BERRY PLASTICS GROUP INC
Form 10-Q
August 03, 2015

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 27, 2015

or

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

Commission File Number 001-35672
BERRY PLASTICS GROUP, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	20-5234618 (IRS employer identification number)
101 Oakley Street Evansville, Indiana (Address of principal executive offices)	47710 (Zip code)

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [X] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, or non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):
Large accelerated filer [X] Accelerated filer [ ] Non-accelerated filer [ ] Small reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes[ ] No[X]

Class	Outstanding at August 3, 2015
Common Stock, $.01 par value per share	119.8 million shares

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Form 10-Q includes “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 with respect to our financial condition, results of operations and business and our expectations or beliefs concerning future events. The forward-looking statements include, in particular, statements about our plans, strategies and prospects under the heading "Management’s Discussion and Analysis of Financial Condition and Results of Operations". You can identify forward-looking statements because they contain words such as “believes,” “expects,” “may,” “will,” “should,” “would,” “could,” “seeks,” “approximately,” “intends,” “plans,” “estimates,” “outlook,” “anticipates” or “looking forward” or similar expressions that rel our strategy, plans or intentions. All statements we make relating to our estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and financial results or to our expectations regarding future industry trends are forward-looking statements. In addition, we, through our senior management, from time to time make forward-looking public statements concerning our expected future operations and performance and other developments. These forward-looking statements are subject to risks and uncertainties that may change at any time, and, therefore, our actual results may differ materially from those that we expected. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date of this Form 10-Q.

Readers should carefully review the factors discussed in our most recent Form 10-K in the section titled “Risk Factors” and other risk factors identified from time to time in our periodic filings with the Securities and Exchange Commission.

Berry Plastics Group, Inc.
Form 10-Q Index
For Quarterly Period Ended June 27, 2015

Part I. Financial Information
Item 1. Financial Statements

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

	Quarterly Period Ended		Three Quarterly Periods Ended	
	June 27, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Net sales	$1,241	$1,298	$3,685	$3,648
Costs and expenses:				
Cost of goods sold	1,003	1,089	3,037	3,076
Selling, general and administrative	92	85	266	244
Amortization of intangibles	22	26	70	77
Restructuring and impairment charges	3	15	11	28
Operating income	121	83	301	223
Debt extinguishment	94	33	94	35
Other expense (income), net	2	(2)	2	(3)
Interest expense, net	47	56	152	168
Income (loss) before income taxes	(22)	(4)	53	23
Income tax expense (benefit)	(9)	(19)	15	(10)
Consolidated net income (loss)	$(13)	$15	$38	$33
Net income (loss) per share:				
Basic	$(0.11)	$0.13	$0.32	$0.28
Diluted	(0.11)	0.12	0.31	0.27
Outstanding weighted-average shares:				
Basic	119.5	117.3	118.9	116.6
Diluted	119.5	121.5	123.7	120.8

Berry Plastics Group, Inc.
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(in millions of dollars)

	Quarterly Period Ended		Three Quarterly Periods Ended	
	June 27, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Consolidated net income (loss)	$(13)	$15	$38	$33
Currency translation	2	4	(32)	—
Interest rate hedge	2	(10)	(18)	(6)
Provision for income taxes related to other comprehensive income items	—	3	6	1
Comprehensive income (loss)	$(9)	$12	$(6)	$28

See notes to consolidated financial statements.

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Berry Plastics Group, Inc.
Consolidated Balance Sheets
(in millions of dollars)

	June 27, 2015	September 27, 2014
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 62	$ 129
Accounts receivable (less allowance of $3)	473	491
Inventories:		
Finished goods	323	353
Raw materials and supplies	251	251
	574	604
Deferred income taxes	181	166
Prepaid expenses and other current assets	38	42
Total current assets	1,328	1,432
Property, plant, and equipment, net	1,301	1,364
Goodwill, intangible assets and deferred costs, net	2,381	2,471
Other assets	1	1
Total assets	$ 5,011	$ 5,268
Liabilities		
Current liabilities:		
Accounts payable	$ 353	$ 395
Accrued expenses and other current liabilities	302	314
Current portion of long-term debt	39	58
Total current liabilities	694	767
Long-term debt, less current portion	3,669	3,860
Deferred income taxes	406	386
Other long-term liabilities	316	356
Total liabilities	5,085	5,369
Redeemable non-controlling interest	13	13
Stockholders’ equity (deficit)		
Common stock (119.5 and 118.0 shares issued, respectively)	1	1
Additional paid-in capital	400	367
Non-controlling interest	3	3
Accumulated deficit	(404)	(442)
Accumulated other comprehensive loss	(87)	(43)
Total stockholders’ equity (deficit)	(87)	(114)
Total liabilities and stockholders’ equity (deficit)	$ 5,011	$ 5,268

See notes to consolidated financial statements.

Berry Plastics Group, Inc.
Consolidated Statement of Changes in Stockholders' Equity (Deficit)
For the Three Quarterly Periods Ended June 27, 2015 and June 28, 2014
(Unaudited)
(in millions of dollars)

	Common Stock	Additional Paid-in Capital	Non-controlling Interest	Accumulated Other Comprehensive Loss	Accumulated Deficit	Total
Balance at September 28, 2013	$1	$322	$ 3	$ (18)	$ (504)	$(196)
Proceeds from issuance of common stock	—	13	—	—	—	13
Obligation under tax receivable agreement	—	13	—	—	—	13
Stock compensation expense	—	12	—	—	—	12
Consolidated net income				—	33	33
Interest rate hedge, net of tax	—	—	—	(5)	—	(5)
Balance at June 28, 2014	$1	$360	$ 3	$ (23)	$ (471)	$(130)
Balance at September 27, 2014	$1	$367	$ 3	$ (43)	$ (442)	$(114)
Proceeds from issuance of common stock	—	16	—	—	—	16
Stock compensation expense	—	17	—	—	—	17
Consolidated net income	—	—	—	—	38	38
Interest rate hedge, net of tax	—	—	—	(12)	—	(12)
Currency translation	—	—	—	(32)	—	(32)
Balance at June 27, 2015	$1	$400	$ 3	$ (87)	$ (404)	$(87)

See notes to consolidated financial statements.

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

	Three Quarterly Periods Ended	
	June 27, 2015	June 28, 2014
Cash Flows from Operating Activities:		
Consolidated net income	$38	$33
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	193	184
Amortization of intangibles	70	77
Non-cash interest expense	5	5
Deferred income tax	12	(15)
Debt extinguishment	94	35
Stock compensation expense	17	12
Impairment of long-lived assets	2	6
Other non-cash items	3	—
Changes in operating assets and liabilities:		
Accounts receivable, net	10	(21)
Inventories	22	(35)
Prepaid expenses and other assets	(4)	2
Accounts payable and other liabilities	(70)	87
Net cash provided by operating activities	392	370
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(124)	(172)
Proceeds from sale of assets	18	5
Acquisition of business, net of cash acquired	—	(225)
Net cash used in investing activities	(106)	(392)
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	702	1,664
Repayments on long-term borrowings	(940)	(1,675)
Proceeds from issuance of common stock	16	13
Payment of tax receivable agreement	(39)	(32)
Debt financing costs	(87)	(44)
Net cash used in financing activities	(348)	(74)
Effect of exchange rate changes on cash	(5)	(1)
Net change in cash	(67)	(97)
Cash and cash equivalents at beginning of period	129	142
Cash and cash equivalents at end of period	$62	$45

See notes to consolidated financial statements.

Berry Plastics Group, Inc.
Notes to Consolidated Financial Statements
(Unaudited)
(tables in millions of dollars, except per share data)

1. Basis of Presentation

The accompanying unaudited Consolidated Financial Statements of Berry Plastics Group, Inc. ("the Company") have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP") pursuant to the rules and regulations of the Securities and Exchange Commission for interim reporting. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included, and all subsequent events up to the time of the filing have been evaluated. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's most recent Form 10-K filed with the Securities and Exchange Commission.

2. Recently Issued Accounting Pronouncements

Revenue Recognition

In May 2014, the Financial Accounting Standards Board (FASB) issued a final standard on revenue recognition. Under the new standard, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In order to do so, an entity would follow the five-step process for in-scope transactions: 1) identify the contract with a customer, 2) identify the separate performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the separate performance obligations in the contract, and 5) recognize revenue when (or as) the entity satisfies a performance obligation. For public entities, the provisions of the new standard are effective for annual reporting periods beginning after December 15, 2017 and interim periods therein. Early adoption for annual reporting periods beginning after December 15, 2016 is permitted. An entity can apply the new revenue standard retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application in retained earnings. There are areas within the standard that are currently under review and reconsideration by the FASB, which could lead to future updates to the standard. As the outcomes of this process could lead to changes to the standard, we are still in the process of determining our approach to the adoption of this new standard, and the anticipated impact to the consolidated financial statements.

Classification of Debt Issuance Costs

In April 2015, the FASB issued Accounting Standards Update No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. This standard amends existing guidance to require the presentation of debt issuance costs in the balance sheet as a deduction from the carrying amount of the related debt liability instead of a deferred charge. It is effective for annual reporting periods beginning after December 15, 2015, but early adoption is permitted. The Company expects this new guidance will reduce total assets and total long-term debt on its consolidated balance sheets by amounts classified as deferred costs, but does not expect this update to have any other effect on its consolidated financial statements.

3. Acquisitions

Rexam Healthcare Containers and Closures

In June 2014, the Company acquired Rexam's Healthcare Containers and Closures business ("C&C") for a purchase price of $130 million, net of cash acquired. The C&C business produces bottles, closures, and specialty products for pharmaceutical and over-the-counter healthcare applications. The C&C acquisition has been accounted for under the purchase method of accounting, and accordingly, the purchase price has been allocated to the identifiable assets and liabilities based on their fair values at the acquisition date. The acquired assets and assumed liabilities consisted of working capital of $29 million, property and equipment of $85 million, non-current deferred tax asset of $3 million, intangible assets of $9 million, goodwill of $7 million, and other long-term liabilities of $3 million.

4. Restructuring and Impairment Charges

The Company incurred restructuring costs related to severance, asset impairment, and facility exit costs of $3 million and $15 million for the quarterly periods ended and $11 million and $28 million for the three quarterly periods ended June 27, 2015 and June 28, 2014, respectively. The tables below set forth the significant components of the restructuring charges recognized, by segment:

	Quarterly Period Ended		Three Quarterly Periods Ended	
	June 27, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Rigid Open Top	$1	$11	$3	$13
Rigid Closed Top	—	—	3	1
Engineered Materials	1	2	1	6
Flexible Packaging	1	2	4	8
Consolidated	$3	$15	$11	$28

The table below sets forth the activity with respect to the restructuring accrual at June 27, 2015:

	Severance and termination benefits	Facilities exit costs and other	Non-cash	Total
Balance at September 27, 2014	$5	$8	$—	$13
Charges	3	6	2	11
Non-cash asset impairment	—	—	(2)	(2)
Cash payments	(5)	(6)	—	(11)
Balance at June 27, 2015	$3	$8	$—	$11

5. Accrued Expenses, Other Current Liabilities and Other Long-Term Liabilities

The following table sets forth the totals included in Accrued expenses and other current liabilities on the Consolidated Balance Sheets:

	June 27, 2015	September 27, 2014
Employee compensation, payroll and other taxes	$90	$99
Interest	22	44
Rebates	49	50
Restructuring	11	13
Tax receivable agreement obligation	55	39
Other	75	69
	$302	$314

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

	June 27, 2015	September 27, 2014
Lease retirement obligation	$32	$31
Sale-lease back deferred gain	28	30

Pension liability	42	45
Tax receivable agreement obligation	179	234
Other	35	16
	$316	$356

The Company made $39 million of payments related to the income tax receivable agreement ("TRA") in the first fiscal quarter of 2015, of which Apollo Global Management, LLC received $33 million. The TRA provides for the payment to TRA holders 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income tax that are actually realized as a result of the utilization of our net operating losses attributable to periods prior to the initial public offering.

6. Long-Term Debt

Long-term debt consists of the following:

	Maturity Date	June 27, 2015	September 27, 2014
Term loan	February 2020	$1,372	$1,383
Term loan	January 2021	1,019	1,122
Revolving line of credit	May 2020	9	—
51/8% Second Priority Senior Secured Notes	July 2023	700	—
51/2% Second Priority Senior Secured Notes	May 2022	500	500
9¾% Second Priority Senior Secured Notes	Retired	—	800
Debt discounts		(24)	(20)
Capital leases and other	Various	132	133
Total long-term debt		3,708	3,918
Current portion of long-term debt		(39)	(58)
Long-term debt, less current portion		$3,669	$3,860

The Company’s senior secured credit facilities consist of $2.4 billion of term loans and a $650 million asset based revolving line of credit. The Company was in compliance with all covenants as of June 27, 2015.

In October 2014, the Company elected to make a voluntary one-time $100 million principal payment on the outstanding term loan using existing liquidity.

Revolving Line of Credit

In May 2015, the Company amended the credit agreement relating to its existing $650 million secured, revolving credit facility to extend the maturity date of the revolving credit facility from June 2016 to May 2020 and to reduce interest margins and certain commitment fees.

51/8% Second Priority Senior Secured Notes

In June 2015, the Company issued $700 million of 51/8% second priority senior secured notes due July 2023. Interest on the 51/8% second priority senior secured notes is due semi-annually on January 15 and July 15. Proceeds from the issuance and existing liquidity were used to satisfy and discharge all of the outstanding 9¾% second priority senior secured notes. The Company recognized a $94 million loss on extinguishment of debt, including $83 million of early tender and redemption costs and an $11 million write-off of deferred financing fees.

7. Financial Instruments and Fair Value Measurements

As part of the overall risk management, the Company uses derivative instruments to reduce exposure to changes in interest rates attributed to the Company’s floating-rate borrowings. For those derivative instruments that are designated and qualify as hedging instruments, the Company must designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge, or a hedge of a net investment in a foreign operation. To the extent hedging relationships are found to be effective, as determined by FASB guidance, changes in the fair value of the derivatives are offset by changes in the fair value of the related hedged item and recorded to Accumulated other comprehensive loss. Management believes hedge effectiveness is evaluated properly in preparation of the financial statements.

Cash Flow Hedging Strategy

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative instrument is reported as a component of Accumulated other comprehensive loss and reclassified into earnings in the same line item associated with the forecasted transaction and in the same period or periods during which the hedged transaction affects earnings. The categorization of the framework used to price these derivative instruments is considered a Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value.

In February 2013, the Company entered into an interest rate swap transaction to manage cash flow variability associated with $1 billion of outstanding variable rate term loan debt. The agreement swapped the greater of a three-month variable LIBOR contract or 1.00% for a fixed three-year rate of 2.355%, with an effective date in May 2016 and expiration in May 2019. In June 2013, the Company elected to settle this derivative instrument and received $16 million as a result of this settlement. The offset is included in Accumulated other comprehensive income and will be amortized to Interest expense from May 2016 through May 2019, the original term of the swap agreement.

In March 2014, the Company entered into an interest rate swap transaction to manage cash flow variability associated with $1 billion of outstanding variable rate term loan debt. The agreement swaps the greater of a three-month variable LIBOR contract or 1.00% for a fixed three-year rate of 2.59%, with an effective date in February 2016 and expiration in February 2019. The Company records changes in fair value in Accumulated other comprehensive income and Deferred income taxes.

Derivatives instruments	Balance Sheet Location	June 27, 2015	September 27, 2014
Interest rate swap	Other long-term liabilities	$21	$3

Non-recurring Fair Value Measurements

The Company has certain assets that are measured at fair value on a non-recurring basis when impairment indicators are present. The assets are adjusted to fair value only when the carrying values exceed the fair values. The categorization of the framework used to price the assets is considered Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value. These assets include primarily our definite lived and indefinite lived intangible assets, including Goodwill and our property plant and equipment. The Company reviews Goodwill and other indefinite lived assets for impairment as of the first day of the fourth fiscal quarter each year, and more frequently if impairment indicators exist. The Company determined Goodwill and other indefinite lived assets were not impaired in our annual fiscal 2014 assessment and no impairment indicators existed in the current quarter.

Included in the following table are the major categories of assets measured at fair value on a non-recurring basis as of June 27, 2015 and September 27, 2014, along with the impairment loss recognized on the fair value measurement during the period:

	As of June 27, 2015				
	Level 1	Level 2	Level 3	Total	Impairment
Indefinite-lived trademarks	$ —	$ —	$ 207	$ 207	$ —
Goodwill	—	—	1,654	1,654	—
Definite lived intangible assets	—	—	511	511	—
Property, plant, and equipment	—	—	1,301	1,301	2
Total	$ —	$ —	$ 3,673	$ 3,673	$ 2

	As of September 27, 2014				
	Level 1	Level 2	Level 3	Total	Impairment
Indefinite-lived trademarks	$—	$—	$207	$207	$—
Goodwill	—	—	1,659	1,659	—
Definite lived intangible assets	—	—	585	585	—
Property, plant, and equipment	—	—	1,364	1,364	7
Total	$—	$—	$3,815	$3,815	$7

The Company's financial instruments consist primarily of cash and cash equivalents, long-term debt, and capital lease obligations. The book value of our long-term indebtedness exceeded fair value by $24 million as of June 27, 2015. The Company's long-term debt fair values were determined using Level 2 inputs as other significant observable inputs were not available.

8. Income Taxes

A reconciliation of Income tax expense (benefit), computed at the federal statutory rate, to income tax expense (benefit), as provided for in the financial statements, is as follows:

	Quarterly Period Ended		Three Quarterly Periods Ended	
	June 27, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Income tax expense (benefit) computed at statutory rate	$(9)	$(2)	$19	$8
Research and development credits	—	(18)	(3)	(18)
Uncertain tax positions	—	—	—	(1)
Change in valuation allowance	—	1	—	1
Other	—	—	(1)	—
Income tax expense (benefit)	$(9)	$(19)	$15	$(10)

9. Operating Segments

The Company's operations are organized into four reportable segments: Rigid Open Top, Rigid Closed Top, Engineered Materials, and Flexible Packaging. We have manufacturing and distribution centers in the United States, Canada, Mexico, Belgium, France, Australia, Germany, Brazil, Malaysia, India, China, and the Netherlands. The North American operation represents 95% of net sales, 96% of total long-lived assets, and 95% of the total assets. Selected information by reportable segment is presented in the following table:

	Quarterly Period Ended		Three Quarterly Periods Ended	
	June 27, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Net sales:				
Rigid Open Top	$276	$303	$784	$820
Rigid Closed Top	368	381	1,121	1,073
Engineered Materials	359	371	1,052	1,081
Flexible Packaging	238	243	728	674
Total net sales	$1,241	$1,298	$3,685	$3,648
Operating income :				
Rigid Open Top	$26	$1	$51	$20
Rigid Closed Top	42	38	104	101
Engineered Materials	38	33	105	90
Flexible Packaging	15	11	41	12
Total operating income	$121	$83	$301	$223
Depreciation and amortization:				
Rigid Open Top	$23	$23	$68	$70
Rigid Closed Top	32	33	99	93
Engineered Materials	17	19	52	56
Flexible Packaging	15	16	44	42
Total depreciation and amortization	$87	$91	$263	$261

	June 27, 2015	September 27, 2014
Total assets:		
Rigid Open Top	$ 1,760	$ 1,808
Rigid Closed Top	1,850	1,966
Engineered Materials	674	722
Flexible Packaging	727	772
Total assets	$ 5,011	$ 5,268
Goodwill:		
Rigid Open Top	$ 681	$ 681
Rigid Closed Top	825	827
Engineered Materials	69	71
Flexible Packaging	79	80
Total goodwill	$ 1,654	$ 1,659

10. Contingencies and Commitments

The Company is party to various legal proceedings involving routine claims which are incidental to the business. Although the legal and financial liability with respect to such proceedings cannot be estimated with certainty, the Company believes that any ultimate liability would not be material to the business, financial condition, results of operations, or cash flows of the Company.

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

Basic net income (loss) per share is calculated by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period, without consideration for common stock equivalents. Diluted net income (loss) per share is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common share equivalents outstanding for the period determined using the treasury-stock method and the if-converted method. For purposes of this calculation, stock options are considered to be common stock equivalents and are only included in the calculation of diluted net income (loss) per share when their effect is dilutive.

The following tables and discussion provide a reconciliation of the numerator and denominator of the basic and diluted net income (loss) per share computations. The calculation below provides net income (loss) on both basic and diluted basis for the quarterly periods ended June 27, 2015 and June 28, 2014:

	Quarterly Period Ended		Three Quarterly Periods Ended	
(in millions, except per share amounts)	June 27, 2015	June 28, 2014	June 27, 2015	June 28, 2014
Numerator				
Consolidated net income (loss)	$(13)	$15	$38	$33
Denominator				
Weighted average common shares outstanding - basic	119.5	117.3	118.9	116.6
Dilutive shares	—	4.2	4.8	4.2
Weighted average common and common equivalent shares outstanding - diluted	119.5	121.5	123.7	120.8
Per common share income (loss)				

Basic	$(0.11)	$0.13	$0.32	$0.28
Diluted	$(0.11)	$0.12	$0.31	$0.27

The effect of outstanding stock options is not included in the calculation of diluted net loss per common share for the quarterly period ended June 27, 2015 as the effect of these options would be antidilutive to the net loss available to common shareholders. Thus, the weighted average common equivalent shares used for purposes of computing diluted EPS are the same as those used to compute basic EPS for these periods. Shares excluded from the quarterly period ended June 27, 2015 calculation, as the effect of their exercise into shares of our common stock would be antidilutive, were 4.9 million.

12. Comprehensive Income (Loss)

Comprehensive income (loss) is comprised of Consolidated net income (loss) and Other comprehensive income (loss). Other comprehensive losses include net unrealized gains or losses resulting from currency translations of foreign subsidiaries, changes in the value of our derivative instruments and adjustments to the pension liability.

The balances related to each component of Other comprehensive income (loss) during the nine months ended June 27, 2015 were as follows:

	Currency Translation	Defined Benefit Pension and Retiree Health Benefit Plans	Derivative Instruments	Accumulated Other Comprehensive Loss
Balance at September 27, 2014	$ (36)	$ (15)	$ 8	$ (43)
Other comprehensive loss	(32)	—	(18)	(50)
Tax expense	—	—	6	6
Balance at June 27, 2015	$ (68)	$ (15)	$ (4)	$ (87)

13. Guarantor and Non-Guarantor Financial Information

Berry Plastics Corporation ("Issuer") has notes outstanding which are fully, jointly, severally, and unconditionally guaranteed by substantially all of Berry's domestic subsidiaries. Separate narrative information or financial statements of the guarantor subsidiaries have not been included because they are 100% owned by the parent company and the guarantor subsidiaries unconditionally guarantee such debt on a joint and several basis. A guarantee of a guarantor of the securities will terminate upon the following customary circumstances: the sale of the capital stock of such guarantor if such sale complies with the indenture, the designation of such guarantor as an unrestricted subsidiary, the defeasance or discharge of the indenture, as a result of the holders of certain other indebtedness foreclosing on a pledge of the shares of a guarantor subsidiary or if such guarantor no longer guarantees certain other indebtedness of the issuer. The guarantees are also limited as necessary to prevent them from constituting a fraudulent conveyance under applicable law and guarantees guaranteeing subordinated debt are subordinated to certain other of the Company's debts. Presented below is condensed consolidating financial information for the parent, issuer, guarantor subsidiaries and non-guarantor subsidiaries. Our issuer and guarantor financial information includes all of our domestic operating subsidiaries, our non-guarantor subsidiaries include our foreign subsidiaries and BP Parallel, LLC. Berry Plastics Group, Inc. uses the equity method to account for its ownership in Berry Plastics Corporation in the Condensed Consolidating Supplemental Financial Statements. Berry Plastics Corporation uses the equity method to account for its ownership in the guarantor and non-guarantor subsidiaries. All consolidating entries are included in the eliminations column along with the elimination of intercompany balances.

Condensed Supplemental Consolidated Balance Sheet

	June 27, 2015					
	Parent	Issuer	Guarantor Subsidiaries	Non—Guarantor Subsidiaries	Eliminations	Total
Current assets	181	99	837	211	—	1,328
Intercompany receivable	—	3,135	—	102	(3,237)	—
Property, plant, and equipment, net	—	81	1,114	106	—	1,301
Other assets	106	1,458	2,172	106	(1,460)	2,382

Total assets	$287	$4,773	$4,123	$525	$(4,697)	$5,011
Current liabilities	50	177	379	88	—	694
Intercompany payable	(274)	—	3,511	—	(3,237)	—
Other long-term liabilities	585	3,761	38	7	—	4,391
Redeemable non-controlling interest	13	—	—	13	(13)	13
Stockholders’ equity (deficit)	(87)	835	195	417	(1,447)	(87)
Total liabilities and stockholders’ equity (deficit)	$287	$4,773	$4,123	$525	$(4,697)	$5,011

	September 27, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non— Guarantor Subsidiaries	Eliminations	Total
Current assets	166	171	901	194	—	1,432
Intercompany receivable	—	3,343	—	87	(3,430)	—
Property, plant and equipment, net	—	84	1,162	118	—	1,364
Other assets	69	1,357	2,227	125	(1,306)	2,472
Total assets	$235	$4,955	$4,290	$524	$(4,736)	$5,268
Current liabilities	35	212	435	85	—	767
Intercompany payable	(319)	—	3,749	—	(3,430)	—
Other long-term liabilities	620	3,934	42	6	—	4,602
Redeemable non-controlling interest	13	—	—	13	(13)	13
Stockholders' equity (deficit)	(114)	809	64	420	(1,293)	(114)
Total liabilities and stockholders' equity (deficit)	$235	$4,955	$4,290	$524	$(4,736)	$5,268

Condensed Supplemental Consolidated Statements of Operations

	Quarterly Period Ended June 27, 2015					
	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Total
Net sales	$—	$155	$961	$125	$—	$1,241
Cost of goods sold	—	121	773	109	—	1,003
Selling, general and administrative	—	17	63	12	—	92
Amortization of intangibles	—	2	18	2	—	22
Restructuring and impairment charges	—	—	3	—	—	3
Operating income	—	15	104	2	—	121
Debt extinguishment	—	94	—	—	—	94
Other expense (income), net	—	(2)	3	1	—	2
Interest expense, net	—	6	37	4	—	47
Equity in net income of subsidiaries	22	(60)	—	—	38	—
Income (loss) before income taxes	(22)	(23)	64	(3)	(38)	(22)
Income tax expense (benefit)	(9)	(10)	—	1	9	(9)
Consolidated net income (loss)	$(13)	$(13)	$64	$(4)	$(47)	$(13)
Comprehensive net income (loss)	$(13)	$(11)	$64	$(2)	$(47)	$(9)

	Quarterly Period Ended June 28, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non- Guarantor	Eliminations	Total

				Subsidiaries		
Net sales	$—	$165	$1,019	$114	$—	$1,298
Cost of goods sold	—	145	854	90	—	1,089
Selling, general and administrative	—	13	62	10	—	85
Amortization of intangibles	—	3	21	2	—	26
Restructuring and impairment charges	—	—	15	—	—	15
Operating income	—	4	67	12	—	83
Debt extinguishment	—	33	—	—	—	33
Other income, net	—	—	(2)	—	—	(2)
Interest expense, net	10	7	43	(35)	31	56
Equity in net income of subsidiaries	(6)	(73)	—	—	79	—
Income (loss) before income taxes	(4)	37	26	47	(110)	(4)
Income tax expense (benefit)	(19)	(7)	—	1	6	(19)
Consolidated net income (loss)	$15	$44	$26	$46	$ (116)	$15
Comprehensive net income (loss)	$15	$39	$26	$48	$ (116)	$12

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	Three Quarterly Periods Ended June 27, 2015					
	Parent	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net sales	$—	$464	$2,871	$350	$—	$3,685
Cost of goods sold	—	394	2,366	277	—	3,037
Selling, general and administrative	—	50	183	33	—	266
Amortization of intangibles	—	6	58	6	—	70
Restructuring and impairment charges	—	—	11	—	—	11
Operating income	—	14	253	34	—	301
Debt extinguishment	—	94	—	—	—	94
Other expense (income), net	—	(1)	2	1	—	2
Interest expense, net	—	19	119	14	—	152
Equity in net income of subsidiaries	(53)	(148)	—	—	201	—
Income (loss) before income taxes	53	50	132	19	(201)	53
Income tax expense (benefit)	15	12	—	3	(15)	15
Consolidated net income (loss)	$38	$38	$132	$16	$(186)	$38
Comprehensive net income (loss)	$38	$26	$132	$(16)	$(186)	$(6)
Consolidating Statement of Cash Flows						
Cash Flow from Operating Activities	$—	$(35)	$407	$20	$—	$392
Cash Flow from Investing Activities						
Additions to property, plant, and equipment	—	(11)	(110)	(3)	—	(124)
Proceeds from sale of assets	—	—	13	5	—	18
(Contributions) distributions to/from subsidiaries	(16)	16	—	—	—	—
Intercompany advances (repayments)	—	282	—	—	(282)	—
Acquisition of business, net of cash acquired	—	—	—	—	—	—
Net cash from investing activities	(16)	288	(97)	2	(282)	(106)
Cash Flow from Financing Activities						
Proceeds from long-term debt	—	702	—	—	—	702
Proceeds from issuance of common stock	16	—	—	—	—	16
Payment of tax receivable agreement	(39)	—	—	—	—	(39)
	—	(937)	—	(3)	—	(940)

Repayments on long-term borrowings						
Debt financing costs	—	(87)	—	—	—	(87)
Changes in intercompany balances	39	—	(321)	—	282	—
Net cash from financing activities	16	(322)	(321)	(3)	282	(348)
Effect of exchange rate changes on cash	—	—	—	(5)	—	(5)
Net change in cash	—	(70)	(11)	14	—	(67)
Cash and cash equivalents at beginning of period	—	70	15	44	—	129
Cash and cash equivalents at end of period	$—	$—	$4	$58	$—	$62

	Three Quarterly Periods Ended June 28, 2014					
	Parent	Issuer	Guarantor Subsidiaries	Non— Guarantor Subsidiaries	Eliminations	Total
Net sales	$—	$466	$2,884	$298	$—	$3,648
Cost of goods sold	—	417	2,424	235	—	3,076
Selling, general and administrative	—	47	172	25	—	244
Amortization of intangibles	—	7	64	6	—	77
Restructuring and impairment charges	—	—	28	—	—	28
Operating income (loss)	—	(5)	196	32	—	223
Debt extinguishment	—	35	—	—	—	35
Other income, net	—	(1)	(2)	—	—	(3)
Interest expense, net	34	20	133	(102)	83	168
Equity in net income of subsidiaries	(57)	(196)	—	—	253	—
Income (loss) before income taxes	23	137	65	134	(336)	23
Income tax expense (benefit)	(10)	29	—	3	(32)	(10)
Consolidated net income (loss)	$33	$108	$65	$131	$(304)	$33
Comprehensive net income (loss)	$33	$105	$65	$129	$(304)	$28
Consolidating Statement of Cash Flows						
Cash Flows from Operating Activities	$—	$29	$316	$25	$—	$370
Cash Flows from Investing Activities						
Additions to property, plant, and equipment	—	(10)	(155)	(7)	—	(172)
Proceeds from sale of assets	—	—	5	—	—	5
(Contributions) distributions to/from subsidiaries	727	(6)	—	—	(721)	—
Proceeds from sale of investments	—	—	—	721	(721)	—
Intercompany advances (repayments)	—	(93)	—	—	93	—
Acquisition of businesses, net of cash acquired	—	—	(135)	(90)	—	(225)
Net cash from investing activities	727	(109)	(285)	624	(1,349)	(392)
Cash Flows from Financing Activities						