

BWAY CORP
 Form 10-K
 December 11, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

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

For the fiscal year ended:

September 27, 2009

Commission

I.R.S. Employer

**File Number
001-33527**

**Registrant
BWAY Holding Company**
 (Delaware)
 8607 Roberts Drive, Suite 250
 Atlanta, Georgia 30350-2237
 (770) 645-4800

**Identification Number
55-0800054**

001-12415

BWAY Corporation
 (Delaware)
 8607 Roberts Drive, Suite 250
 Atlanta, Georgia 30350-2237
 (770) 645-4800

36-3624491

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

Name of Exchange on

Registrant
 BWAY Holding Company
 BWAY Corporation

Title of Each Class
 Common Stock, \$0.01 par value
 None

Which Registered
 New York Stock Exchange
 N/A

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
 BWAY Corporation Yes No

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

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Registrant

BWAY Holding Company Yes No
 BWAY Corporation Yes No

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Registrant

BWAY Holding Company Yes No
 BWAY Corporation Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Registrant

BWAY Holding Company
 BWAY Corporation

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

	Large Accelerated Filer	Accelerated Filer	Non- Accelerated Filer	Smaller Reporting Company
Registrant
BWAY Holding Company	..	<input checked="" type="checkbox"/>
BWAY Corporation	<input checked="" type="checkbox"/>	..

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

Registrant

BWAY Holding Company Yes No
 BWAY Corporation Yes No

As of March 29, 2009 (the registrants' most recently completed second fiscal quarter), the aggregate market value of the common stock of BWAY Holding Company held by non-affiliates was approximately \$85.7 million based on the closing sale price of as reported on the New York Stock Exchange. The common equity of BWAY Corporation was held by BWAY Holding Company and not publicly traded.

Shares Outstanding at

Registrant	Description of Common Stock	December 9, 2009
BWAY Holding Company	Par Value \$0.01 per share	22,198,718

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BWAY Corporation

Par Value \$0.01 per share

1,000

DOCUMENTS INCORPORATED BY REFERENCE

Portions of BWAY Holding Company's definitive proxy statement for its annual meeting of shareholders to be held in the first calendar quarter of 2010 are incorporated by reference into Part III of this Form 10-K.

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BWAY HOLDING COMPANY

BWAY CORPORATION

Annual Report on Form 10-K

For the Fiscal Year Ended September 27, 2009

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PART I

In this document, we, our, us and the Company refer to BWAY Holding Company and BWAY Corporation and its subsidiaries, collectively, unless the context requires otherwise.

FORWARD-LOOKING AND CAUTIONARY STATEMENTS

This Annual Report on Form 10-K and, in particular, the description of our business set forth in Item 1 and our Management's Discussion and Analysis of Financial Condition and Results of Operations set forth in Item 7, contains a number of forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding:

Our projected changes in sales, gross margin, cash flow, earnings and earnings per share.

Our expected liquidity, including future expenditures, cash needs and financing sources.

Our assessment of competitors and potential competitors.

In addition, any statements contained in or incorporated by reference into this report that are not statements of historical fact should be considered forward-looking statements. You can identify these forward-looking statements by use of words such as anticipate, believe, could, estimate, expect, intend, may, plan, predict, should, will and other similar expressions, whether in the negative or affirmative. We do not guarantee that we will achieve the plans, intentions or expectations disclosed in the forward-looking statements. A number of important risks and uncertainties could cause actual results to differ materially from those indicated by our forward-looking statements. These risks and uncertainties include, without limitation, those set forth in Item 1A under the heading Risk Factors. We caution investors not to place undue reliance on any forward-looking statements as these statements speak only as of the date when made. We undertake no obligation to update any forward-looking statements made in this report.

Item 1

Business

Description of Business

BWAY Holding Company (BHC) is a holding company without independent operations. BWAY Corporation (BWAY) is the wholly-owned operating subsidiary of BHC.

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 80% of our fiscal 2009 net sales. In fiscal 2009, our total net sales were \$0.9 billion, of which 65% were in our metal packaging segment and 35% were in our plastic packaging segment. We believe that our metal and plastic products, which we manufacture in our 21 strategically located facilities in the United States, 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

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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. Plastic packing also includes hybrid and all-plastic paint cans.

Metal containers are attractive to many of our customers based on the strength and non-permeability of steel, 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 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 the durability, weight and corrosion resistance of plastic.

Our History and Recent Acquisitions

BHC was incorporated as BCO Holding Company in 2002. BWAY is the successor to a business founded in 1875. In February 2003, BHC acquired BWAY, in a leveraged buyout led by investment funds affiliated with Kelso & Company, L.P., (Kelso) and certain members of management. Upon completion of the acquisition, BWAY became a wholly-owned subsidiary of BHC, and its common stock was delisted from the New York Stock Exchange.

In June 2007, BHC registered shares of its common stock with the Securities and Exchange Commission (SEC) under the Securities Act of 1933, as amended. Following the registration, BHC 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 BHC in Note 1, General, to Notes to Consolidated Financial Statements, included in Item 8, Financial Statements and Supplementary Data.

Acquisitions

In July 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.

In January 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 acquisition of Vulcan, see Acquisitions in Note 1, General, of Notes to Consolidated Financial Statements, included in Item 8, Financial Statements and Supplementary Data.

In August 2009, we acquired Central Can Company, Inc., a U.S. producer of rigid general line metal and plastic containers, in a stock purchase transaction. The acquired business is referred to as Central Can in this Annual Report. For a further discussion of the acquisition of Central Can, see Acquisitions in Note 1, General, of Notes to Consolidated Financial Statements, included in Item 8, Financial Statements and Supplementary Data.

In October 2009, subsequent to the end of fiscal 2009, we acquired substantially all of the assets and assumed certain of the liabilities from Ball Plastic Container Corp. related to its plastic packaging plant and business located in Newnan, Georgia. The facility produces injection molded plastic pails and certain other products.

Industry Segments

Our business is organized on the basis of product type with two reportable segments: metal packaging and plastic packaging. We 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.

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Certain financial information about our industry segments is set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations in Item 7 and in Note 18, Business Segments, of Notes to Consolidated Financial Statements, included in Item 8, Financial Statements and Supplementary Data.

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.

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 consumer 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 2009, sales to our 10 largest metal packaging segment customers accounted for approximately 50% of the segment's net sales. Of the fiscal 2009 metal packaging segment net sales, approximately 19% were to The Sherwin-Williams Company.

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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 2009, approximately 93% and 6% 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 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 (1) the close proximity of our manufacturing facilities to key customer locations, (2) our low-cost, flexible manufacturing capabilities and (3) our reputation for quality and customer service enables us to compete effectively.

In addition to competition within the steel container industry, we face competitive risks from substitute products, such as plastics and hybrids, 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: (1) their price stability and competitiveness as compared to alternative packaging; (2) the attractive strength and non-permeable characteristics of steel versus other materials, such as plastics; (3) their lower storage and handling costs; (4) their ability to hold highly volatile and solvent-based liquids; and (5) 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.

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One of the objectives of our 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.

Plastic 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; (5) plastic paint bottles; and (6) plastic paint cans.

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.

Plastic Paint Cans. Plastic paint cans are either all-plastic containers made with HDPE or hybrid containers constructed of a HDPE body with a seamed on steel ring and plug. The containers are suitable for paints, colorants, coatings, adhesives and powders. The steel components used in the hybrid container are primarily manufactured by our metal segment.

Customers

Our plastic packaging segment customers include some of the world's leading paint, food and industrial companies, several of which are 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 2009, sales to our 10 largest plastic packaging segment customers accounted for approximately 42% of the segment's net sales. Of the fiscal 2009 plastic packaging segment net sales, approximately 18% were to The Sherwin-Williams Company.

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.

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In fiscal 2009, approximately 89% and 10% of our plastic packaging segment net revenues were in the United States and Canada, respectively.

Raw Materials

The main raw material utilized in the plastic 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 plastic packaging segment total cost of products sold. As a commodity product, resin is susceptible to price fluctuations. Resin prices have decreased approximately 32% during the last year. Resin prices declined most sharply in the first quarter of fiscal 2009.

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 industry recognized chemical indices, 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. Historically, we have not engaged 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 (1) our low-cost, flexible manufacturing capacities, (2) the close proximity of our manufacturing facilities to key customer locations and (3) our reputation for quality and customer service enables us to compete effectively.

Employees

At September 27, 2009, we employed approximately 2,200 hourly employees and approximately 500 salaried employees. At September 27, 2009, approximately 28% of our hourly employees worked under seven separate collective bargaining agreements, none of which will expire or become amendable in the next 12 months.

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.

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 regulated materials and the investigation and remediation of contamination resulting from the release of regulated materials. We believe that we are currently in material compliance with all applicable environmental, health and safety laws, although 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 operations we use, store and dispose of hazardous substances.

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Some of the 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 regulated materials. 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 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 capital expenditures of approximately \$0.5 million in fiscal 2009 to comply with certain environmental laws.

We received a March 14, 2007 letter from the U.S. Environmental Protection Agency (EPA) stating that an investigation was required at our Cincinnati facility to determine if remedial action was necessary to respond to prior releases of hazardous substances at the site. The 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 (RCRA) with respect to corrective action obligations. We are working with the EPA to address its concerns, and we have notified the former owner of the site, whom we believe has indemnity obligations to us with respect to the EPA's claims.

In July 2008, we received a letter from the EPA stating that corrective action was required at our Homerville facility to address certain waste handling and disposal matters. At September 28, 2008, we had accrued \$0.2 million for fines and penalties related to this matter, which was settled in the third quarter of 2009.

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 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 investigation and potential remediation at a waste disposal site in Douglas, Georgia. Our status as a PRP was based on documents indicating that waste materials were transported to the site from our Homerville facility prior to our acquisition of the facility in 1989. We joined the PRP group in order to reduce exposure, which we estimate at approximately \$0.1 million.

We record reserves for environmental liabilities when environmental investigation and remediation obligations are probable and related costs are reasonably estimable. There were accrued liabilities of approximately \$0.3 million at September 27, 2009 and approximately \$0.4 million at September 28, 2008. These accruals are estimates and future expenditures may vary from these amounts.

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). The SEC maintains an internet site that contains this information at <http://www.sec.gov>. This information may also be accessed through links from our website at www.bwaycorp.com select the Investor Relations link and then the SEC Filings link.

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We also make available on our website the charters of the Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee. In addition, the Corporate Governance Guidelines and Code of Business Conduct and Ethics, each as adopted by our Board of Directors, are available on our Web site. These documents may be accessed at www.bwaycorp.com select the Investor Relations link and then the Corporate Governance link.

Copies of any of the above-referenced documents are available, without charge, upon written request to: BWAY Holding Company, Investor Relations, 8607 Roberts Drive, Suite 250, Atlanta, GA 30350-2237.

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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; availability of credit; 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.

A significant part of our fiscal 2009 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.

Moreover, if a customer's requirements for our products exceed our ability to supply that customer, as has occurred from time to time, we may have a short-term or long-term inability to supply that customer 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

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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 2009, approximately 42% of our consolidated net sales were to our top 10 customers. Sales to our largest customer, The Sherwin-Williams Company, accounted for approximately 19% of our consolidated net sales during fiscal 2009. 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 required 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 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, work stoppages or severe weather 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. We have generally not been able to pass on to our customers any price increases of the other raw materials we utilize in our business. To the extent we are not able to leverage our purchasing power 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. For example, energy prices increased in recent years, in particular natural gas, with a corresponding effect on our production costs.

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 injury to persons or damage to property, 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 become more expensive and difficult to maintain and may not be available on commercially reasonable terms, if at all. In addition, we do not

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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 financial condition, liquidity, results of operations and/or cash flows could be unfavorably affected.

In addition, one of our subsidiaries, Armstrong Containers, Inc. (Armstrong) has been named as one of several defendants in several 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. 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) 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 affect 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 because 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.

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

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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.

Decreased sales volume in our end markets due to current economic conditions has impacted our net sales.

Despite long-term growth trends in the end markets for our products, we cannot assure you that the end markets for our products will resume growth at historic rates. In addition, the slowdown in the housing market that began in 2007 and spread to the larger economy has resulted in a recent decline in sales volume in our end markets. Our revenues are correlated to the performance of our end markets, especially the home improvement and repair sector, which has recently experienced severe contraction. Decreased demand in our end markets has had and may continue to have an adverse effect on our business, financial position, results of operations and/or cash flows as customers have reduced their purchases of our products. Continued contraction in the end markets for our products may also require us to reduce prices or make changes to our operations, such as closing plants or restructuring, and we can give you no assurance that such actions would be successful in improving our business, financial position, results of operations and/or cash flows.

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 27, 2009, approximately 28% of our hourly employees worked under seven separate collective bargaining agreements, none of which will expire or become amendable in the next 12 months. When these agreements become amendable, we may not be able to negotiate the 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 regulated materials and the investigation and remediation of contamination resulting from the release of regulated materials. In addition, in the course of our operations, we use, store and dispose of hazardous substances. Some of our current and

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former facilities are currently involved in environmental investigations, remediations and other claims resulting from releases of hazardous substances or the presence of other regulated materials. For example, in fiscal 2008, we received a letter from the U.S. Environmental Protection Agency (EPA) stating that corrective action was required at our Homerville, Georgia facility to address certain waste handling and disposal matters. In fiscal 2007, we received a letter from the EPA stating an investigation was required at our Cincinnati, Ohio facility to determine if remedial action was necessary to respond to prior releases of hazardous substances at the site. The releases referenced by EPA occurred prior to our ownership of the site. We are working with the EPA to address its concerns and have notified the former owner of the site, whom we believe has indemnity obligations to us with respect to the EPA's claim. In addition, in fiscal 2005, we joined a potentially responsible party (PRP) group related to investigation and potential remediation at a waste disposal site in Douglas, 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, 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 or integrating 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 plastic packaging industry during the first quarter of our fiscal year. These seasonal patterns cause our quarterly operating results and working capital requirements to fluctuate. Because of such seasonality, financial results for a particular quarter may not be indicative of results for the entire year. For example, in the first quarters of fiscal 2009 and 2008 our net sales were approximately 24% and 21%, respectively, of total annual net sales and our gross profit as a percentage of total annual gross profit was approximately 14% and 16% in the first quarters of fiscal 2009 and 2008, respectively.

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. If the economy continues to deteriorate and the end markets for our products do not improve, we may experience volatility in our results of operations on a quarterly basis due to non-payment by our customers.

Current economic conditions could adversely affect our results of operations and financial condition.

As widely reported, financial markets have been experiencing extreme disruption in recent months, including, among other things, extreme volatility in securities prices, severely diminished liquidity and credit availability, rating downgrades of certain investments and declining valuations of others. Among other risks we face, the current tightening of credit in financial markets may adversely affect our ability to obtain financing in the future, including, if necessary, to fund a strategic acquisition. In addition, we maintain significant amounts of cash and cash equivalents at one or more financial institutions that are in excess of federally insured limits. Given the current instability of financial institutions, we cannot be assured that we will not experience losses on these deposits.

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We expect cash on hand, cash provided by operations and borrowings available under revolving credit facilities to 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, in the next 12 months. We expect to use cash provided by operations in excess of amounts needed for capital expenditures and required debt repayments to reduce our debt, to fund potential acquisitions or for other general corporate purposes. However, we cannot provide assurance that our business will generate sufficient cash flow 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. A continuation of the recent turmoil in the capital and credit markets and the general economic downturn could adversely impact the availability, terms and/or pricing of financing if we need to raise additional liquidity. We would experience liquidity problems if we are unable to obtain sufficient additional financing as our debt becomes due, or we otherwise need additional liquidity. Adverse economic conditions, increased competition or other unfavorable events also could affect our liquidity.

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 9, Long-Term Debt, of Notes to Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data.

Restrictive covenants in the indenture and our credit facility could restrict our operating flexibility.

The indenture and our credit facility contain covenants that limit our ability and our subsidiaries ability 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 indenture contains restrictive covenants that, among other things limit our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness or issue preferred stock;

pay dividends, redeem stock or make other distributions;

make other restricted payments or investments;

create liens on assets;

transfer or sell assets;

engage in mergers or consolidations;

engage in certain transactions with affiliates;

incur guarantee obligations; and

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change the business conducted by us.

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, our ability (and/or the ability of some or all of our subsidiaries) to:

incur additional debt;

pay dividends or distributions on our capital stock or to repurchase our capital stock;

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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;

limit our ability to make capital expenditures;

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, and to make repayments based on excess cash flow, as defined in the credit agreement.

Our ability to comply with the covenants and restrictions contained in the indenture and our credit facility 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 the indenture or our credit facility 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 and any applicable redemption premium. 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 the notes and our credit facility. 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.

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

The indenture and our credit facility contain numerous covenants and require us to meet certain financial ratios and tests based on EBITDA, with adjustments as determined by the applicable debt agreement. 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

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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.

We may be unable to raise funds necessary to finance the change of control repurchase offers required by the indenture.

Under the indenture, if we experience specific kinds of change of control, we must offer to repurchase the notes at a price equal to 101% of the principal amount of the notes (at September 27, 2009, 101% of the total principal amount outstanding was \$230.8 million) plus accrued and unpaid interest to the date of purchase. The occurrence

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of specified events that would constitute a change of control would also constitute a default under our credit facility. In addition, our credit facility may limit or prohibit the purchase of the notes by us in the event of a change of control, unless and until the indebtedness under the credit facility is repaid in full. As a result, following a change of control event, we may not be able to repurchase the notes unless all indebtedness outstanding under our credit facility is first repaid and any other indebtedness that contains similar provisions is repaid, or we obtain a waiver from the holders of such indebtedness to permit us to repurchase the notes. We may be unable to repay all of that indebtedness or obtain a waiver of that type. Any requirement to offer to repurchase the notes may therefore require us to refinance our other outstanding debt, which we may not be able to do on commercially reasonable terms, if at all.

We are exposed to exchange rate fluctuations of the Canadian dollar.

In fiscal 2009, approximately 8% 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.

Item 2

Properties

We believe our properties are sufficiently maintained and suitable for their intended use.

Our owned properties 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.

In addition to the manufacturing facilities listed below, we lease approximately 16,000 square feet of office space in Atlanta, Georgia for our corporate headquarters.

Table of Contents**Index to Financial Statements****Manufacturing Facilities**

At December 1, 2009, we operated the manufacturing facilities listed below. The list includes the location and approximate square footage of each facility and whether we lease or own the facility. The list excludes properties not used in manufacturing, including warehouses, administrative offices or closed manufacturing facilities.

Location	Square Footage	Interest
Metal segment		
Brampton, Ontario (1)	41,000	Leased
Chicago, Illinois (Central) (2)	346,000	Leased
Chicago, Illinois (Kilbourn) (1)	141,000	Owned
Cincinnati, Ohio	467,000	Leased
Fontana, California	84,000	Leased
Garland, Texas	108,000	Leased
Homerville, Georgia	395,000	Owned
Memphis, Tennessee	120,000	Leased
Sturtevant, Wisconsin	85,000	Leased
Trenton, New Jersey	105,000	Leased
York, Pennsylvania	97,000	Owned
Plastic segment		
Bryan, Texas	83,000	Leased
Cedar City, Utah	89,000	Owned
Cidra, Puerto Rico	83,000	Leased
Dayton, New Jersey	119,000	Leased
Indianapolis, Indiana	169,000	Leased
Lithonia, Georgia	75,000	Leased
Newnan, Georgia	185,000	Leased
St. Albert, Alberta	62,000	Leased
Toccoa, Georgia	121,000	Leased
Toronto, Ontario	73,000	Leased
Valparaiso, Indiana	106,000	Leased

- (1) These facilities are in the process of being closed and consolidated into the Chicago, Illinois (Central) facility.
- (2) Products produced at this facility are both metal and plastic segment products. However, the majority of the facility is used by the metal segment.

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 related to pending litigation matters, other than as discussed below, of approximately \$2.1 million at September 27, 2009 and \$0.4 million at September 28, 2008.

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Lead Pigment and Lead Paint Litigation

Personal Injury Cases

Wisconsin Personal Injury Lawsuits

Godoy v. Armstrong Containers, et al.; In the State of Wisconsin Circuit Court, Milwaukee County; Case No. 06-CV-277.

In late 2006 and early 2007, Armstrong was named in thirty-three (33) lead paint personal injury lawsuits in Wisconsin. Since that time, all but six (6) of these cases have been dismissed, leaving only the *Godoy, Burton, Clark, Gibson, Stokes* and *Owens* cases. *Burton, Clark, Gibson, Stokes* and *Owens* were all previously stayed pending the resolution of an appeal in *Godoy* to the Wisconsin Supreme Court. Now that the Wisconsin Supreme Court has affirmed the trial court's dismissal of plaintiffs' design defect claim, *Godoy* has returned to the trial court and the stays in the other cases have been lifted. The dismissal of plaintiff's design defect claim still leaves plaintiff in this action with a failure to warn claim pending. The parties now are engaging in discovery in these cases.

At September 27, 2009 and September 28, 2008, we had accrued approximately \$0.2 million in legal fees and expenses related to the lead paint litigation.

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.

Other Litigation

Plaze, Inc. and Claire-Sprayway, Inc. v. Bway Corporation, In the Superior Court of the State of Delaware in and for New Castle County, Case No. 08C-12-216-JRJ (Plaze).

In *Plaze*, plaintiffs filed an amended complaint. In response to the amended complaint, BWAY filed an answer generally denying the allegations of the amended complaint and asserting certain defenses thereto. The case currently is in the discovery phase.

Item 4

Submission of Matters to a Vote of Security Holders

No matters were submitted during the fourth quarter of 2009 to a vote of our security holders through the solicitation of proxies or otherwise.

Table of Contents**Index to Financial Statements****PART II****Item 5****Market for the Registrant's Common Equity, Related Stockholder****Matters and Issuer Purchases of Equity Securities**

In 2009, we did not sell any unregistered equity securities of BHC or BWAY.

In the fourth quarter of 2009, we did not repurchase any equity securities of BHC or BWAY.

Market Information

The common stock of BHC is listed and traded on the New York Stock Exchange (NYSE) under the ticker symbol BWY. The high and low sales prices for BHC common stock on the NYSE for each quarterly period within 2008 and 2009 are stated below.

Quarter	High	Low
<u>Fiscal 2008</u>		
First quarter	\$ 11.25	\$ 9.01
Second quarter	11.31	9.27
Third quarter	10.09	8.59
Fourth quarter	12.93	7.85
<u>Fiscal 2009</u>		
First quarter	\$ 11.73	\$ 4.25
Second quarter	9.03	5.28
Third quarter	18.00	7.89
Fourth quarter	19.08	14.54

There is no established public market for the equity of BWAY.

Holdings

At December 1, 2009, there were approximately 20 holders of record of BHC common stock.

At December 1, 2009, BHC was the only holder of BWAY common stock.

Dividends

We did not pay a cash dividend on BHC or BWAY common stock in 2008 or 2009. Historically, we have not paid cash dividends, and it is our present intent to continue to retain our net earnings for use in our operations and for debt repayment. As such, we do not anticipate paying any cash dividends in the foreseeable future.

With certain exceptions, we are prohibited by our long-term debt arrangements from paying cash dividends, including cash dividends from BWAY to BHC.

Table of Contents**Index to Financial Statements****Securities Authorized for Issuance Under Equity Compensation Plans**

As of September 27, 2009, equity securities of BHC are authorized for issuance with respect to compensation plans as follows:

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options	Weighted-Average Exercise Price of Outstanding Options	Number of Securities Available For Future Issuance Under Equity Compensation Plans
Equity compensation plans approved by security holders (1)	5,379,710	\$ 6.64	1,348,703
Equity compensation plans not approved by security holders			
Total	5,379,710	\$ 6.64	1,348,703

- (1) Includes the Holding 1995 Long-Term Incentive Plan, the BCO Holding Company Stock Incentive Plan and the BWAY Holding Company 2007 Omnibus Incentive Plan. For a description of these plans, see Note 11, Share-Based Compensation, of Notes to Consolidated Financial Statements, in Item 8, Financial Statements and Supplementary Data.

Item 6**Selected Financial Data**

The following table contains selected historical consolidated financial and other 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 the consolidated financial statements and related notes included in Item 8, Financial Statements and Supplementary Data. The selected consolidated financial and other data as of September 27,

2009 and September 28, 2008 and for each of three years in the period ended September 27, 2009 have been derived from the audited consolidated financial statements and related notes included in Item 8, Financial Statements and Supplementary Data. The selected consolidated financial and other data as of September 30, 2007, October 1, 2006 and October 2, 2005 and for each of the two years in the period ended October 1, 2006 have been derived from audited financial statements and related notes 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.

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(\$ in millions, except per share data)

	Year Ended (1)				
	2009	2008	2007	2006	2005
Statement of Operations Data					
Net sales	\$ 904.4	\$ 1,019.0	\$ 959.0	\$ 918.5	\$ 829.1
Cost of products sold (excluding depreciation and amortization) (2),(3)	755.5	889.0	830.1	790.6	706.5
Gross profit (excluding depreciation and amortization)	148.9	130.0	128.9	127.9	122.6
Depreciation and amortization (4),(5)	44.8	46.8	45.4	41.6	43.2
Selling and administrative expense (6),(7)	23.4	24.9	37.2	29.8	22.1
Public offering expense (8)			9.6		
Restructuring and impairment charge (9),(10),(11),(12)	5.6	9.6	(0.1)	1.5	5.3
Other expense (income), net (13),(14)	0.5	0.2	1.0	1.8	(0.1)
Income from operations	74.6	48.5	35.8	53.2	52.1
Loss on extinguishment of debt (15)	4.8				
Interest expense, net (16)	35.1	35.3	38.0	34.7	32.2
Income (loss) before income taxes and cumulative effect of change in accounting principle	34.7	13.2	(2.2)	18.5	19.9
Provision for income taxes (17)	11.2	1.3	0.9	9.2	7.2
Cumulative effect of change in accounting principle, net of tax				(0.4)	
Net income (loss)	\$ 23.5	\$ 11.9	\$ (3.1)	\$ 8.9	\$ 12.7
Net income (loss) per share BHC					
Weighted-average shares outstanding					
Basic (000s)	21,941	21,691	20,851	20,592	20,603
Diluted (000s)	23,419	23,388	20,851	25,348	24,937
Net income (loss) per share					
Basic	\$ 1.07	\$ 0.55	\$ (0.15)	\$ 0.43	\$ 0.62
Diluted	1.00	0.51	(0.15)	0.35	0.51
	Year Ended (1)				
	2009	2008	2007	2006	2005
(\$ in millions, except per share data)					
Other Financial Data					
Adjusted EBITDA (18)	\$ 125.0	\$ 104.6	\$ 110.8	\$ 105.6	\$ 100.6
Adjusted EBITDA margin % (19)	13.8%	10.3%	11.6%	11.5%	12.1%
Capital expenditures	\$ 18.5	\$ 34.0	\$ 25.5	\$ 25.0	\$ 20.3
Cash paid for interest	29.0	35.2	33.6	33.2	29.9
Total debt / Adjusted EBITDA	3.3x	4.0x	3.8x	4.2x	3.9 x
Adjusted EBITDA / Cash paid for interest	4.3x	3.0x	3.3x	3.2x	3.4 x
Balance Sheet Data					
Working capital	\$ 127.3	\$ 117.2	\$ 106.5	\$ 91.8	\$ 55.3
Total assets (20)	855.5	882.4	857.9	854.5	774.9

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Total debt and capital lease obligations (21),(22)	411.8	421.7	425.8	440.4	396.0
Stockholders' equity	198.3	173.7	157.3	137.8	130.3

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Notes to Selected Financial Data Table:

- (1) For the years presented, our fiscal year ended on the Sunday closest to September 30. The fiscal years ended September 27, 2009, September 28, 2008, September 30, 2007, October 1, 2006 and October 2, 2005.

The fiscal years of certain of our subsidiaries ended on September 30. These subsidiaries have been consolidated in the selected financial data as of and for the years ended September 30. There were no significant or unusual transactions that would adversely impact the selected financial data as consolidated between our fiscal year end and the subsidiaries' fiscal year end.

Financial data for the periods presented include the results of operations from and including August 21, 2009 for Central Can, January 30, 2007 for Vulcan and July 17, 2006 for ICL.

- (2) Stock-based compensation expense recorded by line item:

	2009	2008	Year Ended 2007	2006	2005
	(\$ in millions)				
Stock-Based Compensation Expense					
Cost of products sold (excluding depreciation and amortization) (a)	\$ (0.5)	\$ 1.5	\$ 2.5	\$ 0.2	\$ 0.4
Selling and administrative expense (b),(c)	1.5	4.8	9.8	9.9	1.5
Total stock-based compensation expense	\$ 1.0	\$ 6.3	\$ 12.3	\$ 10.1	\$ 1.9

- (a) In 2009, 2008 and 2007, stock-based compensation expense (credit) included \$(0.7) million, \$1.5 million and \$0.6 million, respectively, related to exit options for which vesting conditions were modified at the IPO. In 2007, non-cash stock-based compensation expense also included \$1.8 million related to the accelerated vesting of certain stock options at the initial public offering.
- (b) In 2009, 2008 and 2007, stock-based compensation expense included \$1.5 million, \$4.8 million and \$1.5 million, respectively, related to exit options for which vesting conditions were modified at the IPO. In 2007, non-cash stock-based compensation expense also included \$7.8 million related to the accelerated vesting of certain stock options at the initial public offering.
- (c) In 2006, stock-based compensation expense included \$8.8 million related to the cash settlement of certain stock options exercised by one of our officers.
- (3) In 2007, cost of products sold included 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.
- (4) In 2008, depreciation and amortization included \$1.3 million of additional depreciation related to shortened useful lives of certain long-lived assets, primarily equipment, related to the shutdown of two facilities in 2008.

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- (5) In 2005 and 2004, depreciation and amortization included \$3.9 million and \$5.8 million, respectively, of additional depreciation related to shortened useful lives of certain long-lived assets, primarily equipment.
- (6) See note 2 above.
- (7) In 2007, selling and administrative expense included 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) Public offering expense included \$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, each related to costs of the initial public offering.

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- (9) In 2009, restructuring charge included \$3.1 million related to the consolidation of administrative offices and elimination of redundant positions, \$1.8 million related to the closure of our Franklin Park and Cleveland facilities in 2008, \$0.3 million related to the planned closure of our Brampton facility, \$0.3 million related to positions eliminated from our Canadian operations and \$0.1 million related to other prior year restructuring plans. See Note 16, Restructuring, of Notes to Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data.
- (10) In 2008, restructuring charge included \$6.8 million to close the Franklin Park, Illinois material center, \$1.7 million to close the Cleveland, Ohio plastics manufacturing facility, \$1.0 million in severance costs for positions eliminated from our Canadian operations and \$0.1 million related to prior year restructuring plans. See Note 16, Restructuring, of Notes to Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data.
- (11) In 2006, restructuring charge included on-going severance and facility holding costs associated with the plastics manufacturing facility shutdowns discussed in note 12 below. The facility holding costs included an additional expense of approximately \$0.8 million for changes in our sublease assumptions on the remaining facility.
- (12) In 2005, restructuring and impairment charge included \$4.3 million for restructuring and \$1.0 million for asset impairments. The restructuring charge included severance and facility shutdown costs associated with the shutdown of a manufacturing facility in Picayune, Mississippi and the shutdown of certain of our plastics manufacturing facilities. The charge also included amounts for severance associated with the elimination of redundant positions following the acquisition of NAMPAC. The asset impairment charge related to the write down of certain assets associated with the closed plastics manufacturing facilities.
- (13) In 2006, other expense, net, included approximately \$0.8 million in financing costs that could not be capitalized and deferred.
- (14) In 2007, and in each of 2006 and 2005, other expense, net, included financial advisory fees paid to Kelso of \$0.4 million and \$0.5 million, respectively. The financial advisory agreement was terminated in conjunction with the initial public offering. See note 8 above.
- (15) Loss on extinguishment of debt included a call premium of \$3.3 million and the write-off of \$1.5 million of unamortized debt issuance costs related to the extinguishment of our senior subordinated notes due 2010. See Note 9, Long-Term Debt, of Notes to Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data.
- (16) In April 2009, we refinanced our \$200.0 million aggregate principal amount, 10% senior subordinated notes due 2010 (2010 Notes) with \$228.5 million aggregate principal amount, 10% senior subordinated notes due 2014 (2014 Notes). The 2014 Notes were priced at a discount to par of 87.513%. In 2009, interest expense, net, included \$1.7 million of additional interest on the 2010 Notes during the mandatory 30-day call period.
- (17) In 2008, the provision for income taxes included a \$2.3 million benefit related to the correction of an error. See Correction of an Error under Note 1, General, of Notes to Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data.
- (18) Earnings before interest, taxes, depreciation and amortization (EBITDA) and Adjusted EBITDA are reconciled to net income (loss) and Adjusted EBITDA is reconciled to net cash provided by operating activities in the tables below. EBITDA and Adjusted EBITDA are not measurements recognized under GAAP. Adjusted EBITDA differs from the term EBITDA as it is commonly used. Adjusted EBITDA, as used herein, means generally net income (loss) adjusted for, to the extent deducted or added in calculating net income (loss), as the case may be: interest expense, income tax expense, depreciation and amortization, cumulative effect of change in accounting principle,

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compensation charges (whether cash or non-cash) resulting from the repurchase of stock options or other equity interests, restructuring charges, amortization of manufacturer's profit in beginning inventory due to purchase accounting, expenses related to an equity offering and other items management believes are of a non-recurring nature and which management

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excludes from its performance measures. Adjusted EBITDA differs from Consolidated EBITDA, as that term is defined in our credit agreement and the indenture governing the notes, which is used to calculate the financial ratios included in our debt covenants.

We present Adjusted EBITDA because it is one of the measures management uses to assess financial performance and it is a metric used in our management short-term incentive plan. We also believe that measures of EBITDA are common performance measurements 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.

	2009	2008	Year Ended 2007	2006	2005
	(\$ in millions)				
<u>Reconciliation of Adjusted EBITDA to Net Income (Loss)</u>					
Net income (loss)	\$ 23.5	\$ 11.9	\$ (3.1)	\$ 8.9	\$ 12.7
Cumulative effect of change in accounting principle, net of tax				0.4	
Interest expense, net	35.1	35.3	38.0	34.7	32.2
Provision for income taxes	11.2	1.3	0.9	9.2	7.2
Depreciation and amortization (a)	44.8	46.8	45.4	41.6	43.2
EBITDA	114.6	95.3	81.2	94.8	95.3
<u>Adjustments</u>					
Settlement of stock options (b)				8.8	
Restructuring and impairment charge (c)	5.6	9.6	(0.1)	1.5	5.3
Amortization of manufacturer's profit in beginning inventory				0.5	
IPO related expenses (d)			29.7		
Adjustments to allowance for doubtful accounts (e)		(0.3)			
Loss on extinguishment of debt	4.8				
Adjusted EBITDA	\$ 125.0	\$ 104.6	\$ 110.8	\$ 105.6	\$ 100.6
<u>Reconciliation of Adjusted EBITDA to Net Cash Provided By Operating Activities</u>					
Net cash provided by operating activities	\$ 71.3	\$ 73.8	\$ 46.9	\$ 60.9	\$ 64.3
Interest expense, net	35.1	35.3	38.0	34.7	32.2
Provision for income taxes	11.2	1.3	0.9	9.2	7.2
Amortization of debt issuance costs	(2.2)	(2.1)	(2.1)	(2.2)	(2.1)
Amortization of debt discount	(2.0)				
Change in operating assets, liabilities and other	11.6	(3.7)	(2.6)	2.5	(1.0)
Amortization of manufacturer's profit in beginning inventory				0.5	
IPO related expenses (f)			29.7		
Adjusted EBITDA	\$ 125.0	\$ 104.6	\$ 110.8	\$ 105.6	\$ 100.6

(a) See notes 4 and 5 above.

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- (b) Amount was included in stock-based compensation expense and was related to the cash settlement of certain stock options exercised by one of our officers.

- (c) See notes 9, 10, 11 and 12 above.

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- (d) IPO related expenses included \$9.6 million in public offering expenses (see note 8 above), \$10.5 in management bonus expense, including related employer taxes and benefits and \$9.6 million of stock-based compensation expense (see note 2(a) and 2(b) above). The bonus was paid concurrent with the successful completion of the initial public offering.

- (e) In the second quarter of 2008, we recorded a \$1.0 million adjustment related to a change in our estimate of the allowance for doubtful accounts. In the fourth quarter of 2008, the adjustment was partially offset by the write-off of \$0.7 million in accounts receivable that became uncollectible following the customer filing for liquidation in bankruptcy.

- (f) See note (d).

- (19) We define Adjusted EBITDA margin 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 18 above for a discussion of Adjusted EBITDA as a non-GAAP measurement and a reconciliation of Adjusted EBITDA to a net income (loss) and net cash provided by operating activities, each a GAAP measurement.

- (20) The increase in total assets from October 2, 2005 to October 1, 2006 reflects assets associated with the acquisition of ICL.

- (21) Total debt includes capital lease obligations of \$9.5 million, \$0.4 million, \$0.2 million, \$0.4 million and \$0.7 million, at the end of 2009, 2008, 2007, 2006 and 2005, respectively. The increase in capital leases in 2009 related to the acquisition of \$10.8 million of capital leases with Central Can.

- (22) In 2009, total debt decreased in part due to required repayments on the credit facility (\$18.1 million) and capital lease payments (\$1.7 million), which were partially offset by an acquired capital lease (\$10.8 million).

Item 7

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

The following discussion should be read in conjunction with the audited consolidated financial statements and related notes included in Item 8, Financial Statements and Supplementary Data, as well as with a general understanding of our business as discussed in Item 1, Business.

References to years in this discussion refer to our fiscal year, unless the context otherwise indicates a calendar year. Fiscal years 2009, 2008 and 2007 ended September 27, 2009, September 28, 2008 and September 30, 2007, respectively. For the years presented, our fiscal year ended on the Sunday closest to September 30.

Overview

We are a leading North American manufacturer of general line rigid metal and plastic containers. We estimate approximately 80% of our 2009 net sales were generated from the sale of products in which we hold the leading market share position.

In 2009, our total net sales were \$904.4 million, of which approximately 65% were in our metal packaging segment and approximately 35% were in our plastic packaging segment. We believe that our metal and plastic packaging products, which we manufacture in our 21 strategically located facilities across the United States and in Canada, are complementary and often serve the same customers.

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Segments

We report 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, certain food products and other end-use products. In 2009, net sales for this segment were \$590.1 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. Plastic packing also includes the hybrid and all-plastic paint can business acquired in the Central Can acquisition. In 2009, net sales for this segment were \$314.3 million.

Factors Affecting Our Results of Operations

Revenue

Our revenue primarily consists of net sales, which are revenues generated from products sold to external customers, 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 of our customers. Approximately one-third of our sales are to customers that package products for housing related markets, the largest of which is architectural paint and coatings. Our sales to these customers are affected by changes in those markets. Approximately two-thirds of our sales are to customers that serve a relatively broad range of products and markets, which have historically exhibited steady growth. Demand for our products may change due to changes in general economic conditions, the housing market, consumer confidence, weather, commodity prices, employment and personal income growth, each of which is beyond our control.

The current economic conditions affecting the home building and improvement sector and general economic conditions have negatively affected, and may continue to negatively affect, our net sales.

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 and competition. Historically, we have adjusted selling prices in the metal packaging segment annually around the beginning of each calendar year primarily in conjunction with negotiated changes in raw material costs. However, as our steel suppliers have moved from annual pricing to more periodic pricing, either through price increases or surcharges, we have begun to adjust our selling prices more frequently in response to this change in the industry. Typically, the price of our manufactured metal segment products is higher for larger, more complex products.

Plastics 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 and competition. Generally, selling prices in the plastic packaging segment are periodically adjusted 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 plastic 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 2009 and 2008 net sales were approximately 24% and 21% of total net sales and gross profit was approximately 14% and 16% of total gross profit, respectively. These seasonal patterns cause our quarterly operating results and working capital requirements to fluctuate.

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Our net sales are also impacted by the pass-through of price changes for steel and plastic resin as permitted in sales agreements with our customers. These sales agreements generally contain pass-through mechanisms by which we may recover raw material price increases, although the timing of the recovery may not coincide with when we incur the raw material cost and the amount of the recovery may not equal the increase in raw material costs.

Expenses

Our expenses primarily consist of:

Cost of products sold (excluding depreciation and amortization). These expenses include raw materials, labor and benefits, rent, freight, utilities, repairs and maintenance, operating supplies and other direct and indirect costs associated with the manufacturing process. Cost of products sold is primarily driven by the cost of these items, production volume and the mix of products manufactured. Because we account for our inventories on a First-In-First-Out (FIFO) basis, cost of products sold may significantly vary by period if there are fluctuations in the cost of our key raw materials (steel and plastic resin). Raw materials are further discussed below.

Depreciation and amortization. These expenses include 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. Depreciation expense may also be affected by additional depreciation due to the shortening of useful lives in association with restructuring plans. Amortization expense is primarily driven by the valuation of intangible assets resulting from acquisitions.

Restructuring. These expenses include costs related to closing redundant facilities and eliminating redundant positions. Restructuring charges are typically driven by our initiatives to reduce our overall operating costs through facility consolidation and headcount reductions. The expenses include severance and termination benefits, rent and other holding costs on vacated facilities (net of estimated or actual sublease revenue) and costs associated with the removal of equipment. These expenses also include pension withdrawal liabilities related to the termination of employees participating in multiemployer pension plans.

Selling and administrative. These expenses include salaries and incentive compensation for corporate and sales personnel, professional fees, insurance, stock-based compensation expense, rent, bad debt expense and other corporate administrative costs. The primary drivers for selling and administrative expense are wage increases, inflation, regulatory compliance, stock-based compensation expense, performance-based incentive compensation and legal, accounting and other professional fees.

Interest. This expense includes interest accruing on our indebtedness and the amortization of debt discount and debt issuance costs. Interest expense is affected by changes in average outstanding indebtedness (including capital lease obligations) and variable interest rates. Due to immateriality, interest income is not shown separately and is netted with interest expense. The Company primarily earns interest from cash on hand.

Other, net. These expenses include gains and losses from foreign currency transactions, gains and losses on the disposition of property, plant and equipment and other non-operating expenses. Prior to the IPO in 2007, other included financial advisory fees paid to a private equity firm that held a majority of the Company's stock.

Raw Materials

Raw materials for the metal segment include tinplate, blackplate and cold rolled steel, various fittings, coatings, inks and compounds. Historically, steel producers implemented annual price changes, generally at the beginning of the calendar year. However, as the cost to produce steel has become more volatile, our suppliers have begun to adjust their prices more frequently, either through price increases or surcharges. Over the last four years there has

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been consolidation in the steel industry, and as a result our steel raw material purchases have been concentrated with the largest suppliers. Over the past several years, steel pricing has increased more than historical levels due to increases in our steel producers' cost of raw materials and strong global demand.

Raw materials for the plastics segment include resin, colorant and fittings. Resin prices fluctuate periodically throughout the year, but have increased steadily over the past several years. We have generally been able to recover these raw material price increases through pass-through mechanisms in our sales agreements, although the timing of the recovery may not coincide with when we incur the raw material cost and the amount of the recovery may not equal the increase in raw material costs.

In 2009, steel prices increased and supply normalized compared to the volatility experienced in 2008. In 2009, resin prices declined sharply. Although we do not believe the price changes and restricted supply will be sustained, they show the effect of general economic conditions on commodity pricing.

Historically, we have been able to procure sufficient quantities of raw materials, even during periods of tightened supply, to produce products to meet customer demand. However, we cannot assure that we may be able to do so in the future.

To reduce our overall cost of raw materials, we may periodically purchase additional quantities of steel and resin in advance of price increases, each as may be available.

Acquisitions

The results of operations from the following acquisitions are included in the consolidated financial statements from the date of acquisition. The acquisitions are discussed in further detail under "Acquisitions" in Note 1, "General," of Notes to Consolidated Financial Statements in Item 8, "Financial Statements and Supplementary Data."

We approach acquisitions as a part of our strategic growth. This objective includes both add-on acquisitions in our core markets and acquisitions offering organic growth.

Canadian Acquisitions

In July 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. In January 2007, we acquired substantially all of the assets and assumed certain of the liabilities of Vulcan Containers, Ltd., a Toronto-based manufacturer of steel pails for industrial packaging markets. Following the acquisition of Vulcan in 2007, we consolidated the Vulcan steel pail business with and into the metal packaging operations of ICL and closed the Vulcan manufacturing facility.

Central Can Acquisition

In August 2009, we acquired Central Can Company, a U.S. producer of rigid general line metal and plastic containers, in a stock purchase. Central Can, located in Chicago, operates one plant producing metal paint and specialty cans, steel pails, and hybrid and all plastic paint cans. Annual sales for Central Can were approximately \$68 million. The acquisition of Central Can fits with our core skills and expands our product offering in North America. In addition to sales growth, the Central Can acquisition provided product portfolio extension through the addition of various sizes of hybrid and all plastic paint cans.

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Ball Plastics Acquisition

In October 2009, subsequent to the end of fiscal 2009, we acquired substantially all of the assets and assumed certain of the liabilities from Ball Plastic Container Corp. related to its plastic packaging plant and business located in Newnan, Georgia. The facility produces injection molded plastic pails and certain other products. The acquisition of Ball Plastics fits with our core skills.

Restructuring Initiatives

In 2007, we consolidated our ICL and Vulcan businesses and closed the Vulcan manufacturing facility. The consolidation enabled us to utilize existing capacity at our ICL facilities.

In 2008, we closed our plastic manufacturing facility in Cleveland, Ohio and our metal material center in Franklin Park, Illinois. The closures enabled us to utilize existing capacity at other facilities and to eliminate redundant positions. In 2009 and 2008, we recorded restructuring expenses of \$1.8 million and \$8.5 million, respectively, related to these facility closures. The charges included \$3.7 million for withdrawal liabilities from union sponsored multiemployer pension plans, \$1.2 million for severance and benefits and \$5.4 million for facility closure and holding costs.

In 2009, the Board approved a plan to eliminate our operating divisions and restructure management in order to operate the company as a single entity. Management believes the strength of the Company's current management team made the divisional structure unnecessary and that the single operating structure will increase management efficiency and lower overhead expenses in support of our continued efforts to reduce our overall cost base. In 2009, we recorded restructuring expenses related to this plan of approximately \$3.1 million for severance and benefits, costs associated with the consolidation of administrative offices and costs to relocate certain employees.

In 2009 and 2008, we also eliminated certain positions at our manufacturing facilities in Canada and recorded restructuring expenses of \$0.3 million and \$1.0 million, respectively, for severance and benefits.

Following the acquisition of Central Can in August 2009, we implemented a plan to close our metal packaging facilities located in Chicago (Kilbourn) and Brampton, Ontario. The business and certain equipment will be moved into the Central Can facility. We expect to complete the facility consolidation during the second quarter of 2010, which we expect will create our second largest manufacturing operation. The consolidation will result in the termination of approximately 30 salaried and approximately 55 hourly positions. We recorded a restructuring liability of \$1.2 million for severance and benefits in the opening balance sheet of Central Can. In addition, we estimate restructuring charges associated with this initiative of approximately \$0.8 million for severance and benefits and approximately \$3.1 million for facility closure and holding costs. We recorded \$0.3 million of the estimated charge in the fourth quarter of 2009 and expect to record the majority of the remaining charge in 2010.

In addition to restructuring charges, we estimate additional depreciation of approximately \$1.7 million related to the shortened useful lives of certain equipment, primarily located at our Brampton facility. We recorded additional depreciation of \$0.6 million in the fourth quarter of 2009 and expect to record the remaining \$1.1 million in the first quarter of 2010. We expect to make capital expenditures of approximately \$2.5 million in 2010 to facilitate the consolidation into the Central Can facility and to make certain productivity improvements.

Results of Operations

References to cost of products sold in the following discussion refer to cost of products sold excluding depreciation and amortization.

References to gross margin in the following discussion refer to net sales less cost of products sold excluding depreciation and amortization. References to gross margin percentage refer to gross margin as a percentage of net sales.

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We present cost of products sold and gross margin because these measures are used by management to evaluate segment and overall performance. Management believes gross margin and gross margin percentage provide information on the contribution of sales to EBITDA (a primary performance measure used by management).

Fiscal Year 2009, Fiscal Year 2008 and Fiscal Year 2007

Overview

The following highlights changes in the results of operations for 2009 compared to 2008 and 2008 compared to 2007.

2009

In 2009, net sales decreased 11.2% (\$114.6 million) and gross margin increased 14.5% (\$18.9 million) compared to 2008. Net sales continued to be adversely affected by the condition of the general economy. Net sales were impacted by a decline in volume of approximately 16%. Management believes that decreased sales are indicative of market conditions and not a loss of market share. In 2009, the decline in consolidated net sales resulting from lower volume was partially offset by higher average selling prices.

In 2009, metal packaging segment net sales increased 1.2% and gross margin increased 14.1%. Metal packaging segment net sales were impacted by a decline in volume of 16%. In 2009, the impact of volume declines on metal packaging net sales were offset by higher selling prices previously implemented in response to an increase in the cost of raw materials.

In 2009, plastic packaging segment net sales decreased 27.9% and gross margin increased 11.2%. Plastic packaging segment net sales were impacted by a decline in volume of approximately 17%. In addition to the impact from lower volume, plastic packaging segment net sales decreased in 2009 due to lower selling prices resulting from the pass through of decreases in the cost of resin.

In 2009, consolidated gross margin percentage increased to 16.5% from 12.8%, metal packaging segment gross margin percentage increased to 16.8% from 14.9% and plastic packaging segment gross margin percentage increased to 15.8% from 10.3%. Gross margin percentages increased, in part, due to cost reduction initiatives and deflation on certain non-raw material costs.

In 2009, Interest expense, net, decreased 0.6% to \$35.1 million. Interest expense on our variable rate debt declined approximately \$5.4 million primarily due to lower interest rates and lower average outstanding borrowings. The decrease in interest expense on these borrowings was offset by an increase in interest expense on senior subordinated notes.

In 2009, we implemented a plan to eliminate our operating divisions and restructure management in order to operate the company as a single entity. In 2009, related to this consolidation plan, we recorded restructuring expenses of approximately \$3.2 million primarily related to severance and benefits, employee relocations and office closure costs. Management believes the change in the operating structure will increase management efficiency and lower overhead expenses in support of its continued efforts to reduce our overall cost base.

2008

In 2008, net sales increased 6.3% (\$60.0 million) and gross margin increased 0.9% (\$1.1 million) from 2007. In 2007, gross margin was reduced by \$4.3 million of initial public offering expense included in cost of products sold. The increase in net sales is primarily due to higher sales prices driven by higher raw material costs partially offset by lower volumes and an unfavorable product and

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customer mix. Volume increased for aerosol containers, blow mold containers and injection mold pails and decreased for metal general line containers primarily due to the weak housing market that affected demand for paint and other housing related products.

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Excluding the \$4.3 million of initial public offering expense included cost of products sold in 2007, gross margin in 2008 decreased 2.4% (\$3.2 million) is primarily due to lower volumes, an unfavorable mix of products sold and higher spending, partially offset by certain sales price increases in excess of higher material costs.

Gross margin as a percentage of net sales decreased to 12.8% in fiscal 2008 from 13.4% in 2007. The decrease is primarily due to lower volume, an unfavorable mix of products sold and higher spending, partially offset by the increase in selling prices relative to higher resin and steel costs. Metal segment gross margin increased 7.0% from \$81.1 million in 2007 to \$86.8 million in 2008 while plastic segment gross margin decreased 15.3 % from \$52.8 million in 2007 to \$44.7 million in 2008.

The following tables set forth changes in our statements of operations for the years ended September 27, 2009, September 28, 2008 and September 30, 2007.

	2009	2008	2007	Percentage Change FY09 v FY08	Percentage Change FY08 v FY07
	(\$ in millions)				
Net sales	\$ 904.4	\$ 1,019.0	\$ 959.0	(11.2)%	6.3%
Cost of products sold (excluding depreciation and amortization)	755.5	889.0	830.1	(15.0)	7.1
Gross margin	148.9	130.0	128.9	14.5	0.9
Depreciation and amortization	44.8	46.8	45.4	(4.3)	3.1
Selling and administrative expense	23.4	24.9	37.2	(6.0)	(33.1)
Public offering expense			9.6		(100.0)
Restructuring expense	5.6	9.6	(0.1)	(41.7)	NM
Interest expense, net	35.1	35.3	38.0	(0.6)	(7.1)
Loss on extinguishment of debt	4.8			NM	
Other	0.5	0.2	1.0	150.0	(80.0)
Income (loss) before income taxes	34.7	13.2	(2.2)	162.9	NM
Provision for income taxes	11.2	1.3	0.9	NM	44.4
Net income (loss)	\$ 23.5	\$ 11.9	\$ (3.1)	97.5%	NM %

NM Not Meaningful

Net Sales

	2009	2008	2007	Percentage Change FY09 v FY08	Percentage Change FY08 v FY07
	(\$ in millions)				
<u>Net Sales by Segment</u>					
Metal packaging	\$ 590.1	\$ 583.0	\$ 572.8	1.2%	1.8%
Plastic packaging	314.3	436.0	386.2	(27.9)	12.9
Consolidated net sales	\$ 904.4	\$ 1,019.0	\$ 959.0	(11.2)%	6.3%

Metal Packaging. In 2009, metal packaging segment net sales increased as higher selling prices driven by the pass-through of higher raw material costs were largely offset by a volume decline of approximately 16%. In 2008, metal packaging segment net sales increased slightly from 2007 as price increases implemented in response to our higher raw material costs offset a decline in sales related to an overall decline in volume.

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Overall metal packaging volume began to decline in 2007 and continued to decline through 2009. These volume declines are primarily due to declining volumes in paint and other general line containers. Demand for architectural paint and coatings, the largest end use market segment for our metal packaging containers, weakened in 2007 and remained weak through 2009 primarily because of continued weakness in the home construction and improvement sector and in the overall general economy.

Plastic Packaging. In 2009, plastic packaging segment net sales decreased as lower selling prices driven by lower raw material costs were compounded by a volume decline of approximately 17%. In 2008, plastic packaging segment net sales increased over 2007 due to higher selling prices resulting from the pass-through of increases in raw material costs and, to a lesser extent, a slight increase in overall volume in 2008. Volume increased in 2008 due, in part, to gains in market share. Volumes in 2009 and 2008 gains in 2008 were affected by weak demand in the home construction and improvement sector and in the overall general economy, as discussed above.

The volume declines noted above are primarily a result of lower demand for those products packaged by our customers, generally because of the weak overall general economic environment. Management believes that decreased sales are indicative of general economic conditions and not a loss of market share.

Cost of Products Sold and Gross Margin

As noted above, we present and discuss cost of products sold and gross margin excluding depreciation and amortization because management uses EBITDA as a performance measure. Depreciation and amortization are discussed below.

	2009	2008	2007	Percentage Change FY09 v FY08	Percentage Change FY08 v FY07
	(\$ in millions)				
<u>Cost of Products Sold by Segment</u>					
Metal packaging	\$ 491.1	\$ 496.2	\$ 491.7	(1.0)%	0.9%
Plastic packaging	264.6	391.3	333.4	(32.4)	17.4
Segment cost of products sold	755.7	887.5	825.1	(14.9)	7.6
Corporate undistributed expenses	(0.2)	1.5	5.0	(113.3)	(70.0)
Consolidated cost of products sold	\$ 755.5	\$ 889.0	\$ 830.1	(15.0)%	7.1%

	2009	2008	2007	Percentage Change FY09 v FY08	Percentage Change FY08 v FY07
	(\$ in millions)				
<u>Gross margin by segment</u>					
Metal packaging	\$ 99.0	\$ 86.8	\$ 81.1	14.1%	7.0%
<i>Gross margin percentage</i>	<i>16.8%</i>	<i>14.9%</i>	<i>14.2%</i>		
Plastic packaging	49.7	44.7	52.8	11.2	(15.3)
<i>Gross margin percentage</i>	<i>15.8%</i>	<i>10.3%</i>	<i>13.7%</i>		
Segment gross margin	148.7	131.5	133.9	13.1	(1.8)
<i>Gross margin percentage</i>	<i>16.4%</i>	<i>12.9%</i>	<i>14.0%</i>		
Corporate undistributed expenses	0.2	(1.5)	(5.0)	(113.3)	(70.0)
Consolidated gross margin	\$ 148.9	\$ 130.0	\$ 128.9	14.5%	0.9%

Gross margin percentage

16.5%

12.8%

13.4%

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In 2009, cost of products sold for each of our metal packaging and plastic packaging segments decreased, in part, due to declines in sales volume. However, we also attribute the decrease in cost of products sold and the increase in gross margin as a percentage of net sales for these segments to strong results from our cost reduction program, reductions in various categories of cost (including freight, fuel surcharges and certain other direct materials) and, for the metal packaging segment, improved operating results for our aerosol products.

In 2008, metal packaging cost of products sold increased slightly from 2007 primarily due to higher raw material costs, partially offset by lower volume and higher productivity. Metal packaging segment cost of products sold as a percentage of segment net sales decreased to 85.1% in 2008 from 85.8% in 2007. The decrease in metal packaging segment cost of products sold as a percentage of net sales in 2008 was positively affected by higher selling prices resulting from the pass-through of higher steel costs. Cost of products sold as a percentage of net sales in 2008 continued to be adversely affected by: (1) the cost of steel which became unfavorable beginning in the second half of 2007 and continued through the first quarter of 2008 due to the disappearance of lower-cost foreign sources and opportunistic spot buys; (2) material cost increases implemented in the second quarter of 2008; (3) competitive pricing pressures, particularly for aerosol cans; and (4) lower volume and an unfavorable customer mix driven by slowness in the home construction and improvement sector and in the overall economy.

In 2008, plastic packaging segment CPS increased primarily due to higher volume, higher resin costs and lower productivity. Plastic packaging segment CPS as a percentage of segment net sales increased to 89.8% in 2008 from 86.3% in 2007 primarily because of higher raw material costs relative to selling price pass-through and lower productivity.

Corporate Expenses. In 2009, corporate undistributed expenses included a reduction in previously accrued stock-based compensation of approximately \$1.0 million related to the reversal of accrued stock-based compensation on unvested options that were canceled due to employee terminations.

In 2008, corporate undistributed expenses decreased due to \$4.3 million of expenses in 2007 associated with the initial public offering, including \$2.5 million of management bonus and \$1.8 million of stock-based compensation expense associated with the accelerated vesting of certain stock options. Corporate undistributed expense included stock-based compensation expense of \$0.6 million in 2007 and \$1.5 million in 2008 related to stock options modified in 2007 because of the IPO. The increase in stock-based compensation expense in 2008 is due to the timing of the IPO, which occurred late in 2007.

Depreciation and Amortization

	2009	2008	2007	Percentage Change	
				FY09 v FY08	FY08 v FY07
	(\$ in millions)				
<u>Depreciation and Amortization by Segment</u>					
Metal packaging	\$ 21.3	\$ 23.3	\$ 22.7	(8.6)%	2.6%
Plastic packaging	22.0	22.2	21.7	(0.9)	2.3
Segment depreciation and amortization	43.3	45.5	44.4	(4.8)	2.5
Corporate undistributed expenses	1.5	1.3	1.0	15.4	30.0
Consolidated depreciation and amortization	\$ 44.8	\$ 46.8	\$ 45.4	(4.3)%	3.1%

In 2009, depreciation and amortization expense (D&A) decreased due to declining amortization expense on other intangibles, which was partially offset by higher depreciation expense associated with higher capital expenditures in 2008. In 2009, metal packaging segment D&A included approximately \$0.6 million of additional depreciation associated with the planned closure of our Brampton facility. In 2008, metal packaging segment D&A included

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approximately \$0.8 million of additional depreciation associated with the closure of our Franklin Park facility. In 2008, plastic packaging segment D&A included approximately \$0.5 million of additional depreciation associated with the closure of our Cleveland facility.

Selling and Administrative Expense

	2009	2008	2007	Percentage Change	
				FY09 v FY08	FY08 v FY07
	(\$ in millions)				
<u>Selling and Administrative Expense by Segment</u>					
Metal packaging	\$ 4.9	\$ 5.9	\$ 5.9	(16.9)%	%
Plastic packaging	3.7	4.1	4.5	(9.8)	(8.9)
Segment selling and administrative expense	8.6	10.0	10.4	(14.0)	(3.8)
Corporate undistributed expenses	14.8	14.9	26.8	(0.7)	(44.4)
Consolidated selling and administrative expense	\$ 23.4	\$ 24.9	\$ 37.2	(6.0)%	(33.1)%

In 2009, segment selling and administrative expenses declined primarily due to reduced spending related to our on-going cost reduction initiatives. In 2008, the decrease in segment selling and administrative expense (S&A) for from 2007 was primarily due to lower bonus expense and spending in each of the segments.

Corporate undistributed expense in 2008 included a \$1.0 million favorable adjustment related to a change in our estimate of the allowance for doubtful accounts. The adjustment was partially offset by the write-off of \$0.7 million in accounts receivable that became uncollectible following a customer filing for liquidation in bankruptcy.

Excluding the above adjustment in 2008, corporate undistributed selling and administrative expenses decreased \$1.1 million in 2009 primarily due to lower stock-based compensation expense related to modifications made in 2007 and lower professional fees, partially offset by higher performance based bonus expense, additional bad debt expenses associated with certain uncollectible accounts receivable and higher litigation expenses.

Corporate undistributed expense in 2007 included approximately \$15.8 million of an initial public offering expenses consisting of an \$8.0 million management bonus and \$7.8 million of stock-based compensation expense associated with the accelerated vesting of certain stock options.

Because of the IPO in 2007, the vesting criteria of certain options were modified, which resulted in additional stock-based compensation expense of \$1.5 million in 2007 and \$4.8 million in 2008. The increase in 2008 over 2007 is due to the timing of the modification, which occurred with the IPO in June 2007. See Note 10, Share-Based Compensation, of Notes to Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data.

Excluding stock-based compensation and IPO related expenses, corporate undistributed expense increased approximately 13% in 2008 over 2007. The increase in 2008 is primarily due to higher expenses associated with being a public company (primarily board of director expenses and higher D&O insurance premiums), higher bonus expense and higher professional fees.

The majority of bonus expense is based on the achievement of certain performance goals established by the Board. Senior management exceeded established goals in 2009 and, on average, met established goals in 2008. Performance goals were not met in 2007.

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Restructuring Expense

In the third quarter of 2009, the Board approved a plan to eliminate our operating divisions and restructure management in order to operate the company as a single entity. Management believes the strength of the Company's current management team made the divisional structure unnecessary and that the single operating structure will increase management efficiency and lower overhead expenses in support of our continued efforts to reduce our overall cost base. In 2009, we recorded approximately \$1.5 million in severance and benefits and approximately \$0.9 million related to administrative office consolidation and employee relocations. In addition to the plan, we recorded approximately \$0.7 million in 2009 for severance and benefits related to the elimination of certain other redundant positions.

In addition, we recorded approximately \$1.8 million in 2009 in expenses related to the closure of our Franklin Park and Cleveland facilities in 2008.

In 2008, we recorded approximately \$8.5 million in expenses related to the closure of the Franklin Park and Cleveland facilities, approximately \$1.0 million related to the elimination of certain redundant positions in Canada and approximately \$0.1 million related to adjustments in prior year restructuring plans.

See Note 16, *Restructuring and Reorganization Liabilities* of Notes to Consolidated Financial Statements in Item 8, *Financial Statements and Supplementary Data*.

Loss on Extinguishment of Debt

In 2009, we refinanced and extinguished our senior subordinated notes due 2010, resulting in a loss of \$4.8 million, which consisted of a call premium of \$3.3 million and the write-off of \$1.5 million of unamortized debt issuance costs associated with the 2010 notes. See Note 9, *Long-Term Debt*, of Notes to Consolidated Financial Statements in Item 8, *Financial Statements and Supplementary Data*, for further information.

Interest Expense, Net

In 2009, interest expense decreased \$0.2 million from 2008. Although interest expense on our variable rate debt decreased primarily due to lower interest rates and lower average outstanding borrowings, the decrease was offset an increase of approximately \$5.1 million related to the refinancing of our senior notes in April 2009, which includes approximately \$1.7 million of interest paid on the old notes during the required 30 day call period. See Note 9, *Long-Term Debt*, of Notes to Consolidated Financial Statements in Item 8, *Financial Statements and Supplementary Data*, for further information on the refinancing of the senior notes.

Income Taxes

In 2009, the provision for income taxes was \$11.2 million for an effective tax rate of approximately 32% as compared to a provision for income taxes in 2008 of \$1.3 million for an effective tax rate of approximately 10%. In 2008, the provision for income taxes included favorable adjustments related to a tax dispute settlement related to the fiscal 2004 acquisition of NAMPAC (\$0.5 million), a favorable tax dispute settlement in Puerto Rico (\$0.7 million), a favorable adjustment related to a correction of an error in deferred taxes (\$2.3 million) and favorable changes to state and Canadian statutory rates (\$1.1 million). These items caused the reduction in the effective tax rate for 2008. The effective tax rate for 2007 was (42.8)%, primarily due to \$1.5 million in non-deductible public offering expenses.

Seasonality

Our business is seasonal, reflecting a general pattern of lower sales and earnings in the metal and plastic packaging industry during the first quarter of our fiscal year. For example, in the first quarters of fiscal 2009 and 2008 our net sales were approximately 24% and 21%, respectively, of total annual net sales and gross profit as a percentage of total annual gross profit was approximately 14% and 16% in the first quarters of fiscal 2009 and 2008, respectively.

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Liquidity and Capital Resources

Our long-term debt, including available revolving credit facilities and certain covenants and restrictions, is discussed in Note 9, Long-Term Debt, of Notes to Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data. At September 27, 2009, we were in compliance with our debt covenants. With certain exceptions, we are prohibited by our long-term debt arrangements from paying cash dividends, including cash dividends between BWAY and BHC.

See An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability, The indenture and our credit facility 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, Restrictive covenants in the indenture and our credit facility could restrict our operating flexibility, We may be unable to raise funds necessary to finance the change of control repurchase offers required by the indenture, Current economic conditions could adversely affect our results of operations and financial condition and The availability and pricing of steel could be significantly affected by consolidation of key suppliers in Item 1A, Risk Factors.

At September 27, 2009, we had \$49.4 million available under revolving credit facilities (\$4.8 million of which was only available to our Canadian subsidiary). At September 27, 2009, we had \$88.7 million of cash on hand, of which \$32.0 million was used for the Ball Plastics acquisition in October 2009 and \$6.5 million will be used in December 2009 to make a mandatory repayment on the term loans due to Excess Cash Flow (as defined in the credit agreement).

Due to a mandatory repayment of \$6.5 million on outstanding term loan borrowings in December 2009, there are no scheduled quarterly repayments due in 2010. Scheduled quarterly repayments of approximately \$0.5 million will resume in December 2010 and continue through March 31, 2013.

At September 27, 2009, we had \$200.3 million of outstanding borrowings subject to variable interest rates at a weighted-average borrowing rate of 2.6%. Interest of \$11.4 million is payable on the Senior Notes in each of April and October.

We expect capital expenditures in 2010 of approximately \$27.0 million to \$29.0 million, which includes amounts related to the integration of recent acquisitions.

We expect that cash on hand, operating cash flows and available revolving credit 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, in the next 12 months. However, we cannot provide assurance that our business will generate sufficient cash flow 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.

In addition, the current global economic crisis has created volatility in the equity and credit markets and many financial and other institutions continue to experience financial uncertainty. Neither our access to nor the value of our cash equivalents have been negatively affected by the recent liquidity problems of financial institutions. Although it is not possible to predict how financial markets and general economic conditions may affect our financial position, results of operations and/or cash flows, failures of financial and other institutions could impact our customers ability to pay us, could reduce amounts available under our credit facility, could cause losses to the extent cash amounts or the value of securities exceed government deposit insurance limits, and could restrict our access to the equity and credit markets. Continued uncertainty in the capital and credit markets and the general economic downturn could adversely impact the availability, terms and/or pricing of financing if we need to raise additional liquidity. We would experience liquidity problems if we were unable to obtain sufficient additional financing when our debt becomes due, or we otherwise need additional liquidity. Adverse economic conditions, increased competition or other unfavorable events also could affect our liquidity.

Table of Contents**Index to Financial Statements****Historical Cash Flows*****Summary Cash Flow Information***

Fiscal years ended September 27, 2009, September 28, 2008 and September 30, 2007

	2009	2008	2007	Change	
				FY09 v FY08	FY08 v FY07
	(\$ in millions)				
Net cash provided by operating activities	\$ 71.3	\$ 73.8	\$ 46.9	\$ (2.5)	\$ 26.9
Net cash used in investing activities	(46.2)	(33.6)	(31.4)	(12.6)	(2.2)
Net cash used in financing activities	(25.9)	(1.1)	(13.1)	(24.8)	12.0
Effect of exchange rate changes	(2.6)	(0.4)		(2.2)	(0.4)
Net (decrease) increase in cash and cash equivalents	\$ (3.4)	\$ 38.7	\$ 2.4	\$ (42.1)	\$ 36.3
Cash and cash equivalents, end of period	\$ 88.7	\$ 92.1	\$ 53.4		

Cash requirements for operations and capital expenditures during 2009, 2008 and 2007 were primarily financed through internally generated cash flows and cash on hand. On occasion, short-term cash shortfalls were covered by borrowings under the revolving credit facility; however, no amounts were outstanding under our revolving credit facility at the end of the year.

In the first quarter of 2010, we used approximately \$32.0 million of cash on hand for the acquisition of Ball Plastics and approximately \$6.5 million for mandatory excess cash flow repayments on our term loan. In the first quarter of 2009, we used approximately \$17.7 million of cash on hand for mandatory excess cash flow repayments on our term loan.

Operating Activities

In 2009, cash provided by operating activities decreased \$2.5 million (3%) from 2008 as cash from higher net income was offset by a \$13.7 million net increase in primary working capital (accounts receivable and inventories less accounts payable).

In 2008, cash provided by operating activities increased \$26.9 million (57%) from 2007. The increase is primarily due to the payment of \$20.1 million in IPO related expenses in 2007, as discussed above, and from a \$13.1 million net decrease in primary working capital (accounts receivable and inventories less accounts payable) in 2008.

Investing Activities

In 2009, cash used in investing activities increased \$12.6 million (37%) from 2008. Capital expenditures decreased \$15.5 million (46%) from 2008 due to higher than normal capital expenditures in 2008 (as discussed below). In 2009, we used \$27.7 million of cash to acquire Central Can. There were no business acquisitions in 2008.

In 2008, cash used in investing activities increased \$2.2 million (7%) from 2007. Capital expenditures increased \$8.4 million (33%) to complete capital investments related to machinery and equipment for the production of new plastic containers developed in 2007 and for the production of aerosol components. There were no business acquisitions in 2008, but in 2007 we used \$5.9 million of cash to acquire Vulcan.

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Financing Activities

In 2009, cash used in financing activities increased \$24.8 million from \$1.1 million in 2008 due to a \$17.6 million required debt repayment in 2009 related to excess cash flow in 2008, to the payment of a \$3.3 million call premium on the early redemption of the senior subordinated notes due 2010 (which were refinanced with senior subordinated notes due 2014) and to the payment of \$5.5 million in debt issuance costs related to the refinancing of the senior subordinated notes.

In 2008, cash used in financing activities decreased \$12.0 million from 2007 due to a \$20.0 million voluntary debt repayment in 2007, which was partially offset by \$7.8 million in cash flows from proceeds and excess tax benefits associated with the exercise of stock options in 2007. Option exercises in 2007 were primarily connected with the IPO.

In 2009, long-term debt, including the current portion, decreased \$19.0 million to \$402.3 million. The decrease was due to required debt repayments of \$18.1 million and to changes in the exchange rate used to translate Canadian dollar denominated debt to U.S. dollars for reporting purposes, partially offset by the accretion of debt discount on the senior subordinated notes due 2014 of \$2.0 million. Our Canadian dollar denominated debt is serviced by our Canadian operations, which are denominated in Canadian dollars and, as such, cash flows servicing the debt are not affected by the exchange rate.

Management expects financing activities in 2010 to primarily relate to scheduled debt repayments and principal repayments under capital lease obligations. See **Contractual Obligations and Commercial Commitments** below for a table that includes these amounts.

Market Risk

Our cash flows and earnings are exposed to the risk of interest rate changes resulting from variable rate borrowings under the credit facility. Outstanding borrowings under the credit facility bear interest at a market rate of interest plus an applicable margin (based on certain ratios contained in the credit agreement). At September 27, 2009, borrowings of \$200.3 million were subject to interest rate risk. A 100 basis point increase in the interest rate on these borrowings would reduce annual pretax earnings by approximately \$2.0 million.

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 cause the market value of the notes to decrease approximately \$8.0 million.

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

Foreign Exchange

Our reported results of operations are exposed to fluctuations of the Canadian dollar against the U.S. dollar, our reporting currency. Net sales denominated in Canadian dollars were approximately 8% in 2009 and 9% in 2008. Excluding purchases denominated in Canadian dollars that are funded by operations in Canada, we do not believe that purchases from suppliers denominated in a currency other than the U.S. dollar are significant and do not believe we are exposed to a significant risk of changes in exchange rates relative to the U.S. dollar.

Off-Balance Sheet Arrangements

Other than standby letters of credit issued by a bank on our behalf primarily in favor of our workers' compensation insurers, we do not have any off-balance sheet arrangements.

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Significant contractual obligations at September 27, 2009:

	Total	Less than 1 Year	1 3 Years	3 5 Years	More than 5 Years
	(\$ in millions)				
<u>Contractual Obligations</u>					
Long-term debt obligations (1),(2),(3)	\$ 428.8	\$ 6.5	\$ 4.1	\$ 418.2	\$
Interest commitments on senior notes (4)	114.8	23.4	45.7	45.7	
Operating and capital lease obligations	64.0	10.6	15.7	13.4	24.3
Uncertain tax positions (5)					
Pension withdrawal obligations (6)	4.3	0.2	0.4	0.4	3.3
Other obligations (7)	31.4	2.6	5.4	5.6	17.8
Total contractual obligations	\$ 643.3	\$ 43.3	\$ 71.3	\$ 483.3	\$ 45.4

- (1) Includes \$228.5 million in principal amount of our 10% Senior Subordinated Notes that become due in 2014 and \$200.3 million of outstanding term loan borrowings. 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. At September 27, 2009, we had borrowing capacity under the revolving credit facilities of approximately \$49.4 million. The term loans have scheduled quarterly repayments with a lump sum due at maturity, July 17, 2013. See Note 9, Long-Term Debt, of Notes to Consolidated Financial Statements for additional information.
- (2) In the event of a continuing event of default (as defined in the indenture), the trustee or holders of 25% of the outstanding principal of the senior subordinated notes 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), each note holder has the right to require us to purchase all or a portion of their notes at 101% of the principal amount thereof (at September 27, 2009, 101% of the total principal amount outstanding was \$230.8 million) plus accrued and unpaid interest to the date of purchase. At September 27, 2009, the entire original principal amount was outstanding. The notes were issued at a discount to par.
- (3) Payments due in less than one year include a mandatory repayment of excess cash flow, as defined in the credit agreement, of \$5.0 million due on the U.S. dollar denominated term loan and \$1.5 million due on the Canadian dollar denominated term loan.
- (4) The table does not include variable interest payable on the credit facility borrowings, which is generally due and payable quarterly. Based on outstanding variable borrowings of \$200.3 million and a weighted-average interest rate of 2.6% at September 27, 2009, the annual interest obligation would be approximately \$5.2 million.
- (5) Due to the uncertainty of the timing of settlement with taxing authorities, we are unable to make reasonably reliable estimates of the period of cash settlement of unrecognized tax benefits. At September 27, 2009, \$0.9 million of unrecognized tax benefits have been excluded from the table. See Note 12, Income Taxes, of Notes to Consolidated Financial Statements for additional information regarding our unrecognized tax benefits as of September 28, 2008.

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- (6) At September 27, 2007, we had \$3.7 million accrued as an estimate of our obligation to satisfy employer withdrawal liabilities associated with unfunded benefit obligations of union sponsored multiemployer pension plans. The obligation is related to a facility we closed in 2008.

Because our portion of any withdrawal liability is determined as of the end of the applicable plan year in which we withdrew from the plan, we do not know the actual amount or over what period the liability will be settled. In 2009, we received a final determination from one of the plans, which is reflected in the table and includes a liability of \$2.6 million and \$1.7 million of interest. The final payment related to this plan is

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due in 2029. The remaining liability of \$1.1 million is an estimate and payments are not reflected in the table because we do not currently know the actual amount or timing of those payments. See Franklin Park under Note 16, Restructuring, of Notes to Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data.

- (7) Other obligations include estimated future payments related to supplemental executive retirement benefit obligations for certain 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, at September 27, 2009. Asset retirement obligations are included in Other Long-Term Liabilities.

At September 27, 2009, we had standby letters of credit, which expire in less than one year, in the aggregate amount of approximately \$5.6 million in favor of our workers compensation insurers and purchasing card vendor. Outstanding standby letters of credit reduce our borrowing capacity under the revolving credit facilities. At September 27, 2009, \$44.6 million of the \$50.0 million U.S. Revolver facility was available and \$4.8 million of the \$5.0 million 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.

Accounting Policies and New Accounting Pronouncements

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.

Other than as described below, no new accounting pronouncement issued or effective during the fiscal year has had or is expected to have a material impact on the Consolidated Financial Statements.

Business Combinations

In December 2007, the Financial Accounting Standards Board (FASB) issued new accounting guidance on business combinations. The new guidance revises the method of accounting for a number of aspects of business combinations, including acquisition costs, contingencies (including contingent assets, contingent liabilities and contingent purchase price), the impacts of partial and step-acquisitions (including the valuation of net assets attributable to non-acquired minority interests) and post-acquisition exit activities of acquired businesses. The new guidance will be effective for us beginning September 28, 2009 primarily affecting the accounting for subsequent acquisitions. We do not believe the adoption of the new guidance will have a material effect on our financial position, results of operations or cash flows.

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Critical Accounting Policies

In response to the SEC's Release No. 33-8040, Cautionary Advice Regarding Disclosure About Critical Accounting Policies, we have identified 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 reasonably assured. 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. Inventories are recorded net of reserves for excess or obsolete inventory, which are based on the age of inventory and our estimate of the likelihood the cost of inventory will be recovered based on forecasted demand and probable selling price.

Accrued Rebates

We provide volume rebates on certain products to our customers. We accrue a provision for these rebates, which is recognized as a reduction of net sales, in the period in which revenue is recognized. 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 held and used 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 impaired, the impairment to be recognized is equal to 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 technology) and goodwill. We amortize finite-lived, identifiable intangible assets over their remaining useful lives in proportion

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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. The goodwill impairment test involves two steps. In the first step, the fair value of a reporting unit is compared to its carrying value. If the fair value of a reporting unit exceeds its carrying value, then no further testing is required. For purposes of the first step, the fair value of a reporting unit determined in the prior year may be carried forward under certain circumstances. 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.

Share-Based Compensation

We adopted new accounting guidance at the beginning of 2007 related to share-based payments using a prospective transition method. Under this method of adoption, we recognize share-based compensation expense for all new awards and for awards outstanding at adoption that we subsequently modify, repurchase or cancel. Share-based awards are accounted for using a fair value-based method and compensation cost is recognized over the period that service is required in order to receive the benefit. In addition, benefits of tax deductions in excess of recognized compensation cost are recorded as increases to additional paid-in capital and are reported as financing cash flows in the statement of cash flows.

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

The following inputs 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. These inputs involve judgment and are determined as of the grant date

For further information, including assumptions used in the models, see Note 11, Share-Based Compensation, of Notes to Consolidated Financial Statements in Item 8, Financial Statements and Supplementary Data.

Income Taxes

The provision for income taxes is comprised of taxes that are currently payable and deferred taxes that relate to temporary differences between financial reporting carrying values and tax bases of assets and liabilities. Deferred tax assets and liabilities result from deductible or taxable amounts in future years when such assets and liabilities are recovered or settled and are measured using the enacted tax rates and laws that are expected to be in effect when the assets and liabilities are recovered or settled.

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In the ordinary course of business there is inherent uncertainty in quantifying our income tax positions. We assess our income tax positions and record tax benefits for all years subject to examination based upon management's evaluation of the facts, circumstances and information available at the reporting dates. For those tax positions where it is more-likely-than-not that a tax benefit will be sustained, we have recorded the expected amount of tax benefit with a greater than 50% likelihood of being realized upon ultimate settlement with a taxing authority that has full knowledge of all relevant information. For those income tax positions where it is not more-likely-than-not that a tax benefit will be sustained, no tax benefit has been recognized in the financial statements. Where applicable, we have also recognized associated interest and penalties.

Commodity Risk

We require substantial amounts of raw materials in our operations, including steel, resin and energy. We are exposed to commodity price and quantity risks for a majority of these raw materials. In addition to steel and resin, we are exposed to fluctuations in the price of energy (primarily electricity and natural gas), the cost of freight (which is impacted by fluctuations in the price of fuel) and the cost of other components that we use in our manufacturing process.

We manage these risks by consolidating our purchases among a select group of suppliers and through provisions in sales agreements that allow for certain increases in raw material costs to be passed through to our customers. The consolidation of suppliers enables us to use leverage in negotiating pricing and supply. However, an interruption in the ability of these suppliers to provide raw materials could have a material adverse effect on our financial position, results of operations and cash flows. 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, changes in exchange rates, global demand and worldwide price levels.

The price of raw materials has been subject to volatility in the past, and we do not foresee stabilization in these markets in the near future. Historically, we have been able to pass certain cost changes through to our customers. However, we may not be able to do so in the future.

In addition to steel and plastic resin, the prices of other items used in our manufacturing processes are exposed to commodity price risks, and we have experienced increases in the cost of these items above expected trends. Historically, we have not passed these price increases through to our customers. However, given the unprecedented increase in the cost of these other inputs, we are evaluating the impact of increasing our selling prices to compensate for these higher costs.

To the extent we are not able to leverage our purchasing power in the future as successfully as we have in the past, we may not be 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 be adversely affected. 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 a substantially increased cost, which could increase our operating costs or interrupt our ability to produce our products.

For an additional discussion of changes in steel and plastic resin costs and their impact on selling prices, see "Factors Affecting Our Results of Operations" above. In addition, see "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" and "The availability and pricing of steel could be significantly affected by consolidation of key suppliers" in Item 1A, Risk Factors.

Environmental Matters

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

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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, *Management's Discussion and Analysis of Financial Condition and Results of Operation*, which are 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, *Management's Discussion and Analysis of Financial Condition and Results of Operation*, 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.

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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 27, 2009 and September 28, 2008, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended September 27, 2009. Our audits also included the financial statement schedules listed in the Index at Item 8. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 the Company at September 27, 2009 and September 28, 2008, and the results of its operations and cash flows for each of the three years in the period ended September 27, 2009, 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.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 27, 2009, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 11, 2009 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Atlanta, Georgia

December 11, 2009

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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 27, 2009 and September 28, 2008, and the related consolidated statements of operations, stockholder's equity and cash flows for each of the three years in the period ended September 27, 2009. Our audits also included the financial statement schedule listed in the Index at Item 8. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the consolidated 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 the Company at September 27, 2009 and September 28, 2008, and the results of its operations and its cash flows for each of the three years in the period ended September 27, 2009, 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.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of September 27, 2009, based on the criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated December 11, 2009 expressed an unqualified opinion on the Company's internal control over financial reporting.

/s/ Deloitte & Touche LLP

Atlanta, Georgia

December 11, 2009

Table of Contents**Index to Financial Statements****CONSOLIDATED BALANCE SHEETS****BWAY Holding Company and Subsidiaries**

September 27, 2009 and September 28, 2008

(\$ in millions, except par value)

	2009	2008
Assets		
Current Assets		
Cash and cash equivalents	\$ 88.7	\$ 92.1
Accounts receivable, net of allowance for doubtful accounts of \$0.5 and \$1.2	103.8	113.3
Inventories, net	87.0	112.2
Other current assets	15.6	20.7
Total current assets	295.1	338.3
Property, plant and equipment, net	160.9	141.9
Goodwill	259.0	251.0
Other intangible assets, net	129.4	142.2
Other assets	11.1	9.0
Total assets	\$ 855.5	\$ 882.4
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 98.0	\$ 149.8
Other current liabilities	63.3	52.4
Current portion of long-term debt	6.5	18.9
Total current liabilities	167.8	221.1
Long-term debt	395.8	402.4
Deferred tax liabilities	46.5	55.8
Other liabilities	47.1	29.4
Total liabilities	657.2	708.7
Commitments and contingencies (Note 17)		
Stockholders' Equity		
Preferred stock, \$0.01 par value, 20,000,000 shares authorized		
Common stock, \$0.01 par value, 200,000,000 shares authorized; 22,198,718 and 21,860,650 shares issued and outstanding	0.2	0.2
Additional paid-in capital	137.9	133.7
Retained earnings	64.0	40.5
Accumulated other comprehensive loss	(3.8)	(0.7)
Total stockholders' equity	198.3	173.7
Total liabilities and stockholders' equity	\$ 855.5	\$ 882.4

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**Index to Financial Statements****CONSOLIDATED STATEMENTS OF OPERATIONS****BWAY Holding Company and Subsidiaries**

Years ended September 27, 2009, September 28, 2008 and September 30, 2007

(\$ in millions, except per share amounts)

	2009	2008	2007
Net sales	\$ 904.4	\$ 1,019.0	\$ 959.0
Costs and Expenses			
Cost of products sold (excluding depreciation and amortization)	755.5	889.0	830.1
Depreciation and amortization	44.8	46.8	45.4
Selling and administrative	23.4	24.9	37.2
Public offering			9.6
Restructuring	5.6	9.6	(0.1)
Interest, net	35.1	35.3	38.0
Loss on extinguishment of debt	4.8		
Other	0.5	0.2	1.0
Total costs and expenses	869.7	1,005.8	961.2
Income (loss) before income taxes	34.7	13.2	(2.2)
Provision for income taxes	11.2	1.3	0.9
Net income (loss)	\$ 23.5	\$ 11.9	\$ (3.1)
Net income (loss) per share (Note 10)			
Basic	\$ 1.07	\$ 0.55	\$ (0.15)
Diluted	1.00	0.51	(0.15)

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**Index to Financial Statements****CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY****BWAY Holding Company and Subsidiaries**

Year ended September 27, 2009, September 28, 2008 September 30, 2007

(\$ in millions)

	2009	2008	2007
Common Stock			
Balance, beginning and end of period	\$ 0.2	\$ 0.2	\$ 0.2
Additional Paid-In Capital			
Balance, beginning of period	133.7	125.9	106.2
Proceeds from stock option exercises	2.1	0.9	3.5
Excess tax benefit related to share-based payments	0.6	0.1	4.4
Stock-based compensation expense	1.0	6.3	11.7
Other	0.5	0.5	0.1
Balance, end of period	137.9	133.7	125.9
Retained Earnings			
Balance, beginning of period	40.5	28.8	31.9
Net income (loss)	23.5	11.9	(3.1)
Cumulative impact of adopting new accounting guidance for uncertainty in income taxes		(0.2)	
Balance, end of period	64.0	40.5	28.8
Accumulated Other Comprehensive (Loss) Income			
Balance, beginning of period	(0.7)	2.4	(0.5)
Other comprehensive (loss) income	(3.1)	(3.1)	2.8
Cumulative impact of adopting new accounting guidance for defined benefit plans, net of tax			0.1
Balance, end of period	(3.8)	(0.7)	2.4
Total Stockholders' Equity	\$ 198.3	\$ 173.7	\$ 157.3
Comprehensive Income (Loss)			
Net income (loss)	\$ 23.5	\$ 11.9	\$ (3.1)
Other Comprehensive (Loss) Income			
Foreign currency translation adjustments	(1.1)	(1.2)	2.8
Pension and other postretirement prior service cost and actuarial loss, net of tax	(2.0)	(1.9)	
Total other comprehensive (loss) income	(3.1)	(3.1)	2.8
Comprehensive income (loss)	\$ 20.4	\$ 8.8	\$ (0.3)

Number of Common Shares Issued (000s)

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Balance, beginning of period	21,861	21,661	20,525
Shares issued for stock option exercises	291	178	1,083
Other	47	22	53
Balance, end of period	22,199	21,861	21,661

The accompanying notes are an integral part of the consolidated financial statements.

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Years Ended September 27, 2009, September 28, 2008 and September 30, 2007

(\$ in millions)

	2009	2008	2007
Cash Flows from Operating Activities			
Net income (loss)	\$ 23.5	\$ 11.9	\$ (3.1)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation	29.9	31.0	29.5
Amortization of other intangible assets	14.9	15.8	15.9
Amortization of debt issuance costs	2.2	2.1	2.1
Amortization of debt discount	2.0		
Credit for doubtful accounts	(0.7)	(0.5)	
Loss on disposition of property, plant and equipment	0.1	0.2	0.3
Deferred income taxes	(7.5)	(8.3)	(10.4)
Stock-based compensation expense	1.0	6.3	12.3
Loss on extinguishment of debt	4.8		
Other	0.3		
Change in accounts receivable	16.3	(6.2)	12.8
Change in inventories	31.3	(0.8)	(10.4)
Change in accounts payable	(61.3)	20.1	9.4
Change in other assets	4.7	(5.1)	(2.2)
Change in accrued and other liabilities	4.9	5.0	(7.7)
Change in income taxes, net	4.9	2.3	(1.6)
Net cash provided by operating activities	71.3	73.8	46.9
Cash Flows from Investing Activities			
Capital expenditures	(18.5)	(34.0)	(25.6)
Business acquisitions, net of cash acquired	(27.7)		(5.9)
Other		0.4	0.1
Net cash used in investing activities	(46.2)	(33.6)	(31.4)
Cash Flows from Financing Activities			
Issuance of senior subordinated notes	200.0		
Repayment of senior subordinated notes	(200.0)		
Premium on call of senior subordinated notes	(3.3)		
Repayments of other long-term debt	(18.1)	(1.9)	(20.6)
Principal repayments under capital lease obligations	(1.7)	(0.2)	(0.2)
Proceeds from stock option exercises	2.1	0.9	3.4
Excess tax benefits related to share-based payments	0.6	0.1	4.4
Debt issuance costs	(5.5)		(0.1)
Net cash used in financing activities	(25.9)	(1.1)	(13.1)

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Effect of exchange rate changes on cash and cash equivalents	(2.6)	(0.4)	
Net (decrease) increase in cash and cash equivalents	(3.4)	38.7	2.4
Cash and cash equivalents, beginning of period	92.1	53.4	51.0
Cash and cash equivalents, end of period	\$ 88.7	\$ 92.1	\$ 53.4

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**Index to Financial Statements****CONSOLIDATED BALANCE SHEETS****BWAY Corporation and Subsidiaries**

September 27, 2009 and September 28, 2008

(\$ in millions, except par value)

	2009	2008
Assets		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 88.7	\$ 92.1
Accounts receivable, net of allowance for doubtful accounts of \$0.5 and \$1.2	103.8	113.3
Inventories, net	87.0	112.2
Other current assets	15.6	20.7
Total current assets	295.1	338.3
Property, plant and equipment, net	160.9	141.9
Goodwill	259.0	251.0
Other intangible assets, net	129.4	142.2
Other assets	11.1	9.0
Total assets	\$ 855.5	\$ 882.4
Liabilities and Stockholder's Equity		
<u>Current Liabilities</u>		
Accounts payable	\$ 98.0	\$ 149.8
Other current liabilities	63.3	52.4
Current portion of long-term debt	6.5	18.9
Total current liabilities	167.8	221.1
Long-term debt	395.8	402.4
Deferred tax liabilities	46.5	55.8
Other liabilities	47.1	29.4
Total liabilities	657.2	708.7
Commitments and Contingencies (Note 17)		
<u>Stockholder's Equity</u>		
Preferred stock, \$0.01 par value, 500 shares authorized		
Common stock, \$0.01 par value, 2,500 shares authorized; 1,000 shares issued and outstanding		
Additional paid-in capital	144.6	140.4
Retained earnings	57.5	34.0
Accumulated other comprehensive loss	(3.8)	(0.7)
Total stockholder's equity	198.3	173.7
Total Liabilities and Stockholder's equity	\$ 855.5	\$ 882.4

The accompanying notes are an integral part of the consolidated financial statements.

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Years ended September 27, 2009, September 28, 2008 and September 30, 2007

(\$ in millions)

	2009	2008	2007
Net sales	\$ 904.4	\$ 1,019.0	\$ 959.0
Costs and Expenses			
Cost of products sold (excluding depreciation and amortization)	755.5	889.0	830.1
Depreciation and amortization	44.8	46.8	45.4
Selling and administrative	23.4	24.9	37.2
Public offering			9.6
Restructuring	5.6	9.6	(0.1)
Interest, net	35.1	35.3	38.0
Loss on extinguishment of debt	4.8		
Other	0.5	0.2	1.0
Total costs and expenses	869.7	1,005.8	961.2
Income (loss) before income taxes	34.7	13.2	(2.2)
Provision for income taxes	11.2	1.3	0.9
Net income (loss)	\$ 23.5	\$ 11.9	\$ (3.1)

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**Index to Financial Statements****CONSOLIDATED STATEMENTS OF STOCKHOLDER S EQUITY****BWAY Corporation and Subsidiaries**

Years ended September 27, 2009, September 28, 2008 and September 30, 2007

(\$ in millions)

	2009	2008	2007
Common Stock and Additional Paid-In Capital			
Balance, beginning of period	\$ 140.4	\$ 132.6	\$ 112.9
Proceeds from stock option exercises	2.1	0.9	3.5
Excess tax benefit related to share-based payments	0.6	0.1	4.4
Stock-based compensation expense	1.0	6.3	11.7
Other	0.5	0.5	0.1
Balance, end of period	144.6	140.4	132.6
Retained Earnings			
Balance, beginning of period	34.0	22.3	25.4
Net income (loss)	23.5	11.9	(3.1)
Cumulative impact of adopting new accounting guidance for uncertainty in income taxes		(0.2)	
Balance, end of period	57.5	34.0	22.3
Accumulated Other Comprehensive (Loss) Income			
Balance, beginning of period	(0.7)	2.4	(0.5)
Other comprehensive (loss) income	(3.1)	(3.1)	2.8
Cumulative impact of adopting new accounting guidance for defined benefit plans, net of tax			0.1
Balance, end of period	(3.8)	(0.7)	2.4
Total Stockholder s equity	\$ 198.3	\$ 173.7	\$ 157.3
Comprehensive Income (Loss)			
Net income (loss)	\$ 23.5	\$ 11.9	\$ (3.1)
Other Comprehensive (Loss) Income			
Foreign currency translation adjustments	(1.1)	(1.2)	2.8
Pension and other postretirement prior service cost and actuarial loss, net of tax	(2.0)	(1.9)	
Total other comprehensive (loss) income	(3.1)	(3.1)	2.8
Comprehensive income (loss)	\$ 20.4	\$ 8.8	\$ (0.3)
Number of Common Shares Issued	1,000	1,000	1,000

The accompanying notes are an integral part of the consolidated financial statements.

Table of Contents**Index to Financial Statements****CONSOLIDATED STATEMENTS OF CASH FLOWS****BWAY Corporation and Subsidiaries**

Years ended September 27, 2009, September 28, 2008 and September 30, 2007

(\$ in millions)

	2009	2008	2007
Cash Flows from Operating Activities			
Net income (loss)	\$ 23.5	\$ 11.9	\$ (3.1)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation	29.9	31.0	29.5
Amortization of other intangible assets	14.9	15.8	15.9
Amortization of debt issuance costs	2.2	2.1	2.1
Amortization of debt discount	2.0		
Credit for doubtful accounts	(0.7)	(0.5)	
Loss on disposition of property, plant and equipment	0.1	0.2	0.3
Deferred income taxes	(7.5)	(8.3)	(10.4)
Stock-based compensation expense	1.0	6.3	12.3
Loss on extinguishment of debt	4.8		
Other	0.3		
Change in accounts receivable	16.3	(6.2)	12.8
Change in inventories	31.3	(0.8)	(10.4)
Change in accounts payable	(61.3)	20.1	9.4
Change in other assets	4.7	(5.1)	(2.2)
Change in accrued and other liabilities	4.9	5.0	(7.7)
Change in income taxes, net	4.9	2.3	(1.6)
Net cash provided by operating activities	71.3	73.8	46.9
Cash Flows from Investing Activities			
Capital expenditures	(18.5)	(34.0)	(25.6)
Business acquisitions, net of cash acquired	(27.7)		(5.9)
Other		0.4	0.1
Net cash used in investing activities	(46.2)	(33.6)	(31.4)
Cash Flows from Financing Activities			
Issuance of senior subordinated notes	200.0		
Repayment of senior subordinated notes	(200.0)		
Premium on call of senior subordinated notes	(3.3)		
Repayments of other long-term debt	(18.1)	(1.9)	(20.6)
Principal repayments under capital lease obligations	(1.7)	(0.2)	(0.2)
Proceeds from stock option exercises	2.1	0.9	3.4
Excess tax benefits related to share-based payments	0.6	0.1	4.4
Debt issuance costs	(5.5)		(0.1)
Net cash used in financing activities	(25.9)	(1.1)	(13.1)

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Effect of exchange rate changes on cash and cash equivalents	(2.6)	(0.4)	
Net (decrease) increase in cash and cash equivalents	(3.4)	38.7	2.4
Cash and cash equivalents, beginning of period	92.1	53.4	51.0
Cash and cash equivalents, end of period	\$ 88.7	\$ 92.1	\$ 53.4

The accompanying notes are an integral part of the consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BWAY Holding Company and Subsidiaries

BWAY Corporation and Subsidiaries

1. GENERAL

Basis of Presentation and Background

The consolidated financial statements of BWAY Holding Company (BHC) include the accounts of BHC and its wholly-owned subsidiary, BWAY Corporation (BWAY). The consolidated financial statements of BWAY include the accounts of BWAY and its subsidiaries, each wholly-owned. In these notes, BHC and BWAY are collectively referred to as the Company, we or our.

These notes are equally applicable to BHC and BWAY, unless otherwise indicated. Net Income (Loss) per Share in Note 10, Stockholders Equity is only applicable to BHC and Note 19, Supplemental Guarantor Subsidiaries Information is only applicable to BWAY.

Unless otherwise indicated, references in these notes to years or quarters relate to fiscal periods and references to U.S. based subsidiaries or operations include those in the Commonwealth of Puerto Rico.

Prior to 2010, our fiscal year ended on the Sunday closest to September 30. Beginning with 2010, our fiscal year will end on September 30 rather than the closest Sunday. Our North America Packaging Corporation (NAMPAC) and ICL Industrial Containers ULC (ICL) subsidiaries currently report their financial position, results of operations and cash flows on a calendar month basis with a fiscal year ending on September 30. These subsidiaries have been consolidated in the accompanying consolidated financial statements as of and for the years ended September 30. There were no significant or unusual transactions between the calendar and fiscal ending dates that should have been considered in the consolidated financial statements.

Investment funds affiliated with Kelso & Company, L.P. (Kelso) own approximately 45.3% of BHC's common stock. As a result, the Kelso Affiliates exercises significant influence over matters required BHC stockholder approval and BHC's policies and affairs.

Business and Segment Information

BHC is a holding company without independent operations. BWAY, BHC's operating subsidiary, produces and sells metal and rigid plastic containers primarily to industrial and consumer products manufacturers for use as packaging. We have operations in the United States and Canada and primarily sell to customers located in these geographic markets. We report our operations in two business segments, metal packaging and plastic packaging, which are described in Note 18, Business Segments.

Recent Acquisitions

For the following acquisitions, we recorded acquired assets and assumed liabilities at fair value in accordance with applicable accounting guidance. The purchase price allocations were based on our fair value estimates. The results of operations related to these acquisitions are included in the consolidated financial statements from the applicable acquisition date.

The acquisition of Vulcan (as defined below) expanded our presence in the Canadian industrial use steel pail market and provided an opportunity to leverage the manufacturing capacity of our existing Canadian operations. The acquisition of Central Can (as defined below) provided strategic opportunities in our core markets and offered organic growth initiatives by expanding our product offering.

Vulcan Containers

In January 2007, we acquired substantially all of the assets and assumed certain of the liabilities of Vulcan Containers, Ltd., (Vulcan Ltd.), which was headquartered in Toronto. Vulcan Ltd. produced steel pails, which it

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sold primarily in Canada. We acquired the net assets for approximately \$5.9 million in cash, which was funded with available cash on hand. We refer to this acquisition as the Vulcan Acquisition and to the net assets and associated business acquired as Vulcan. Vulcan is included in the metal packaging segment.

In 2007, we consolidated our ICL and Vulcan businesses, closed the Vulcan manufacturing facility and terminated approximately 100 employees. The consolidation enabled us to utilize existing capacity at our ICL facilities. In the purchase price allocation, we recorded a reorganization liability of approximately \$3.7 million for severance and facility closure costs.

Central Can

In August 2009, we acquired Central Can Company, Inc. (Central Can) in a stock purchase transaction. Central Can, located in Chicago, Illinois, produces and sells rigid general line metal and plastic containers. We acquired the stock for approximately \$27.7 million in cash, which was funded with available cash on hand. We refer to this acquisition as the Central Can Acquisition. Central Can is allocated between the metal packaging and plastic packaging segments.

Following the acquisition of Central Can, we implemented a plan to close our metal packaging facilities located in Chicago (Kilbourn) and Brampton, Ontario. The business and certain equipment will be moved into the Central Can facility. We expect to complete the facility consolidation during the second quarter of 2010. The consolidation will result in the termination of approximately 30 salaried and approximately 55 hourly positions. We recorded a reorganization liability of \$1.2 million for severance and benefits in the opening balance sheet of Central Can.

The following table is a summary of our purchase price allocation for the fair value of the assets acquired and liabilities assumed in the above acquisitions. The Central Can purchase price allocation is preliminary and subject to completion.

(\$ in millions)

	Central Can	Vulcan
Current assets	\$ 14.5	\$ 4.3
Property, plant and equipment	31.0	
Intangible assets subject to amortization (customer relationships)	3.3	5.4
Goodwill	10.4	1.4
Other assets	1.5	
 Total assets acquired	 60.7	 11.1
Current liabilities	14.2	1.5
Reorganization liability	1.2	3.7
Other liabilities	17.6	
 Total liabilities assumed	 33.0	 5.2
 Net assets acquired, net of cash acquired	 \$ 27.7	 \$ 5.9