers would result in a material adverse effect on our business, financial position, results of operations and/or cash flows as we require a variety of steel raw materials to manufacture our general line metal container products. Consolidation could also result in price increases or unfavorable changes in the payment terms for the raw materials that we purchase. If we were unable to pass the impact of such changes on to our customers, these changes due to supplier consolidation could have a material adverse effect on our business, financial position, results of operations and/or cash flows.

Deceleration of the recent growth in our end markets could negatively impact our net sales.

Despite growth in recent years in the end markets for our products, we cannot assure you that the end markets for our products will continue to grow at current rates in the future. Our revenues are correlated to the performance of our end markets, especially the home improvement and repair sector. Therefore, we believe that if demand in our end markets were to decline or even grow less quickly, this could have a material adverse effect on our business, financial position, results of operations and/or cash flows should our customers reduce their purchases of our products or if we are required to reduce our prices or make changes to our operations.

An increase in the use of alternative packaging as a substitute for the steel and plastic containers we sell could adversely affect our profitability.

Our steel and plastic containers are used by our customers to package a diverse range of end-use products. A variety of substitute products are available to package these end-use products, including steel and plastics, and to a lesser extent, composites and flexible packaging containers. From time to time, our customers, including some of our larger customers, have used such alternative methods to package their products.

A widespread introduction of alternative packages by our customers or by other companies as a substitute for steel or plastic containers could significantly reduce our sales to our customers. More generally, a decrease in the costs of substitute products, improvements in the performance characteristics of substitute products or the successful development or introduction of new substitute products could significantly reduce our customers orders and our profitability.

Labor disruptions with that portion of our workforce which is unionized could decrease our profitability.

At September 30, 2007, approximately 24% of our hourly employees worked under nine separate collective bargaining agreements. Four of our nine collective bargaining agreements, representing approximately 28% of our unionized employees, will become amendable in fiscal 2008. We may not be able to negotiate these or other collective bargaining agreements on the same or more favorable terms as the current agreements, or at all, and without production interruptions, including labor stoppages. A prolonged labor dispute, which could include a work stoppage, could impact our ability to satisfy our customers requirements. In particular, a labor dispute with either of the major unions representing employees in Cincinnati could have a material adverse effect on our ability to produce aerosol containers and could result in a deterioration of that business.

Our business may be subject to significant environmental, health and safety costs.

We are subject to a broad range of federal, state, provincial and local environmental, health and safety laws, including those governing discharges to air, soil and water, the handling and disposal of hazardous substances and the investigation and remediation of contamination resulting from the release of hazardous substances. In addition, in the course of our operations, we use, store and dispose of hazardous substances. Some of our current and former facilities are currently involved in environmental investigations, remediations and other claims resulting from releases of hazardous substances or the presence of other constituents. For example, we received a letter dated March 14, 2007 from the U.S. Environmental Protection Agency, or EPA, stating that corrective action is required at our Cincinnati, Ohio facility to address documented releases of hazardous substances at the site. The documented releases referenced by EPA occurred prior to our ownership of the site. We are working with the EPA to address

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their concerns and have notified the former owner of the site who we believe has indemnity obligations to us with respect to the EPA s claim. In addition, in the third quarter of fiscal 2005, we joined a potentially responsible party, or PRP, group related to a waste disposal site in Georgia. Our status as a PRP was based on documents indicating that waste materials were transported to the site from our Homerville, Georgia facility prior to our acquisition of the facility in 1989. Many of our facilities have a history of industrial usage for which investigation and remediation obligations could arise in the future and which could require us to make material expenditures or otherwise materially affect the way we operate our business. For further discussion of existing environmental issues relating to us, see Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations Environmental Matters.

We may not succeed in our strategy of pursuing selective acquisitions.

As part of our business strategy, we intend to continue to evaluate and selectively pursue acquisitions. However, we may not be able to locate or acquire suitable acquisition candidates at attractive cash flow multiples consistent with our strategy, and we may not be able to fund future acquisitions because of limitations relating to our indebtedness or otherwise. Successful integration of any acquired business will require significant management and economic resources and could divert our focus from our day-to-day operations. In addition, to the extent that we make any acquisition in the future, our failure to integrate the acquired business successfully could significantly impair our financial position, results of operations and/or cash flows.

Our quarterly operating results may fluctuate due to seasonality and other factors.

Our business is seasonal, reflecting a general pattern of lower sales and earnings in the metal and plastics packaging industry during the first quarter of our fiscal year. These seasonal patterns cause our quarterly operating results and working capital requirements to fluctuate. As a result of such seasonality, financial results for a particular quarter may not be indicative of results for the entire year. For example, in the first quarter of fiscal 2007 and 2006 our net sales were 21% and 22%, respectively, of our total annual net sales and our gross profit was 19% of our total annual gross profit in each of the first quarters of 2007 and 2006.

Furthermore, we have experienced and expect to continue to experience variability in our results of operations on a quarterly basis due to fluctuations in raw material prices and our ability to pass on these changes to our customers.

An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability.

A significant portion of our outstanding debt, including under our credit facility, bears interest at variable rates. As a result, an increase in interest rates, whether because of an increase in market interest rates or a decrease in our creditworthiness, would increase the cost of servicing our debt and could materially reduce our profitability and cash flows. For a discussion of our credit facility, see Note 7, *Long-Term Debt*, of Notes to Consolidated Financial Statements in Item 8.

BWAY may be unable to repay the senior subordinated notes at their maturity or to refinance them on acceptable terms.

BWAY s 10% senior subordinated notes become due in 2010. BWAY s ability to repay or to refinance its obligations under these notes will depend on our general financial and operating performance, which will be affected by general economic, financial, competitive, business and other factors beyond our control. If our cash flows and capital resources are insufficient to fund our obligations under BWAY s senior subordinated notes, we may be forced to reduce or delay capital expenditures, sell assets, seek to obtain additional equity capital or restructure our debt. Our credit facility and the indenture governing BWAY s senior subordinated notes restrict our ability to dispose of assets and restrict the use of proceeds from any such dispositions. We cannot assure you we will be able to consummate those sales, or, if we do, what the timing of the sales will be or whether the proceeds that we realize will be adequate to meet debt service obligations when due.

For a discussion of these notes, see Note 7, *Long-Term Debt*, of Notes to Consolidated Financial Statements in Item 8.

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The instruments governing our debt contain cross default or cross acceleration provisions that may cause all of the debt issued under those instruments to become immediately due and payable as a result of a default under an unrelated debt instrument.

The indenture governing our senior subordinated notes and the agreement governing our credit facility contain numerous covenants and require us to meet certain financial ratios and tests based on Adjusted EBITDA, as determined by the debt agreements. Our failure to comply with the obligations contained in these agreements or other instruments governing our indebtedness could result in an event of default under the applicable instrument, which could result in the related debt and the debt issued under other instruments becoming immediately due and payable. In such event, we would need to raise funds from alternative sources, which funds may not be available to us on favorable terms, on a timely basis or at all. Alternatively, such a default could require us to sell our assets and otherwise curtail our operations in order to pay our creditors. These alternative measures could have a material adverse effect on our business, financial position, results of operations and/or cash flows.

Restrictive covenants in debt agreements of our company and its subsidiaries could restrict our operating flexibility.

Our credit facility and the indenture governing our senior subordinated notes contain affirmative and negative covenants that limit the ability of our company and its subsidiaries to take certain actions. These restrictions may limit our ability to operate our businesses and may prohibit or limit our ability to enhance our operations or take advantage of potential business opportunities as they arise. The credit facility requires us to maintain specified financial ratios and satisfy other financial conditions. The credit facility restricts, among other things and subject to certain exceptions, the ability of our company (and/or the ability of some or all of its subsidiaries) to:

- incur additional debt;
- pay dividends or distributions on its capital stock or to repurchase its capital stock;
- make certain investments, loans or advances;
- create liens on our assets to secure debt;
- engage in transactions with affiliates;
- merge or consolidate with another company;
- transfer and sell assets;
- incur guarantee obligations;
- prepay other indebtedness or amend other debt instruments;
- enter into sale and leaseback transactions;
- make acquisitions; and

change the business conducted by us.

In addition, under our credit facility, we are required to comply with financial covenants, including a minimum Consolidated Interest Coverage Ratio and a maximum Consolidated Total Leverage Ratio.

The indenture governing our senior subordinated notes also contains restrictive covenants that, among other things limit our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness;

pay dividends, redeem stock or make other distributions;

make restricted payments or investments;

create liens on assets;

transfer or sell assets;

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- engage in mergers or consolidations;
- engage in certain transactions with affiliates;
- incur guarantee obligations; and
- change the business conducted by us.

Our ability to comply with the covenants and restrictions contained in our credit facility and our ability to comply with the covenants and restrictions contained in the indenture governing our senior subordinated notes may be affected by economic conditions and by financial, market and competitive factors, many of which are beyond our control. Our ability to comply with these covenants in future periods will also depend substantially on the pricing of our products and services, our success at implementing cost reduction initiatives and our ability to successfully implement our overall business strategy. The breach of any of these covenants or restrictions could result in a default under either our credit facility or the indenture governing our senior subordinated notes that would permit the applicable lenders or holders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest. In that case, we may be unable to make borrowings under our credit facility and may not be able to repay the amounts due under our credit facility and our senior subordinated notes. This could have serious consequences to our financial position, results of operations and/or cash flows and could cause us to become bankrupt or insolvent.

BWAY may be unable to raise funds necessary to finance the change of control repurchase offers required by the indenture governing its senior subordinated notes

Under the indenture governing BWAY s senior subordinated notes, if BWAY experiences specific kinds of change of control, BWAY must offer to repurchase outstanding senior subordinated notes at a price equal to 101% of the principal amount of the notes plus accrued an unpaid interest to the date of purchase. The occurrence of specified events that would constitute a change of control of BWAY would also constitute a default under our credit facility. In addition, our credit facility may limit or prohibit the purchase of the senior subordinated notes by BWAY in the event of a change of control, unless and until such time as the indebtedness under the credit facility is repaid in full. As a result, following a change of control event, BWAY may not be able to repurchase senior subordinated notes unless all indebtedness outstanding under our credit facility is first repaid and any other indebtedness that contains similar provisions is repaid, or BWAY obtains a waiver from the holders of such indebtedness to permit BWAY to repurchase the senior subordinated notes. BWAY may be unable to repay all of that indebtedness or obtain a waiver of that type. Any requirement to offer to repurchase outstanding senior subordinated notes may therefore require BWAY to refinance its other outstanding debt, which it may not be able to do on commercially reasonable terms, if at all.

We are exposed to exchange rate fluctuations of the Canadian dollar

For fiscal 2007, approximately 9% of our net sales were in Canadian dollars. Our reporting currency is the U.S. dollar. A decrease in the value of the Canadian dollar relative to the U.S. dollar could reduce our profits from our Canadian operations and the value of the net assets of our Canadian operations when reported in U.S. dollars in our financial statements. This could have a material adverse effect on our business, financial position, results of operations and/or cash flows as reported in U.S. dollars. In addition, fluctuations in the U.S. dollar relative to the Canadian dollar may make it more difficult to perform period-to-period comparisons of our reported results of operations. For purposes of accounting, the assets and liabilities of our Canadian operations are translated using period-end exchange rates, and the revenues and expenses of our Canadian operations are translated using average exchange rates during each period. Translation gains and losses are reported in accumulated other comprehensive loss as a component of stockholders equity.

Item 1B. Unresolved Staff Comments

None.

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Item 2. Properties

The following table sets forth certain information with respect to our headquarters and manufacturing facilities as of December 1, 2007. We believe our properties are generally in good condition, well maintained and suitable for their intended use. We have excluded from the table our warehouses and any manufacturing facility that is permanently idled or otherwise not utilized by us in the production of our products.

Location	General Character	Approximate Square Footage	Type of Interest(1)	Segment
Atlanta, Georgia (Headquarters)	Office	16,000	Leased	Corporate
Brampton, Ontario	Manufacturing	41,000	Leased	Metal
Bryan, Texas	Manufacturing	83,000	Leased	Plastics
Cedar City, Utah	Manufacturing	89,000	Owned	Plastics
Chicago, Illinois (Kilbourn)	Manufacturing	141,000	Owned	Metal
Cidra, Puerto Rico	Manufacturing	83,000	Leased	Plastics
Cincinnati, Ohio	Manufacturing	467,000	Leased	Metal
Cleveland, Ohio	Manufacturing	248,000	Leased	Plastics
Dayton, New Jersey	Manufacturing	119,000	Leased	Plastics
Fontana, California	Manufacturing	72,000	Leased	Metal
Franklin Park, Illinois	Manufacturing	115,000	Leased	Metal
Garland, Texas	Manufacturing	108,000	Leased	Metal
Homerville, Georgia	Manufacturing	395,000	Owned	Metal
Indianapolis, Indiana	Manufacturing	169,000	Leased	Plastics
Lithonia, Georgia	Manufacturing	75,000	Leased	Plastics
Memphis, Tennessee	Manufacturing	120,000	Leased	Metal
St. Albert, Alberta	Manufacturing	62,000	Leased	Plastics
Sturtevant, Wisconsin	Manufacturing	85,000	Leased	Metal
Toccoa, Georgia	Manufacturing	121,000	Leased	Plastics
Toronto, Ontario	Manufacturing	73,000	Leased	Plastics
Trenton, New Jersey	Manufacturing	105,000	Leased	Metal
Valparaiso, Indiana	Manufacturing	106,000	Leased	Plastics
York, Pennsylvania	Manufacturing	97,000	Owned	Metal

(1) Our owned manufacturing facilities are subject to a mortgage lien in favor of Deutsche Bank Trust Company Americas as collateral agent for the lenders under our credit facility.

We regularly evaluate our various manufacturing facilities in light of current and expected market conditions and demand, and may further consolidate our manufacturing facilities in the future.

Item 3. Legal Proceedings

We are involved in legal proceedings from time to time in the ordinary course of business. We believe that the outcome of these proceedings will not have a material effect on our financial condition, results of operations or cash flows. We are also involved in certain proceedings relating to environmental matters as described under Item 1, Business Environmental, Health and Safety Matters. We had accrued liabilities of approximately $0.4 million and $0.3 million at September 30, 2007 and October 1, 2006, respectively, related to pending litigation matters, other than as discussed below.

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Lead Pigment and Lead Paint Litigation

Personal Injury Cases

Initial Wisconsin Personal Injury Lawsuits

The following lawsuits involve personal injury claims arising from the manufacture and sale of lead pigment for use in lead-based paint:

Angel Evans, a Minor, by her guardian ad litem, Susan M. Gramling vs. American Cyanamid Co., Atlantic Richfield Company, BWAY Corp., Conagra Foods, Inc., E.I. Dupont De Nemours and Company, Millennium Holdings, LLC, NL Industries, Inc., The Sherwin-Williams Company, Bobby Armon, Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 05-CV-9281 (*Evans*);

Jomara Hardison, Minor by her guardian ad litem, Susan M. Gramling vs. American Cyanamid Co., BWAY Corp., E.I. Dupont De Nemours and Company, Conagra Foods, Inc., Millennium Holdings, LLC, Sylvia Kirkendoll, Joel Kirkendoll, Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-00606 (*Hardison*); and

Ruben Baez Godoy, Minor, by her guardian ad litem, Susan M. Gramling vs. American Cyanamid Co, BWAY Corp., Cytec Industries, Inc., E.I. Dupont De Nemours and Company, Conagra Foods, Inc., The Sherwin Williams Company, Walter Stankowski, Wayne Stankowski, and Wisconsin Electric Power Company; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-277 (*Godoy*).

The plaintiffs filed the *Evans* lawsuit in October 2005, and the *Hardison* and *Godoy* lawsuits in January 2006. BWAY initially was not named as a defendant in any of these lawsuits. BWAY was later added as a defendant to the *Evans* and *Hardison* cases in June 2006, and to the *Godoy* lawsuit in September 2006.

BWAY was originally added as a defendant in these lawsuits on the ground that it is a successor in interest to the John R. MacGregor Company and/or the MacGregor Lead Company. Based upon our investigation to date, we do not believe that BWAY is a successor in interest to either of these entities. However, our wholly-owned subsidiary, Armstrong, potentially may be a successor to one of these MacGregor entities. Accordingly, BWAY was dismissed from these lawsuits and Armstrong was named in its stead.

The John R. MacGregor Company and the MacGregor Lead Company allegedly sold lead pigment for use in lead-based paint from around 1937 through 1971. The plaintiffs contend that lead is hazardous to human health, especially the health of children, who have, as a result, sustained physical injuries. The plaintiffs further contend that despite knowing of this alleged hazard, the defendants continued to manufacture and market lead pigment as acceptable for use in lead paint. Based upon these allegations, the plaintiffs assert claims for negligence and strict liability, including claims based upon failure to warn and design defect. The plaintiffs seek to recover compensatory and punitive damages.

Evans and *Hardison* each are in the discovery phase. Scheduling orders have been entered in both *Evans* and *Hardison*. The parties have exchanged limited written discovery relating primarily to factual issues. Documents have been produced by the plaintiff as well as Armstrong in *Evans*. There has been some exchange of written discovery on expert issues as well. Fact witness depositions and property inspections have begun. In *Evans*, some limited expert discovery also has taken place. For example, the defendants deposed the plaintiff s paint sampling expert.

In or around November 2007, the plaintiffs counsel indicated that they planned to dismiss the *Evans* case without prejudice. A stipulation of dismissal without prejudice was recently filed and the court entered an order of dismissal without prejudice on December 12, 2007.

Though certain discovery has been taken in the *Hardison* case, the bulk of the activity has occurred in *Evans.* However, given the plaintiffs counsel s dismissal of *Evans*, the defendants anticipate that the level of activity in *Hardison* soon will increase. The defendants recently requested deposition dates from the plaintiffs counsel in *Hardison*.

The *Godoy* case effectively has been stayed pending appellate review of the trial court s granting of the defendants Motion to Dismiss the plaintiff s design defect claim. The trial court granted the defendants Motion to Dismiss on October 23, 2006. In its order, the trial court agreed with the defendants that the plaintiff s negligence and strict liability claims lacked merit, to the extent they are based upon allegations that white lead carbonate was defectively designed, because lead is an inherent characteristic of white lead carbonate, and thus white lead carbonate could not have been designed without it. Thus, there could be no design defect. On October 16, 2007, a panel of the Wisconsin Court of Appeals agreed, affirming the trial court s dismissal of the plaintiff s design defect claim. On November 15, 2007, the plaintiff filed a Petition for Review of this decision with the Wisconsin Supreme Court. The defendants response to the plaintiff s petition was filed on November 29, 2007. The plaintiff recently requested leave to file a reply brief, and this request was granted.

The plaintiffs counsel has indicated that they have approximately 200 additional lead paint cases in Wisconsin, which are believed to be similar in nature to the existing lawsuits. In late 2006 and early 2007, the plaintiffs counsel filed an additional 30 cases, which are discussed below.

In addition to these Wisconsin personal injury cases, the plaintiffs counsel also are involved in other lead paint litigation being pursued on behalf of governmental entities in various states around the country. These governmental entity lawsuits are being pursued under a public nuisance theory. These cases are also discussed below.

Armstrong has filed answers to the complaints denying the allegations contained therein, and intends to defend these cases vigorously. Given the preliminary nature of these cases, we cannot at this time assess whether an adverse judgment ultimately may be returned against Armstrong and what the impact of any such judgment might be.

Subsequent Wisconsin Personal Injury Lawsuits

The following 30 cases were filed against our wholly-owned subsidiary, Armstrong, in late 2006 and early 2007. These cases are similar to the *Evans*, *Hardison*, and *Godoy* cases referenced above. Armstrong has been named as a defendant in these lawsuits solely as an alleged successor in interest to the John R. MacGregor Company and/or MacGregor Lead Company.

Glenn Burton, Jr., Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont Denemours & Company; Lead Industries Association, Inc.; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012647; Case Code 30107 (*Burton*);

LaTonya D. Cannon, Minor, by her guardian ad litem, Susam M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Atlantic Richfield Company; Conagra Foods, Inc.; E. I. Du Pont De Nemours; Millennium Holdings, LLC; NL Industries, Inc.; The Sherwin Williams Company; Melvin L. Peterson; Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 07-CV-000300; Case Code 30107 (*Cannon*);

Yasmine Clark, Minor, by her guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E. I. Dupont Denemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; 3738 Galena LLC c/o Affordable Rentals; The ABC Insurance Company; AKP Properties RA; Vern Suhr; The XYZ Insurance Company; Department of Health and Family Services, State Of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012653; Case Code 30107 (*Clark*);

Diamond Davidson, Minor, by her guardian ad litem, Susan M. Gramling vs. Northside Church Of God; ABC Insurance; Armstrong Containers, Inc., Conagra Foods, Inc.; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin Williams Company; and Department of Health and Family Services, State Of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012566; Case Code 30107 (*Davidson*);

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Felton Dodd, Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont Denemours & Company; Millennium Holdings, LLC; NL Industries, Inc., The Atlantic Richfield Company; The Sherwin-Williams Company; John Scibby; The ABC Insurance Company; Department of Health and Family Services, *State of Wisconsin*; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 07-CV-000285; Case Code 30107 (*Dodd*);

Lakendelyn N. Evans, Minor, by her guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; The Atlantic Richfield Company; Conagra Foods, Inc.; E. I. Du Pont De Nemours; Millennium Holdings, LLC; N L Industries, Inc.; The Sherwin-Williams Company; Peter W. Henke; Department of Health and Family Services, State Of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 2006-CV-012744; Case Code 30107 (*L. Evans*);

Chasidy S. Farmer, Minor, by her guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont Denemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; North East Community Limited Partnership; The ABC Insurance Company; Betty J. Smith; The XYZ Insurance Company; Department of Health and Family Services, State Of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012645; Case Code 30107 (*Farmer*);

Shamarra Ferguson, Minor, by her guardian ad litem, Susan M. Gramling vs. Deborah And Dale Polzin, ABC Insurance, John Rick, XYZ Insurance, American Cyanamid Company, Armstrong Containers, Inc., Conagra Foods, Inc., E. I. Dupont Denemours & Company, Millennium Holdings, LLC, NL Industries, Inc., The Atlantic Richfield Company, The Sherwin Williams Company, and Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012567; Case Code 30107 (*Ferguson*);

Ernest Gibson, Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Company, Armstrong Containers, Inc., Conagra Foods, Inc., E. I. Dupont Denemours & Company, Millennium Holdings, LLC, NL Industries, Inc., The Atlantic Richfield Company, The Sherwin Williams Company, and Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012605; Case Code 30107 (*Gibson*);

Michael J. Henderson, a Minor, by his guardian ad litem, Susam M. Gramling, vs. American Cyanamid Company; Armstrong Containers, Inc., Conagra Foods, Inc.; E. I. Du Pont De Nemours & Company; Millennium Holdings, LLC; Nl Industries, Inc.; Atlantic Richfield Company; The Sherwin Williams Company; Andrew D. Hopkins; American Family Insurance Group; Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012745; Case Code 30107 (*Henderson*);

Ambrea Holder, Jada Jamison, Minor, by their guardian ad litem, Susan M. Gramling, vs. Paul N. Jacobs, RJ Properties LLC; ABC Insurance, American Cyanamid Company, Armstrong Containers, Inc., Conagra Foods, Inc., E.I. Dupont Denemours & Company, Millennium Holdings, LLC, NL Industries, Inc., The Atlantic Richfield Company, The Sherwin Williams Company, Department of Health and Family Services, State Of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012602; Case Code 30107 (*Holder*);

Anthony Johnson, Minor, by his guardian ad litem, Susan M. Gramling vs. SJM Properties, LLC; ABC Insurance, American Cyanamid Company; Armstrong Containers, Inc., Conagra Foods, Inc., E.I. Dupont Denemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin Williams Company; and Department of Health and Family Services, *State of Wisconsin*; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 07CV-000343; Case Code 30107 (*A. Johnson*);

Brandon Johnson, Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont Denemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; *Department of Health and Family Services*, *State of Wisconsin*; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012743; Case Code 30107 (*B. Johnson*);

Qua-Shawn Jones, Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont Denemours & Company; Millennium Holdings, *LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; Adrianne Jordan; The ABC Insurance Company; 2506 S. 6th LLC; XYZ Insurance Company; Department of Health and Family Services*, *State of Wisconsin*; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012652; Case Code 30107 (*Jones*);

Demond dre Myers, Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont Denemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; Brenda Scott; The ABC Insurance Company; Deutsche Bank National Trust c/o New Century Mortgage Corp.; The XYZ Insurance Company; Department of Health and Family Services, *State of Wisconsin*; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012658; Case Code 30107 (*Myers*);

Trinity Moore, Minor, by her guardian ad litem, Susan M. Gramling vs. Alan And Kim Skarzynski, MK Properties, ABC Insurance, Armstrong Containers, Inc., Conagra Foods, Inc., Millennium Holdings, LLC, NL Industries, Inc., The Atlantic Richfield Company, The Sherwin Williams Company, and Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 07-CV-000342; Case Code 30107 (*Moore*);

Ravon Owens, Minor, by his guardian ad litem, Susan M. Gramling vs. Latasha Conley; ABC Insurance, American Cyanamid Company, Armstrong Containers, Inc., Conagra Foods, Inc., E.I Dupont Denemours & Company, Millennium Holdings, LLC, NL Industries, Inc., The Atlantic Richfield Company, The Sherwin Williams Company, and Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012604; Case Code 30107 (*R. Owens*);

Titus Owens, IV, Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont Denemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; Barbara Pharr; The ABC Insurance Company; *Department of Health and Family Services*, *State of Wisconsin*; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012654; Case Code 30107 (*T. Owens*);

Jamara Ruffin, Minor, by her guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont Denemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin Williams Company; David A. Frick; The ABC Insurance Company; Community Property Center, Inc.; The XYZ Insurance Company; Department Of Health And Family Services, *State of Wisconsin*; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012657; Case Code 30107 (*J. Ruffin*);

Perrion Ruffin, Minor, by his guardian ad litem, Susan M. Gramling, and Javonte King, Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Co., Armstrong Containers, Inc., Conagra Foods, Inc., E.I. Dupont Denemours & Company, Millennium Holdings, LLC, NL Industries, Inc., The Atlantic Richfield Company, The Sherwin Williams Company, Perry Gladney, The ABC Insurance Company, W. J. Sherard a/k/a/ William J. Sherard, The Ghi Insurance Company, Sherard W. J. Realty Co., The UVW Insurance Company, Loretta Lindsey; The XYZ Insurance Company, Department Of Health And Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012650; Case Code 30107 (*P. Ruffin*);

Darrell Scales, Minor, by his guardian ad litem, Susan M. Gramling vs. Lovell Johnson, Jr., ABC Insurance, American Cyanamid Company, Armstrong Containers, Inc., Conagra Foods, Inc.; E.I. Dupont Denemours & Company, Millennium Holdings, LLC, NL Industries, Inc., The Atlantic Richfield Company, The Sherwin Williams Company, and Department Of Health And Family Services, *State of Wisconsin*; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012601; Case Code 30107 (*Scales*);

Brionn Stokes, Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Co., Armstrong Containers, Inc., Conagra Foods, Inc., E.I. Dupont Denemours & Company, Lead Industries Association, Inc., Millennium Holdings, LLC, NL Industries, Inc., The Atlantic Richfield Company, The Sherwin Williams Company, Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012649; Case Code 30107 (*B. Stokes*);

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Destiny Stokes, Minor, by her guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E. I. Denemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; Westside Housing Cooperative; The AGC Insurance Company; Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 07-CV-000299; Case Code 30107 (*D. Stokes*);

Gerald D. Tennant, III, Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers; Atlantic Richfield Company; Conagra Grocery Products Co.; E. I. Dupont Denemours; Millennium Holdings, LLC; NL Industries, Inc.; The Sherwin-Williams Company; Bruce K. Macarthur; Blake E. Wesner; ABC Insurance Company; Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 07-CV-11; Case Code 30107 (*Tennant*);

Jaquan Trammell, Dijonae Trammell, Ty jai Trammell, Minors, by their guardian ad litem, Susan M. Gramling vs. M Richard W. Geis, Jr., Brookfall Investments, ABC Insurance, American Cyanamid Company, Armstrong Containers, Inc., Conagra Foods, Inc., E. I. Dupont Denemours & Company, Millennium Holdings, LLC, NL Industries, Inc., The Atlantic Richfield Company, The Sherwin Williams Company, and Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012603; Case Code 30107 (*Trammell*);

Syngeon Turner, Keonte Turner, Chauncy Turner, and Henry Harmon, Minors, by their guardian ad litem, Susan M. Gramling vs. Velved Lee Stevenson, ABC Insurance, American Cyanamid Company, Armstrong Containers, Inc., Conagra Foods, Inc., E.I. Dupont Denemours & Company, Millennium Holdings, LLC, NL Industries, Inc., The Atlantic Richfield Company, The Sherwin Williams Company, and Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 06-CV-012606; Case Code 30107 (*Turner*);

Tevin Brown, Minor, by his guardian ad litem, Susan M. Gramling, and Tevine Brown, Minor, by his guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont De Nemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; Calvin R. Malone; Kathryn E. Malone; State Farm Insurance; Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 07-CV-001499; Case Code 30107 (*T. Brown*);

Mahogany Hughes-Hinton, Minor, by her guardian ad litem, Susan M. Gramling vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont De Nemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; Stephen Geiss; Janice M. Geiss; Raymond Nauer; The ABC Insurance Company; Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 07-CV-001500; Case Code 30107 (*Hughes-Hinton*);

Damian Arias, Minor, by his guardian ad litem, Susan M. Gramling, vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont De Nemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; Christopher M. Torzala; Metropolitan Insurance Company; Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 07-CV-001428; Case Code 30107 (*Arias*); and

D Angelo Thompson, Minor, by his guardian ad litem, Susan M. Gramling, vs. American Cyanamid Co.; Armstrong Containers, Inc.; Conagra Foods, Inc.; E.I. Dupont De Nemours & Company; Millennium Holdings, LLC; NL Industries, Inc.; The Atlantic Richfield Company; The Sherwin-Williams Company; Steve Fowlkes; Jessie Fowlkes; All State Insurance Co.; Department of Health and Family Services, State of Wisconsin; Circuit Court, Milwaukee County, State of Wisconsin; Case No. 07-CV-001429; Case Code 30107 (*Thompson*).

Certain of these cases have been removed to the federal court and currently are proceeding therein, including the *Burton*, *B. Stokes*, *B. Johnson*, *Farmer*, *R. Owens*, and *Gibson* cases.

Recently, the plaintiff s counsel has either dismissed or stated that they plan to dismiss a number of these 30 cases. For example, on September 27, 2007, the *Moore* case was dismissed without prejudice. *Scales* was dismissed on November 20, 2007. The plaintiff s counsel also has asked the defendants to stipulate to the dismissal without prejudice of the *Henderson, J. Ruffin, Myers* and *L. Evans* cases. The plaintiff s counsel further indicated that they plan to dismiss certain other cases, but have not yet identified which other cases they plan to dismiss.

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While these cases were filed almost a year ago, not much has taken place in these cases, as the parties have been focusing on other matters.

Armstrong has answered the complaints in these cases. Discovery has begun in virtually all of the cases, and the defendants have served written discovery requests to the plaintiffs in these cases. Property inspections have begun in certain of these cases as well. Scheduling orders have been entered in virtually all of the cases.

Given the preliminary nature of these cases, we cannot at this time assess whether an adverse judgment ultimately may be returned against Armstrong and what the impact of any such judgment might be.

Public Nuisance Cases

The following lawsuits involve public nuisance claims arising from the manufacture and sale of lead pigment for use in lead-based paint. They were filed in late 2006 and early 2007. Our wholly-owned subsidiary, Armstrong, has been named as a defendant in these lawsuits.

City of Columbus, Ohio, vs. Sherwin-Williams Company, Millennium Holdings LLC, NL Industries, Inc., Conagra Grocery Products Company, E.I. Du Pont DeNemours and Company, Atlantic Richfield Company, CYTEC Industries, Inc., American Cyanamid Company, Armstrong Containers and John Doe Corporations, Defendants; Court of Common Pleas, Franklin County, Ohio, Civil Division; Civil Action File No. 06CVH12 16480;

City of Canton, Ohio, vs. Sherwin-Williams Company, Millennium Holdings LLC, NL Industries, Inc., Conagra Grocery Products Company, E.I. DuPont DeNemours and Company, Atlantic Richfield Company, CYTEC Industries, Inc., American Cyanamid Company, Armstrong Containers, Inc., and John Doe Corporations, Defendants; Court of Common Pleas, Stark County, Ohio, Civil Division; Civil Action File No. 2006CV05048;

City of Cincinnati, Ohio, vs. Sherwin-Williams Company, Millennium Holdings LLC, NL Industries, Inc., Conagra Grocery Products Company, E.I. DuPont DeNemours and Company, Atlantic Richfield Company, CYTEC Industries, Inc., American Cyanamid Co., Armstrong Containers, Inc., and John Doe Corporations, Defendants; Court of Common Pleas, Hamilton County, Ohio, Civil Division; Civil Action File No. A0611226;

State of Ohio, ex rel. Marc Dann Attorney General vs. Sherwin-Williams Company, E.I. DuPont De Nemours and Company, American Cyanamid Company, Armstrong Containers, Inc., Atlantic Richfield Company, Conagra Grocery Products Company, CYTEC Industries, Inc., Lyondell Chemical Company, Millennium Holdings LLC, NL Industries, Inc. and John Doe Corporations, Defendants; Court of Common Pleas, Franklin County, Ohio, Civil Division; Civil Action File No. 07CV 4587;

City of Athens, Ohio, vs. Sherwin-Williams Company, Millennium Holdings LLC, NL Industries, Conagra Grocery Products Company, E.I. DuPont DeNemours and Company, Atlantic Richfield Company, CYTEC Industries, Inc., American Cyanamid Company, Armstrong Containers, Inc., and John Doe Corporations, Defendants; Court of Common Pleas, Athens County, Ohio, Civil Division; Civil Action File No. 07CI136;

City of Dayton, Ohio, vs. Sherwin-Williams Company, Millennium Holdings LLC, NL Industries, Inc., Conagra Grocery Products Company, E.I. DuPont DeNemours and Company, Atlantic Richfield Company, CYTEC Industries, Inc., American Cyanamid Co., Armstrong Containers, Inc., Lyondell Chemical Company, and John Doe Corporations, Defendants; Court of Common Pleas, Montgomery County, Ohio, Civil Division; Civil Action File No. 07-2701;

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City of Youngstown, Ohio, vs. Sherwin-Williams Company, E.I. DuPont DeNemours and Company, American Cyanamid Company, Armstrong Containers, Inc., Atlantic Richfield Company, Conagra Grocery Products Company, CYTEC Industries, Inc., Lyondell Chemical Company, Millennium Holdings LLC, NL Industries, Inc. and John Doe Corporations, Defendants; Court of Common Pleas, Mahoning County, Ohio, Civil Division; Civil Action File No. 07-CV1167; and

City of Massillon, Ohio, vs. Sherwin-Williams Company, Millennium Holdings LLC, NL Industries, Inc., Conagra Grocery Products Company, E.I. DuPont DeNemours and Company, Atlantic Richfield Company, CYTEC Industries, Inc., American Cyanamid Co., Armstrong Containers and John Doe Corporations, Defendants; Court of Common Pleas, Stark County, Ohio, Civil Division; Civil Action File No. 2007CV01224.

Armstrong has been named in these actions as the alleged successor in interest to the John R. MacGregor Company and/or the MacGregor Lead Company. The John R. MacGregor Company and the MacGregor Lead Company allegedly sold lead pigment for use in lead-based paint from around 1937 through 1971. The plaintiffs contend that lead is hazardous to human health, especially the health of children. The plaintiffs further contend that despite knowing of this alleged hazard, the defendants continued to manufacture and market lead pigment as acceptable for use in lead paint. Based upon these allegations, the plaintiffs assert claims for, among other things, public nuisance and concert in action and seek to recover compensatory damages from the defendants, including the costs of abating the alleged nuisance. The complaint also seeks to recover punitive damages.

Many of these cases have been dismissed without prejudice by the respective municipalities. The *Cincinnati* case was dismissed on June 6, 2007. The *Canton* and *Massillon* cases were dismissed on November 2, 2007 (these cases were consolidated prior to their dismissal). The *Youngstown* case was dismissed on November 19, 2007. The *Dayton* case was dismissed on November 28, 2007. The *Athens* case was dismissed on December 4, 2007.

The *Columbus* and *State of Ohio* cases, which were consolidated into a single case on May 29, 2007, currently remain. The defendants have moved to dismiss the *Columbus* and *State of Ohio* cases. The defendants motion has been fully briefed in *Columbus*, except for the city s response to the defendants supplemental brief.

Judge Brown currently is presiding over these two consolidated cases. The defendants understand that Judge Brown formerly worked in the Ohio Attorney General s office and was involved in the Ohio Attorney General s litigation against the tobacco companies. The defendants further understand that he may have worked with Motley Rice, the law firm representing the municipalities in these public nuisance cases, in connection with the tobacco litigation. Based on this information, an issue has been raised as to whether Judge Brown should recuse himself from these cases. The defendants have submitted a letter to Judge Brown regarding this issue. Judge Brown held an informal conference with the parties to discuss this issue on November 30, 2007. Judge Brown contacted the parties following the conference and indicated that he has declined to recuse himself from these cases.

Judge Brown has directed the parties to submit a proposed briefing schedule to the court with respect to briefing the defendants motion to dismiss, which the parties anticipate submitting in January 2008.

The plaintiffs previously had moved to stay many of the public nuisance cases pending resolution of a proceeding between the Ohio state legislature and the Ohio governor s office regarding legislation relating to public nuisance claims, which proceeding went before the Ohio Supreme Court. On July 31, 2007, the Ohio Supreme Court issued its ruling in connection with this proceeding. The Ohio Supreme Court ruled that the new governor s attempted veto of the legislation was ineffective and granted the legislature s petition for issuance of a writ of mandamus directing the secretary of state to treat the legislation as the law of the state of Ohio. Among other things, the legislation confirms that in cases arising out of the sale of products such as the lead paint lawsuits, a plaintiff must identify the manufacturer of the product that allegedly caused the harm, something the lead paint public nuisance plaintiffs have been unable to do to date.

In February 2006, a jury in Rhode Island returned a verdict in a statewide lead paint-based public nuisance suit (in which Armstrong was not named as a defendant) finding that (i) the cumulative presence of lead pigment in paints and coatings on buildings in the State of Rhode Island constitutes a public nuisance, (ii) certain defendants caused or substantially contributed to the creation of the public nuisance, and (iii) certain defendants should be ordered to abate the public nuisance. The court in this case may order these defendants to make payments to fund lead paint abatement affecting both public and private properties, and certain other health and safety programs, although the extent of such payments is not certain. The defendants have appealed the decision of the trial court. The February 2006 verdict may increase the likelihood that additional similar cases will be filed in other jurisdictions.

The highest courts of Missouri and New Jersey have dismissed as a matter of law public nuisance claims by municipal plaintiffs against former lead pigment manufacturers. The Missouri Court affirmed summary judgment for the defendants in a public nuisance lawsuit by the City of St. Louis because the city could not identify the manufacturer of lead paint in homes where it had incurred abatement costs. City of St. Louis v. Benjamin Moore & Co., 2007 WL 1693582, at *3-5 (Mo. June 12, 2007). The New Jersey Supreme Court affirmed a trial court decision granting a motion to dismiss the complaints of 26 New Jersey cities and counties, rejecting the public nuisance claim as a matter of law on multiple grounds. In re Lead Paint Litigations, 2007 WL 1721956, at *13-19 (N.J. June 15, 2007)

While we believe that we have valid defenses to the personal injury and public nuisance cases and plan to vigorously defend them, we can neither predict the outcome at this time due to the uncertainties involved nor can we reasonably determine the scope or amount of the potential costs and liabilities related to these matters. We have, therefore, not reserved any amounts in respect of potential payments of damages. Any potential liability arising out of these matters may have a material adverse effect on our financial position, results of operations and/or cash flows. At September 30, 2007 and October 1, 2006, we had accrued approximately $0.2 million and $0.5 million, respectively, in legal fees and expenses related to these matters.

Tender of Lead Pigment and Lead Paint Litigation to Insurers

Approximately 33 personal injury cases arising out of the sale of lead pigment for use in lead-based paint were filed in Wisconsin against our wholly-owned subsidiary, Armstrong, based on allegations that Armstrong is a successor in interest to the John R. MacGregor Co. and/or MacGregor Lead Company.

The lawsuits have been tendered to Armstrong s insurers for which Armstrong had policies in place during the potentially relevant time period (and of which it is aware), which currently is 1972 through the present. In response to the tenders, the various insurers have acknowledged receipt of the lawsuits and generally agreed to participate in the defense of the cases, subject to a reservation of their rights to contest coverage at a later date.

Notwithstanding this general approach, one of these insurers, Liberty Mutual Insurance Company (Liberty), filed the following Wisconsin declaratory judgment action against us and Armstrong in Wisconsin state court on May 21, 2007:

Liberty Mutual Insurance Company v. BWAY Corporation, et al., Circuit of Milwaukee County, State of Wisconsin, Case No. 07-CV-005625 (the Wisconsin declaratory judgment action).

In the lawsuit, Liberty seeks a declaration that it is not required to defend or indemnify us or Armstrong, under three insurance policies that Liberty issued to us, in connection with three of the Wisconsin personal injury lead paint lawsuits: (1) *Anthony Johnson v. SJM Properties, LLC, et al.*, Case No. 07-CV-0000343, in the Circuit Court of Milwaukee County, Wisconsin; (2) *Demond Dre Myers v. Brenda Scott, et al.*, Case No. 06-CV-012658, in the Circuit Court of Milwaukee County, Wisconsin; and (3) *Perrion Ruffin, et al. v. Perry Gladney, et al.*, Case No. 06-CV-012650, in the Circuit Court of Milwaukee County, Wisconsin. The policy period for the Liberty policies at issue begins on October 1, 2004 and ends on October 1, 2007.

In the Wisconsin declaratory judgment action, Liberty argues that there are a number of reasons why it is not obligated to defend or indemnify us or Armstrong under the subject policies, including on the ground that the pollution exclusion clause contained in these policies bars coverage for lead paint claims under Wisconsin law. The 2006-2007 policy also contains a specific lead exclusion.

We, along with Armstrong, responded to the complaint in the Wisconsin declaratory judgment action by removing this case to federal court. Along with Armstrong, we also filed a motion to dismiss this lawsuit based on a lack of subject matter jurisdiction. Around the same time, Liberty filed a motion to remand this case from federal court to state court. Liberty s motion to remand and our motion to dismiss have been fully briefed and currently are pending before the court. Along with Armstrong, we requested oral argument on the motions, but have not heard back from the court as to whether it will grant oral argument.

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Shortly after receiving copies of Liberty s Wisconsin declaratory judgment complaint, Armstrong filed the following Georgia declaratory judgment action in Georgia state court:

Armstrong Containers, Inc. v. Liberty Mutual Insurance Company, et al., Gwinnett County Superior Court, State of Georgia, Civil Action 2007A-05222-2 (the Georgia declaratory judgment action)

In that action, Armstrong seeks to have many of the same coverage issues resolved by a Georgia court. Armstrong served written discovery upon Liberty along with its complaint. Liberty answered the complaint and later moved to stay discovery in the Georgia action, arguing that any discovery should be undertaken in the first-filed Wisconsin declaratory judgment action.

No discovery has been served upon Armstrong or us in either of these actions.

In early September 2007, we, along with Armstrong, reached an agreement with Liberty to stay both of the declaratory judgment actions while they attempted to reach an agreement with respect to the coverage issues. On September 24, 2007, the Wisconsin court entered an order staying the case until December 13, 2007. The Georgia Court entered a similar order on September 17, 2007, staying the case until December 13, 2007. The stays in both the Wisconsin and Georgia actions recently were extended through January 14, 2008.

Given that these actions are in a very early stage, we cannot at this time predict the outcome of this litigation or what the impact of an adverse judgment might be with respect to these policies, or any other policies that may potentially provide for coverage for the claims asserted in the personal injury lead paint cases referenced above, the other personal injury lawsuits pending against Armstrong in Wisconsin, or any other current or future lead paint related claims against Armstrong.

For further discussion of both the personal injury and public nuisance cases related to lead pigment and lead-based paint, see Item 1A, Risk Factors Our revenues or operating costs could be adversely affected by product liability or product recall costs involving our products and The outcome of pending and future litigation related to the manufacture and sale of lead pigments and lead-based paint could have a material adverse effect on our financial position, results of operations and/or cash flows.

Item 4. Submission of Matters to a Vote of Security Holders

No matters were submitted during the fourth quarter of 2007 to a vote of our security holders through the solicitation of proxies or otherwise.

PART II

Item 5. Market for the Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

There were no sales of unregistered equity securities sold by the Company in fiscal 2007. We did not purchase any of our securities in the fourth quarter of fiscal 2007. We did not receive any proceeds from the initial public offering of BWAY Holding in June 2007.

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Market Information

The common stock of BWAY Holding began trading on the New York Stock Exchange under the ticker symbol BWY beginning June 13, 2007. The following table sets forth the high and low sales prices of BWAY Holding s common stock during the periods indicated.

	Sales Price	
	High	Low
Fiscal 2007		
Third Quarter	$ 15.62	$ 14.60
Fourth Quarter	14.92	8.95

There is no established public market for BWAY Corporation common stock.

Holders

As of December 14, 2007, there were 21 holders of record of BWAY Holding common stock.

As of December 14, 2007, all of the common stock of BWAY was held by BWAY Holding.

Dividends

BWAY Holding did not pay dividends in fiscal 2007 or 2006, and it does not intend to pay dividends in the foreseeable future.

In the fourth quarter of fiscal 2006, BWAY declared a $10.0 million cash dividend payable to BWAY Holding. The dividend was used by BWAY Holding to repurchase 85,088 shares of its common stock and settle for cash the exercise of 722,547 shares issuable pursuant to outstanding stock options. Each of the stock and options were beneficially owned by our former chairman and chief executive officer.

With certain exceptions, we are prohibited by our long-term debt arrangements from paying dividends. The dividend paid to BWAY Holding discussed above was such an exception.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information about BWAY Holding common stock that may be issued under our equity compensation plans as of September 30, 2007.

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price Per Share of Outstanding Options	Number of Securities Available for Future Issuance Under Equity Compensation Plans[1]
Equity compensation plans approved by security holders[2]	5,553,338	$ 5.96	2,214,231
Equity compensation plans not approved by security holders			
Total	5,553,338	$ 5.96	2,214,231

(1) Includes 193,333 shares of BWAY Holding common stock, which have been reserved for issuance under the BCO Holding Company Stock Incentive Plan.

(2) Includes the Holding 1995 Long-Term Incentive Plan, the BCO Holding Company Stock Incentive Plan and the BWAY Holding Company 2007 Omnibus Incentive Plan (see Note 9, *Stock-Based Compensation*, of Notes to Consolidated Financial Statements, in Item 8.

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Item 6. **Selected Financial Data**

The following table sets forth our selected historical consolidated financial and operating data, which should be read in conjunction with Management s Discussion and Analysis of Financial Condition and Results of Operations included in Item 7 and with our consolidated financial statements and related notes included in Item 8. The selected consolidated financial and other data as of September 30, 2007 and October 1, 2006 and for each of the fiscal years in the three-year period ended September 30, 2007 have been derived from our audited consolidated financial statements and related notes included in Item 8. The selected consolidated financial and other data as of October 2, 2005 and for the fiscal year ended October 3, 2004 have been derived from our audited financial statements and related notes that are not included in this Annual Report. Because BWAY Holding Company was not formed until September 2002, the selected consolidated financial and other data for the periods from September 30, 2002 to February 6, 2003 and February 7, 2003 to September 28, 2003, and as of September 28, 2003 and October 3, 2004, have been derived from BWAY s audited consolidated financial statements and the related notes thereto which are not included in this Annual Report. Unless otherwise indicated, references to years in this Item 6 relate to fiscal years rather than to calendar years.

In 2007, we changed the method of accounting for substantially all of our inventories from the last-in, first-out (LIFO) method to the first-in, first-out (FIFO) method. In accordance with Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections*, all prior periods presented have been retrospectively adjusted to apply the new method. For a summary of the effect of the retrospective adjustments resulting from the change in accounting principle for inventory costs for the fiscal years ended September 30, 2007, October 1, 2006 and October 2, 2005, see Note 3, *Change in Method of Accounting for Inventory*, of Notes to Consolidated Financial Statements, included in Item 8.

	Successor(1)					Predecessor(1)
	Fiscal Period Ended (2)					
	2007	2006	2005	2004	Successor 2003	Predecessor 2003
	(Amounts in thousands, except per share data)					
STATEMENT OF OPERATIONS DATA						
Net sales	$ 959,017	$ 918,513	$ 829,109	$ 611,588	$ 364,384	$ 186,726
Cost of products sold (excluding depreciation and amortization) (3)(4)	830,102	790,641	706,539	525,099	310,952	166,468
Gross profit (excluding depreciation and amortization)	128,915	127,872	122,570	86,489	53,432	20,258
Depreciation and amortization (5)	45,377	41,615	43,215	31,724	16,835	6,091
Selling and administrative expense (6)(7)	37,204	29,777	22,120	14,040	8,675	14,875
Merger related transaction costs (8)						2,488
Public offering expenses (9)	9,599					
Restructuring and impairment (adjustment) charge (10)(11)(12)(13)(14)	(113)	1,511	5,265	352	260	(460)
Other expense (income), net (15)(16)	1,067	1,813	(175)	178	905	17
Income (loss) income from operations	35,781	53,156	52,145	40,195	26,757	(2,753)
Interest expense, net (17)(18)(19)	37,981	34,660	32,165	26,889	16,935	11,190
(Loss) income before income taxes and cumulative effect of change in accounting principle	(2,200)	18,496	19,980	13,306	9,822	(13,943)
Provision for (benefit from) income taxes	941	9,237	7,239	5,161	3,653	(4,824)
(Loss) income before cumulative effect of change in accounting principle	(3,141)	9,259	12,741	8,145	6,169	(9,119)
Cumulative effect of change in accounting principle, net of tax		(398)				
Net (loss) income	$ (3,141)	$ 8,861	$ 12,741	$ 8,145	$ 6,169	$ (9,119)

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	Successor(1)					Predecessor(1)
	Fiscal Period Ended (2)					
	2007	2006	2005	2004	Successor 2003	Predecessor 2003
	(Amounts in thousands, except per share data)					
(LOSS) INCOME PER SHARE BWAY HOLDING						
Weighted-average shares outstanding						
Basic	20,851	20,592	20,603	18,006	17,199	18,429
Diluted	20,851	25,348	24,937	21,333	19,984	18,429
Net (loss) income per share						
Basic	$ (0.15)	$ 0.43	$ 0.62	$ 0.45	$ 0.36	$ (0.49)
Diluted	(0.15)	0.35	0.51	0.38	0.31	(0.49)
OTHER FINANCIAL DATA						
Adjusted EBITDA (20)	$ 114,541	$ 108,725	$ 102,302	$ 73,906	$ 48,211	$ 18,483
Adjusted EBITDA margin % (21)	11.9%	11.8%	12.3%	12.1%	13.2%	9.9%
Capital expenditures	25,555	25,041	20,282	19,066	8,879	4,607
Cash paid for interest	33,649	33,200	29,866	22,595	18,611	5,374
Total debt/Adjusted EBITDA(20)	3.7x	4.1x	3.9x	5.6x	4.5x	
Adjusted EBITDA(20)/Cash paid for interest	3.4x	3.3x	3.4x	3.3x	2.6x	3.4x

	Successor(1)				
	As of the Fiscal Year Ended (2)				
	2007	2006	2005	2004	2003
	(Dollars in Thousands)				
BALANCE SHEET DATA					
Working capital	$ 106,493	$ 91,773	$ 55,336	$ 46,509	$ 7,613
Total assets (22)	857,933	854,530	774,907	737,152	435,561
Total debt and capital lease obligations (23)(24)	425,835	440,444	395,975	415,810	217,465
Stockholders equity	$ 157,256	$ 137,808	$ 130,297	$ 117,254	$ 71,617

Notes to Selected Financial Data Table:

(1) Predecessor refers to BWAY Corporation and its subsidiaries prior to the acquisition of BWAY by BWAY Holding. BWAY Holding was formed in September 2002 to facilitate the acquisition of BWAY s common stock pursuant to a merger agreement dated September 30, 2002. The merger was completed on February 7, 2003 and BWAY became a wholly-owned subsidiary of BWAY Holding (the Transaction). Periods subsequent to February 6, 2003 are referred to as Successor periods.

On November 27, 2002, a subsidiary of BWAY Holding issued $200 million in principal amount 10% senior subordinated notes that become due in 2010 in a private placement to raise a portion of the financing needed to acquire the common stock of BWAY. On February 7, 2003, the finance subsidiary of BWAY Holding was merged with and into BWAY, with BWAY continuing as the surviving corporation, and BWAY assumed all obligations related to the senior subordinated notes.

During the period from November 27, 2002 through February 6, 2003, the proceeds from the private placement were held in escrow, and the finance subsidiary of BWAY Holding accrued interest of $3.5 million, net of interest earned on the funds in escrow. The interest expense, net, is not reflected in the selected historical consolidated financial data because the finance subsidiary was not a subsidiary of BWAY.

(2) Our fiscal year ends on the Sunday closest to September 30. Fiscal years 2007, 2006, 2005, 2004 and 2003 ended September 30, 2007, October 1, 2006, October 2, 2005, October 3, 2004 and September 28, 2003, respectively. Fiscal year 2003 consists of Successor 2003 (for the period from February 7, 2003 to September 28, 2003) and Predecessor 2003 (for the period from September 30, 2002 to February 6, 2003). The fiscal years 2007, 2006, 2005 and 2003 consisted of 52 weeks. Fiscal year 2004 consisted of 53 weeks. Our financial statements for the periods presented include the results of operations from and including January 30, 2007 related to the Vulcan acquisition, from and including July 17, 2006 related to the ICL acquisition, from and including July 7, 2004 related to the NAMPAC acquisition and from and including August 25, 2003 related to the assets we acquired and liabilities assumed from SST Industries. Some of our subsidiaries report their financial position and results of operations on a calendar month basis with fiscal years ending on September 30

and have been consolidated as of September 30, 2007, September 30, 2006, September 30, 2005 and September 30, 2004. There were no significant or unusual transactions between the calendar month and fiscal month ending dates that should have been considered in the consolidated financial statements.

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Notes to Selected Financial Data Table:

(3) The following table summarizes stock-based compensation expense recorded by line item for the periods indicated.

	Successor(a)					Predecessor(a)
	Fiscal Period Ended (b)					
	2007	2006	2005	2004	Successor 2003	Predecessor 2003
	(Dollars in Thousands)					
Stock-Based Compensation Expense						
Cost of products sold (excluding depreciation and amortization) (c)	$ 2,471	$ 274	$ 344	$ 206	$ 214	$ 2,900
Selling and administrative expense (d)(e)	9,855	9,881	1,508	904	940	9,692
Total stock-based compensation expense (f)(g)(h)(i)	$ 12,326	$ 10,155	$ 1,852	$ 1,110	$ 1,154	$ 12,592

(a) See Note 1 above.

(b) See Note 2 above.

(c) Stock-based compensation expense in 2007 includes approximately $1.8 million in non-cash compensation expense associated with the accelerated vesting of certain stock options at the completion of BWAY Holding s initial public offering in June 2007 and approximately $0.6 million associated with the modification of vesting criteria for certain stock options as a result of the initial public offering.

(d) Stock-based compensation expense in 2007 includes approximately $7.8 million in non-cash compensation expense associated with the accelerated vesting of certain stock options at the completion of BWAY Holding s initial public offering in June 2007 and approximately $1.5 million associated with the modification of vesting criteria for certain stock options as a result of the initial public offering.

(e) Stock-based compensation expense in 2006 includes $8.8 million related to the cash settlement of certain stock options exercised by one of our officers.

(f) Stock-based compensation expense for 2007 relates partially to stock options issued subsequent to the Transaction, including additional stock-based compensation expense as discussed in (c) and (d) above, and to stock options issued subsequent to the initial public offering.

(g) Stock-based compensation expense for 2006 relates partially to stock options issued subsequent to the Transaction and to the cash settlement of certain Exchange Options as discussed in (d) above.

(h) Stock-based compensation expense in Successor 2005, 2004 and 2003 relates to stock options issued subsequent to the Transaction.

(i) Stock-based compensation expense in Predecessor 2003 relates to Predecessor stock option payouts associated with the Transaction.

(4) Cost of products sold for 2007 includes approximately $2.5 million related to a management bonus, including employer taxes and related employee benefits, paid upon the successful completion of the initial public offering.

(5) Depreciation for Successor 2005, 2004 and 2003 includes $3.9 million, $5.8 million and $1.8 million, respectively, of additional depreciation related to shortened useful lives of certain long-lived assets, primarily equipment.

(6) See Note 3 above.

(7) Selling and administrative expense for 2007 includes approximately $8.0 million related to a management bonus, including employer taxes and related employee benefits, paid upon the successful completion of the initial public offering.

(8) Amounts relate to certain professional fees and other transaction costs relating to the Transaction.

(9) Amounts relate to transaction costs relating to the initial public offering, including $2.6 million in professional fees and other costs, a $5.0 million financial advisory agreement termination fee and a $2.0 million advisory services fee.

(10) Fiscal 2006 primarily relates to on-going severance and facility holding costs associated with the plastics manufacturing facility shutdowns discussed in Note 13 below. The facility holding costs include an additional expense of approximately $0.8 million related to changes in our sublease assumptions on the remaining facility.

(11) Fiscal 2005 includes a $5.3 million charge for restructuring ($4.3 million) and asset impairment ($1.0 million). The restructuring charge consisted of $0.3 million related to costs associated with the shutdown of our manufacturing facility in Picayune, Mississippi, $3.1 million related to costs associated with the shutdown of certain of our plastics manufacturing facilities, $1.0 million related to severance costs associated with the closure of certain of the plastics manufacturing facilities and the elimination of redundant positions as a result of the NAMPAC Acquisition and a $(0.1) million adjustment to a previously recognized facility closure exit liability. The $1.0 million impairment charge was taken to write down certain assets associated with the closed plastics manufacturing facilities to their estimated fair value.

(12) Fiscal 2004 includes a charge of $0.3 million related to severance and benefits, equipment disposition and other related costs associated with the closing of our Picayune, Mississippi manufacturing facility.

(13) Successor 2003 includes a charge of $0.3 million primarily related to severance and benefits resulting from the closing of our Picayune, Mississippi manufacturing facility.

(14) Predecessor 2003 includes a $0.5 million adjustment related to revised expectations of future lease payments for closed facilities.

(15) Fiscal 2006 includes approximately $0.8 million in third party expenses incurred in connection with the refinancing of the term loan component of our credit facility that could not be capitalized as deferred financing costs in accordance with applicable accounting guidance.

Notes to Selected Financial Data Table:

(16) Other expense, net, includes financial advisory fees paid to Kelso of $0.4 million in 2007, $0.5 million in each of 2006, 2005 and 2004 and $0.3 million in Successor 2003. The financial advisory agreement was terminated in conjunction with the initial public offering See Note 9 above.

(17) Fiscal 2004 includes approximately $1.3 million of unamortized deferred financing costs written off as a result of refinancing the credit facility in connection with the NAMPAC acquisition.

(18) The period from February 7, 2003 to September 28, 2003 includes $1.9 million related to the write-off of a bridge loan commitment fee, which was expensed when the bridge loan commitment expired undrawn at the closing of the Transaction.

(19) The period from September 30, 2002 to February 6, 2003 includes $6.8 million of interest expense related to the Transaction. The $6.8 million consists of $5.1 million related to the tender, consent and redemption premiums and $1.7 million related to the write-off of deferred financing costs, each associated with the redemption of our $100.0 million 10 $^{1}/4$% Senior Subordinated Notes that would have become due in 2007.

(20) Adjusted EBITDA is reconciled to net (loss) income and to net cash (used in) provided by operating activities in the tables below. Adjusted EBITDA is not a measurement recognized under accounting principles generally accepted in the United States of America (GAAP). Adjusted EBITDA differs from the term EBITDA as it is commonly used. Adjusted EBITDA, as used in this Annual Report, means Consolidated EBITDA as that term is defined under our credit facility, which is generally Consolidated Net Income adjusted for, to the extent deducted or added in calculating net income, as the case may be: interest expense, income tax expense, depreciation and amortization, non-cash stock based compensation, any other non-cash charges, compensation charges (whether cash or non-cash) resulting from the repurchase of stock options or other equity interests, debt financing costs, cash restructuring charges (subject to certain limitations), amortization of manufacturer s profit in beginning inventory due to purchase accounting, expenses related to an equity offering, financial advisory fees paid to Kelso, gains or losses associated with asset sales (other than inventory in the normal course of business) and foreign currency translation adjustments, in each case as more fully defined in the agreements governing our credit facility.

We present Adjusted EBITDA because several of our material debt covenants are based on financial ratios utilizing Adjusted EBITDA and non-compliance with those covenants could result in the requirement to immediately repay all amounts outstanding under those agreements, which could have a material adverse effect on our financial position, results of operations and/or cash flows. Adjusted EBITDA is also one of the measures management uses to assess our financial performance and is a primary metric used in certain of our management incentive programs, including our management incentive bonus plan. We also believe that measures of EBITDA are common measurements of performance used by companies in our industry and are frequently used by securities analysts, investors and other interested parties to measure our ability to service our debt obligations and as a measurement of our financial performance. While providing useful information, Adjusted EBITDA should not be considered in isolation or as a substitute for consolidated statement of operations and cash flows data prepared in accordance with GAAP and should not be construed as an indication of a company s operating performance or as a measure of liquidity. Adjusted EBITDA may have material limitations as a performance measure because it excludes items that are necessary elements of our costs and operations. In addition, Adjusted EBITDA or EBITDA presented by other companies may not be comparable to our presentation, since each company may define these terms differently.

Borrowings under our credit facility are a key source of our liquidity. Our ability to borrow under this credit facility depends upon, among other things, our compliance with the financial ratio covenants based on Adjusted EBITDA set forth in the credit agreement governing our credit facility. Under the credit agreement, we are required to maintain a minimum Consolidated Interest Coverage Ratio and to not exceed a Maximum Total Leverage Ratio, each as defined in the credit agreement governing our credit facility and based on Adjusted EBITDA. Failure to comply with these financial ratio covenants would result in a default under the credit agreement for our credit facility and, absent a waiver or an amendment from the lenders, permit the acceleration of all outstanding borrowings under the credit facility. As of September 30, 2007, we performed the calculations associated with the above noted financial covenants and determined that we were in compliance with such financial covenants.

As of September 30, 2007, we had an aggregate principal amount outstanding of $225.6 million pursuant to our credit facility. At September 30, 2007, we were required under the credit facility to maintain a minimum Consolidated Interest Coverage Ratio of 2.70 and, for the twelve months ended September 30, 2007, our Consolidated Interest Coverage Ratio was 3.19. At September 30, 2007, we were also required under the credit facility to maintain a Maximum Consolidated Total Leverage Ratio of not more than 4.55, and, for the twelve months ended September 30, 2007, our Maximum Consolidated Total Leverage Ratio was 3.32.

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	Successor(a) For the Periods Ended (b) 2007	2006	2005	2004	Successor 2003	Predecessor(a) Predecessor 2003
	(Dollars in Thousands)					
RECONCILIATION OF ADJUSTED EBITDA TO NET (LOSS) INCOME						
Net (loss) income	$ (3,141)	$ 8,861	$ 12,741	$ 8,145	$ 6,169	$ (9,119)
Cumulative effect of change in accounting principle		398				
Interest expense, net (c)	37,981	34,660	32,165	26,889	16,935	11,190
Provision for (benefit from) income taxes	941	9,237	7,239	5,161	3,653	(4,824)
Depreciation and amortization (d)	45,377	41,615	43,215	31,724	16,835	6,091
EBITDA	$ 81,158	$ 94,771	$ 95,360	$ 71,919	$ 43,592	$ 3,338
Adjustments:						
Stock-based compensation expense(e)	12,326	10,155	1,852	1,110	1,154	12,592
Restructuring and impairment (adjustment) charge (f)	(113)	1,511	5,265	352	260	(460)
Amortization of manufacturer s profit in beginning inventory		475		347	2,300	
Merger related transaction costs (g)						2,996
IPO related expenses (h)	20,103					
Other (i)	1,067	1,813	(175)	178	905	17
ADJUSTED EBITDA	$ 114,541	$ 108,725	$ 102,302	$ 73,906	$ 48,211	$ 18,483

	Successor(a) For the Periods Ended (b) 2007	2006	2005	2004	Successor 2003	Predecessor(a) Predecessor 2003
	(Dollars in Thousands)					
RECONCILIATION OF ADJUSTED EBITDA TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES						
Net cash provided by (used in) operating activities	$ 46,939	$ 60,933	$ 64,324	$ 45,098	$ 30,415	$ (2,135)
Interest expense, net	37,981	34,660	32,165	26,889	16,935	11,190
Provision for (benefit from) income taxes	941	9,237	7,239	5,161	3,653	(4,824)
Amortization of deferred financing costs	(2,100)	(2,156)	(2,120)	(1,970)	(1,168)	(359)
Change in operating assets, liabilities and other	10,677	5,576	694	(1,619)	(3,924)	(977)
Stock-based compensation expense						12,592
Amortization of manufacturer s profit in beginning inventory		475		347	2,300	
Merger related transaction costs (g)						2,996
IPO related expenses (h)	20,103					
ADJUSTED EBITDA	$ 114,541	$ 108,725	$ 102,302	$ 73,906	$ 48,211	$ 18,483

(a) See Note 1 above.
(b) See Note 2 above.
(c) See Notes 17, 18 and 19 above.
(d) See Note 5 above.
(e) See Note 3 above.
(f) See Notes 10, 11, 12, 13 and 14 above.

(g) See Note 8 above.
(h) IPO related expenses include $9.6 million in public offering expenses (see Note 9 above) and $10.5 in management bonus expense, including related employer taxes and benefits, paid concurrent with the successful completion of the initial public offering.
(i) See Notes 15 and 16 above.

(21) Adjusted EBITDA margin is defined as the ratio of Adjusted EBITDA to net sales. We present Adjusted EBITDA margin because it is used by management as a performance and liquidity measurement of Adjusted EBITDA generated from net sales. See Note 20 above for a discussion of Adjusted EBITDA as a non-GAAP measurement and a reconciliation of Adjusted EBITDA to a net income and net cash provided by operating activities, each a GAAP measurement.

(22) The increase in total assets at October 3, 2004 from September 28, 2003 reflects the assets associated with the NAMPAC acquisition and the increase in total assets at October 1, 2006 from October 2, 2005 reflects the assets associated with the ICL acquisition.

(23) Total debt includes capital lease obligations of $0.2 million at September 30, 2007, $0.4 million at October 1, 2006 , $0.7 million at October 2, 2005, $0.8 million at October 3, 2004 and $0.3 million September 28, 2003.

(24) The increase in total debt at October 1, 2006 from October 2, 2005 reflects the debt incurred in financing the ICL acquisition and the increase in total debt at October 3, 2004 from September 28, 2003 reflects the debt incurred in financing the NAMPAC acquisition.

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Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operation

The following discussion should be read in conjunction with our audited consolidated financial statements and related notes thereto included in Item 8, as well as with a general understanding of our business as discussed in Item 1, Business. Unless otherwise indicated, references to years in our discussion and analysis relate to fiscal years rather than to calendar years.

Overview

We are a leading North American manufacturer of general line rigid metal and plastic containers. Of our 2007 net sales of $959.0 million, we estimate approximately 83% was generated from the sale of products in which we hold the leading market share position.

Since 2003, our management team has led the successful transformation of our company through diversification into the general line rigid plastics business through the completion of four strategic acquisitions. Our fiscal 2007 net sales for the plastic packaging segment were $386.2 million with segment earnings of $48.2 million, and we have achieved a market-leading position for the products we manufacture.

This diversification significantly increased our product offerings, complimented our general line rigid metal container business and improved our cross-selling opportunities with our customers. Since the general line rigid plastic container market is growing faster than the general line rigid metal container market, this diversification has repositioned our company for higher growth with 40.3% plastics packaging segment net sales and 59.7% metal packaging segment net sales in fiscal 2007.

Segments

We report our results of operations in two segments: metal packaging and plastic packaging. Our products within each of these segments include:

Metal packaging: general line rigid metal containers made from steel, including paint cans and components, aerosol cans, ammunition boxes, steel pails, oblong cans and a variety of other specialty cans that our customers use to package paint, household and personal care products, automotive after-market products, paint thinners, driveway and deck sealants and other end-use products. Fiscal 2007 sales for this segment were $572.8 million.

Plastic packaging: injection-molded plastic pails and blow-molded tight-head containers, bottles and drums that our customers use to package petroleum, oils, lubricants, pharmaceuticals, agricultural chemicals, other chemical applications, paint, ink, edible oils, high-tech coatings, high-solid coatings, roofing mastic and adhesives and driveway sealants. Fiscal 2007 sales for this segment were $386.2 million.

Factors Affecting Our Results of Operations

Net Sales

Net Sales are our revenues generated from the sales of general line rigid metal and plastic containers, reduced for customer credits, sales returns and allowances and earned quantity discounts.

Our net sales depend in large part on the varying economic and other conditions of the end markets that we serve. Demand for our products correlates positively with the overall U.S. economy. Most of the end markets we serve, including our largest market, the home improvement and repair market, have historically shown steady growth. Demand for our products may change due to changes in general and regional economic conditions, consumer confidence, weather, commodity prices, employment and personal income growth, each of which is beyond our control.

Metal segment pricing is based on the cost of steel, coatings, inks, labor, rent, freight, utilities and operating supplies, volume, order size, length of production runs, customer mix and competition. Generally, pricing for our metal segment products changes around January 1st of each year. Typically, the price of our manufactured metal segment products is higher for larger, more complex products.

Plastic segment pricing is based on the cost of resin, colorant, fittings, labeling, labor, rent, freight, utilities and operating supplies, volume, order size, length of production runs, customer mix and competition. Pricing for our plastic segment fluctuates periodically as the cost of resin fluctuates. Typically, the price of our manufactured plastic segment products is higher for larger, more complex products.

Revenues in each of our segments are seasonal, reflecting a general pattern of lower sales and earnings in the metal and plastics packaging industry during the first quarter of our fiscal year when activity in several of our end markets, most notably the home improvement and repair sector, is generally slower. For example, in the first quarter of fiscal 2007 and 2006 our net sales were 21% and 22%, respectively, of our total annual net sales and our gross profit was 19% of our total annual gross profit for each of the first quarters of 2007 and 2006. These seasonal patterns cause our quarterly operating results and working capital requirements to fluctuate.

Our net sales are also impacted by the pass-through of price changes for steel and plastic resin as permitted in our sales agreements. Our metal segment selling prices generally increase around January 1st of each year. Our plastics segment selling prices change periodically throughout the year based on fluctuations in the cost of resin. We have generally been able to recover raw material price increases through pass-through mechanisms in our sales agreements.

The general line rigid metal and plastics industries have historically exhibited growth in volume as the markets for our products have expanded.

Expenses

Our expenses primarily consist of:

Cost of products sold (excluding depreciation and amortization), which includes raw materials, labor, rent, freight, utilities and operating supplies. Cost of products sold is primarily driven by the preceding conversion costs, production volume and the mix of the products that we manufacture.

Depreciation and amortization, which includes depreciation of property, plant and equipment and amortization of identifiable intangible assets. Depreciation expense is primarily driven by capital expenditures, offset by the reduction of assets that become fully depreciated and disposals of equipment. Amortization expense is primarily driven by the valuation of intangible assets resulting from acquisitions.

Restructuring and impairment charge (adjustment), which includes costs related to closing previously acquired facilities. Restructuring charges are typically driven by our initiatives to reduce our overall operating costs through consolidation of facilities and headcount reductions and include severance, rent on vacated facilities and equipment removal costs. Impairment charges result whenever the carrying amount of an asset may not be recoverable.

Selling and administrative expense, which includes corporate and sales salaries and incentive compensation, professional fees, insurance, stock-based compensation, rent, bad debt expense and other corporate administrative costs. The primary drivers for selling and administrative expense are wage increases, inflation, regulatory compliance costs, professional fees, changes to stock-based compensation based on stock valuation and changes in incentive compensation expense.

Interest expense, net, which includes interest payments on our indebtedness. Changes in the amount of our indebtedness and fluctuations in interest rates drive changes in these costs.

Other expense (income), net, includes foreign currency transaction gains and losses, gains and losses on sales of fixed assets, Kelso financial advisory fees and other non-operating costs.

Raw materials for the metal segment include tinplate, blackplate and cold rolled steel, various fittings, coatings, inks and compounds. Steel producers have historically raised prices annually around January 1st of each year. In recent years, there has been consolidation in the steel industry and, as a result, our steel raw material purchases have been concentrated with the largest suppliers. We have historically been able to secure steel to meet our customers requirements even during periods of high demand.

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Raw materials for the plastics segment include resins, fittings and inks. Resin prices fluctuate periodically throughout the year and have increased approximately 22% over the last three years. We have generally been able to recover these raw material price increases through pass-through mechanisms in our sales agreements. We have historically been able to secure resin to meet our customers requirements even during periods of tight supply.

To reduce our overall cost of raw materials, we have periodically supplemented our steel and resin raw material supply with purchases on the spot market and additional purchases in advance of price increases.

Productivity Improvements

In 2007, we acquired Vulcan in Canada, closed the acquired facilities, consolidated the business into our ICL facilities and eliminated approximately 100 employees. In reaction to changes in demand, customer mix and product mix and increased competitive price pressure, we are adjusting production schedules and manning, and we are evaluating capacity reduction options, which will include a plant rationalization.

Acquisitions and Restructuring

NAMPAC Acquisition

On July 7, 2004, we acquired all of the issued and outstanding shares of stock of NAMPAC, a manufacturer of rigid plastic containers for industrial packaging markets. We paid approximately $202.8 million in cash, net of cash acquired, for the acquisition, which was funded by a $30.0 million equity contribution from the Kelso affiliates and certain members of our senior management and from a portion of the proceeds from a $225.0 million term loan facility, which was subsequently refinanced in connection with the ICL acquisition. The results of operations related to this acquisition are included in our consolidated financial statements from the date of acquisition.

The NAMPAC acquisition enabled us to expand our presence in the general line rigid plastic container market and to further diversify our plastic container product offering.

After the NAMPAC acquisition, in October 2004, we approved a plan to close the three SST Industries plastics manufacturing facilities and to eliminate certain positions that became redundant as a result of the NAMPAC acquisition. We ceased operations in and closed all three facilities one at the end of fiscal 2004 and the remaining two in the third quarter of fiscal 2005. We consolidated the business from these closed facilities into our other plastics manufacturing facilities, which has resulted in lower overall manufacturing costs and improved manufacturing capacity. In closing the facilities, we relocated or terminated the workforce and disposed of, stored or transferred certain equipment to other manufacturing facilities.

ICL Acquisition

On July 17, 2006, we acquired substantially all of the assets and assumed certain of the liabilities of Industrial Containers, Ltd., a Toronto-based manufacturer of rigid plastic containers and steel pails for industrial packaging markets. The net assets were acquired by ICL Industrial Containers ULC (ICL), a wholly-owned subsidiary of BWAY created to effectuate the acquisition. We paid approximately $68.3 million in cash for the acquisition, which was funded by $50.0 million in term loan borrowings by ICL and from a portion of the proceeds of additional term loan borrowings by BWAY. For a further discussion of the term loans, see Note 7, *Long-Term Debt*, of Notes to Consolidated Financial Statements, in Item 8. The results of operations of ICL are included in the consolidated financial statements from the date of acquisition. Included in the purchase price is approximately $1.7 million in transaction costs associated with the acquisition. The ICL acquisition enabled us to expand in the Canadian market.

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Vulcan Acquisition

On January 30, 2007, we acquired substantially all of the assets and assumed certain liabilities of Vulcan Containers, Ltd. for a purchase price of approximately $6.0 million, which was paid using cash on hand. Vulcan was headquartered in Toronto and produced steel pails for distribution primarily in Canada. The Vulcan acquisition further expanded our presence in Canada and provided an opportunity to leverage the manufacturing capacity of ICL. The acquired business is included in our metal packaging segment, and the results of operations are included in the consolidated financial statements from the date of acquisition.

In February 2007, we committed to a plan to consolidate the Vulcan business with and into our ICL operations. As a result, we closed the Vulcan manufacturing facilities and terminated approximately 100 employees. In connection with the purchase price allocation, pursuant to Emerging Issues Task Force Issue 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination,* we recorded a reorganization liability of approximately $3.4 million, which consisted of severance payments and facility closure costs.

In this Item 7, we refer to the ICL acquisition and the Vulcan acquisition as the Canadian Acquisitions.

Accounting for Inventory

During the fourth quarter of 2007, we changed the method of accounting for substantially all of our inventories from the LIFO method to the FIFO method. As of October 1, 2006, the percentage of inventories accounted for under the LIFO method for the carrying amounts of U.S. inventories and consolidated inventories was 98% and 92%, respectively. We believe the FIFO method of inventory valuation is preferable to the LIFO method as it better reflects the current acquisition cost of those inventories on our consolidated balance sheets, enhances the matching of cost of products sold with net sales and conforms the inventory costing methods for all of our inventories to a single method. In accordance with Statement of Financial Accounting Standards No. 154, *Accounting Changes and Error Corrections*, all prior periods presented have been retrospectively adjusted to apply the new method.

For a summary of the effect of the retrospective adjustments resulting from the change in accounting principle for inventory costs for the fiscal years ended September 30, 2007, October 1, 2006 and October 2, 2005, see Note 3, *Change in Method of Accounting for Inventory*, of Notes to Consolidated Financial Statements, included in Item 8.

Results of Operations

Fiscal Year 2007 and Fiscal Year 2006

Overview

The following highlights changes in the results of operations for fiscal 2007 compared to fiscal 2006. References to gross margin refer to net sales less cost of products sold (excluding depreciation and amortization).

- The Canadian Acquisitions contributed $62.3 million to net sales and $10.4 million to gross margin in 2007 over 2006.

- Excluding the impact of the Canadian Acquisitions, net sales decreased $21.8 million (2.4%) and gross margin decreased $12.4 million (1.6%).

- The decrease in net sales, excluding the impact of the Canadian Acquisitions, is primarily due to lower selling prices as a result of customer mix and competitive pricing pressure. Volume results were mixed by product. Volumes increased for aerosol containers and blow molded plastic containers and declined slightly for injection molded plastic pails and metal general line containers primarily as a result of a weak housing market affecting demand for paint and other housing related products.

Excluding the impact of the Canadian Acquisitions and the impact of the initial public offering related expenses of $4.3 million included in cost of products sold, the decrease in gross margin of $13.7 million is primarily due to the factors affecting net sales.

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The following table sets forth changes in our statements of operations and line items as a percentage of net sales for 2007 (fiscal year ended September 30, 2007) and 2006 (fiscal year ended October 1, 2006).

	Fiscal Year Ended		Change		Fiscal Year Ended	
	2007	2006	$	%	2007	2006
	(Dollars in Thousands)				(As a % of Net Sales)	
Net sales	$ 959,017	$ 918,513	$ 40,504	4.4%	100.0%	100.0%
Cost of products sold (excluding depreciation and amortization)	830,102	790,641	39,461	5.0	86.6	86.1
Gross profit (excluding depreciation and amortization)	128,915	127,872	1,043	0.8	13.4	13.9
Depreciation and amortization	45,377	41,615	3,762	9.0	4.7	4.5
Selling and administrative expense	37,204	29,777	7,427	24.9	3.9	3.2
Public offering expense	9,599		9,599	NM	1.0	
Restructuring (adjustment) charge	(113)	1,511	(1,624)	NM		0.2
Interest expense, net	37,981	34,660	3,321	9.6	4.0	3.8
Other expense , net	1,067	1,813	(746)	(41.1)	0.1	0.2
(Loss) income before income taxes and cumulative effect of change in accounting principle	(2,200)	18,496	(20,696)	NM	(0.2)	2.0
Provision for income taxes	941	9,237	(8,296)	(89.8)	0.1	1.0
(Loss) income before cumulative effect of change in accounting principle	(3,141)	9,259	(12,400)	NM	(0.3)	1.0
Cumulative effect of change in accounting principle, net of tax benefit		(398)	(398)	(100.0)		
Net (loss) income	$ (3,141)	$ 8,861	$ (12,002)	NM%	(0.3)%	1.0%

NM Not Meaningful

Net Sales

	Fiscal Year Ended		Change		Fiscal Year Ended	
	2007	2006	$	%	2007	2006
	(Dollars in Thousands)				(As a % of the Total)	
Net Sales by Segment						
Metal packaging	$ 572,832	$ 552,968	$ 19,864	3.6%	59.7%	60.2%
Plastic packaging	386,185	365,545	20,640	5.6	40.3	39.8
Consolidated net sales	$ 959,017	$ 918,513	$ 40,504	4.4%	100.0%	100.0%

The increase in metal packaging segment net sales for 2007 over 2006 is primarily attributable to the Canadian Acquisitions. Although we realized modest volume gains in 2007 for our aerosol products, overall metal packaging volumes were down slightly in 2007. These declines are a result of a weak housing market affecting demand for paint and other housing related products, customer mix and product mix. In addition, pricing became more competitive in 2007, especially in aerosol containers, and we reduced selling prices in certain instances to maintain volume. Customer mix negatively impacted sales as volumes increased with our larger customers that typically have lower selling prices and margins but decreased with our smaller customers that typically have higher selling prices and margins.

The increase in plastic packaging segment net sales for 2007 over 2006 is primarily attributable to the ICL acquisition and other volume increases, which were offset by lower selling prices as a result of a decrease in the pass through of material costs.

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Cost of Products Sold

	Fiscal Year Ended 2007	2006	Change $	%	Fiscal Year Ended 2007	2006
	(Dollars in Thousands)				(As a % of the Total)	
Cost of Products Sold by Segment *(excluding depreciation and amortization)*						
Metal packaging	$ 491,694	$ 459,016	$ 32,678	7.1%	59.2%	58.1%
Plastic packaging	333,421	329,658	3,763	1.1	40.2	41.7
Segment CPS	825,115	788,674	36,441	4.6	99.4	99.8
Corporate undistributed expenses	4,987	1,967	3,020	NM	0.6	0.2
Consolidated CPS	$ 830,102	$ 790,641	$ 39,461	5.0%	100.0%	100.0%

NM Not Meaningful

The increase in cost of products sold, excluding depreciation and amortization (CPS) for the metal packaging segment for 2007 over 2006 is primarily due to the Canadian Acquisitions. General line material costs were greater in 2007 in association with higher aerosol volumes and higher material prices, and the costs were partially offset by reduced spending. Higher material costs were primarily attributable to annual metal increases effective in January 2007, and the absence of foreign supplied steel and spot market metal purchases in the last four months of 2007 that typically have lower cost than contracted metal purchases.

Metal packaging segment CPS as a percentage of segment net sales increased to 85.8% in 2007 from 83.0% in 2006 due to the higher metal costs noted above as well as to changes in customer mix, as discussed above under the net sales.

The increase in CPS for the plastic packaging segment for 2007 over 2006 is primarily due to the ICL acquisition, partially offset by lower raw material costs and reduced spending. Plastic packaging segment CPS as a percentage of segment net sales decreased to 86.3% in 2007 from 90.2% in 2006.

The increase in corporate undistributed expenses for 2007 over 2006 is related to the initial public offering management bonus and stock-based compensation associated with the accelerated vesting of certain stock options and the modified vesting of certain other stock options, each in connection with the initial public offering in 2007.

Depreciation and Amortization

	Fiscal Year Ended 2007	2006	Change $	%	Fiscal Year Ended 2007	2006
	(Dollars in Thousands)				(As a % of the Total)	
Depreciation and Amortization by Segment						
Metal packaging	$ 22,658	$ 21,381	$ 1,277	6.0%	49.9%	51.4%
Plastic packaging	21,673	18,331	3,342	18.2	47.8	44.0
Segment depreciation and amortization	44,331	39,712	4,619	11.6	97.7	95.4
Corporate	1,046	1,903	(857)	(45.0)	2.3	4.6
Consolidated depreciation and amortization	$ 45,377	$ 41,615	$ 3,762	9.0%	100.0%	100.0%

The increase in metal packaging segment depreciation and amortization expense (D&A) for 2007 over 2006 primarily relates to amortization associated with the ICL acquisition partially offset by lower scheduled amortization of intangibles.

The increase in plastic packaging segment D&A for 2007 over 2006 primarily relates to the additional depreciation and amortization of intangibles associated with the ICL acquisition, as well as higher scheduled amortization of intangibles.

The decrease in corporate D&A, which consists entirely of depreciation, for 2007 over 2006 is due to a higher percentage of fully depreciated assets relative to new corporate capital expenditures.

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Selling and Administrative Expense

	Fiscal Year Ended 2007	Fiscal Year Ended 2006	Change $	Change %	Fiscal Year Ended 2007	Fiscal Year Ended 2006
	(Dollars in Thousands)				(As a % of the Total)	
Selling and Administrative Expense by Segment						
Metal packaging	$ 5,858	$ 6,558	$ (700)	(10.7)%	15.7%	22.0%
Plastic packaging	4,594	3,974	620	15.6	12.3	13.3
Segment selling and administrative expense	10,452	10,532	(80)	(0.8)	28.1	35.4
Corporate undistributed expenses	26,752	19,245	7,507	39.0	71.9	64.6
Consolidated selling and administrative expense	$ 37,204	$ 29,777	$ 7,427	24.9%	100.0%	100.0%

The decrease in segment selling and administrative expense (S&A) for 2007 over 2006 is primarily due to lower bonus expense and spending in each of the segments offset by additional expenses associated with the Canadian Acquisitions.

The increase in corporate undistributed expenses for 2007 over 2006 is primarily due to the initial public offering management bonus and stock-based compensation associated with the accelerated vesting of certain stock options and the modified vesting of certain other stock options, each in connection with the initial public offering in 2007. The increase for 2007 over 2006 is partially offset by $8.8 million in stock-based compensation expense in 2006 related to the cash settlement of certain stock options that did not occur in 2007.

Interest, Taxes and Other Items

Interest Expense, Net. Interest expense, net, increased $3.3 million for 2007 over 2006 primarily due to an increase in debt related to the ICL acquisition in the fourth quarter of 2006 and to slightly higher interest rates.

Provision for Income Taxes. The provision for income taxes decreased approximately $8.3 million to $0.9 million for 2007 from $9.2 million for 2006. The provision recorded on the loss before income taxes is primarily the result of certain expenses related to the initial public offering that are not deductible for income tax purposes.

Restructuring Charge (Adjustment). The restructuring charge in 2006 primarily related to on-going holding costs and severance related to closures in 2005, including a charge of approximately $0.8 million related to a revision in our sublease assumption for one of the closed facilities. The adjustment in 2007 relates to differences between previously recorded estimates and lower actual costs. The adjustment was partially offset by actual holding costs incurred for vacated facilities.

Other Expense, Net. Other expense, net, decreased for 2007 over 2006 primarily due to certain expenses incurred in 2006 related to the refinancing of the credit facility that could not be capitalized as deferred financing costs in accordance with applicable accounting guidance.

Cumulative Effect of Change in Accounting Principle, Net of Tax Benefit. Upon adoption of Financial Accounting Standards Board (FASB) Interpretation No. 47, *Accounting for Conditional Asset Retirement Obligations an interpretation of FASB Statement No. 143* (FIN 47), in the fourth quarter of 2006, we recorded an increase in property, plant and equipment of $0.6 million and recognized an asset retirement obligation of $1.2 million. This resulted in the recognition of a non-cash cumulative effect of a change in accounting principle of $0.4 million, net of a $0.2 deferred tax benefit, in 2006.

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Fiscal Year 2006 and Fiscal Year 2005

Overview

The following highlights changes in the results of operations for fiscal 2006 compared to fiscal 2005. References to gross margin refer to net sales less cost of products sold (excluding depreciation and amortization).

The ICL acquisitions contributed $14.8 million to net sales and $2.4 million to gross margin.

Excluding the impact of the ICL acquisition, net sales increased $74.6 million (9.0%) and gross margin increased $2.9 million (2.4%).

The increase in net sales for 2006, excluding the ICL impact, is primarily related to net volume gains in the metal packaging segment and higher selling prices related to higher resin costs in the plastic packaging segment.

The gross margin increase for 2006, excluding the ICL impact, is primarily related to increase volume for the metal packaging segment and lower spending and productivity for the plastic packaging segment.

The following table sets forth changes in our statements of operations and line items as a percentage of net sales for 2006 (year ended October 1, 2006) and 2005 (year ended October 2, 2005).

	Fiscal Year Ended		Change		Fiscal Year Ended	
	2006	2005	$	%	2006	2005
	(Dollars in Thousands)				(As a % of Net Sales)	
Net sales	$ 918,513	$ 829,109	$ 89,404	10.8%	100.0%	100.0%
Cost of products sold (excluding depreciation and amortization)	790,641	706,539	84,102	11.9	86.1	85.2
Gross profit (excluding depreciation and amortization)	127,872	122,570	5,302	4.3	13.9	14.8
Depreciation and amortization	41,615	43,215	(1,600)	(3.7)	4.5	5.2
Selling and administrative expense	29,777	22,120	7,657	34.6	3.2	2.7
Restructuring and impairment charge	1,511	5,265	(3,754)	(71.3)	0.2	0.6
Interest expense, net	34,660	32,165	2,495	7.8	3.8	3.9
Other expense (income), net	1,813	(175)	1,988	NM	0.2	
Income before income taxes and cumulative effect of change in accounting principle	18,496	19,980	(1,484)	(7.4)	2.0	2.4
Provision for income taxes	9,237	7,239	1,998	27.6	1.0	0.9
Income before cumulative effect of change in accounting principle	9,259	12,741	(3,482)	(27.3)	1.0	1.5
Cumulative effect of change in accounting principle, net of tax benefit	(398)		(398)	NM		
Net income	$ 8,861	$ 12,741	$ (3,880)	(30.5)%	1.0%	1.5%

NM Not Meaningful

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Net Sales

	Fiscal Year Ended 2006	Fiscal Year Ended 2005	Change $	Change %	Fiscal Year Ended 2006	Fiscal Year Ended 2005
	(Dollars in Thousands)				(As a % of the Total)	
Net sales by segment						
Metal packaging	$ 552,968	$ 528,512	$ 24,456	4.6%	60.2%	63.7%
Plastic packaging	365,545	300,597	64,948	21.6	39.8	36.3
Consolidated net sales	$ 918,513	$ 829,109	$ 89,404	10.8%	100.0%	100.0%

The increase in metal packaging segment net sales for 2006 over 2005 is primarily related to net volume gains and to the ICL acquisition. The increase in plastic packaging segment net sales for 2006 over 2005 is primarily due to higher selling prices related to higher resin costs and, to a lesser extent, revenue from the ICL acquisition.

Cost of Products Sold

	Fiscal Year Ended 2006	Fiscal Year Ended 2005	Change $	Change %	Fiscal Year Ended 2006	Fiscal Year Ended 2005
	(Dollars in Thousands)				(As a % of the Total)	
Cost of Products Sold by Segment *(excluding depreciation and amortization)*						
Metal packaging	$ 459,016	$ 434,860	$ 24,156	5.6%	58.1%	61.5%
Plastic packaging	329,658	271,335	58,323	21.5	41.7	38.4
Segment CPS	788,674	706,195	82,479	11.7	99.8	100.0
Corporate undistributed expenses	1,967	344	1,623	NM	0.2	
Consolidated CPS	$ 790,641	$ 706,539	$ 84,102	11.9%	100.0%	100.0%

NM Not Meaningful

The increase in CPS for the metal packaging segment for 2006 over 2005 is primarily due to the net increase in metal packaging sales volume and to the ICL acquisition. Metal packaging segment CPS as a percentage of segment net sales increased to 83.0% for 2006 from 82.3% for 2005.

The increase in CPS for the plastic packaging segment in 2006 from 2005 is primarily due to higher raw material costs and to the ICL acquisition, partially offset by reduced spending and manufacturing productivity. Plastic packaging segment CPS as a percentage of segment net sales decreased slightly to 90.2% for 2006 from 90.3%.

Depreciation and Amortization

	Fiscal Year Ended 2006	Fiscal Year Ended 2005	Change $	Change %	Fiscal Year Ended 2006	Fiscal Year Ended 2005
	(Dollars in Thousands)				(As a % of the Total)	
Depreciation and Amortization by Segment						
Metal packaging	$ 21,381	$ 21,468	$ (87)	(0.4)%	51.4%	49.7%

Plastic packaging	18,331	19,646	(1,315)	(6.7)	44.0	45.5
Segment D&A	39,712	41,114	(1,402)	(3.4)	95.4	95.1
Corporate	1,903	2,101	(198)	(9.4)	4.6	4.9
Consolidated D&A	$ 41,615	$ 43,215	$ (1,600)	(3.7)%	100.0%	100.0%

The decrease in metal packaging segment D&A in 2006 from 2005 primarily relates to lower scheduled amortization of intangibles, which was partially offset by increased amortization associated with the ICL acquisition.

The decrease in plastic packaging segment D&A in 2006 from 2005 primarily relates to approximately $3.9 million of additional depreciation in 2005 associated with the shortened useful lives on certain assets offset by higher scheduled amortization of intangibles and to the amortization of intangibles associated with the ICL acquisition

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Selling and Administrative Expense

	Fiscal Year Ended 2006	Fiscal Year Ended 2005	Change $	Change %	Fiscal Year Ended 2006	Fiscal Year Ended 2005
	(Dollars in Thousands)				(As a % of the Total)	
Selling and Administrative Expense by Segment						
Metal packaging	$ 6,558	$ 6,837	$ (279)	(4.1)%	22.0%	30.9%
Plastic packaging	3,974	4,561	(587)	(12.9)	13.3	20.6
Segment S&A	10,532	11,398	(866)	(7.6)	35.4	51.5
Corporate undistributed expenses	19,245	10,722	8,523	79.5	64.6	48.5
Consolidated S&A	$ 29,777	$ 22,120	$ 7,657	34.6%	100.0%	100.0%

The increase in consolidated S&A in 2006 from 2005 is primarily due to stock-based compensation expense of $8.8 million in 2006 associated with the cash settlement of certain stock options partially offset by general cost savings and lower spending in each of the segments.

Interest, Taxes and Other Items

Interest Expense, Net. Interest expense, net, increased $2.5 million in 2006 from 2005 primarily due to higher interest rates and to additional borrowings associated with the ICL Acquisition. Interest expense, net, in 2006 includes $0.2 million in deferred financing costs written off associated with the refinancing of the revolver component of the credit facility.

Provision for Income Taxes. The provision for income taxes increased approximately $2.0 million to $9.2 million in 2006 from $7.2 million in 2005. The increase in the provision for income taxes was due primarily to a $0.9 million tax assessment by the Puerto Rican tax authority and a $1.0 million adjustment to our estimated effective state tax rate.

Restructuring and Impairment Charges. In 2005, we recorded a $5.3 million charge consisting of a $1.0 million impairment charge and a $4.3 million restructuring charge. The impairment charge related to the write-down of certain manufacturing equipment. The majority of the restructuring charge related to costs associated with the shutdown of certain of our plastics manufacturing facilities and related severance costs. A portion of the restructuring charge related to shutdown costs included the net present value of future lease payments, net of expected sublease proceeds, and other obligations associated with facilities that were closed in the third quarter of 2005.

The restructuring charge in 2006 primarily related to on-going holding costs and severance related to the closures in 2005, including a charge of approximately $0.8 million related to a revision in our sublease assumption for one of the closed facilities.

Other Expense (Income), Net. Other expense (income), net, in 2006 includes $0.8 million in third party expenses incurred in connection with the refinancing of the term loan component of the credit facility that could not be capitalized as deferred financing costs in accordance with applicable accounting guidance. Other expense, net, in each of 2006 and 2005 includes $0.5 million in financial advisory fees paid to Kelso. Other income, net, in 2005 included gains on the sale of idled equipment and a vacant manufacturing facility in Dallas, Texas.

Cumulative Effect of Change in Accounting Principle, Net of Tax Benefit. Upon adoption of FIN 47 in the fourth quarter of 2006, we recorded an increase in property, plant and equipment of $0.6 million and recognized an asset retirement obligation of $1.2 million. This resulted in the recognition of a non-cash cumulative effect of a change in accounting principle of $0.4 million, net of a $0.2 deferred tax benefit, in 2006.

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Seasonality

Our business is seasonal, reflecting a general pattern of lower sales and earnings in the metal and plastics packaging industry during the first quarter of our fiscal year. For example, in the first quarter of 2007 and 2006 our net sales were 21% and 22%, respectively, of our total annual net sales and our gross profit was 19% of our total annual gross profit in each of the first quarters of 2007 and 2006.

Liquidity and Capital Resources

In the fourth quarter of 2006, in connection with the ICL acquisition, we refinanced our credit facility, which provides a U.S. dollar term loan of $190.0 million (the U.S. Term Loan) and a Canadian dollar term loan of $50.0 million, which is denominated in Canadian dollars (the Canadian Term Loan, and collectively with the U.S. Term Loan, the Term Loans). The Canadian Term Loan was borrowed by ICL. The $240.0 million in term loan proceeds were used to repay the then existing term loan outstanding of $165.3 million, to pay the consideration and transaction costs related to the ICL acquisition of approximately $68.3 million and to pay financing fees and costs of approximately $3.5 million related to the new credit facility. In addition, the new credit facility increased our revolver from $30.0 million to $50.0 million (the U.S. Revolver) and provides for a $5.0 million revolver (or Canadian dollar equivalent), which can be borrowed by ICL (the Canadian Revolver, and collectively with the U.S. Revolver, the Revolvers). The $68.3 million includes approximately $1.7 million in transaction costs associated with the acquisition.

Interest rates on the Term Loans are variable. The weighted-average interest rate on these variable rate loans as of September 30, 2007 was approximately 7.1%.

We have $200.0 million in aggregate principal amount outstanding of 10% senior subordinated notes that become due in 2010 (the Senior Notes).

The Term Loans mature in July 2012 and the Revolvers mature in July 2013. In the event the Senior Notes are not refinanced on or before April 2010, the Revolvers and U.S. Term Loan mature and any outstanding borrowings become immediately due and payable and the maturity date of the Canadian Term Loan is accelerated to July 2011.

As of September 30, 2007, we had $6.6 million and $0.2 million in standby letter of credit commitments that reduced our available borrowings to $43.4 million and $4.8 million under the U.S. Revolver and Canadian Revolver, respectively. As of September 30, 2007, there were no Revolver borrowings outstanding.

We expect that cash provided from operations and available borrowings under the Revolvers will provide sufficient working capital to operate our business, to make expected capital expenditures and to meet foreseeable liquidity requirements, including debt service on our long-term debt, including the Senior Notes, in the next 12 months. However, we cannot provide assurance that our business will generate sufficient cash flows or that future borrowings will be available in an amount sufficient to enable us to service our debt or to fund our other liquidity needs in the long term.

The Senior Notes and the credit facility are subject to certain covenants, which we were in compliance with as of September 30, 2007. For a discussion of these covenants and for further information on our long-term debt, see Note 7, *Long-Term Debt*, of Notes to Consolidated Financial Statements in Item 8.

Fiscal Years 2007 and 2006

Our cash requirements for operations and capital expenditures during 2007 and 2006 were primarily financed through internally generated cash flows and cash on hand. Any short-term cash shortfalls were covered by borrowings under our revolving credit facility. During 2007, cash and cash equivalents increased $2.4 million to $53.4 million. In the first quarter of 2007, we made a voluntary repayment of $20.0 million on the U.S. Term Loan, which permanently reduced the term loan and cannot be reborrowed. We expect to use cash on hand as of September 30, 2007 for working capital and capital expenditures in 2008.

During 2007, working capital increased $14.7 million to $106.5 million, which includes a reduction in the current portion of long-term debt of $20.0 million due to the voluntary repayment of principal on the U.S. Term Loan discussed above. During 2007, accounts receivable decreased $8.8 million, inventories increased $13.5 million and accounts payable increased $14.0 million.

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In 2007, debt decreased $14.4 million primarily as a result of a $20.0 million term loan payment in the first quarter of 2007, which was partially offset by an increase in the U.S. dollar equivalent of the Canadian Term Loan due to changes in the U.S. dollar/Canadian dollar exchange rate. However, we expect the Canadian Term Loan to be repaid from cash generated in Canadian dollars and, as such, the weakening U.S dollar against the Canadian dollar will not impact the actual amount repaid.

The following table presents financial information on our cash flows and changes in cash and cash equivalents for 2007 (year ended September 30, 2007), 2006 (year ended October 1, 2006) and 2005 (year ended October 2, 2005).

	2007	2006	2005	Change 2006 to 2007	Change 2005 to 2006
			(Dollars in Thousands)		
Net cash provided by operating activities	$ 46,939	$ 60,933	$ 64,324	$ (13,994)	$ (3,391)
Net cash used in investing activities	(31,381)	(92,131)	(19,247)	60,750	(72,884)
Net cash (used in) provided by financing activities	(13,114)	30,288	(20,513)	(43,402)	50,801
Net increase (decrease) in cash and cash equivalents	2,444	(910)	24,564	3,354	(25,474)
Cash and cash equivalents, end of period	$ 53,423	$ 50,979	$ 51,889	$ 2,444	$ (910)

The decrease in cash provided by operating activities in 2007 from 2006 was primarily a result of $20.1 million in initial public offering expenditures in the third quarter of 2007 (see Initial Public Offering of BWAY Holding in Note 1, *Business and Summary of Significant Accounting Policies*, of Notes to Consolidated Financial Statements in Item 8).

We used cash in investing activities for capital expenditures of $25.6 million, $25.0 million and $20.3 million in 2007, 2006 and 2005, respectively. Increases in capital expenditures were primarily related to machinery and equipment for the production of new plastic container products. Included in 2007 were capital expenditures for improvements required to meet certain environmental standards. Investing cash flows related to business acquisitions were $5.9 million in 2007 and $68.4 million in 2006 related to the Vulcan and ICL acquisitions (see Note 2, *Acquisitions*, of Notes to Consolidated Financial Statements in Item 8).

We expect capital expenditures in 2008 to increase to between $30.0 million and $32.0 million, which are higher than normal levels, in order to complete capital investments related to machinery and equipment for the production of new plastic containers developed in 2007.

Changes in cash related to financing activities are due to debt repayments of $20.6 million in 2007, net long term borrowings of $44.1 million in 2006 as well as proceeds from stock option exercises and related tax benefit of $3.4 million and $4.4 million, respectively in 2007. In the fourth quarter of 2006, we repurchased BWAY Holding common stock and cash settled the exercise of certain stock options for $10.0 million. Our former chairman and chief executive officer beneficially owned each of the common stock repurchased and stock options settled

Market Risk

Our cash flows and earnings are exposed to the risk of interest rate changes resulting from variable rate borrowings under our credit facility. Borrowings under the credit facility bear interest on the outstanding Term Loan and the borrowings under the Revolvers at an applicable margin (based on certain ratios contained in the credit agreement) plus a market rate of interest. As of September 30, 2007, we had borrowings under the Term Loan of $225.6 million that were subject to interest rate risk. Each 100 basis point increase in interest rates relative to these borrowings would reduce annual pretax earnings by approximately $2.3 million. As of September 30, 2007, there were no outstanding borrowings under the Revolvers.

Our business is also exposed to variations in the prices of steel and of plastic resin. See Commodity Risk below and Item 1, Business.

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The fair value of the Senior Notes is exposed to the market risk of interest rate changes. A 100 basis point increase in interest rates would reduce the market value of the Senior Notes by approximately $6.4 million.

Off-Balance Sheet Arrangements

None.

Contractual Obligations and Commercial Commitments

The following table summarizes our significant contractual obligations as of September 30, 2007:

	Payments Due by Period				
	Total	Less than 1 year	1 3 years	3 5 years	More than 5 years
	(Dollars in Millions)				
Contractual Obligations					
Long-term debt obligations [1][2][3]	$ 425.6	$ 2.3	$ 4.6	$ 204.6	$ 214.1
Interest on the Senior Notes [4]	70.0	20.0	40.0	10.0	
Operating and capital lease obligations	49.5	11.0	16.1	8.8	13.6
Other long-term liabilities [5]	21.9	1.5	3.6	4.1	12.7
Total Contractual Obligations	$ 567.0	$ 34.8	$ 64.3	$ 227.5	$ 240.4

(1) Includes $200.0 million in principal amount of our 10% Senior Subordinated Notes that become due in 2010 and $225.6 million of outstanding borrowings under the Term Loans. There were no outstanding borrowings under the Revolvers. In the event of a continuing event of default (as defined in the credit facility agreement), the agent could declare outstanding borrowings immediately due and payable and/or may terminate any future borrowings under the facility. As of September 30, 2007, we had borrowing capacity under the Revolvers of approximately $48.2 million. The Revolvers expire July 17, 2012; the Term Loans have scheduled quarterly repayments due with final maturity on July 17, 2013.

(2) In the event of a continuing event of default (as defined in the indenture governing the Senior Notes that become due in 2010), the trustee or holders of 25% of the outstanding principal could declare the principal and accrued interest on all the notes to be immediately due and payable. In the event of a change in control (as defined in the indenture governing the Senior Notes), each holder of notes shall have the right to require us to purchase all or a portion of the holder s notes at 101% of the principal amount thereof plus accrued and unpaid interest to the date of purchase. As of September 30, 2007, $200.0 million in principal amount was outstanding.

(3) In the event that we are unable to refinance the principal amount of the senior subordinated notes by April 2010, it could constitute an event of default and cause the acceleration of our obligations under the credit agreement.

(4) The table does not include variable interest payable on the borrowings under Term Loans. Based on outstanding borrowings under the Term Loans of $225.6 million and a weighted-average interest rate of 7.1% as of September 30, 2007, our annual interest obligation would be approximately $16.0 million.

(5) Other long-term obligations include estimated future payments related to supplemental executive retirement benefit obligations for certain of our current and retired executives, pension liabilities, other postretirement benefits and asset retirement obligations. The amounts shown in the table are the maximum future benefit payments subject to certain actuarial assumptions regarding life expectancy, which differ from the actuarially determined liability related to these obligations recorded in the financial statements. The current and long-term actuarially determined amounts are included in our consolidated balance sheet in Other Current Liabilities and Other Long-Term Liabilities, respectively, as of September 30, 2007. Asset retirement obligations are included in Other Long-Term Liabilities as of September 30, 2007.

As of September 30, 2007, we had standby letters of credit, which expire in less than one year, in the aggregate amount of approximately $6.8 million in favor of our workers compensation insurers and purchasing card vendor. The standby letters of credit reduce the borrowing capacity under the U.S. Revolver and Canadian Revolver, and as of September 30, 2007, $43.4 million of the $50.0 million U.S. Revolver facility was available and $4.8 million of the Canadian Revolver facility was available.

Effect of Inflation

Historically, in certain circumstances, we have been able to pass through price increases in our primary raw materials (steel and resin) to our customers. Although we generally have been able to increase the price of our products to reflect increases in the price of these raw materials, we cannot rely on our ability to do so in the future. However, we believe that inflation in the near term will not have a material adverse impact on us.

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New Accounting Standards

In May 2005, the FASB issued SFAS No. 154, *Accounting Changes and Error Corrections A Replacement of APB Opinion No. 20 and FASB Statement No. 3* (SFAS 154), which requires retrospective application to prior periods financial statements for a change in accounting principle. The retrospective application of a change in accounting principle under SFAS 154 is limited to the direct effects of the change. SFAS 154 was effective for us beginning in 2007. We applied SFAS 154 to our change from the LIFO method of inventory valuation to the FIFO method for substantially all of our inventories, which occurred in the fourth quarter of fiscal 2007. The change is further described in Note 3, *Change in Method of Accounting for Inventory Valuation*, of Notes to Consolidated Financial Statements in Item 8.

In July 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes an interpretation of FASB Statement No. 109* (FIN 48). This interpretation clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return and requires that we recognize in our financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. This interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure requirements for uncertain tax positions. The provisions of FIN 48 are effective for us at the beginning of 2008 (October 1, 2007). We are currently in the process of evaluating the impact that adopting FIN 48 will have on our results of operations and financial position.

In September 2006, the SEC issued Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* (SAB 108), which provides interpretive guidance on the consideration of the effects of prior year misstatements in quantifying current year misstatements for the purpose of a materiality assessment. We are required to initially apply SAB 108 beginning in fiscal 2008. We do not expect the adoption of SAB 108 to have a material impact on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* (SFAS 157), which establishes a single authoritative definition of fair value, establishes a framework for measuring fair value, and expands disclosure requirements pertaining to fair value measurements. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007 and interim periods within those fiscal years, and is therefore effective for us beginning in fiscal 2009 (September 29, 2008). We are currently evaluating the impact that this guidance will have on our results of operations and financial position.

In September 2006, the FASB issued SFAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans-an amendment of FASB Statements No. 87, 88, 106, and 132(R)* (SFAS 158). This statement requires an employer to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability on its statement of financial position. SFAS 158 also requires an employer to recognize changes in that funded status in the year in which the changes occur through comprehensive income. In addition, this statement requires an employer to measure the funded status of a plan as of the date of its year-end statement of financial position, with limited exceptions. The recognition and disclosure provisions of SFAS 158 were effective for us as of September 30, 2007. The effect of our adoption of the recognition and disclosure provisions of SFAS 158 is detailed in Note 12, *Employee Benefit Obligations*, of Notes to Consolidated Financial Statements in Item 8.

In February 2007, the FASB issued SFAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* (SFAS 159), which expands opportunities to use fair value measurement in financial reporting and permits entities to choose to measure many financial instruments and certain other items at fair value. SFAS 159 is effective for us at the beginning of fiscal 2009 (September 29, 2008). We have not determined if we will choose to measure any eligible financial assets and liabilities at fair value.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States, which often require the judgment of management in the selection and application of certain accounting principles and methods. We believe that the quality and reasonableness of our most critical policies enable the fair presentation of our financial position and results of operations. However, investors are cautioned that the sensitivity of financial statements to these methods, assumptions and estimates could create materially different results under different conditions or using different assumptions.

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In response to the SEC s Release No. 33-8040, *Cautionary Advice Regarding Disclosure About Critical Accounting Policies*, we have identified the following as the most critical accounting policies upon which our financial status depends. These critical policies were determined by considering accounting policies that involve the most complex or subjective decisions or assessments. Our most critical accounting policies are as follows:

Revenue Recognition

We recognize revenue when persuasive evidence of an arrangement exists, our products have been shipped and title and risk of loss have passed, the sales amount is fixed or determinable and collectibility of the amount billed is probable. We record provisions for discounts, returns, allowances, customer rebates and other adjustments in the same period as the related revenues are recorded. We do not engage in revenue arrangements with multiple deliverables.

Accounts Receivable

Accounts receivable are recorded net of an allowance for uncollectibility. The allowance for doubtful accounts is based on management s assessment of the collectibility of customer accounts. We regularly review the allowance by considering factors such as historical experience, credit quality, the age of the accounts receivable balances, and current economic conditions that may affect a customer s ability to pay. The determination of the amount of the allowance accounts is subject to significant levels of judgment and estimation by management. If circumstances change or economic conditions deteriorate, we may need to increase the allowance for doubtful accounts.

Inventories

Inventories are valued at the lower of cost or market using the first-in, first-out (FIFO) method. We recognize reserves for excess and/or obsolete inventories based on the aging of inventory and the evaluation of the likelihood of recovering the inventory costs based on anticipated demand and selling price. We changed our method of accounting for the cost of substantially all of our inventories from the last-in, first-out (LIFO) to the FIFO method in fiscal 2007. The change is further described in Note 3, *Change in Method of Accounting for Inventory Valuation*, of Notes to Consolidated Financial Statements in Item 8.

Accrued Rebates

We provide volume rebates to our customers on certain products. We accrue a provision for these rebates, which is recognized as a reduction of net sales, in the period that the goods are shipped. Accrued rebates may be settled in cash or as a credit against customer accounts receivable.

Long-Lived Assets

We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets is measured by comparing the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If these assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets.

In addition, depreciation and amortization expense is affected by our determination of the estimated useful lives of the related assets. We determine estimated useful lives of our fixed assets and finite-lived intangible assets based on the type and expected usage of the asset.

Goodwill and Other Intangible Assets

Our intangible assets consist of identifiable intangibles (tradenames, customer relationships and covenants not-to-compete) and goodwill. We amortize finite-lived, identifiable intangible assets over their remaining useful

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lives in proportion to the underlying cash flows that were used in determining the acquired value. Finite-lived, identifiable intangible assets are also tested for impairment as noted above for long-lived assets. Indefinite-lived identifiable intangibles and goodwill are not amortized, but tested for impairment at least annually at the end of our fiscal year.

We have two reporting units that have goodwill: metal packaging and plastic packaging. Fair value estimates are based on discounted future cash flows and market multiples. If the fair value of a reporting unit exceeds its carrying value, then no further testing is required. If the carrying value of a reporting unit exceeds its fair value, however, a second step is required to determine the amount of the impairment charge, if any. An impairment charge is recognized if the carrying value of a reporting unit s goodwill exceeds its implied fair value.

We perform our impairment test for our indefinite-lived intangible assets by comparing the fair value of each indefinite-lived intangible asset to its carrying value. The fair value of the asset is estimated based on an income approach, where estimated after-tax royalty savings are discounted and then adjusted for the benefit of tax amortization. We recognize an impairment charge if the carrying value of the asset unit exceeds its estimated fair value.

Stock-Based Compensation

We adopted SFAS No. 123 (revised 2004), *Share-Based Payment,* (SFAS 123R), as of October 2, 2006 using the prospective transition method. Under this method of adoption, compensation cost is recognized in the financial statements beginning with the effective date for all new awards and for awards outstanding at the effective date that are subsequently modified, repurchased or cancelled. Prior to the application of SFAS 123R, we accounted for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board (APB) Opinion 25, *Accounting for Stock Issued to Employees* , and related interpretations (APB 25). Concurrent with the initial public offering, all options outstanding at October 2, 2006 were modified and thereby became subject to the measurement principles of SFAS 123R.

For purposes of determining the grant date fair value of share-based payment awards granted in 2007, we used the Black-Scholes option-pricing model (the Black-Scholes Model). The Black-Scholes Model requires the input of certain assumptions that involve judgment. Because our employee stock options have characteristics significantly different from those of traded options, and because changes in the input assumptions can materially affect our estimates of fair value, the option pricing model may not provide a reliable single measure of the fair value of our employee stock options.

The following inputs, which involve judgment, as of the grant date are utilized in the Black-Scholes Model (1) expected dividend yield on the underlying stock, (2) expected price volatility of the underlying stock, (3) risk-free interest rate for a period corresponding with the expected term of the option, (4) expected option term (the period of time from the grant date until the option is exercised) and (5) fair value of the underlying stock.

Prior to the initial public offering, there was not an observable fair value of BWAY Holding common stock for purposes of determining the grant date fair value used to value our stock options. As such, we were required to contemporaneously estimate the fair value of the stock on the grant date, which involved certain assumptions involving judgment.

Concurrent with the initial public offering, the vesting criteria of certain options were changed so that vesting became based on stock performance. Because the vesting criteria were based on stock performance rather than the passage of time, the Black-Scholes Model could not be used and we utilized a Monte Carlo simulation model to determine the fair value of the options on the modification date. The Monte-Carlo simulation model requires the following inputs, which also involve judgment, as of the modification date: (1) expected dividend yield on the underlying stock, (2) expected price volatility of the underlying stock, (3) risk-free interest rate for a period corresponding with the expected term of the option and (4) fair value of the underlying stock.

For further information, including the model inputs used in 2007 and the resulting stock-based compensation, see Note 9, *Stock-Based Compensation*, of Notes to Consolidated Financial Statements, in Item 8.

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Income Taxes

Deferred income taxes reflect the future tax consequences of differences between the tax bases of assets and liabilities and their financial reporting amounts at each balance sheet date, based upon enacted income tax laws and tax rates. Our provision for (benefit from) income taxes based on income (loss) before income taxes as reported in the financial statements. The provision for (benefit from) incomes differs from the amounts of income taxes currently payable or receivable because certain items of income and expense included in the consolidated financial statements are recognized in different time periods by taxing authorities.

From time to time, management must assess the need to accrue or disclose a possible loss contingency for proposed adjustments from various federal, state and foreign tax authorities that regularly audit the company in the normal course of business. In making these assessments, management must often analyze complex tax laws of multiple jurisdictions, including many foreign jurisdictions.

Commodity Risk

We are subject to various risks and uncertainties related to changing commodity prices for, and the availability of, the raw materials we use in our manufacturing processes (primarily steel and resin), as well as for unfavorable changes in energy costs (primarily electricity and natural gas).

We require substantial amounts of raw materials in our operations, including steel, resin and energy. We purchase all of our raw materials from outside sources, and consolidate our steel and resin purchases among a select group of suppliers in an effort to leverage purchasing power. As a result, our purchases of both steel and resin are concentrated with a few suppliers and any interruptions in their ability to supply these materials could have a material adverse effect on our financial position, results of operations and/or cash flows. In addition, the availability and price of our raw materials may be subject to curtailment or change due to new laws or regulations. For example, the United States previously imposed tariffs or quotas on imports of certain steel products and steel slabs. The availability and price of raw materials may also be subject to shortages in supply, suppliers allocations to other purchasers, interruptions in production by suppliers (including by reason of labor strikes or work stoppages at our suppliers plants), our inability to leverage our purchasing power as successfully as we have in the past, changes in exchange rates and worldwide price levels.

The price of these raw materials, such as steel and resin, has been subject to volatility in the past. In fiscal 2007, steel and resin represented approximately 50% of our consolidated cost of products sold, excluding depreciation and amortization. In fiscal 2007, the average market price for metal and metal products increased and the average market price for plastic resins and materials decreased. Historically, we have generally been able to increase the selling price of our products to reflect increases in the cost of steel and plastic resin, but we may not be able to do so in the future, and we have generally not been able to pass on to our customers any price increases in the costs of the other raw materials we utilize in our business.

To the extent we are not able to leverage our purchasing power in the future as successfully as we have in the past, we are not able to increase the selling price of our products to reflect increases in the costs of raw materials, or if we experience any interruptions or shortages in the supply of raw materials, our operating margins could materially decrease. In addition, our manufacturing operations are dependent on the availability of natural gas and electricity. In certain cases, these energy sources may become difficult to obtain on acceptable terms due to external factors, or may only be available at substantially increased cost, which could increase our operating costs or interrupt our ability to produce our products.

Environmental Matters

For information regarding environmental matters, see Item 1, Business - Environmental, Health and Safety Matters.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

We do not purchase, sell or hold derivatives or other market risk-sensitive instruments to hedge commodity price risk, interest rate risk or exchange rate risk or for trading purposes.

For a discussion of interest rate risk and its relation to our indebtedness, see Liquidity and Capital Resources and Market Risk in Item 7, which is incorporated herein by reference.

For a discussion of commodity risk and its relation to our cost of products sold, see Business in Item 1 and Commodity Risk in Item 7, which are incorporated herein by reference.

Our purchases in transactions denominated in foreign currencies are not material and we do not believe we are exposed to a material market risk of exchange rate changes related to fluctuations in the value of these foreign currencies in relation to the local currency. However, see Item 1A, Risk Factors We are exposed to exchange rate fluctuations of the Canadian dollar.

Item 8. **Financial Statements and Supplementary Data**

See the attached Consolidated Financial Statements on pages F-1 through F-43.

Item 9. **Changes in and Disagreements With Accountants on Accounting and Financial Disclosure**

None.

Item 9A. **Controls and Procedures**

Evaluation of Disclosure Controls and Procedures: As required by Rule 13a-15(b) and Rule 15d-15(b) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, evaluated as of the end of the period covered by this report, the effectiveness of our disclosure controls and procedures as defined in Exchange Act Rule 13a-15(e) and Rule 15d-15(e). Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures, as of the end of the period covered by this report, were effective for the purpose of ensuring that information required to be disclosed by us in this report is recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Exchange Act and is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

We believe, however, that a controls system, no matter how well designed and operated, can only provide reasonable assurance, and not absolute assurance, that the objectives of the controls systems are met, and an evaluation of controls can provide only reasonable assurance, and not absolute assurance, that all control issues and instances of fraud or error, if any, within a company have been detected.

Changes in Internal Control Over Financial Reporting: There have been no changes in our internal controls over financial reporting during the three months ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. **Other Information**

None.

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PART III

Item 10. Directors, Executive Officers and Corporate Governance

Directors and Executive Officers

Set forth below are the names, ages and positions of our executive officers and directors (as of September 30, 2007).

Name	Age	Position
Jean-Pierre M. Ergas(1)	68	Executive Chairman of the Board
Warren J. Hayford	78	Non-Executive Vice-Chairman of the Board
Kenneth M. Roessler(2)	44	President and Chief Executive Officer
David I. Wahrhaftig	50	Director
Thomas R. Wall, IV	49	Director
David M. Roderick	83	Director
Lawrence A. McVicker	66	Director
Earl L. Mason	60	Director
Kevin C. Kern	48	Vice President of Administration and Chief Financial Officer
Jeffrey M. O Connell	54	Vice President, Treasurer and Secretary
Thomas K. Linton	54	Senior Vice President and President and Chief Operating Officer NAMPAC Division

(1) Effective January 2, 2007, Mr. Ergas resigned as Chief Executive Officer of BWAY and was named Executive Chairman of the Board of BWAY. Effective March 7, 2007, Mr. Ergas was named Executive Chairman of the Board of BWAY Holding. Effective January 1, 2008, Mr. Ergas retired from the company, becoming our Non-Executive Chairman of the Board and a consultant.

(2) Effective January 2, 2007, Mr. Roessler assumed the position of Chief Executive Officer of BWAY. Effective March 7, 2007, Mr. Roessler assumed the position of Chief Executive Officer of BWAY Holding.

Mr. Ergas became our Non-Executive Chairman on January 1, 2008. Mr. Ergas served as the Executive Chairman of BWAY Holding from March 2007 to December 2007 and the Executive Chairman of BWAY from January 2007 to December 2007. Mr. Ergas has been a member of our board of directors since February 2003. He served as the Chairman and Chief Executive Officer of BWAY from January 2000 to January 2007. Mr. Ergas has served as one of BWAY s directors since August 1995 and served as Vice Chairman of BWAY s board of directors from July 1999 to December 1999. Mr. Ergas has also previously served as Executive Vice President, Europe of Alcan Aluminum Limited, President of Alcan Europe Limited, Executive Chairman of British Alcan Aluminum plc. and Chief Executive Officer of Alcan Deutschland GmbH from June 1996 to December 1999. Mr. Ergas served as senior advisor to the Chief Executive Officer of Alcan Aluminum Limited from January 1995 to June 1996 and served as a trustee of DePaul University from February 1994 to December 1994. Prior thereto, Mr. Ergas served as Senior Executive Vice President of Pechiney S.A. and as a member of the Pechiney Group executive committee from 1987 to January 1994 and also held several management positions with various subsidiaries of Pechiney S.A., serving as: Chief Executive Officer of American National Can Company from 1989 to January 1994 and Chairman of the Board from 1991 to January 1994; Chief Executive Officer of Cegedur Pechiney from 1982 to 1988 and Chairman of the Board from 1987 to 1988; Chief Executive Officer of Cebal S.A. from 1974 to 1982 and Chairman of the Board during 1982; and marketing manager for Pechiney Aluminum from 1967 to 1974. Mr. Ergas is a trustee of DePaul and AUP Universities and a director of Dover Corporation and Compagnie Plastic Omnium.

Mr. Hayford became our Non-Executive Vice-Chairman in February 2003 and Non-Executive Vice-Chairman of BWAY in December 1999. Mr. Hayford has been a member of our board of directors since February 2003. From 1989 until December 1999, Mr. Hayford served as BWAY s Chief Executive Officer and Chairman of the Board. Mr. Hayford has held a number of senior positions within the packaging industry over the past 35 years including President and Chief Operating Officer of Gaylord Container Corporation, a manufacturer of paper packaging products, from 1986 to 1988, and Vice Chairman of Gaylord Container, from 1988 through 1992. Prior to Gaylord Container, Mr. Hayford served as President and a director of Gencorp, Inc., President and a director of Navistar International Corporation and Executive Vice President and a director of the Continental Group, Inc.

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Mr. Roessler became our Chief Executive Officer on March 7, 2007 and became the Chief Executive Officer of BWAY on January 2, 2007. He was the President and Chief Operating Officer of BWAY from March 2006 to January 2007. He has also served as President and Chief Operating Officer of our BWAY Packaging Division since July 2004. From July 2004 to February 2006, Mr. Roessler served as Senior Vice President of BWAY. From January 2003 through July 2004, Mr. Roessler served as Chief Operating Officer of BWAY and, from March 2000 until January 2003, he served as BWAY s Executive Vice President of sales and marketing. From June 1993 to February 2000, Mr. Roessler served in various senior management positions with Southcorp Packaging USA, including Vice President of sales and marketing from 1998 to February 2000, Vice President and general manager from 1995 to 1998 and Vice President and Chief Financial Officer from June 1993 through 1995. Prior to June 1993, Mr. Roessler held senior management positions with Berwind Corporation.

Mr. Wahrhaftig became one of our directors in September 2002 and a director of BWAY in February 2003. Mr. Wahrhaftig joined Kelso in 1987 and has served as a managing director since 1998. Prior to becoming a managing director of Kelso, he was a Vice President. Mr. Wahrhaftig is also a director of DS Waters Enterprises, Inc., Insurance Auto Auctions, Inc., Renfro Corporation and U.S. Electrical Services, LLC. Mr. Wahrhaftig is also a member of the board of visitors of the Babcock Graduate School of Management at Wake Forest University Babcock School.

Mr. Wall became one of our directors in September 2002 and became a director of BWAY in February 2003. Mr. Wall joined Kelso in 1983 and has served as a managing director since 1990. Mr. Wall spent the previous three years as a lending officer in the corporate division of Chemical Bank, where his responsibilities included the analysis and evaluation of lending proposals for numerous leveraged buyouts. Mr. Wall is a director of Ellis Communications Group, LLC, Endurance Business Media, Inc., Renfro Corporation and U.S. Electrical Services, LLC. Mr. Wall is also a Trustee of Choate Rosemary Hall and the Sacred Heart School in New York City.

Mr. Roderick became one of our directors in July 2004 and became a director of BWAY in May 2003. Mr. Roderick has served as Chairman of the Board of Earle M. Jorgensen Company since January 1998. He was Chairman and Chief Executive Officer of USX Corporation from 1979 to 1989 and President from 1975 to 1979. Mr. Roderick is a member of the board of the University of Pittsburgh Medical Center. He is past Chairman of both the American Iron and Steel Institute and the International Iron Institute. Mr. Roderick is past Chairman of the International Environmental Bureau. He is a co-founder and currently is Chairman Emeritus of the U.S.-Korea Business Council and is a past Chairman of the National Alliance of Business. Mr. Roderick is a trustee and past Chairman of the board of trustees of Carnegie Mellon University. He is a past member of the Business Roundtable and a member of the Business Council.

Mr. McVicker became one of our directors on March 7, 2007 and became a director of BWAY in October 2004. Mr. McVicker is currently the Chief Executive Officer of MVOC, LLC. Mr. McVicker was Chairman and Chief Executive Officer of NAMPAC from 2001 to July 2004 and was President and Chief Operating Officer of Southcorp Packaging USA from 1999 to 2001. Mr. McVicker served as President and Chief Operating Officer for Waldorf Corporation from 1995 to 1997, and from 1964 to 1995 was employed by Packaging Corporation of America (Tenneco), most recently as the Senior Vice President of international operations from 1991 to 1995. Mr. McVicker is a trustee of the Miami University Foundation. He has served as Vice-Chairman, executive committee recycled paperboard and solid waste task force for the American Forest & Paper Association; served on the executive committee and board of directors of the Paperboard Packaging Council; and served on the board of trustees of the Recycled Paperboard Technical Association and of the Miami University Pulp & Paper Foundation.

Mr. Mason became one of our directors and a director of BWAY on June 18, 2007. Mr. Mason presently serves as the Chairman of the Board of Dividend Growth Fund. From 2002 until 2006, Mr. Mason served as the Lead Director and Chairman of the Audit Committee at Earle M. Jorgensen Company, and from 2000 until 2005 he was the Chairman of the Board at Computer Horizons Inc. From 1999 until 2000, Mr. Mason was the Chief Executive Officer and President of Alliant Exchange Inc. Prior to 1999, Mr. Mason held a number of senior positions within the computer and steel industries. Mr. Mason began his career in 1970 at American Telephone and Telegraph Company where he worked until 1985, most recently as Executive Director and Corporate Controller of AT&T Information Systems from 1982 until 1985.

Mr. Kern has been our Vice President of Administration and Chief Financial Officer since March 7, 2007 and has been the Vice President of administration and Chief Financial Officer of BWAY since February 2001. From May 1995 until February 2001, Mr. Kern served as Vice President corporate controller of BWAY. From 1991 to May 1995, Mr. Kern was controller of McKechnie Plastics Components, Inc. From 1981 to 1991, Mr. Kern was employed by Ernst & Young, most recently as a senior audit manager from 1988 to 1991.

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Mr. O Connell has been our Vice President, Treasurer and Secretary since March 7, 2007 and Vice President and Treasurer of BWAY since May 1997. He has also served as BWAY s Secretary since May 2001. From June 1996 to May 1997, Mr. O Connell served as BWAY s Assistant Treasurer. From June 1995 to June 1996, Mr. O Connell served as Vice President of Finance of Macmillan Bloedel Packaging Inc. From October 1994 to June 1995, Mr. O Connell served as our director of financial planning. Prior thereto, Mr. O Connell served as Vice President of Administration of Mead Coated Board Division of The Mead Corporation.

Mr. Linton has been our Senior Vice President since March 7, 2007 and has been the Senior Vice President of BWAY since October 2004. He has served as President and Chief Operating Officer of our NAMPAC Division since July 2004. Prior to our acquisition of NAMPAC in July 2004, Mr. Linton was Vice President and General Manager of NAMPAC s Western Division. From 1997 to 2001, Mr. Linton was the Executive Vice President and General Manager of Field Container Company, where he had responsibility for the consumer packaging business. Between 1991 and 1997, Mr. Linton served as Vice President and General Manager of the folding carton business at Tenneco Packaging, where he began his career as a sales representative in 1979.

The Board oversees our business and affairs and advises management regarding a broad range of subjects including our strategies and operating plans. Members of the Board monitor and evaluate our business performance through regular communication with our Chief Executive Officer and other members of management, and by attending Board meetings and Board committee meetings.

Code of Ethics

The Board values effective corporate governance and adherence to high ethical standards. As such, the Board has adopted Corporate Governance Guidelines for our directors and our Code of Business Conduct and Ethics for our directors and employees, including the named executive officers. Both our Corporate Governance Guidelines and our Code of Business Conduct and Ethics are posted on our Web site at www.bwaycorp.com select the Investor Relations link and then the Corporate Governance link. Paper copies of these documents are available to stockholders free of charge upon request.

Communications With the Board of Directors

Stockholders and interested parties who wish to contact the Board, any individual director, or the non-management or independent directors as a group are welcome to do so in writing, addressed to such person(s) in care of:

Mr. Jeffrey M. O Connell

Vice President, Treasurer and Secretary

BWAY Holding Company

8607 Roberts Drive, Suite 250

Atlanta, Georgia 30350

Mr. O Connell will forward all written stockholder correspondence to the appropriate Board member(s), except for spam, junk mail, mass mailings, customer complaints or inquiries, job inquiries, surveys, business solicitations or advertisements, or patently offensive or otherwise inappropriate material. Mr. O Connell may, at his discretion, forward certain correspondence, such as customer-related inquiries, elsewhere within BWAY Holding for review and possible response. Comments or questions regarding BWAY Holding s accounting, internal controls or auditing matters will be referred to members of the Audit Committee. Comments or questions regarding the nomination of directors and other corporate governance matters will be referred to members of the Nominating Committee.

Director Nomination Process

The Nominating and Governance Committee (Nominating Committee) is responsible for screening and recommending to the full Board director candidates for nomination. The Nominating Committee may engage a third-party search firm to assist in identifying appropriate candidates to consider as additions to our Board of Directors. When there is an opening on the Board, the Nominating Committee will also consider nominations received from our stockholders, provided that proposed candidates meet the requisite director qualification standards.

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Stockholder nominations must be accompanied by a candidate resume which addresses the extent to which the nominee meets the director qualification standards and any additional search criteria that may be posted on our Web site. Nominations will be considered only if we are currently seeking to fill an open director position. All nominations by stockholders should be submitted as follows:

Chairman, Nominating and Governance Committee

c/o Mr. Jeffrey M. O Connell

Vice President, Treasurer and Secretary

BWAY Holding Company

8607 Roberts Drive, Suite 250

Atlanta, Georgia 30350

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that our directors, executive officers and stockholders who own more than 10% of our common stock file initial reports of ownership with the SEC and the New York Stock Exchange (NYSE). They must also file reports of changes in ownership with the SEC and the NYSE. In addition, they are required by SEC regulations to provide us copies of all Section 16(a) reports that they file with the SEC. Based solely on a review of such Section 16(a) reports, management and the Board believe our directors, officers and owners of more than 10% of our outstanding equity securities complied with the reporting requirements during the fiscal year ended September 30, 2007.

Audit Committee

The Audit Committee is comprised of three members, Messrs. Mason, McVicker and Wahrhaftig, and acts under a written charter adopted and approved by the Board. The committee s charter is posted on our Web site at www.bwaycorp.com select the Investor Relations link and then the Corporate Governance link. With the exception of Mr. Wahrhaftig, all members of the committee meet the SEC and NYSE definitions of independence for audit committee members. The Board has determined that each of the members of the audit committee is a financial expert for purposes of the SEC rules. No member of the Audit Committee serves on the audit committee of more than three public companies.

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Item 11. Executive Compensation
Compensation Discussion and Analysis

Named Executive Officers

The following Compensation Discussion and Analysis describes the material elements of compensation for the following individuals, collectively referred to as the named executive officers :

Jean-Pierre M. Ergas, Executive Chairman of the Board (Chief Executive Officer during a portion of fiscal 2007);

Kenneth M. Roessler, President and Chief Executive Officer;

Kevin C. Kern, Vice President of Administration and Chief Financial Officer;

Jeffrey M. O Connell, Vice President, Treasurer and Secretary; and

Thomas K. Linton, Senior Vice President and President and Chief Operating Officer NAMPAC Division.
Biographical information on our named executive officers is included in Item 10, Directors, Executive Officers and Corporate Governance Directors and Executive Officers.

Compensation Objectives. The fundamental objectives of our executive compensation programs are to ensure that executives are provided incentives and compensated in a way that advances both the short- and long-term interests of stockholders while also ensuring that we are able to attract and retain executive management talent.

Elements of Compensation. We approach our compensation objectives for our named executive officers through the following elements:

Element	Form of Compensation	Purpose	Performance Metric(s)
Base Salary	Cash	Provide competitive, fixed compensation to attract and retain exceptional executive talent	Not performance-based
Short-Term Incentive	Cash	Provide the opportunity to earn competitive compensation directly linked to our performance	Adjusted EBITDA (Fiscal 2007); Adjusted EBIT and Adjusted Free Cash Flow (Fiscal 2008)
Long-Term Incentive	Stock options	Create a strong financial incentive for achieving or exceeding long-term performance goals and encourage a significant equity stake in our company	BWAY Holding common stock price
Health, Retirement and Other Benefits	Eligibility to participate in benefit plans generally available to our employees, including retirement, health, life insurance, disability and paid vacation plans	Plans are part of our broad-based employee benefits program	Not performance-based
Executive Benefits and Perquisites			Not performance-based

Change in control agreements for certain executives, reimbursement for out-of-pocket expenses under our basic salaried health insurance program (including deductibles and co-payments), automobile allowance, country/health club dues, and, for Mr. Ergas only, supplemental retirement plan benefits	Provide competitive benefits to promote the health, well-being and financial security of our executive officers

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How We Determine Compensation. The Compensation Committee is responsible for discharging the Board s responsibilities related to the compensation of our executives. The duties and responsibilities of the Compensation Committee include, but are not limited to, the following:

- Establish our general compensation philosophy, and, in consultation with senior management, oversee the development and implementation of our compensation programs;
- At least annually: (i) review and approve corporate goals and objectives relevant to the compensation of the Chief Executive Officer, (ii) evaluate the performance of the Chief Executive Officer in light of those goals and objectives, (iii) report the results of such evaluation to the Board and (iv) determine the Chief Executive Officer s compensation level based on this evaluation;
- At least annually, review and approve all compensation arrangements of our named executive officers and other senior executives, including, without limitation: (i) annual base salary; (ii) short-term incentive levels; (iii) long-term incentive levels; (iv) employment agreements, severance arrangements and change-in-control agreements/provisions, in each case as, when and if appropriate; and (v) any special or supplemental benefits;
- Review and make recommendations to the Board with respect to compensation, incentive-compensation plans and equity-based plans, other than as related to the Chief Executive Officer, and oversee the administration of these plans, including the discharge of any responsibilities imposed on the Compensation Committee by any of these plans;
- Periodically review and make recommendations to the Board regarding director compensation;
- Oversee regulatory compliance with respect to compensation matters, including our policies on structuring compensation programs to preserve tax deductibility, and, as and when required, establishing performance goals and certifying that performance goals have been obtained for purposes of Section 162(m) of the Internal Revenue Code of 1986 (the Code);
- Report to the Board periodically on all matters for which the Compensation Committee has responsibility; and
- Exercise such other powers and perform such other duties and responsibilities as are incidental to the purposes, duties and responsibilities specified in its Charter and as may from time to time be delegated to the Compensation Committee by the Board.

At the beginning of each fiscal year, management provides the Compensation Committee with recommendations for total compensation for the named executive officers. The Compensation Committee engages a third-party compensation consultant to assist in the development of compensation data that facilitates management s recommendations to the Compensation Committee. The management presentation includes an analysis prepared in support of the recommendations. Based on the compensation consultant s proprietary data, the analysis includes market compensation based on comparable positions of responsibility using competitive pay levels. The consultant determines competitive pay levels through regression analysis, a statistical technique that considers the relationship between total revenue and compensation. The analysis provides competitive data at various percentile ranks within the distribution of compensation. The Compensation Committee uses the percentile ranks as a guide and does not have a specific policy to maintain executive compensation at or within certain percentiles. In addition, the focus of the analysis is based on a position and does not take into account individual incumbent factors, such as performance, years of experience, skill set or perceived value of the position to the company, each of which is evaluated by the Compensation Committee using its judgment.

The Compensation Committee reviews the recommendations and discusses them with management. The Compensation Committee s review is comprehensive and includes consideration of many factors, including: (i) the alignment of the proposed compensation with our compensation objectives; (ii) the overall value of the compensation package; and (iii) the lack of supplemental compensation, benefits, perquisites and protections commonly extended to executive officers of other comparably sized companies.

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Role of Executive Officers in Determining Compensation

Mr. Roessler rates the individual performance and assesses the talent of the other named executive officers, which may impact their base salary, short-term incentive awards or, to the extent applicable, long-term incentive awards, and makes his recommendations to the Compensation Committee regarding their compensation.

Summary of Compensation and Benefit Programs

We maintain a variety of compensation and benefit programs in which our named executive officers and other selected employees participate. These programs include our short-term Annual Incentive Plan (AIP); our Long-Term Incentive Programs (LTIPs); and our retirement savings plans.

Analysis of Compensation Elements

Base Salary. The Compensation Committee generally determines base salary levels for our named executive officers early in the fiscal year, with changes becoming effective during the second quarter of each fiscal year. The base salaries that became effective in the second quarter of fiscal 2007 were established based upon a review of the following factors: (i) internal value of the position relative to other positions; (ii) external value of the position or comparable position; and (iii) individual performance compared with individual objectives. Based on these factors, the Compensation Committee approved base salary increases ranging from 8% to 13% for our named executive officers, except for Mr. Roessler whose salary increased 50% concurrent with his promotion to Chief Executive Officer. The base salary adjustments reflected an increase in responsibilities for our named executive officers.

Short-Term Incentive. These awards, payable in cash under our AIP, are expressed as a percentage ranging from 40% to 80% of each named executive officer s base salary, called the Target Percentage. The Target Percentage is determined based on: (i) each named executive officer s position of responsibility as determined by the by the third-party compensation consultant; (ii) the proportion of total short-term compensation paid as base salary; and (iii) relativity to the roles of the other named executive officers.

Based on actual performance compared with specific goals, award recipients could earn zero to two and a half times their Target Percentage. The specific goals are approved by the Compensation Committee at the beginning of each fiscal year. The goals are established with a minimum required result before any incentive is payable. The goals are expected to be challenging, but achievable with significant effort. The Target Percentage may be allocated among several metrics, each, based on actual performance, with a different Multiplier. The sum of Metric Percentages must equal 100%.

With the exception of Mr. Linton, the Metric used to measure the performance of our named executive officers for fiscal 2007 was entirely based on consolidated earnings before interest, taxes, depreciation and amortization adjusted by adding back non-cash items, restructuring charges and other (income)/expense (Adjusted EBITDA). Mr. Linton, as a divisional officer, has an additional Metric based on a measure of Adjusted EBITDA for the NAMPAC Division. The actual performance for fiscal 2007 was compared with the goals approved by the Compensation Committee to determine the expected AIP Payout. The Multiplier goals for fiscal 2007 were established based on consolidated Adjusted EBITDA and, for Mr. Linton, additionally on divisional Adjusted EBITDA. Each proposed AIP Payout, based on actual results, is presented to the Compensation Committee for final approval before it is paid prior to the end of the first quarter of the fiscal year following the preceding fiscal year-end. Short-term incentive awards are subject to the attainment of a minimum level of Adjusted EBITDA.

We believe our use of the selected performance metrics as a primary incentive factor demonstrates our commitment to linking executive compensation with increasing stockholder value.

For fiscal 2007, we did not achieve the minimum level of consolidated Adjusted EBITDA set by the Compensation Committee to trigger an AIP Payout for the named executive officers. However, Mr. Linton received a partial AIP Payout based on the divisional Adjusted EBITDA metric, which exceeded its targeted goal.

The use of Adjusted EBITDA as a metric for fiscal 2007 was set by the Compensation Committee when BWAY Holding was a privately held company. For fiscal 2008, to better align performance with certain metrics that we believe are both important to investors and indicative of metrics contributing to increasing stockholder value, the AIP incentive for the named executive officers will be include metrics based on earnings before interest and taxes (EBIT) and consolidated free cash flow, which we define as operating cash flow less capital expenditures.

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Long-Term Incentive. The Compensation Committee has not awarded long-term incentive awards under our LTIP to the named executive officers, excluding Mr. Linton, since the management buyout in 2003. Mr. Linton was awarded certain awards under our LTIP at the acquisition of NAMPAC in 2004. The options granted to the named executive officers consisted of service options, which vested over three years, performance options, which vested over five years based on the achievement of certain annual and cumulative performance goals, and exit options, which vested based on certain exit events and the achievement of certain cumulative return on investment criteria. Concurrent with the initial public offering in June 2007, the Board approved the vesting of all unvested performance awards and the vesting of a portion of the exit options based on the percentage of the cumulative return on investment criteria as of the initial public offering. In addition, the vesting criteria of the remaining unvested exit options was modified so the options vest in three tranches based on the performance of BWAY Holding s stock. The awarding of options and the vesting modifications made at the initial public offering are consistent with our compensation objectives to advance the long-term interest of our stockholders, as well as to retain executive management talent.

For a discussion of our LTIP, see Note 9, *Stock-Based Compensation*, of Notes to Consolidated Financial Statements, in Item 8. In addition, see Stock Ownership Guidelines below.

Special Short-Term Incentive. In fiscal 2007, we granted a special short-term incentive award to each of our employees who were participants in one of our LTIPs, including our named executive officers, in the form of a cash payment. The purpose of the incentive was to reward management for, among other things, its contributions in improving sales and earnings performance, which enabled us to successfully complete the initial public offering. The special award was approved by the Compensation Committee contingent upon the successful completion of the initial public offering, which took place in June 2007. The total award was $10.0 million, of which $7.6 million was paid to the named executive officers as follows: $0.8 million, $3.7 million, $1.4 million, $0.8 million and $1.0 million to Messrs. Ergas, Roessler, Kern, O Connell and Linton, respectively. The Compensation Committee allocated the award based on its determination of the performance of the participants, including the named executive officers. Since Mr. Ergas retired as Chief Executive Officer in December 2006, the Compensation Committee awarded him a lesser amount of the special incentive award.

The Compensation Committee determined the amount of the award ($10.0 million) based on several factors, including (i) the anticipated size of the offering; (ii) discussions with investment bankers and other advisors; (iii) the amount of value created by management since the buyout in 2003; (iv) the past experiences of our equity partner; and (v) the relativity of the preceding factors to each other and the amount of the award.

Perquisites and Other Benefits. Our named executive officers are generally offered the same employee benefits and perquisites offered to all employees. In addition, certain of our named executive officers receive an automobile allowance, are paid for expenses not covered under our health insurance plans, change-in-control agreements, employment agreements and country club dues. We provide executive benefits and perquisites to compete for executive talent and to promote the health, well-being and financial security of our named executive officers. A description of executive benefits and perquisites, and the costs associated with providing them for the named executive officers, are reflected in the All Other Compensation column of the *Summary Compensation Table* under Compensation of Executive Officers below.

Retirement Savings Plans. Our retirement savings plans are intended to meet the requirements of Section 401(k) of the Code. With the exception of Mr. Linton, each of the named executive officers is eligible to participate in the BWAY retirement savings plan. Mr. Linton is eligible to participate in the NAMPAC retirement savings plan. The BWAY plan matches 100% of the first 4% of employee contributions, up to a maximum of $9,000 per calendar year, and the NAMPAC plan contributes 3% of base salary without an employee participation requirement, up to the IRS allowed maximum ($6,750 for calendar year 2007). Retirement savings plan contributions vest immediately.

Although we currently intend to continue the retirement savings plans, as well as to make contributions, the Compensation Committee may terminate the plan or discontinue the matching contributions at its sole discretion. We do not sponsor any other retirement plans in which our named executive officers participate. The plans are not expected to provide sufficient income replacement relative to our named executive officers anticipated retirement needs. The potential retirement income gap for our named executive officers may be filled by other reward elements, including long-term incentives.

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Other Retirement Benefits

Supplemental Executive Retirement Plan. Mr. Ergas participates in a supplemental executive retirement plan that provides for a monthly cash payment for his life based on his base salary at the time his retirement. The plan also provides his surviving spouse a 50% benefit for her life. None of the other named executive officers participate in the plan. Mr. Ergas became a participant in the plan in 2000 when he became Chief Executive Officer.

NAMPAC Pension Plan. Mr. Linton participates in a defined benefit pension plan sponsored by NAMPAC that covers certain of its hourly and salaried employees. The plan was frozen for salaried and hourly participants in 2004 and 1998, respectively. Benefits are based on the participant s compensation and period of employment as of the date the plan was frozen. The plan was in place when we acquired NAMPAC, and it was frozen to new participants following the acquisition in 2004. None of the other named executive officers participate in this plan, and no other defined pension benefits are offered to the named executive officers.

Equity Award Grant Practices

All equity-based incentive awards, including awards to our named executive officers and directors, must be approved by the Compensation Committee.

Timing of Awards. Equity awards are discretionary and are not granted on a set schedule. The Compensation Committee is evaluating the timing of any future grants of additional equity awards to our named executive officers. Special long-term incentive awards may be granted at any time, as deemed necessary for new hires, promotions, recognition or retention purposes. We do not coordinate or time the release of material information around our grant dates in order to affect the value of the compensation. Our named executive officers do not play a role in the selection of grant dates.

Determination of Grant Date. The grant date is the date that the Compensation Committee approves the equity award and BWAY and the award recipient reach a mutual understanding of the key terms and conditions of the award.

Determination of Exercise Price. The exercise price for stock option awards is equal to the last reported sale price of our common stock, as quoted on the NYSE, on the grant date. Unless otherwise determined by the Compensation Committee, fair market value as of a given date is the closing sale price of our common stock as quoted on the NYSE on such date or, if the shares were not traded on that date, the most recent preceding date when the shares were traded.

Repricing of Stock Options. Under our LTIPs, a stock option may not be: (i) amended to reduce its initial exercise price, except in the case of a stock split or similar event; or (ii) canceled and replaced by a stock option having a lower exercise price; without the approval of stockholders.

Stock Ownership Guidelines

The Compensation Committee has not set specific stock ownership guidelines for the named executive officers. With the exception of Mr. Linton, who was not a named executive officer until 2004 when we acquired NAMPAC, each of the named executive officers was a member of management at the time of the Kelso buyout in 2003. At that time, management deferred the exercise of certain equity awards and was awarded additional equity awards for an overall equity position acceptable to Kelso, our equity partner in the buyout.

Tax and Other Considerations

Tax Deductibility of Compensation. Section 162(m) of the Code limits the deductibility of compensation in excess of $1 million paid to the Chief Executive Officer, the Chief Financial Officer or any of the three other most highly compensated executive officers, unless the compensation qualifies as performance-based compensation. Among other things, in order to be deemed performance-based compensation, the compensation must be based on the achievement of pre-established, objective performance criteria and must be pursuant to a plan that has been approved by our stockholders. It is intended that all performance-based compensation paid in fiscal 2007 to our named executive officers under the plans and programs described above will qualify for deductibility, either because the compensation is below the threshold for non-deductibility provided in Section 162(m), or because the payment of amounts in excess of $1 million qualify as performance-based compensation under the provisions of Section 162(m).

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We believe that it is important to continue to be able to take all available company tax deductions with respect to the compensation paid to our named executive officers. Therefore, we believe we have taken all actions that may be necessary under Section 162(m) to continue to qualify for all available tax deductions related to executive compensation.

Accounting Treatment. We account for stock-based awards based on their grant date fair value, as determined under SFAS No. 123(R), *Share-Based Payment*. Compensation expense for these awards is recognized on a straight-line basis over the requisite service period of the award (or to an employee s eligible retirement date, if earlier). If the award is subject to a performance condition, however, the cost will vary based on our estimate of the number of shares that will ultimately vest. The majority of our outstanding, unvested awards have vesting criteria based on the achievement of certain stock price targets. We used a Monte-Carlo simulation model to determine an expected term over which we are recognizing the expense. Outstanding, unvested options granted under the Omnibus Incentive Plan, none of which were granted to a named executive officer, vest over three year service period, with one-third vested on each anniversary date.

Executive Compensation Changes Planned for Fiscal 2008

Short-Term Incentive. The bonus criteria for the named executive officers as it related to consolidated Adjusted EBITDA in fiscal 2007 was modified in fiscal 2008 to consolidated adjusted earnings before interest and taxes (Adjusted EBIT) and consolidated Adjusted Free Cash Flow, which we define as operating cash flow less capital expenditures. Mr. Linton s bonus objectives in fiscal 2008 include a component based on Adjusted EBIT for the NAMPAC Division.

Fiscal 2008 Basis for Establishing Compensation. The basis for establishing compensation will remain unchanged in fiscal 2008. As discussed above, the metrics for short-term incentive awards under our AIP have been revised to reflect what we believe are measures important to stockholders. The Compensation Committee is currently evaluating management s proposed base salary and short-term incentive Target Percentage based on the third-party compensation consultant s analysis.

Fiscal 2008 Long-Term Incentives. The Compensation Committee is currently evaluating the sufficiency of management s outstanding long-term incentive awards in providing incentives for the achievement of long-term goals. As such, we do not anticipate the any additional long-term incentive awards to the named executive officers in fiscal 2008. However, the Compensation Committee will evaluate any such awards should circumstances change or if it determines in its discretion that additional awards are necessary to fulfill our compensation objectives.

Compensation Committee Interlocks and Insider Participation

Messrs. Hayford and Wall served as members of BWAY s Management Resources, Nominating and Compensation Committee during all of fiscal 2007 and as members BWAY Holding s Compensation Committee from May 23, 2007, when the committee was established by the Board. Mr. Wahrhaftig served as a member of BWAY s Management Resources, Nominating and Compensation Committee in fiscal 2007 from the beginning of the year and as a member of BWAY Holding s Compensation Committee from May 23, 2007. Mr. Wahrhaftig was replaced on each committee by Mr. Mason when he joined the Board in June 2007, and he continued to serve on each committee for the remainder of fiscal 2007. None of Messrs. Hayford, Wall, Wahrhaftig or Mason was an officer or employee of the Company during fiscal 2007. Prior to January 2000, Mr. Hayford served as the Chief Executive Officer of BWAY.

No member who served on either of our compensation committees during fiscal 2007 had any relationship with us requiring disclosure as a related-person transaction in Item 13, *Certain Relationships and Related Transactions, and Director Independence*. No executive officer of the Company served as a member of the compensation committee or as a director of another entity, one of whose executive officers served on our compensation committee. No executive officer of the Company served as a member of the compensation committee of another entity, one of whose executive officers served as one of our directors.

Compensation Committee Report

The Compensation Committee of the Board has reviewed and discussed the *Compensation Discussion and Analysis,* above, with management. Based on this review and discussion, the Compensation Committee recommended to the Board that the *Compensation Discussion and Analysis* be included in our Annual Report on Form 10-K/A for the fiscal year ended September 30, 2007.

COMPENSATION COMMITTEE

Submitted by,

Warren J. Hayford, Chairman

Earl L. Mason

Thomas R. Wall, IV

The foregoing report should not be deemed incorporated by reference by any general statement incorporating by reference this Annual Report on Form 10-K into any filing under the Securities Act of 1933, as amended, or under the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate this information by reference, and shall not otherwise be deemed filed under such Acts.

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Compensation of Executive Officers

Summary Compensation Table

The table below summarizes the total compensation earned by each of our named executive officers during fiscal 2007:

Name and Principal Position	Fiscal Year	Base Salary ($)	Bonus ($) (1)	Option Awards ($) (2)	Non-Equity Incentive Plan Compensation ($) (3)	Change in Pension Value and Non-Qualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Jean-Pierre M. Ergas[4]								
Executive Chairman and Director	2007	$ 760,000	$ 750,000	$ 4,414,290	$	$ 373,182(5)	$ 58,073(6)	$ 6,355,545
Kenneth M. Roessler								
Chief Executive Officer	2007	550,000	3,681,000	2,207,144			47,706(7)	6,485,850
Kevin C. Kern								
Vice-President of Administration and Chief Financial Officer	2007	323,333	1,417,000	529,712			47,127(8)	2,317,172
Jeffrey M. O Connell								
Vice-President, Treasurer and Secretary	2007	211,667	805,000	220,713			25,785(9)	1,263,165
Thomas K. Linton								
Senior Vice President, President and Chief Operating Officer NAMPAC Division	2007	339,367	972,000	629,484	212,104	(10)	27,878(11)	2,180,833

(1) These amounts represent a one-time bonus paid to management based on the successful completion of BWAY Holding s initial public offering in June 2007.

(2) These amounts reflect the expense recognized for financial statement reporting purposes for the fiscal year ended September 30, 2007 in accordance with SFAS No. 123(R), for stock-based incentive awards previously granted under our LTIP. There were no LTIP awards granted in fiscal 2007. The majority of the expense recognized in fiscal 2007 related to the accelerated vesting of certain exit event options concurrent with the initial public offering. The amounts expensed related to this acceleration were $3,360,923, $1,680,461, $403,306, $168,044 and $439,121 for Messrs. Ergas, Roessler, Kern, O Connell and Linton, respectively. For a discussion of the acceleration of vesting and for the assumptions used in calculating these amounts, see Note 9, *Stock-Based Compensation*, of Notes to Consolidated Financial Statements, in Item 8.

(3) These amounts reflect short-term incentive awards made under our AIP. The awards were expensed and accrued in fiscal 2007 and were paid in cash in the first quarter of fiscal 2008.

(4) Mr. Ergas does not receive any additional compensation for his service as a director.

(5) This amount represents the change in the actuarially determined liability during the fiscal year related to Mr. Ergas supplemental executive retirement plan. The liability is not funded and will be paid from operating cash flows. Payments under the plan began in January 2008. See Note 12, *Employee Benefit Obligations Supplemental Executive Retirement Plans*, of Notes to Consolidated Financial Statements, in Item 8.

(6)

This amount includes employer matching contributions under our Retirement Savings Plan, out-of-pocket expenses related to amounts paid by Mr. Ergas that were not covered under our basic health insurance plan, club dues and $43,304 in travel expenses for Mrs. Ergas in accordance with Mr. Ergas employment agreement.

The out-of-pocket expenses reimbursed to the named executive officer that were not covered under our basic health insurance plan include, among other things, co-payments, deductibles and procedures not covered under the basic plan. The amounts are initially paid by the executive and submitted by him for reimbursement by the company. These amount included in other compensation is the actual amount we reimbursed during the fiscal year and would not reflect any amounts incurred that have not been submitted to the company for reimbursement.

(7) This amount includes employer matching contributions under our Retirement Savings Plan, out-of-pocket expenses related to amounts paid by Mr. Roessler that were not covered under our basic health insurance plan, an automobile allowance and club dues. See footnote 6 above for a further discussion of the out-of-pocket health plan expenses reimbursed.

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(8) This amount includes employer matching contributions under our Retirement Savings Plan of $14,467, out-of-pocket expenses related to amounts paid by Mr. Kern that were not covered under our basic health insurance plan, an automobile allowance and club dues. See footnote 6 above for a further discussion of the out-of-pocket health plan expenses reimbursed. Mr. Kern s matching contributions in fiscal 2007 exceeded the $9,000 calendar year maximum due to the timing of contributions (the fourth calendar quarter of 2006 contributions are included in our first fiscal quarter of 2007).

(9) This amount includes employer matching contributions under our Retirement Savings Plan, out-of-pocket expenses related to amounts paid by Mr. O Connell that were not covered under our basic health insurance plan and an automobile allowance. See footnote 6 above for a further discussion of the out-of-pocket health plan expenses reimbursed.

(10) The actuarially determined liability during the fiscal year related to Mr. Linton s participation in the NAMPAC defined benefit pension plan decreased $1,559. The decrease is due to a change in the discount rate. The liability is funded and will be paid from the plan trust. See Note 12, *Employee Benefit Obligations Pension and Postretirement Benefit Plans*, of Notes to Consolidated Financial Statements, in Item 8. Since the amount of the liability decreased, it has been excluded from the table per the regulations.

(11) This amount includes employer contributions under the NAMPAC Retirement Savings Plan, out-of-pocket expenses related to amounts paid by Mr. Linton that were not covered under our basic health insurance plan, personal use of a company car and club dues. See footnote 6 above for a further discussion of the out-of-pocket health plan expenses reimbursed.

Grants of Plan-Based Awards

There were no grants under our LTIP or any other plan to any of our named executive officers during fiscal 2007.

Outstanding Equity Awards at Fiscal Year-End

The following table provides a summary of equity awards outstanding for each of the named executive officers as of the end of fiscal 2007:

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable (1)	Option Exercise Price ($)	Option Expiration Date
Jean-Pierre M. Ergas(2)	211,949		$ 2.96	1/28/2012
	1,073,845	428,037	5.35	2/08/2013
Kenneth M. Roessler	56,758		$ 1.78	9/5/2011
	37,311		1.84	2/21/2010
	536,922	214,018	5.35	2/08/2013
Kevin C. Kern	15,389		$ 1.61	12/14/2009
	78,697		2.96	1/28/2012
	128,861	51,365	5.35	2/08/2013
Jeffrey M. O Connell	2,346		$ 1.61	12/14/2009
	67,472		2.96	1/28/2012
	53,691	21,402	5.35	2/08/2013
Thomas K. Linton	160,514	63,982	$ 8.82	7/08/2014

(1) These options will become vested in three equal tranches based on an average per share closing price of BWAY Holding common stock over 45 day periods with a minimum closing price on the 45th day for each tranche, as follows: (i) 1/3 will vest if the average per share closing price of BWAY Holding common stock over any consecutive 45 days during which the stock trades is at least $19.26 and the closing price on the 45th such day is at least $16.37; (ii) 1/3 will vest if the average per share closing price of BWAY Holding common

stock over any consecutive 45 days during which the stock trades is at least $21.52 and the closing price on the 45th such day is at least $18.29; and (iii) $^{1}/3$ will vest if the average per share closing price of BWAY Holding common stock over any consecutive 45 days during which the stock trades is at least $23.78 and the closing price on the 45th such day is at least $20.21.

(2) These options are held by Sagre Group, L.P., a limited partnership of which Mr. Ergas is the managing partner.

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Options Exercised

The table below provides a summary of the value realized in connection with stock option awards exercised and stock awards vested for our named executive officers during fiscal 2007:

	Option Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)
Jean-Pierre M. Ergas[1]	428,597	$ 4,726,353[2]

(1) These options were held by Sagre Group, L.P., a limited partnership of which Mr. Ergas is the managing partner.
(2) Mr. Ergas exercised options to purchase 428,597 shares concurrent with the initial public offering, at an exercise price of $2.96 per share and sold the shares in the initial public offering at an offering price of $15.00 per share less an underwriting discount of $1.0125 per share or a net of $13.9875 per share.

Pension Benefits

The table below provides a summary of the pension benefits for our named executive officers as of September 30, 2007:

Name	Plan Name	Years of Credited Service (#)	Present Value of Accumulated Benefit ($)	Payments During Fiscal 2007 ($)
Jean-Pierre M. Ergas	Supplemental Executive Retirement Plan	n/a	$ 3,008,105[1]	$
Thomas K. Linton	NAMPAC Pension Plan	3.1	$ 39,142[2]	$

(1) The plan provides for a monthly benefit of $22,750 beginning in January 2008, payable for life with a 50% surviving spouse benefit. The benefit was determined as 35% of base salary at the time of retirement, assuming Mr. Ergas retired after attaining 67 years of age.
(2) Benefits are payable under a defined benefit pension plan sponsored by NAMPAC that covers certain of its salaried employees. The plan was frozen in 2004. Mr. Linton s benefits are based on his compensation and period of employment as of the date the plan was frozen.

Potential Payments Upon Termination or Change-in-Control

We have change-in-control agreements and employment agreements with certain of our named executive officers. (See Management Employment Agreements and Change in Control Agreements below.) As such, potential payments that would be received by our named executive officers upon termination of employment or a change-in-control would be in connection with these agreements and equity-based incentive awards granted under our LTIP. The amounts reported for stock options represent the intrinsic value of stock options, calculated based on the closing price of our common stock on September 28, 2007, the last trading day in fiscal 2007. The amounts reported for change-in-control agreements represent the amounts payable upon a change-in-control as if such occurred on September 30, 2007. The following table summarizes potential payments of upon termination or change-in-control for each named executive officer under various scenarios:

	Termination				
Name	For Cause [1]	Not for Cause [2]	Following Change-in-Control [3]	Death or Disability [4]	Retirement [5]
Jean-Pierre M. Ergas					

Stock options	$	$ 7,964,163	$ 7,964,163	$ 7,964,163	$ 7,964,163
Employment agreement		2,216,000(6)		1,752,903(7)	3,008,105(8)
Total	$	$ 10,180,163	$ 7,964,163	$ 9,717,066	$ 10,972,268
Kenneth M. Roessler					
Stock options	$	$ 3,993,335	3,993,335	$ 3,993,335	$ 3,993,335
Change-in-control agreement			1,713,000(9)		
Total	$	$ 3,993,335	$ 5,706,335	$ 3,993,335	$ 3,993,335

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Name	For Cause (1)	Not for Cause (2)	Termination Following Change-in-Control (3)	Death or Disability (4)	Retirement (5)
Kevin C. Kern					
Stock options	$	$ 1,538,733	$ 1,538,733	$ 1,538,733	$ 1,538,733
Change-in-control agreement			769,000(9)		
Total	$	$ 1,538,733	$ 2,307,733	$ 1,538,733	$ 1,538,733
Jeffrey M. O Connell					
Stock options	$	$ 886,384	$ 886,384	$ 886,384	$ 886,384
Change-in-control agreement			389,000(9)		
Total	$	$ 886,384	$ 1,275,384	$ 886,384	$ 886,384
Thomas K. Linton					
Stock options	$	$ 373,998	$ 373,998	$ 373,998	$ 373,998
Employment agreement		589,000(10)	952,000(11)		
Total	$	$ 962,998	$ 1,325,998	$ 373,998	$ 373,998

(1) All stock options are immediately and irrevocably forfeited upon termination for cause. In addition, no amounts are payable under the applicable change-in-control agreements upon termination for cause.

(2) Upon voluntary termination or termination other than for cause: (i) stock options that are vested as of the date of termination may be exercised during a 60-day period beginning on the termination date; and (ii) all unvested stock options are immediately and irrevocably forfeited as of the date of termination. In addition, no amounts are payable under the applicable change-in-control agreements upon voluntary termination or termination other than for cause.

(3) Upon involuntary termination or termination for good reason within 12 months following a change-in-control: (i) stock options vest 100% and may generally be exercised until their natural dates of expiration; and (ii) stock awards with performance-based vesting criteria will vest as if 100% of the target shares had been earned.

(4) Upon death or disability: (i) stock options that are vested as of the date of death or disability may generally be exercised for a period of one year; and (ii) all unvested stock options and stock awards are immediately and irrevocably forfeited as of the date of death or disability. In addition, no amounts are payable under the applicable change-in-control agreements upon death or disability.

(5) Upon qualified retirement: (i) stock options that are vested as of the date of qualified retirement may generally be exercised for a period of one year; and (ii) all unvested stock options and stock awards are immediately and irrevocably forfeited as of the date of qualified retirement. In addition, no amounts are payable under the applicable change-in-control agreements upon qualified retirement.

(6) This amount represents amounts payable to Mr. Ergas upon termination for cause pursuant to his employment agreement. Under the agreement, Mr. Ergas is entitled to two times his annual base salary, one times his target bonus and continuation of his health benefits for a period of 24 months, including the reimbursement of COBRA premiums as applicable. Under the employment agreement, in exchange for the termination benefits, Mr. Ergas is subject to customary non-compete and non-solicitation obligations.

(7) This amount represents the present value of surviving spouse payments to Mrs. Ergas upon the death of Mr. Ergas based on the assumptions used to determine the present value of accumulated benefit under Mr. Ergas supplemental executive retirement plan. See footnote 1 to the *Pension Benefits* table above. Upon disability, the benefit to Mr. Ergas would be the same as upon retirement. See footnote 8.

(8) This amount represents the present value of accumulated benefit under Mr. Ergas supplemental executive retirement plan. See footnote 1 to the *Pension Benefits* table above.

(9) This amount represents amounts due under a change-in-control agreement. For a summary of the amounts payable to the named executive officer and restrictive covenants contained in the agreement, see Change in Control Agreements below.

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(10) Mr. Linton is entitled to certain payments upon termination without cause pursuant to a letter agreement dated July 2004. Under this agreement, Mr. Linton is entitled to one times annual base salary, accrued bonus through the date of termination and health and dental benefits for a period of twelve months.

(11) Mr. Linton s change-in-control payments are pursuant to a letter agreement dated May 28, 2004. Under this agreement, Mr. Linton is entitled to two times annual base salary, one times annual bonus and health and dental benefits for a period of twenty-four months.

Management Employment Agreements

Jean-Pierre M. Ergas. BWAY entered into an amended and restated employment agreement with Mr. Ergas, dated as of February 7, 2003, whereby Mr. Ergas served as BWAY s Chairman and Chief Executive Officer and, most recently, as its Executive Chairman. The employment period expired on December 31, 2007, whereby Mr. Ergas became our Non-Executive Chairman.

The agreement provided for certain termination benefits if Mr. Ergas was terminated by us without cause, or if Mr. Ergas terminated his employment with us for good reason. Each of cause and good reason were specified in the agreement.

The agreement provides for a monthly supplemental retirement benefit to Mr. Ergas from the date of retirement until his death (and, following his death, until the death of his surviving spouse). The monthly benefit is equal to one-twelfth of Mr. Ergas base salary at the time of his retirement, multiplied by 35%. We began paying the monthly benefit effective January 1, 2008.

Thomas K. Linton. BWAY entered into a letter agreement with Mr. Linton in May 2004 that became effective upon the closing of the NAMPAC acquisition on July 7, 2004. Pursuant to the agreement, Mr. Linton became President and Chief Operating Officer NAMPAC Division. Mr. Linton s base salary was initially set and is subject to annual merit increases based on a performance review. Mr. Linton is eligible to participate in our cash incentive plan whereby Mr. Linton s target bonus is set as a percentage of his base salary and is payable pending BWAY achieving certain performance goals as determined by BWAY s board of directors. Mr. Linton is eligible to participate in the BCO Holding Company Stock Incentive Plan.

In the event BWAY terminates Mr. Linton s employment for reasons other than performance or cause, he will be entitled to his base salary, health and dental benefits and executive outplacement services, each for twelve months following the date of his termination. Mr. Linton will also be entitled to any accrued and unpaid bonus through the date of termination.

In the event of a change in control whereby more than 50% of the business is sold to another controlling interest, as detailed in the agreement, if Mr. Linton is terminated for reasons other than performance or cause within six months following the change in control, he is entitled to a lump sum payment of two times his annual base salary and one times his target incentive bonus, each as in effect at the time of the change in control. Mr. Linton would also be entitled to twenty-four months of health and dental benefits and executive outplacement services. Any benefits under the change in control would be in lieu of any other severance benefits provided for in the agreement.

Change in Control Agreements

In the second half of 2007, we entered into change of control agreements with each of Mr. Roessler, Mr. Kern and Mr. O Connell.

The change in control agreements have an initial term ending on December 31, 2008, and are subject to automatic one-year renewals unless we provide or the executive provides written notice of non-renewal at least 30 days prior to the expiration of the initial term or any extended term. However, if an executive is not continuously employed with us through the date that is 30 days prior to the change in control event, the change in control agreement will be void and without effect. If a change in control occurred within the agreement s initial or extended term, the executive would be entitled to certain benefits if we were to terminate the executive s employment without cause or as a result of the executive s death or disability, or if the executive terminates employment for good reason at any time within 30 days prior to or 24 months following the change in control event. The benefits would generally include the following:

(a) a lump sum payment equal to the sum of two (in the case of Mr. Roessler), one-and a half (in the case of Mr. Kern) or one (in the case of Mr. O Connell) times the executive s base salary, and one times the executive s target bonus;

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(b) continuation of perquisites until the later of the end of the year in which the executive terminates employment or the date that is six months following the executive s termination of employment;

(c) reimbursement of COBRA premiums under our group health plan and dental plan for up to one and a half years following the executive s termination of employment;

(d) individual life insurance coverage on substantially similar terms as the coverage provided to the executive as of the date his employment terminated under our group life insurance plan for a period of one and a half years following the termination date;

(e) any retirement benefits to which the executive may be entitled pursuant to any nonqualified retirement or nonqualified deferred compensation plans maintained by us in which the executive is a participant as of the termination date would fully vest; and

(f) outplacement services for a period of 12 months.

The change in control agreements provide that if any payments to the executive are considered excess parachute payments as defined in Section 280G of the Internal Revenue Code, the amount payable under the agreement will be reduced by the minimum amount necessary to reduce the parachute payments to 299% of the executive s base amount as defined in Section 280G of the Internal Revenue Code.

Payment of the benefits described above will be delayed for six months following the date the executive s employment terminates if such delay is deemed necessary to avoid the imposition on the executive of an additional tax under Section 409A of the Internal Revenue Code.

Following termination, each executive will be subject to a customary one-year non-compete agreement, which, if breached, would require an executive to repay (or, if unpaid, to forfeit) all the above specified payments and benefits, as well as to forfeit any vested or unvested equity awards and return any compensation realized by the executive upon the vesting of such equity awards that occurred during the period beginning from the earlier of the date the executive materially violated any restrictive covenant or the date the executive terminated employment.

For purposes of the change in control agreements, a change in control is generally defined to include:

- the acquisition by any person, other than by us, our subsidiaries, any of our employee benefit plans or their subsidiaries or, collectively, Kelso Investment Associates VI, L.P. and KEP VI, LLC, of 50% or more of the combined voting power of our then outstanding voting securities,

- a change in the majority of the board during any 24 month period as a result of a proxy contest,

- a merger or consolidation resulting in the persons who were owners of our voting securities, immediately prior to such transaction, ceasing to own more than 50% of the combined voting power entitled to vote generally in the election of directors of the surviving company,

- a liquidation or dissolution of our company (other than a liquidation of our company into any of our subsidiaries or a liquidation resulting in shareholders that held a majority of our voting stock prior to the liquidation holding substantially all of our assets), or

- the sale, transfer or other disposition of 80% or more of our assets in a single transaction or a series of related transactions in any consecutive 12-month period to one or more unaffiliated persons.

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A change in control will not be deemed to occur if we file for bankruptcy, liquidation or reorganization under the United States Bankruptcy Code. In addition, a change in control will not be deemed to occur upon a public offering pursuant to an effective registration statement filed with the Securities and Exchange Commission that covers our common stock.

For purposes of the change in control agreements, cause is generally defined to include:

refusal or neglect to perform substantially employment-related duties;

willful misconduct or breach of fiduciary duty resulting in material harm to us;

conviction of or entering a plea of guilty to a crime constituting a felony or willful violation of any other law, rule, or regulation (other than a traffic offense);

material breach of any restrictive covenant with us.

For purposes of the change in control agreements, disability is generally defined as a reasonably documented physical or mental illness preventing an executive from performing his duties for us on a full-time basis for more than six months, and within 30 days after we have provided written notice of termination, the executive has not returned to the full time performance of his duties.

Good reason is generally defined to include:

any action by us that is materially inconsistent with, or results in the material reduction of, the executive s current title, duties or responsibilities,

the executive s current base salary is materially reduced below his salary on the date of a change in control,

the executive s benefits are materially reduced, unless a similar reduction is made for other executives,

the change in control requires executive is required to relocate more than 25 miles, or

our successor fails to assume the executive s change in control agreement.

As discussed under Management Employment Agreements, Mr. Linton s letter agreement provides certain change in control benefits.

Director Compensation

Overview of Director Compensation

The Compensation Committee reviews the total compensation paid to non-management directors. The purpose of the review is to ensure that the level of compensation is appropriate to attract and retain a diverse group of directors with the breadth of experience necessary to perform the Board s duties, and to fairly compensate directors for their service. The review is comprehensive and includes consideration of qualitative and comparative factors. To ensure directors are compensated relative to the scope of their responsibilities, the Compensation Committee considers: (i) the time and effort involved in preparing for Board, committee and management meetings and the additional duties assumed by committee chairs; (ii) the level of continuing education required to remain informed of broad corporate governance trends, and material developments and strategic initiatives within BWAY Holding; and (iii) the risks associated with fulfilling fiduciary duties. To supplement the qualitative analysis, the Compensation Committee also considers the total value of the compensation as compared with comparably sized public companies.

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Director Summary Compensation Table

The following table summarizes the compensation earned by our non-management directors and management directors that are not named executive officers (see Item 10), during fiscal 2007. Our management directors do not receive any cash compensation for their service as directors.

Name	Fees Earned Or Paid In Cash	Stock Awards (1)	Non-qualified Deferred Compensation Earnings	Total
Warren J. Hayford	$ 84,570(2)	$ 15,142	$ 94,676(3)	$ 194,388
Earl L. Mason	24,478(4)	62,941		87,419
Lawrence A. McVicker	36,356(5)	15,142		51,498
David M. Roderick	33,356(6)	15,142		48,498
David I. Wahrhaftig				
Thomas R. Wall, IV				

(1) Under the BWAY Holding Company Independent Director Compensation Policy, each independent director is granted an annual equity-based retainer award with a value at time of issuance of approximately $50,000. Such award is in the form of restricted stock, which vests on the last day of the fiscal year. In fiscal 2007, the independent director s award was pro rated from the later of the date of the adoption of the Policy in May 2007 or the date appointed to the Board. In addition, Mr. Mason received a one-time equity-based award with a value at time of issuance of approximately $50,000 as compensation for his efforts in preparing himself for service as a director and chairman of the audit committee.

At September 30, 2007, the aggregate number of stock awards outstanding to directors was: Messrs. Hayford, McVicker and Roderick 1,197 shares each; and Mr. Mason 4,537 shares.

(2) The amount represents $81,570 in retainer fees and $3,000 in meeting fees. Prior to the adoption of the BWAY Holding Independent Director Compensation Policy, Mr. Hayford received an annual cash retainer of $100,000.

(3) During fiscal 2007, we accrued $94,676 in expenses related to Mr. Hayford s supplemental executive retirement plan. During 2007, we paid Mr. Hayford $157,500 in benefits under this plan.

(4) The amount represents $13,478 in retainer fees and $11,000 in meeting fees, each paid in cash.

(5) The amount represents $31,856 in retainer fees and $4,500 in meeting fees, each paid in cash.

(6) The amount represents $31,856 in retainer fees and $1,500 in meeting fees, each paid in cash.

Director Stock Ownership Guidelines

The Compensation Committee has not established stock ownership guidelines for our non-management directors.

Other Benefits

We reimburse all directors for travel and other necessary business expenses incurred in performance of their services for us. In addition, we extend coverage to all directors under a directors and officers indemnity insurance policy.

Fiscal 2008 Directors Compensation

In May 2007, the BWAY Holding Board adopted the BWAY Holding Company Independent Director Compensation Policy. The following is a summary of cash compensation for non-management directors pursuant to the policy:

Annual retainer	$ 40,000
Board or committee meeting fee (excluding audit committee meeting fee to chair)	1,500
Chair of the Audit Committee meeting fee	4,000

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In addition, each independent director receives an annual equity-based retainer award with the value at the time of issuance of approximately $50,000. Such award is made at the first Board meeting of each fiscal year in the form of grants of restricted stock and shall vest on the last day of such fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table provides information about the number of shares of BWAY Holding common stock beneficially owned at January 8, 2008, by our named executive during fiscal 2007 the most recently completed fiscal year. The table provides similar information for each director, all directors and executive officers as a group, and each person we know who beneficially owns more than 5% of the outstanding shares of BWAY Holding common stock. Unless otherwise indicated in the table or in a footnote, the business address of each person is our corporate address.

Name and Address of Beneficial Owner	Number of Shares Beneficially Owned	Percent of Shares Beneficially Owned
Kelso Investment Associates VI, L.P[1]	9,928,103[2]	45.8%
KEP VI, LLC[1]	9,928,103[2]	45.8%
Thomas R. Wall, IV[1][3] Director		*
David I. Wahrhaftig[1][3] Director		*
Jean-Pierre M. Ergas Executive Chairman and Director	1,285,794[4]	5.6%
Kenneth M. Roessler President and Chief Executive Officer	630,991[5]	2.8%
Kevin C. Kern Vice-President of Administration and Chief Financial Officer	231,455[6]	1.1%
Jeffrey M. O Connell Vice-President, Treasurer and Secretary	129,181[7]	*
Thomas K. Linton Senior Vice-President; President and Chief Operating Officer NAMPAC Division	205,896[8]	*
Warren J. Hayford Non-Executive Vice-Chairman and Director	1,751,789[9]	7.8%
Earl L. Mason Director	9,407[10]	*
Lawrence A. McVicker Director	6,247[11]	*
David M. Roderick Director	6,247[12]	*
All Directors and Executive Officers as a Group (11 persons)	4,257,008[13]	17.1%
Cumberland Associates LLC 1114 Avenue of the Americas New York, NY 10036	1,524,249[14]	7.0%
ValueAct SmallCap Master Fund, L.P. 435 Pacific Avenue, Fourth Floor San Francisco, CA 94133	1,277,646[15]	5.9%
Silver Point Capital, L.P. Two Greenwich Plaza Greenwich, CT 06830	1,091,300[16]	5.0%

* Less than 1%.

(1) The business address for these persons is c/o Kelso & Company, 320 Park Avenue, 24th Floor, New York, New York 10022.

(2) The shares of common stock beneficially owned by Kelso Investment Associates VI, L.P. and KEP VI, LLC represents the combined share ownership of Kelso Investment Associates VI, L.P. and KEP VI, LLC. Kelso Investment Associates VI, L.P. and KEP VI, LLC, due to their common control, could be deemed to beneficially own each of the other s shares, but disclaim such beneficial ownership.

(3) Messrs. Wall and Wahrhaftig, as well as Frank T. Nickell, George E. Matelich, Michael B. Goldberg, Frank K. Bynum, Jr., Philip E. Berney, Frank J. Loverro and James J. Connors, II, may be deemed to share beneficial ownership of shares of common stock owned of record by Kelso Investment Associates VI, L.P. and KEP VI, LLC, by virtue of their status as managing members of KEP VI, LLC and Kelso GP VI, LLC, the general partner of Kelso Investment Associates VI, L.P. Messrs. Nickell, Wall, Matelich, Goldberg, Wahrhaftig, Bynum, Berney, Loverro and Connors share investment and voting power with respect to the shares of common stock owned by Kelso Investment Associates VI, L.P. and KEP VI, LLC but disclaim beneficial ownership of such shares.

(4) The figure represents options to purchase 1,285,794 shares, which could be exercised within 60 days of January 8, 2008. The options are held by Sagre Group, L.P., a limited partnership of which Mr. Ergas is the managing partner.
(5) The figure represents options to purchase 630,991 shares, which Mr. Roessler could exercise within 60 days of January 8, 2008.
(6) The figure represents: (a) 8,508 outstanding shares owned by Mr. Kern; and (b) options to purchase 222,947 shares, which he could exercise within 60 days of January 8, 2008.
(7) The figure represents: (a) 5,672 outstanding shares owned by Mr. O Connell; and (b) options to purchase 123,509 shares, which he could exercise within 60 days of January 8, 2008.
(8) The figure represents: (a) 45,382 outstanding shares owned by Mr. Linton; and (b) options to purchase 160,514 shares, which he could exercise within 60 days of January 8, 2008.
(9) The figure represents: (a) 6,247 outstanding shares owned by Mr. Hayford; (b) options to purchase 754,074 shares, which he could exercise within 60 days of January 8, 2008; and (c) 991,467 outstanding shares owned by his wife, Marylou Hayford. Mr. Hayford disclaims beneficial ownership of all outstanding shares owned by the Hayford Charitable Remainder Trust.
(10) The figure represents 9,407 outstanding shares owned by Mr. Mason.
(11) The figure represents 6,247 outstanding shares owned by Mr. McVicker.
(12) The figure represents 6,247 outstanding shares owned by Mr. Roderick.
(13) The figure of outstanding shares and options, as described in the preceding footnotes, excludes shares held by Kelso Investment Associates VI, L.P. and KEP VI, LLC that may be deemed to be beneficially owned by Mr. Wall and Mr. Wahrhaftig.
(14) As reported on the owner s most recent Schedule 13G that reported beneficial ownership as of August 8, 2007. Cumberland Associates LLC has sole voting and dispositive power over 1,288,902 shares and shared voting and dispositive power over 235,347 shares.
(15) As reported on the owner s most recent Schedule 13D that reported beneficial ownership as of November 14, 2007. ValueAct SmallCap Master Fund, L.P. has shared voting and dispositive power over 1,277,646 shares.
(16) As reported on the owner s most recent Schedule 13G that reported beneficial ownership as of December 17, 2007. Silver Point Capital, L.P. has sole voting and dispositive power over 1,091,300 shares.

Securities Authorized for Issuance Under Equity Compensation Plans

For information about BWAY Holding common stock that may be issued under our equity compensation plans as of September 30, 2007, see Securities Authorized for Issuance Under Equity Compensation Plans in Item 5.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Securityholders Agreement

On February 7, 2003, BWAY Holding entered into a securityholders agreement with the Kelso affiliates and certain other securityholders who own common stock and options to purchase common stock of BWAY Holding (the Non-Kelso Securityholders). The securityholders agreement provides that Mr. Ergas or a family representative or, with Kelso s consent, other representative following his death or disability, will be a member of BWAY Holding s Board until the later of (a) Mr. Ergas no longer serving as either our chief executive officer or chairman of the Board or (b) he or his family or estate selling any of their equity in BWAY Holding. The securityholders agreement also provides that Mr. Hayford or another person he and Mary Lou Hayford designate will be a member of BWAY Holding s Board (or if BWAY Holding s Board is composed of 11 or more persons, Mr. and Mrs. Hayford may designate two of BWAY Holding s directors). Consent of the Kelso affiliates is required for any Hayford designees who are not members of the Hayford family. The Kelso affiliates have the right to designate all of the other members of BWAY Holding s Board. Mr. Hayford or any Hayford family member Board designee or the disinterested members of BWAY Holding s Board have the right to approve all affiliate transactions and certain other matters, subject to certain specified exceptions.

The securityholders agreement generally restricts the transfer of shares of common stock owned by the Non-Kelso Securityholders and any of our employees who will, at a later point, become parties to the agreement. Exceptions to this restriction include transfers for estate planning purposes or transfers in connection with certain pledges, so long as any transferee agrees to be bound by the terms of the securityholders agreement. Mr. and Mrs. Hayford have the right to transfer their shares to third parties with the consent of the Kelso affiliates.

In addition, the Non-Kelso Securityholders have tag-along rights to sell their shares on a pro rata basis with the Kelso affiliates in significant sales to third parties. Similarly, the Kelso affiliates have drag-along rights to cause the Non-Kelso Securityholders to sell their shares on a pro rata basis with the Kelso affiliates in significant sales to third parties. Our employees who are parties to the securityholders agreement are subject to put and call

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rights which, subject to certain exceptions, entitle an employee stockholder to require BWAY Holding to purchase their shares and which entitle BWAY Holding, subject to certain exceptions, to require the employee stockholder to sell their shares to BWAY Holding upon any termination of the stockholder s employment with BWAY Holding at a price that is dependent upon the circumstances of the termination and further subject to a six-month and one day holding period following the date of acquisition of any shares through the exercise of stock options. The securityholders agreement also contains a provision that requires BWAY Holding to offer certain existing stockholders the right to purchase shares of BWAY Holding upon a new issuance on a pro rata basis, subject to certain exceptions.

Registration Rights Agreement

On February 7, 2003, BWAY Holding entered into a registration rights agreement with the non-Kelso Securityholders. Pursuant to this agreement, the Kelso affiliates have the right to make an unlimited number of requests that BWAY Holding register their shares under the Securities Act of 1933, as amended, and, following the first anniversary of an initial public offering, Mr. and Mrs. Hayford have the right to make up to two requests for such registration. In any demand registration, all of the parties to the registration rights agreement have the right to participate on a pro rata basis, subject to certain conditions. In addition, if BWAY Holding proposes to register any of its shares (other than registrations related to exchange offers, benefit plans and certain other exceptions), all of the holders of registration rights under the registration rights agreement have the right to include their shares in the registration statement, subject to certain conditions.

Nominating Agreement

In June 2007, BWAY Holding entered into a Nominating Agreement with the Kelso affiliates. Under the Nominating Agreement, so long as the aggregate beneficial ownership percentage of Kelso and their affiliates, including any shares of common stock over which Kelso or their affiliates have voting or dispositive power, in the total outstanding shares of BWAY Holding common stock exceeds the percentages set forth in the table below, we will include in the slate of nominees recommended to our stockholders for election as directors the number of individuals designated by Kelso set forth opposite the applicable percentage:

Ownership Percentage	**Number of Kelso Designees**
Less than 15% but equal to or greater than 5%	1 individual
Less than 30% but equal to or greater than 15%	2 individuals
30% or greater	3 individuals

Kelso Arrangements

In June 2007, we paid Kelso a one-time advisory fee termination payment of $5.0 million. Prior to the termination payment, we paid Kelso annual financial advisory fee of $0.5 million, which was prorated in fiscal 2007 through the date of the termination payment. Kelso will continue to provide advisory services (without a fee), and we will reimburse them for their expenses incurred and indemnify them, each in connection with any services provided to us on a going forward basis.

Review of Related Party Transactions

Prior to entering into a related party transaction, the Board reviews such transaction for any conflicts of interest or unfavorable terms relative to a similar arms-length transaction. The Board may approve a related party transaction based on its review of the transaction and its determination that said transaction is in the best interests of the company.

Director Independence

With the adoption of its Corporate Governance Principles, the Board established independence standards consistent with the requirements of the SEC and NYSE corporate governance rules, as applicable. To be considered independent under the NYSE rules, the Board must affirmatively determine that a director or director nominee does not have a material relationship with BWAY Holding (directly, or as a partner, stockholder or officer of an organization that has a relationship with BWAY Holding). In addition, NYSE rules provide that no director or director nominee may be deemed independent if the director or director nominee

has in the past three years:

Received (or whose immediate family member has received as a result of service as an executive officer) more than $100,000 during any 12-month period in direct compensation from BWAY Holding, other than director and committee fees and certain pension payments and other deferred compensation;

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Been an employee of BWAY Holding;

Had an immediate family member who was an executive officer of BWAY Holding;

Worked on (or whose immediate family member has worked on) our audit as a partner or an employee of our internal or independent auditor; or

Been (or whose immediate family member has been) employed as an executive officer of another company whose compensation committee at that time included a present executive officer of BWAY Holding; or

is:

A partner or employee of our internal or independent auditor (or whose immediate family member is currently a partner of such firm or is employed in the audit, assurance or tax compliance practice of such firm); or

An employee (or has an immediate family member who is an executive officer) of another company that makes payments to BWAY Holding, or receives payments from BWAY Holding, for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million or 2% of such other company s consolidated gross revenues.

Under our director independence standards described above, the Board has determined that each director, with the exception of Messrs. Ergas, Wahrhaftig and Wall, is independent. The Board based these determinations primarily on a review of the responses of the directors to questions regarding employment and compensation history, affiliations, and family and other relationships, and on discussions with the directors.

Mr. Ergas is not considered independent since until December 31, 2007 he was an employee of the Company. Messrs. Wahrhaftig and Wall are not considered independent since they are managing members of Kelso, to whom we paid approximately $5.4 million in fiscal 2007 (see Kelso Arrangements above).

With the exception of Mr. Wahrhaftig, all of the members of the Audit Committee are considered to be independent, and with the exception of Mr. Wall, all of the members of the Compensation Committee and of the Nominating and Corporate Governance Committee are considered to be independent.

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Item 14. Principal Accountant Fees and Services

Fees paid to Deloitte & Touche LLP Audit and non-audit fees

The following table presents fees for professional audit services rendered by Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu, and their respective affiliates (collectively, Deloitte & Touche) for the audit of our annual financial statements for the years ended September 30, 2007 and October 1, 2006 and fees billed for tax and other services rendered by Deloitte & Touche during those periods. All of the following fees were approved by the Audit Committee pursuant to the committee s pre-approval policy.

(Dollars in Millions)

Service Type	Fiscal 2007	Fiscal 2006
Audit Fees	$ 0.8	$ 0.7
Audit-Related Fees(1)	0.3	0.1
Tax Fees(2)	0.1	0.3
All Other Fees		
Total	$ 1.2	$ 1.1

(1) Audit Related Fees consist of the assurance and related services that are reasonably related to the performance of the audit or review of the Company s financial statements. We have included in this category fees related to the performance of audits and attest services not required by statute or regulations, due diligence related to mergers and acquisitions, review of filings related to the registration of BWAY Holding s common stock, review of filings related to mergers and acquisitions and accounting consultations regarding the application of GAAP to proposed transactions.

(2) Tax Fees consist of the aggregate fees billed for professional services rendered by Deloitte & Touche for tax compliance, tax advice and tax planning.

Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of Independent Auditor

The Audit Committee is responsible for appointing, setting compensation and overseeing the work of the independent registered public accounting firm. The Audit Committee assists the Board of Directors in its oversight of the quality and integrity of the accounting, auditing, and reporting practices of the Company. The Audit Committee s role includes discussing with management the Company s processes to manage business and financial risk, and for compliance with significant applicable legal, ethical and regulatory requirements. The Audit Committee is responsible for the appointment, replacement, compensation, and oversight of the independent registered public accounting firm engaged to prepare or issue audit reports on the financial statements of the Company. The Audit Committee relies on the expertise and knowledge of management, the internal auditors and the independent registered public accounting firm auditor in carrying out its oversight responsibilities.

The Audit Committee approves all fees incurred by us from Deloitte & Touche.

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PART IV

Item 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as a part of this report:

(1) The Consolidated Financial Statements included in Item 8 hereof and set forth on pages F-1 through F-43.

(2) The Financial Statement Schedules listed in the Index to the Financial Statement Schedules on page S-1. Financial Statement Schedules not included in the Index are not applicable.

(3) The Exhibits listed in the Index to Exhibits at page 74.

(b) Exhibits. The exhibits required by Item 601 of Regulation S-K are either filed as part of this Annual Report on Form 10-K/A or are incorporated by reference. See the Index to Exhibits at page 74.

(c) Financial Statements and Schedules Excluded from Annual Report to Shareholders: None

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FORWARD-LOOKING STATEMENTS

Note: This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. You should not place reliance on these statements. Forward-looking statements include information concerning our liquidity and our possible or assumed future results of operations, including descriptions of our business strategies. These statements often include words such as believe, expect, anticipate, intend, plan, estimate, seek, will, may or similar expressions. These statements are bas assumptions that we have made in light of our experience in the industry as well as our perceptions of historical trends, current conditions, expected future developments and other factors we believe are appropriate in these circumstances. As you read and consider this document, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties and assumptions. Many factors could affect our actual financial results and could cause actual results to differ materially from those expressed in the forward-looking statements. Some important factors include competitive risk from other container manufacturers or self-manufacture by customers, termination of our customer contracts, loss or reduction of business from key customers, dependence on key personnel, changes in steel, resin, other raw material and energy costs or availability, product liability or product recall costs, lead pigment and lead paint litigation, increased consolidation in our end markets, consolidation of key suppliers, deceleration of growth in our end markets, increased use of alternative packaging, labor unrest, environmental, health and safety costs, management s inability to evaluate and selectively pursue acquisitions, fluctuation of our quarterly operating results, an increase in interest rates, inability to repay or refinance the senior subordinated notes, restrictions in our debt agreements, fluctuations of the Canadian dollar, and the other factors discussed in our filings with the Securities and Exchange Commission. In light of these risks, uncertainties and assumptions, the forward-looking statements contained in this document might not prove to be accurate and you should not place undue reliance upon them. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. All such statements speak only as of the date made, and we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

	BWAY HOLDING COMPANY (Registrant)
Date: January 28, 2008	By /s/ Kenneth M. Roessler Kenneth M. Roessler President and Chief Executive Officer *(Principal Executive Officer)*
	BWAY CORPORATION (Registrant)
Date: January 28, 2008	By /s/ Kenneth M. Roessler Kenneth M. Roessler President and Chief Executive Officer *(Principal Executive Officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated and on January 28, 2008.

Signatures	Title
/s/ Jean-Pierre M. Ergas Jean-Pierre M. Ergas	Non-Executive Chairman and Director
/s/ Kevin C. Kern	Vice-President of Administration and Chief Financial Officer
Kevin C. Kern	(Principal Financial Officer and Principal Accounting Officer)
/s/ Warren J. Hayford Warren J. Hayford	Non-Executive Vice-Chairman and Director
/s/ Earl L. Mason Earl L. Mason	Director
/s/ Lawrence A. McVicker Lawrence A. McVicker	Director
/s/ David M. Roderick David M. Roderick	Director
/s/ David I. Wahrhaftig David I. Wahrhaftig	Director
/s/ Thomas R. Wall, IV Thomas R. Wall, IV	Director

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INDEX TO EXHIBITS

Exhibit Number	Description
2.1	Agreement and Plan of Merger by and among BCO Holding Company, BCO Acquisition, Inc. and BWAY Corporation, dated as of September 30, 2002. (Incorporated by reference to Exhibit 2.1 in BWAY Corporation s Current Report on Form 8-K filed on October 3, 2002 (File No. 1-12415))
2.2	Stock Purchase Agreement by and among BWAY Corporation, North America Packaging Corporation and MVOC LLC dated as of May 28, 2004. (Incorporated by reference to BWAY Corporation s Form 8-K filed as of May 28, 2004 (File No. 1-12415))
2.3	Agreement and Plan of Merger by and between BWAY Corporation and BWAY Manufacturing, Inc., dated as of April 13, 2004. (3)
3.1	Amended and Restated Certificate of Incorporation of BWAY Corporation. (Incorporated by reference to BWAY Holding Company s Form 10-Q for the quarterly period ended July 1, 2007 (File No. 1-33527))
3.2	Amended and Restated By-laws of BWAY Corporation.(2)
3.3	Amended and Restated Certificate of Incorporation of BWAY Holding Company.(5)
3.4	Amended and Restated Bylaws of BWAY Holding Company.(5)
4.1	Indenture, dated as of as of November 27, 2002, between BWAY Finance Corp. and The Bank of New York, as trustee, relating to the 10% Senior Subordinated Notes due 2010.(2)
4.2	First Supplemental Indenture, dated as of as of February 7, 2003, among BWAY Corporation, BWAY Finance Corp., BWAY Manufacturing, Inc. and The Bank of New York, as trustee, relating to the 10% Senior Subordinated Notes due 2010.(2)
4.3	Assumption Agreement, dated as of as of February 7, 2003, among BWAY Corporation, BWAY Manufacturing, Inc. and BWAY Finance Corp.(2)
4.4	Form of 10% Senior Subordinated Note due 2010.(2)
4.5	Registration Rights Agreement, dated as of February 7, 2003, among BCO Holding Company, Kelso Investment Associates VI, L.P., KEP VI, LLC, Magnetite Asset Investors III L.L.C. and the individuals named therein.(2)
4.6	Securityholders Agreement, dated as of February 7, 2003, among BCO Holding Company, Kelso Investment Associates VI, L.P., KEP VI, LLC, Magnetite Asset Investors III, L.L.C. and the individuals named therein.(2)
4.7	Second Supplemental Indenture, dated as of as of July 7, 2004, among North America Packaging Corporation, North America Packaging of Puerto Rico, Inc., SC Plastics LLC, Armstrong Containers, Inc., BWAY Corporation and The Bank of New York, as trustee, relating to the 10% Senior Subordinated Notes due 2010. (3)
4.8	Credit Agreement, dated as of July 17, 2006, among BCO Holding Company, BWAY Corporation, ICL Industrial Containers ULC, various lenders and Deutsche Bank Trust Company Americas, as administrative agent, LaSalle Bank, N.A., as documentation agent, Deutsche Bank Securities Inc. and J.P. Morgan Securities, Inc., as joint lead arrangers. (Incorporated by reference to BWAY Corporation s Form 8-K filed as of July 17, 2006 (File No. 1-12415))

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4.9	Subsidiaries Guaranty made by each of Armstrong Containers, Inc., SC Plastics LLC, North America Packaging Corporation and North America Packaging of Puerto Rico, Inc., dated as of July 17, 2006.(4)
4.10	U.S. Security Agreement among BCO Holding Company, BWAY Corporation, Armstrong Containers, Inc., SC Plastics, LLC, North America Packaging Corporation and North America Packaging of Puerto Rico, Inc., and Deutsche Bank Trust Company Americas as Collateral Agent, dated as of July 17, 2006.(4)
4.11	Security Agreement dated as of July 17, 2006 made by ICL Industrial Containers ULC, to and in favor of Deutsche Bank Trust Company Americas as Collateral Agent.(4)
4.12	Pledge Agreement among BCO Holding Company, BWAY Corporation, Armstrong Containers, Inc., SC Plastics, LLC, North America Packaging Corporation and North America Packaging of Puerto Rico, Inc., and Deutsche Bank Trust Company Americas as Collateral Agent and Pledgee, dated as of July 17, 2006.(4)
4.13	Form of BWAY Holding Company Stock Certificate.(5)
4.14	First Amendment to Credit Agreement, dated as of May 10, 2007, among BWAY Holding Company, BWAY Corporation, ICL Industrial Containers ULC, various lenders and Deutsche Bank Trust Company Americas as Administrative Agent.(5)
	Pursuant to Item 601(b)(4)(iii) of Regulation S-K under the Securities Act of 1933, the Registrant has not filed as exhibits to the Form 10-K/A certain instruments with respect to long-term debt under which the amount of securities authorized does not exceed 10% of the total assets of the Registrant, on a consolidated basis. The Registrant hereby agrees to furnish copies of all such instruments to the Commission upon request.
10.1	Employment Agreement between BWAY Corporation and Warren J. Hayford, dated as of June 1, 1995.# (Incorporated by reference to BWAY Corporation s Registration Statement on Form S-1 filed on April 12, 1995 (File No. 33-91114))
10.2	Lease dated February 24, 1995 between Tab Warehouse Fontana II and Brockway Standard, Inc., as amended.(6)
10.3	Garland, Texas Industrial Net Lease dated January 14, 1985 between MRM Associates and Armstrong Containers, Inc, as amended January 14, 1995 and October 1, 1998.(6)
10.4	Lease dated February 11, 1991 between Curto Reynolds Oelerich Inc. and Armstrong Containers, Inc., as amended April 3, 1995.(6)
10.5	Lease Agreement dated December 1, 2006 between A.L. Dougherty Tennessee II, LLC and BWAY Corporation.(6)
10.6	Lease dated December 19, 1988 between Julius Realty Corporation and Leary/Carroll, Inc., as amended May 1998 and as assigned to Trenton Metal Decorating, Inc. November 8, 1998.(6)
10.7	Brockway Standard (Ohio), Inc. Bargaining Unit Savings Plan.# (Incorporated by reference to BWAY Corporation s Registration Statement on Form S-8 filed on October 31, 1997 (File No. 333-39225))
10.8	Employment Agreement and Options Agreement between BWAY Corporation and Warren J. Hayford Omnibus Amendment.# (Incorporated by reference to BWAY Corporation s Form 10-K for the fiscal year ended October 3, 1999 (File No. 1-12415))
10.9	Lease Agreement dated August 20, 1999 between CRICBW Anderson Trust and Milton Can Company. (Incorporated by reference to BWAY Corporation s Form 10-K for the fiscal year ended October 3, 1999 (File No. 1-12415))

10.10	BWAY Corporation Fourth Amended and Restated 1995 Long-Term Incentive Plan.# (Incorporated by reference to BWAY Corporation s Form 10-Q for the period ended April 2, 2000 (File No. 1-12415))
10.11	Lease Amendment dated June 20, 2002 by and between Centerpoint Properties Trust (successor to Curto Reynolds Oelerich Inc) and BWAY Corporation (as successor to Armstrong Containers, Inc.). (Incorporated by reference to BWAY Corporation s Form 10-Q for the period ended June 30, 2002 (File No. 1-12415))
10.12	Amended and Restated Employment Agreement between BWAY Corporation and Jean-Pierre M. Ergas, dated February 7, 2003.#(2)
10.13	Sublease dated December 5, 2003 between Buske Lines, Inc. and BWAY Manufacturing, Inc. (as sublessee). (Incorporated by reference to BWAY Corporation s Form 10-Q for the period ended January 4, 2004 (File No. 1-12415))
10.14	Amended and Restated BCO Holding Company Stock Incentive Plan.#(3)
10.15	Lease between Southcorp Packaging USA, Inc. and North America Packaging Corporation dated as of June 28, 2001 for the property located in Cleveland, Ohio.(3)
10.16	Lease between Firleigh Estates, Inc. and North America Packaging Corporation dated as of August 10, 2002 for the property located in Lithonia, Georgia.(3)
10.17	Lease between Duke Realty Limited Partnership and Southcorp Packaging USA Inc. d/b/a North America Packaging Corporation, as amended, dated November 30, 1998 for the property located in Indianapolis, Indiana.(3)
10.18	Lease between Carlyle/FR Investors L.L.C. and Southcorp Packaging dated November 1, 1999 for the property located in Indianapolis, Indiana.(3)
10.19	Lease between Southcorp Packaging USA, Inc. and North America Packaging Corporation dated as of June 28, 2001 for the property located in Valparaiso, Indiana.(3)
10.20	Lease between Southcorp Packaging North America and North America Packaging Corporation dated as of June 28, 2001 for the property located in Toccoa, Georgia.(3)
10.21	Lease between Southcorp Packaging USA, Inc. and North America Packaging Corporation dated as of June 28, 2001 for the property located in South Brunswick, New Jersey.(3)
10.22	Lease between Southcorp Puerto Rico, Inc. and North America Packaging Corporation dated as of June 28, 2001 for the property located in Cidra, Puerto Rico.(3)
10.23	Lease between Southcorp Packaging USA, Inc. and North America Packaging Corporation dated as of June 28, 2001 for the property located in Bryan, Texas.(3)
10.24	Letter agreement between BWAY Corporation and Thomas K. Linton dated May 28, 2004.#(3)
10.25	Asset Purchase Agreement, dated as of June 16, 2006, by and among 3146598 Nova Scotia Company, BWAY Corporation, 6045995 Canada, Inc., 4095138 Canada, Inc., Industrial Containers Ltd. and Arshinoff & Co. Ltd. (Incorporated by reference to BWAY Corporation s Form 8-K filed as of July 17, 2006 (File No. 1-12415))
10.26	Lease between 80241 Canada Ltd. and ICL Industrial Containers ULC dated as of July 17, 2006 for the property located on North Queen Street in Toronto, Ontario.(5)

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10.27	Lease between 80241 Canada Ltd. and ICL Industrial Containers ULC dated as of July 17, 2006 for the property located on Hansen Road South in Brampton, Ontario.(4)
10.28	Lease between 80241 Canada Ltd. and ICL Industrial Containers ULC dated as of July 17, 2006 for the property located on Walker Drive in Brampton, Ontario.(4)
10.29	Lease between 80241 Canada Ltd. and ICL Industrial Containers ULC dated as of July 17, 2006 for the property located on Calder Place in St. Albert, Alberta.(4)
10.30	Consulting and Advisory Services Agreement, dated February 7, 2003, between BWAY Corporation and Kelso & Company, L.P.(5)
10.31	Form of change of control agreement (entered into by each of Kenneth M. Roessler, Kevin C. Kern and Jeffrey M. O Connell).#(5)
10.32	BWAY Holding Company 2007 Omnibus Incentive Plan.#(5)
10.33	BWAY Holding Company Annual Incentive Plan.#(5)
10.34	Amendment No. 2 to the Securityholders Agreement, dated as of May 25, 2007, among BWAY Holding Company, Kelso Investment Associates VI, L.P., KEP VI, LLC, Magnetite Asset Investors III L.L.C. and the individuals named therein.(5)
10.35	Form of Nominating Agreement by and among BWAY Holding Company, Kelso Investment Associates VI, L.P. and KEP VI.(5)
10.36	Form of Letter Agreement between BWAY Corporation and Kelso & Company, L.P.(5)
10.37	Form of Director Indemnification Agreement.(5)
18.1	Letter Regarding Change in Accounting Principle (BWAY Holding Company).(7)
18.2	Letter Regarding Change in Accounting Principle (BWAY Corporation).(7)
21.1	List of subsidiaries.
23.1	Consent of Deloitte & Touche LLP.
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) (17 C.F.R. 240.13a-14(a)).
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) (17 C.F.R. 240.13a-14(a)).
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Management contract or compensatory plan or arrangement.
(1) Incorporated by reference to BWAY Corporation s Form 10-K for the fiscal year ended October 1, 1995 (File No. 0-26178).
(2) Incorporated by reference to BWAY Corporation s Registration Statement filed on October 31, 2003 on Form S-4 (File No. 333-104388).
(3) Incorporated by reference to BWAY Corporation s Form 10-K for the fiscal year ended October 3, 2004 (File No. 1-12415).
(4) Incorporated by reference to BWAY Corporation s Form 10-K for the fiscal year ended October 1, 2006 (File No. 1-12415).
(5) Incorporated by reference to BWAY Holding Company s Registration Statement on Form S-1 filed June 12, 2007 (File No. 333-141174).
(6) Incorporated by reference to BWAY Corporation s Form 10-Q for the quarterly period ended April 1, 2007 (File No. 1-12415).
(7) Incorporated by reference to BWAY Holding Company s Form 10-K for the fiscal year ended September 30, 2007 (File No. 1-33527).

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INDEX TO FINANCIAL STATEMENTS

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of BWAY Holding Company:

We have audited the accompanying consolidated balance sheets of BWAY Holding Company and subsidiaries (the Company) as of September 30, 2007 and October 1, 2006, and the related consolidated statements of operations, stockholders equity, and cash flows for each of the three years in the period ended September 30, 2007. Our audits also included the financial statement schedules listed in the Index at Item 15. These financial statements and financial statement schedules are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements and financial statement schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of BWAY Holding Company and subsidiaries at September 30, 2007 and October 1, 2006, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2007, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

As discussed in Note 3 to the consolidated financial statements, during fiscal 2007 the Company changed its method of accounting for substantially all of its inventories. In addition, as discussed in Note 12 to the consolidated financial statements, the Company adopted the recognition and disclosure provisions of Statement of Financial Accounting Standards No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans* on September 30, 2007.

/s/ Deloitte & Touche LLP

Atlanta, Georgia

December 20, 2007

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder of BWAY Corporation:

We have audited the accompanying consolidated balance sheets of BWAY Corporation (a wholly owned subsidiary of BWAY Holding Company) and subsidiaries (the Company) as of September 30, 2007 and October 1, 2006, and the related consolidated statements of operations, stockholder s equity, and cash flows for each of the three years in the period ended September 30, 2007. Our audits also included the financial statement schedule listed in the Index at Item 15. These financial statements and financial statement schedule are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of BWAY Corporation and subsidiaries at September 30, 2007 and October 1, 2006, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 2007, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 3 to the consolidated financial statements, during fiscal 2007 the Company changed its method of accounting for substantially all of its inventories. In addition, as discussed in Note 12 to the consolidated financial statements, the Company adopted the recognition and disclosure provisions of Statement of Financial Accounting Standards No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans* on September 30, 2007.

/s/ Deloitte & Touche LLP

Atlanta, Georgia

December 20, 2007

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CONSOLIDATED BALANCE SHEETS

BWAY Holding Company and Subsidiaries

September 30, 2007 and October 1, 2006

(Dollars in thousands, except share data)	**2007**