BERRY PLASTICS GROUP INC
Form S-1/A
April 16, 2013
Table of Contents

As filed with the Securities and Exchange Commission on April 16, 2013

Registration No. 333-187740

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 3

to

Form S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

BERRY PLASTICS GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware **(State or other jurisdiction of incorporation)**	**3089** **(Primary Industrial Classification Code Number)**	**20-5234618** **(I.R.S. Employer Identification Number)**

101 Oakley Street

Evansville, IN 47710

(812) 424-2904

(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)

Jonathan D. Rich

Chief Executive Officer

101 Oakley Street

Evansville, IN 47710

(812) 424-2904

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

Jason K. Greene **Executive Vice President** **and General Counsel** **Berry Plastics Corporation** **101 Oakley Street** **Evansville, IN 47710** **(812) 424-2904**	**Andrew J. Nussbaum** **Wachtell, Lipton, Rosen & Katz** **51 West 52nd Street** **New York, NY 10019** **(212) 403-1000**	**John A. Tripodoro** **William J. Miller** **Cahill Gordon & Reindel LLP** **80 Pine Street** **New York, NY 10005** **(212) 701-3000**

Approximate date of commencement of proposed sale to the public: As promptly as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

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 the 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	x (Do not check if a smaller reporting company)	Smaller reporting company	¨

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said section 8(a), may determine.

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated April 16, 2013

PRELIMINARY PROSPECTUS

16,500,000 Shares

Berry Plastics Group, Inc.

Common Stock

This is a public offering of shares of common stock of Berry Plastics Group, Inc. The selling stockholders identified in this prospectus, which include the beneficial owner of a majority of our shares of common stock, are selling 16,500,000 shares. Berry Plastics Group, Inc. will not receive any of the proceeds from the sale of shares in this offering. Our common stock is listed on the New York Stock Exchange (the NYSE) under the symbol BERY. The last reported closing sale price of our common stock on April 15, 2013 was $17.95 per share.

Investing in our common stock involves risks that are described in the Risk Factors section beginning on page 14 of this prospectus.

	Per Share	Total
Public offering price	$	$
Underwriting discount	$	$
Proceeds, before expenses, to the selling stockholders	$	$

The underwriters may also purchase up to an additional 2,475,000 shares from the selling stockholders, at the public offering price less the underwriting discount, within 30 days of the day of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares of common stock against payment on or about , 2013.

Citigroup	**BofA Merrill Lynch**

Deutsche Bank Securities	**Goldman, Sachs & Co.**	**Credit Suisse**	**Baird**	**Barclays**

SunTrust Robinson Humphrey	**Wells Fargo Securities**	**Apollo Global Securities**

The date of this prospectus is , 2013.

Table of Contents

Table of Contents

TABLE OF CONTENTS

You should rely only on the information contained in this prospectus and any free writing prospectus prepared by us or on our behalf that we have referred you to. We and the underwriters have not authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. We are not making an offer of these securities in any state or other jurisdiction where the offer is not permitted. You should not assume that the information in this prospectus and any free writing prospectus is accurate as of any date other than the date of the applicable document regardless of its time of delivery or the time of any sales of our common stock. Our business, financial condition, results of operations or cash flows may have changed since the date of the applicable document.

Table of Contents

INDUSTRY AND MARKET DATA

This prospectus includes industry and trade association data, forecasts and information that we have prepared based, in part, upon data, forecasts and information obtained from independent trade associations, industry publications and surveys and other information available to us. Some data are also based on our good-faith estimates, which are derived from management s knowledge of the industry and independent sources. Industry publications and surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. Although we believe these sources are reliable, we have not independently verified the information. In certain of the markets in which we operate, it may be difficult to directly ascertain industry or market data. Unless otherwise noted, statements as to our market share and market position are approximated and based on management experience and estimates using the above-mentioned third-party data combined with our internal analysis and estimates. While we are not aware of any misstatements regarding our industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading Risk Factors in this prospectus. Similarly, while we believe our internal research is reliable, such research has not been verified by any independent sources.

Table of Contents

NON-GAAP FINANCIAL MEASURES

Adjusted EBITDA and Adjusted Free Cash Flow, as presented in this prospectus, are supplemental financial measures that are not required by, or presented in accordance with, accounting principles generally accepted in the United States (GAAP). Adjusted EBITDA and Adjusted Free Cash Flow are not GAAP financial measures and should not be considered as an alternative to operating or net income or cash flows from operating activities, in each case determined in accordance with GAAP.

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

We define Adjusted EBITDA as net income (loss) before depreciation and amortization, income tax expense (benefit), interest expense (net) and certain restructuring and business optimization charges and as adjusted for unrealized cost reductions and acquired businesses, including unrealized synergies, which are more particularly defined in our credit documents and the indentures governing our notes. Adjusted EBITDA is used by our lenders for debt covenant compliance purposes and by our management as one of several measures to evaluate management performance. Adjusted EBITDA eliminates certain charges that we believe do not reflect operations and underlying operational performance. Although we use Adjusted EBITDA as a financial measure to assess the performance of our business, the use of Adjusted EBITDA has important limitations, including that (1) Adjusted EBITDA does not represent funds available for dividends, reinvestment or other discretionary uses, or account for one-time expenses and charges; (2) Adjusted EBITDA does not reflect cash outlays for capital expenditures or contractual commitments; (3) Adjusted EBITDA does not reflect changes in, or cash requirements for, working capital; (4) Adjusted EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on indebtedness; (5) Adjusted EBITDA does not reflect income tax expense or the cash necessary to pay income taxes; (6) Adjusted EBITDA excludes depreciation and amortization and, although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA does not reflect cash requirements for such replacements; and (7) Adjusted EBITDA does not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations.

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

Table of Contents

PROSPECTUS SUMMARY

The following summary highlights information contained elsewhere in this prospectus and is qualified in its entirety by the more detailed information and consolidated financial statements included elsewhere in this prospectus. This summary is not complete and may not contain all of the information that may be important to you. You should carefully read the entire prospectus, including the Risk Factors section and our consolidated financial statements and notes to those statements, before making an investment decision. As used in this prospectus, Berry, the company, we, our and us mean Berry Plastics Group, Inc. and its subsidiaries on a consolidated basis.

Our Company

We are a leading provider of value-added plastic consumer packaging and engineered materials with a 30-year track record of delivering high-quality customized solutions to our customers. Our products utilize our proprietary research and development platform, which includes a continually evolving library of Berry-owned molds, patents, manufacturing techniques and technologies. We sell our solutions predominantly into consumer-oriented end markets, such as food and beverage, healthcare and personal care, which together represented 76% of our sales in the 12 months ended December 29, 2012. We believe our customers look to us for solutions that have high consumer impact in terms of form, function and branding. Representative examples of our products include thermoform drink cups, thin-wall containers, blow-molded bottles, specialty closures, prescription vials, specialty plastic films, adhesives and corrosion protection materials. We have also been one of the most active acquirers of plastic packaging businesses globally, having acquired more than 30 businesses since 1988, including twelve acquisitions completed in the past six years. We believe our focus on delivering unique and customized solutions to our customers and our ability to successfully integrate strategic acquisitions have enabled us to grow at rates in excess of our industry peers, having achieved a compound annual net sales growth rate over the last 12 years of 23%.

We believe that we have created one of the largest product libraries in our industry, allowing us to be a comprehensive solution provider to our customers. We have more than 13,000 customers, which consist of a diverse mix of leading national, mid-sized regional and local specialty businesses. The size and scope of our customer network allow us to introduce new products we develop or acquire to a vast audience that is familiar with, and we believe partial to, our brand. In fiscal year 2012, no single customer represented more than 3% of net sales and our top ten customers represented less than 17% of net sales. We currently supply our customers through 84 strategically located manufacturing facilities throughout the United States (70 locations) and select international locations (14 locations). We believe our manufacturing processes and our ability to leverage our scale to reduce expenses on items, such as raw materials, position us as a low-cost manufacturer relative to our competitors. For example, we believe based on management estimates that we are one of the largest global purchasers of plastic resins, at more than 2.5 billion pounds per year, which gives us both unique insight into this market as well as scale purchasing savings.

We enjoy market leadership positions in many of our markets, with 76% of net sales during the 12 months ended December 29, 2012 in markets in which management estimates we held the #1 or #2 market position. We look to build leadership in markets where we have a strategic angle and can achieve attractive profit margins through technology and design leadership and a competitive cost position such as highly decorated plastic packaging. We believe that our product and technology development capabilities are best-in-class, supported by a newly built research and design facility located in Evansville, Indiana (which we refer to in this prospectus as the Berry Research and Design Center) and a network of more than 200 engineers and material scientists. We seek to have our product and technology development efforts provide a meaningful impact on sales. An example of our focused new product development is our thermoform plastic drink cup technology. We identified an unfulfilled need in the market with an opportunity for significant return on invested capital and ultimately introduced the technology to the market in 2001. This product line has grown steadily since introduction and generated $397 million of net sales during the 12 months ended December 29, 2012.

Our success is driven by our more than 15,000 employees. Over the past 30 years, we have developed a culture that incorporates both loyalty to best practices and acceptance of new perspectives, which we have often identified from the companies we have acquired. Our employees hold themselves accountable to exceed the expectations of our customers and to create value for our stakeholders.

We believe the successful execution of our business strategy has enabled us to outperform the growth of our industry over the past decade with Adjusted EBITDA increasing from $80 million in 2000 to $812 million for the 12 months ended December 29, 2012, representing a compound annual growth rate (which we refer to in this prospectus as a CAGR) of 21%. For the 12 months ended December 29, 2012, Berry had pro forma net sales of $4.7 billion, Adjusted EBITDA of $812 million, net income of $23 million and Adjusted Free Cash Flow of $271 million. For a reconciliation of Adjusted EBITDA and Adjusted Free Cash Flow to the nearest GAAP measures, see Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources.

Our Businesses

We organize our business into: Rigid Packaging, Engineered Materials and Flexible Packaging. We strive to leverage the talents, technologies and resources of each segment for the benefit of Berry as a whole. We believe this practice has enabled us to cross-fertilize technologies, materials and manufacturing processes across our entire platform to create unique solutions for our customers, developing a partnership approach and strong long-term relationships.

The table below is a summary of our business and some of our key product lines:

($ in millions)	Rigid Packaging		Engineered Materials	Flexible Packaging
Adjusted EBITDA for the 12 months ended December 29, 2012				
Operating Income for the 12 months ended December 29, 2012	$265		$92	$7
Product Examples	Foodservice Items Housewares Containers	Overcaps Closures Bottles Prescription Vials Tubes	Tapes CPG FIBC Food Wrap Shrink Films Trash Bags Stretch Films	Personal Care Films Barrier/ Sealant Films Medical Films Printed Films Coated and Laminated Packaging

-2-

Table of Contents

Rigid Packaging (67% of Adjusted EBITDA for 12 months ended December 29, 2012)

Our Rigid Packaging business primarily consists of containers, foodservice items, housewares, closures, overcaps, bottles, prescription vials, and tubes. The largest end uses for these products are consumer-oriented end markets such as food and beverage, retail mass marketers, healthcare, personal care and household chemical. We believe that we offer the broadest line of rigid packaging products among industry participants and, according to management estimates, we maintained the #1 or #2 market positions in markets representing approximately 79% of the Rigid Packaging business net sales for the 12 months ended December 29, 2012. Many of our products are manufactured from proprietary molds that we develop and own, which we believe would result in significant costs to our customers to switch to a different supplier. In addition to a complete product line, we have sophisticated decorating capabilities and in-house graphic arts and tooling departments, which allow us to integrate ourselves into, and, we believe, add significant value to, our customers packaging design processes. For the 12 months ended December 29, 2012, our Rigid Packaging business had net sales and Adjusted EBITDA of $2.6 billion and $541 million, respectively.

Engineered Materials (24% of Adjusted EBITDA for 12 months ended December 29, 2012)

Our Engineered Materials business primarily consists of pipeline corrosion protection solutions, specialty tapes and adhesives, polyethylene-based film products, and can liners served to a variety of end markets including oil, water and gas infrastructure, industrial and consumer-oriented end markets. We believe that we offer one of the broadest product lines among industry participants and, according to management estimates, we maintained the #1 or #2 market position in markets representing approximately 64% of Engineered Materials net sales for the 12 months ended December 29, 2012. For the 12 months ended December 29, 2012, our Engineered Materials business had net sales and Adjusted EBITDA of $1.4 billion and $193 million, respectively.

Flexible Packaging (9% of Adjusted EBITDA for 12 months ended December 29, 2012)

Our Flexible Packaging business consists of high barrier, multilayer film products as well as finished flexible packages such as printed bags and pouches. The largest end uses for our flexible products are consumer-oriented end markets such as food and beverage, medical and personal care. We believe that we offer one of the broadest product lines among industry participants and, according to management estimates, we maintained the #1 or #2 market position in markets representing approximately 88% of Flexible Packaging business net sales for the 12 months ended December 29, 2012. For the 12 months ended December 29, 2012, our Flexible Packaging segment had pro forma net sales and Adjusted EBITDA of $747 million and $78 million, respectively.

Our Strengths

We believe our strong financial performance is the direct result of the following competitive strengths:

Leading market positions in profitable product lines. Our profitability is enhanced by what we believe are our market-leading positions in high value-added product lines, such as thermoform drink cups, pharmaceutical packaging and thin-wall containers, among others. We have focused on achieving #1 or #2 positions in product lines in which we can realize attractive margins through (1) product innovation, differentiated technology and quality manufacturing processes; (2) leveraging our broad customer network; (3) our low-cost manufacturing platform; and (4) superior customer service. For the 12 months ended December 29, 2012, 76% of our net sales were derived from products in which management estimates we held a #1 or #2 market position.

Leader in developing and commercializing new technologies. We believe our product and technology development capabilities are best-in-class. Our research efforts focus on projects with the potential to deliver unique performance characteristics that add value for our customers, command a sustainable premium price, develop customer loyalty and support the overall profitability of our company. We believe we have a track record

Table of Contents

of commercializing new products that generate incremental organic profitability well in excess of our company and industry averages. Our thermoformed plastic drink cups are an example of a successful commercialization of a new technology that we internally developed to address an unfilled need of our customers. Since introducing this technology to the market, we have developed the product line into a business which delivered $397 million of net sales for the 12 months ended December 29, 2012.

Large and diversified customer base in attractive end markets. We sell our packaging solutions to more than 13,000 customers spanning a diverse mix of leading national, mid-sized regional and local specialty businesses. In fiscal year 2012, no single customer represented more than 3% of net sales and our top ten customers in total represented less than 17% of net sales. We believe the size and diversity of our customer network gives us a competitive advantage as we are able to market new products we develop or acquire seamlessly to a large customer base. Furthermore, our customer network is primarily involved in consumer-oriented end markets, such as food and beverage, healthcare and personal care, which we believe are growth end markets.

Scale and low-cost operations drive profitability. We believe that our proprietary tools and technologies, manufacturing capabilities, operating expertise and purchasing scale provide us with a competitive advantage in the marketplace. Our competitive success is due, in part, to our having capitalized on economies of scale to lower costs in a number of critical functions:

- Our large, high-volume equipment, longer production runs and flexible, cross-facility manufacturing capabilities result in lower unit-production costs than many of our competitors;

- Our position as one of the largest purchasers of packaging-grade resins globally at more than 2.5 billion pounds per year provides considerable purchasing power and enhances the reliability of our supply of resins; and

- Our global network of 84 strategically located manufacturing facilities provides increased opportunities to optimize transportation costs and realize distribution efficiencies and allows for quick turnaround times to our customers.

Track record in mergers and acquisitions. We have successfully integrated over 30 acquisitions since 1988, including 12 over the past six years. These acquisitions have enabled us to (1) develop new business platforms; (2) add products to market to our customer network; (3) create incremental profitability by achieving synergies; (4) acquire manufacturing processes and technologies; and (5) capitalize on the best practices of acquired companies. Our management team seeks to acquire companies at attractive, value-enhancing multiples, utilizing what we believe is our flexible, low-cost capital structure to fund the transactions. In September 2011, we acquired Rexam Specialty and Beverage Closures for a multiple of purchase price to Adjusted EBITDA (including synergies) of 4.5x and funded the transaction entirely with debt financing under our revolving asset-based credit facility, which carries a LIBOR plus 2% interest rate. This transaction was immediately deleveraging for us and accretive to shareholder value while also increasing free cash flow generation.

Outsized earnings growth, attractive margins and strong free cash flow generation. We believe our earnings growth has exceeded the growth of our industry, with Adjusted EBITDA growing from $80 million in 2000 to $812 million for the 12 months ended December 29, 2012, representing a CAGR of 21%. We also believe we maintain attractive profit margins and generate significant Adjusted Free Cash Flow for our stockholders relative to our peers. For the 12 months ended December 29, 2012, our Adjusted EBITDA margin was 17%, and we generated Adjusted Free Cash Flow of $271 million. We believe our profit margins and Adjusted Free Cash Flow generation are stable and increasing, driven by new product launches, market share gains, stable input cost pass-through, cost improvement actions, disciplined capital spending, prudent working capital management, minimal contingent liabilities and strategic investments in new projects and acquisitions with synergies.

Table of Contents

Proven management and employee culture with significant equity ownership. We believe that our management team is among the deepest and most experienced in the packaging industry. Our management team has been responsible for developing and executing our strategy that has generated consistent year-over-year sales growth and the successful integration of more than 30 acquisitions. We believe our employees have developed a unique culture in which each employee throughout the entire company is aligned, focused and holds each other accountable to achieve goals that drive value creation for our stakeholders.

Our Strategy

We intend to capitalize on our market-leading position in high value-added plastic consumer packaging and highly engineered materials to increase revenues and profits and maximize cash flow. We seek to achieve this objective by executing on the following strategies:

Develop and commercialize new product technologies. We intend to continue to focus our product and technology development efforts on projects that we believe have significant profit potential. We have several projects in various stages of development that we believe can be commercialized into attractive organic growth and profit opportunities. Certain projects in development involve leveraging what we believe is our unique expertise in both rigid and flexible packaging technologies and manufacturing processes to create unique hybrid packaging solutions that address a need in the market that is not addressable by either technology on its own. We also have certain projects underway that we are developing in close collaboration with specific customers, which upon successful commercialization would allow us to enter into a new market backed by the strength of both our products and our broad existing customer base.

Continue to make acquisitions in our industry. Given the breadth of our product offering, multiple business platforms in rigid and flexible packaging and scale of our customer network, we believe we have the broadest opportunity set for acquisitions in our industry. Furthermore, we believe we have a competitive advantage over our peers in mergers and acquisitions due to our (1) historical acquisition track record; (2) flexibility to utilize purchase price funding sources with attractive cost of capital; and (3) ability to leverage our scale to generate incremental synergies versus our peers. We intend to continue to apply a selective and disciplined acquisition strategy, focused on enhancing our scale, product diversity and geographic reach, while bolstering our financial performance through synergies and additional cash generation. We continue to evaluate acquisition opportunities on an ongoing basis and may at any time be in preliminary discussions with third parties.

Continue to drive Adjusted Free Cash Flow generation. We continually focus on ways to increase our Adjusted Free Cash Flow through new business generation and also disciplined capital and cost management strategies. We intend to further increase profitability and Adjusted Free Cash Flow generation with a continued emphasis on operational excellence, including (1) leveraging our scale to reduce material costs; (2) efficiently reinvesting capital into our manufacturing processes to enhance technological leadership and achieve productivity gains; (3) focusing on ways to streamline operations through overhead rationalization; and (4) working with our engineering and research and development teams to replace existing materials with lower cost alternatives. Furthermore, we believe there are significant incremental opportunities to improve Adjusted EBITDA margins in our Engineered Materials and Flexible Packaging businesses through increased focus on utilizing our asset base on more value-added products.

Increase sales to existing customers. We believe we have significant opportunities to increase our share of packaging sales made to our network of more than 13,000 existing customers. We believe our ability to offer our customers a comprehensive solution through our breadth of product offering yields economic benefits to our customers that cannot be matched by many of our competitors. We will also continue to develop and acquire new products that we can distribute though our customer network, which we believe will allow these products to gain instant scale and traction. We are also working with several customers to expand internationally.

Table of Contents

Realize value from recent capital investments and acquisitions. In fiscal 2012, we invested $160 million of capital in new growth projects. In fiscal 2012, we also undertook a number of cost saving actions including three plant consolidations and the implementation of numerous cost-reduction initiatives.

Recent Developments

Estimated March 2013 Quarter Results

For the March 2013 quarter, we estimate that net sales declined to approximately $1,145 to $1,155 million from $1,183 million in the March 2012 quarter. This decrease of 2% to 3% is primarily related to a 3% reduction in the number of shipping days as a result of the timing of holidays versus the prior year s quarter, the year-over-year adverse change in weather, and light-weighting partially offset by volume gains in certain of our product lines. Also, we estimate that Adjusted EBITDA will be $199 to $204 million for the March 2013 quarter compared to $198 million in the March 2012 quarter. This increase of 1% to 3% is primarily related to cost reduction efforts partially offset by additional costs associated with new product innovation. Estimated net debt at March 30, 2013 was $3,991 million. Assuming our initial public offering and 2013 debt refinancing occurred at the beginning of the period, our interest expense for the four quarter period ended March 30, 2013 would be approximately $63 million lower. At March 30, 2013, we estimate the cash payout in the next 12 months under the tax receivable agreement to be $68 million. This is a reduction from the end of the last fiscal quarter primarily as a result of the debt extinguishment costs from the 2013 refinancing and bonus depreciation on capital expenditures. Adjusted EBITDA is a non-GAAP measure. The following tables reconcile the company s estimated net income (loss) to the company s estimate of Adjusted EBITDA for the March 2013 quarter and four quarter period ended March 30, 2013:

	Quarter Ended March 30, 2013		Four Quarters Ended March 30, 2013	
(in millions) (Unaudited)	**Low**	**High**	**Low**	**High**
Adjusted EBITDA[(a)]	$ 199	$ 204	$ 807	$ 812
Pro forma acquisitions			4	4
Unrealized cost reductions	2	2	22	22
Operating EBITDA[(a)]	$ 197	$ 202	$ 781	$ 786
Net interest expense	61	61	293	293
Depreciation and amortization	85	85	350	350
Income taxes	(1)	3	11	15
Restructuring, business optimization and other	1	1	39	39
Loss on debt extinguishment[(b)]	48	48	64	64
Net income (loss)	$ 3	$ 4	$ 24	$ 25

(a) Adjusted EBITDA and Operating EBITDA should not be considered in isolation or construed as an alternative to our net income (loss) or other measures as determined in accordance with GAAP. In addition, other companies in our industry or across different industries may calculate Adjusted EBITDA and Operating EBITDA and the related definitions differently than we do, limiting the usefulness of our calculation of Adjusted EBITDA and Operating EBITDA as comparative measures. Operating EBITDA and Adjusted EBITDA are among the indicators used by the company s management to measure the performance of the company s operations and thus the company s management believes such information may be useful to investors. Such measures are also among the criteria upon which performance-based compensation may be based.

(b) Includes $24 million of call premium and penalties, $16 million of deferred financing fees and $8 million of debt discount for the quarter ended March 30, 2013 and an additional $13 million of call premium and $3 million of deferred financing fees for the four quarter period ended March 30, 2013.

-6-

Table of Contents

The preliminary financial and operating results for the March 2013 quarter are forward-looking statements based on preliminary estimates and reflect the best judgment of our management but involve a number of risks and uncertainties which could cause actual results to differ materially from those set forth in our estimates and from past results, performance or achievements. Such preliminary results are subject to finalization of our quarterly financial and accounting procedures and should not be viewed as a substitute for full interim financial statements prepared in accordance with GAAP and reviewed by our auditors. Consequently, there can be no assurances that the actual financial and operating results for the second quarter ended March 30, 2013 will be identical to the preliminary estimates set forth above, and any variation between our actual results and the estimates set forth above may be material. In addition, such results do not purport to indicate our results of operations for any future period beyond the quarter ended March 30, 2013. Ernst & Young LLP has not audited, reviewed, compiled or performed any procedures with respect to the accompanying preliminary financial data. Accordingly, Ernst & Young LLP does not express an opinion or any other form of assurance with respect thereto.

Initial Public Offering

In October 2012, the company completed an initial public offering and sold 29,411,764 shares of common stock at $16.00 per share. In conjunction with the initial public offering the company executed a 12.25 for one stock split of the company s common stock. The effect of the stock split on outstanding shares and earnings per share has been retroactively applied to all periods presented. Transaction fees totaling $33 million were included in Paid-in capital on the Consolidated Balance Sheets. Proceeds, net of transaction fees, of $438 million and cash from operations were used to repurchase $455 million of 11% Senior Subordinated Notes due September 2016. As part of the repurchase the company paid premiums of $13 million and wrote-off $3 million of deferred financing fees.

Incremental Term Loan

In February 2013, the company entered into an incremental assumption agreement to increase the commitments under Berry Plastics Corporation s existing term loan credit agreement by $1.4 billion. Berry Plastics Corporation borrowed loans in an aggregate principal amount equal to the full amount of the commitments on such date. The incremental term loans bear interest at LIBOR plus 2.50% per annum with a LIBOR floor of 1.00%, mature in February 2020 and are subject to customary amortization. The proceeds from the incremental term loan, in addition to borrowings under the revolving credit facility, were used to (a) satisfy and discharge all of Berry Plastics Corporation s outstanding (i) Second Priority Senior Secured Floating Rate Notes due 2014, (ii) First Priority Senior Secured Floating Rate Notes due 2015, (iii) 10 $^{1}/_{4}$% Senior Subordinated Notes due 2016 and (iv) 8 $^{1}/_{4}$% First Priority Senior Secured Notes due 2015, which, in each case, were called for redemption in February 2013 and the related indentures and (b) pay related fees and expenses. The company recognized a $48 million loss on extinguishment of debt related to this debt refinancing.

Interest expense would have decreased approximately $88 million for the last twelve months ended December 29, 2012 if our initial public offering and this debt refinancing had occurred at the beginning of the period. See Summary Historical Consolidated Financial Data.

Interest Rate Swap

In February 2013, the company entered into an interest rate swap transaction to protect $1 billion of outstanding variable rate term loan debt from future interest rate volatility. The agreement swaps the greater of a three-month variable LIBOR contract or 1.00% for a fixed three-year rate of 2.355%, with an effective date in May 2016 and expiration in May 2019. The counterparty to the agreement is a financial institution. The company will record changes in fair value in Accumulated Other Comprehensive Income. A 0.25% change in LIBOR would not have a material impact on the fair value of the interest rate swaps.

Table of Contents

Tax Receivable Agreement

In connection with our initial public offering, the company entered into an income tax receivable agreement that provides for the payment to pre-initial public offering stockholders, option holders and holders of our stock appreciation rights, 85% of the amount of cash savings, if any, in U.S. federal, foreign, state and local income tax that are actually realized (or are deemed to be realized in the case of a change of control) as a result of the utilization of our and our subsidiaries net operating losses attributable to periods prior to the initial public offering. The company expects to pay between $300 million and $350 million in cash related to this agreement. This range is based on the company s assumptions using various items, including valuation analysis and current tax law. Upon the effective date of the income tax receivable agreement, the company recorded an initial obligation of $300 million ($123 million in Accrued expenses and $177 million in Other long-term liabilities), which is recognized as a reduction of Paid-in capital on the Consolidated Balance Sheet as of December 29, 2012. Changes in the recorded net deferred income tax assets will result in changes in the income tax receivable agreement obligation, and such changes will be recorded as Other expense (income) in the Consolidated Statement of Operations. Payments under the income tax receivable agreement are not conditioned upon the parties continued ownership of the company s equity.

Redeemable Common Stock

As of September 29, 2012, the company had entered into agreements with former employees that required the company to redeem their common stock at pre-determined dates. Historical redemption of this redeemable common stock was based on the fair value of the redeemable common stock on the fixed redemption date. This redeemable common stock was recorded at its fair value in temporary equity and changes in the fair value were recorded in additional paid in capital each period. Upon completion of the initial public offering in October 2012, the redemption requirement terminated resulting in the company reclassifying the shares into equity on the Consolidated Balance Sheet.

BP Parallel Investments

In December 2012, BP Parallel, LLC (BP Parallel), a non-guarantor subsidiary of the company, invested $21 million to purchase assignments of $21 million of our senior unsecured term loan during the quarter ended December 29, 2012. The purchase did not result in a gain or loss.

Risk Factors

Participating in this offering involves substantial risk. Our ability to execute our strategy also is subject to certain risks. The risks described under the heading Risk Factors immediately following this summary may cause us not to realize the full benefits of our strengths or may cause us to be unable to successfully execute all or part of our strategy. Some of the more significant challenges and risks include the following:

- our substantial indebtedness;
- the risk of increases in prices or unavailability of key inputs, such as plastic resins, for our products;
- the intense competition we face in the sale of our products;
- the risks associated with potential acquisitions that we have completed and that we may pursue as part of our growth strategy;
- our reliance on patent and trademark rights and unpatented proprietary know-how and trade secrets; and
- the impact of current and future environmental and other governmental requirements and regulations.

Table of Contents

Before you participate in this offering, you should carefully consider all of the information in this prospectus, including matters set forth under the heading Risk Factors.

Principal Stockholders

Our principal stockholders are Apollo Investment Fund VI, L.P., Apollo Investment Fund V, L.P. and their parallel investment funds (collectively, the Apollo Funds), as well as investment funds affiliated with or managed by Graham Partners, Inc. and investment entities affiliated with Donald C. Graham.

The Apollo Funds are affiliated with or indirectly managed by Apollo Global Management, LLC, which, together with its subsidiaries, we refer to in this prospectus as Apollo. Founded in 1990, Apollo is one of the world s largest alternative investment managers, with total assets under management of $113 billion as of December 31, 2012, and a team of 250 investment professionals located in ten offices around the world.

The committed capital of the Graham Partners private investment funds and Graham led co-investments totals approximately $1.7 billion. Graham Partners is a member of The Graham Group, an alliance of independently owned and operated industrial and investment management businesses, which all share in the common legacy of entrepreneur Donald C. Graham. We refer to Graham Partners, Inc. and The Graham Group in this prospectus as Graham Partners.

Additional Information

Berry Plastics Group, Inc. was incorporated in Delaware on November 18, 2005. The principal executive offices of Berry Plastics Group, Inc. are located at 101 Oakley Street, Evansville, Indiana 47710, and the telephone number there is (812) 424-2904. We also maintain an Internet site at *http://www.berryplastics.com*. Our website and the information contained therein or connected thereto shall not be deemed to be incorporated into this prospectus or registration statement of which this prospectus forms a part and you should not rely on any such information in making your decision whether to purchase our securities.

Table of Contents

The Offering

Common stock offered by the selling stockholders	16,500,000 shares.
Option to Purchase Additional Shares	The selling stockholders have agreed to allow the underwriters to purchase up to an additional 2,475,000 shares, at the public offering price less the underwriting discount, within 30 days from the date of this prospectus.
Common stock to be outstanding after this offering	113,093,973 shares.
Listing	Our common stock is listed on the NYSE under the symbol BERY.
Use of proceeds	We will not receive any of the proceeds from the sale of shares in this offering. The selling stockholders will receive all of the net proceeds and bear all commissions and discounts, if any, from the sale of our common stock pursuant to this prospectus. See Use of Proceeds and Principal and Selling Stockholders.
Dividends	We historically have not paid dividends on our common stock and do not currently anticipate paying dividends on our common stock following this offering. Any declaration and payment of future dividends to holders of our common stock may be limited by restrictive covenants in our debt agreements, and will be at the sole discretion of our Board of Directors and will depend on many factors, including our financial condition, earnings, capital requirements, level of indebtedness, statutory and contractual restrictions applying to the payment of dividends and other considerations that our Board of Directors deems relevant. See Dividend Policy, Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources, and Description of Capital Stock Common Stock.
Conflicts of Interest	Apollo Global Securities, LLC, an underwriter of this offering, is an affiliate of Apollo, our controlling stockholder. Since Apollo beneficially owns more than 10% of our outstanding common stock, a conflict of interest is deemed to exist under Rule 5121(f)(5)(B) of the Conduct Rules of the Financial Industry Regulatory Authority, or FINRA. In addition, because Apollo, as a selling stockholder, will receive more than 5% of the net proceeds of this offering, a conflict of interest also exists under Rule 5121(f)(5)(C)(ii). Accordingly, this offering will be made in compliance with the applicable provisions of Rule 5121. Since Apollo is not primarily responsible for managing this offering and the securities have a bona fide public market, as defined in FINRA Rule 5121(f)(3), the appointment of a qualified independent underwriter is not required pursuant to Rule 5121(a)(1). As such, any underwriter that has a conflict of interest pursuant to

Table of Contents

	Rule 5121 will not confirm sales to accounts in which it exercises discretionary authority without the prior written consent of the customer. See Underwriting (Conflicts of Interest).
Risk Factors	You should carefully read and consider the information set forth under Risk Factors beginning on page 14 of this prospectus and all the other information set forth in this prospectus before investing in our stock.

Except as otherwise indicated, all information in this prospectus:

- assumes no exercise of the underwriters option to purchase additional shares to buy up to 2,475,000 additional shares from the selling stockholders;
- assumes a public offering price of $17.95 per share, the closing price of our common stock on the NYSE on April 15, 2013; and
- does not give effect to the exercise of outstanding options or shares reserved for issuance under the 2006 Equity Incentive Plan or the 2012 Long-Term Incentive Plan.

Table of Contents

SUMMARY HISTORICAL CONSOLIDATED FINANCIAL DATA

The following table sets forth certain historical financial data for Berry Plastics Group, Inc. Our fiscal year is the 52- or 53-week period ending generally on the Saturday closest to September 30. Fiscal 2010 represents a 53-week period. The summary historical financial data as of and for the fiscal years ended September 29, 2012, October 1, 2011 and October 2, 2010 have been derived from our audited consolidated financial statements and related notes included in this prospectus. The summary historical financial data set forth below should be read in conjunction with and is qualified in its entirety by reference to the audited consolidated financial statements and the related notes included in this prospectus.

The summary historical financial data as of and for the quarterly periods ended December 29, 2012 and December 31, 2011 have been derived from our unaudited financial statements included in this prospectus. The unaudited interim consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial information set forth in those statements.

The unaudited last twelve months financial data for the last twelve months ending December 29, 2012 has been calculated by subtracting the data for the three months ended December 31, 2011 from the data for the year ended September 29, 2012, and adding the data for the three months ended December 29, 2012.

Our historical results are not necessarily indicative of results to be expected in any future period, and results for the quarterly period ended December 29, 2012, are not necessarily indicative of results to be expected for the full year.

The following financial information should be read in conjunction with Selected Historical Consolidated Financial Data, Management s Discussion and Analysis of Financial Condition and Results of Operations, and our historical consolidated financial statements and the related notes included in this prospectus.

($ in millions, shares in thousands)	Unaudited Last Twelve Months[a] December 29, 2012	Unaudited Quarterly Periods Ended December 29, 2012	December 31, 2011	Audited Year Ended September 29, 2012	October 1, 2011	October 2, 2010
Statement of Operations Data:						
Net sales	$ 4,701	$ 1,072	$ 1,137	$ 4,766	$ 4,561	$ 4,257
Cost of sales	3,859	895	985	3,949	3,878	3,667
Operating expenses[b]	478	109	123	492	641	466
Operating income	364	68	29	325	42	124
Other expense (income)	10	13	(4)	(7)	61	(27)
Net interest expense	315	70	83	328	327	313
Income (loss) before income taxes	39	(15)	(50)	4	(346)	(162)
Income tax expense (benefit)	16	(5)	(19)	2	(47)	(49)
Net income (loss)	$ 23	$ (10)	$ (31)	$ 2	$ (299)	$ (113)
Income (loss) per share basic	$ 0.25	$ (0.09)	$ (0.37)	$ 0.02	$ (3.55)	$ (1.34)
Income (loss) per share diluted	$ 0.25	$ (0.09)	$ (0.37)	$ 0.02	$ (3.55)	$ (1.34)
Number of shares used in per share calculations basic	90,465	111,352	83,851	83,435	84,121	84,525
Number of shares used in per share calculations diluted	92,699	111,352	83,851	86,644	84,121	84,525

Table of Contents

($ in millions, shares in thousands)	Unaudited Last Twelve Months December 29, 2012	Unaudited Quarterly Periods Ended December 29, 2012	December 31, 2011	Audited Year Ended September 29, 2012	October 1, 2011[b]	October 2, 2010
Balance Sheet Data (at period end):						
Working capital[c]	$ 482	$ 482	$ 527	$ 587	$ 571	$ 653
Total assets	5,050	5,050	5,000	5,106	5,217	5,344
Long-term debt obligations, excluding current portion	3,932	3,932	4,517	4,431	4,581	4,397
Cash Flows Data:						
Cash from operating activities	$ 477	$ 87	$ 89	$ 479	$ 327	$ 112
Cash from investing activities	(281)	(63)	(37)	(255)	(523)	(852)
Cash from financing activities	(193)	(79)	(65)	(179)	90	878
Other Financial Data:						
Capital expenditures net of proceeds from disposal of assets	$ 206	$ 43	$ 37	$ 200	$ 155	$ 194
Depreciation	245	60	61	246	238	210
Amortization of intangibles	108	27	28	109	106	107
Pro Forma Data:						
Pro forma interest expense[d]	227	58		227		
Pro forma income (loss)	76	(3)		63		
Pro forma income (loss) per share basic[e]	0.67	(0.02)		0.56		
Pro forma income (loss) per share diluted[e]	0.66	(0.02)		0.54		
Pro forma number of shares used in pro forma per share calculation basic[e]	112,739	111,352		112,847		
Pro forma number of shares used in pro forma per share calculation diluted[e]	114,973	111,352		116,056		
Long-term debt obligations, excluding current portion	3,952	3,952		3,997		

(a) References to financial results as of and for the last twelve months ended December 29, 2012 have been calculated by subtracting the data for the three months ended December 31, 2011 from the data for the year ended September 29, 2012, and adding the data for the three months ended December 29, 2012.

(b) Year ended October 1, 2011 includes a $165 non-cash goodwill impairment.

(c) Represents total current assets less total current liabilities.

(d) Represents pro forma interest expense assuming the following occurred at the beginning of the respective periods: (i) Berry Plastics Corporation s incurrence of $1.4 billion of additional incremental term loans and (ii) repayment of Berry Plastics Corporation s (a) Second Priority Senior Secured Floating Rate Notes due 2014, (b) First Priority Senior Secured Floating Rate Notes due 2015, (c) 10 $^{1}/_{4}$% Senior Subordinated Notes due 2016, (d) 8 $^{1}/_{4}$% First Priority Senior Secured Notes due 2015 and (e) 11% Senior Subordinated Notes due 2016. See Management s Discussion and Analysis of Financial Condition and Results of Operations Recent Developments.

(e) Year ended September 29, 2012 represents the pro forma income (loss) per share and weighted average shares outstanding assuming our initial public offering and the 2013 debt refinancing occurred at the beginning of the period.

Table of Contents

RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the risk factors set forth below as well as the other information contained in this prospectus before investing in our common stock. Any of the following risks could materially and adversely affect our business, financial condition or results of operations. In such a case, you may lose part or all of your original investment.

Risks Related to Our Business

Our substantial indebtedness could affect our ability to meet our obligations and may otherwise restrict our activities.

We have a significant amount of indebtedness. As of December 29, 2012, we had total indebtedness (including current portion) of $3,975 million, with cash and cash equivalents totaling $32 million. We would have been able to borrow a further $413 million under the revolving portion of our senior secured credit facilities, subject to the solvency of our lenders to fund their obligations and our borrowing base calculations. We are permitted by the terms of our debt instruments to incur substantial additional indebtedness, subject to the restrictions therein. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to refinance our obligations on commercially reasonable terms, would have a material adverse effect on our business, financial condition and results of operations.

Our substantial indebtedness could have important consequences. For example, it could:

- limit our ability to borrow money for our working capital, capital expenditures, debt service requirements or other corporate purposes;
- require us to dedicate a substantial portion of our cash flow to payments on our indebtedness, which would reduce the amount of cash flow available to fund working capital, capital expenditures, product development and other corporate requirements;
- increase our vulnerability to general adverse economic and industry conditions; and
- limit our ability to respond to business opportunities, including growing our business through acquisitions.

In addition, the credit agreements and indentures governing our current indebtedness contain, and any future debt instruments would likely contain, financial and other restrictive covenants, which will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

- incur or guarantee additional debt;
- pay dividends and make other restricted payments;
- create or incur certain liens;
- make certain investments;
- engage in sales of assets and subsidiary stock;

- enter into transactions with affiliates;
- transfer all or substantially all of our assets or enter into merger or consolidation transactions; and
- make capital expenditures.

As a result of these covenants, we will be limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs. Furthermore, a failure to comply with these covenants could result in an event of default, which, if not cured or waived, could have a material adverse effect on our business, financial condition, and results of operations.

Table of Contents

Increases in resin prices or a shortage of available resin could harm our financial condition and results of operations.

To produce our products, we use large quantities of plastic resins. Plastic resins are subject to price fluctuations, including those arising from supply shortages and changes in the prices of natural gas, crude oil and other petrochemical intermediates from which resins are produced. Over the past several years, we have at times experienced rapidly increasing resin prices. If rapid increases in resin prices continue, our revenue and profitability may be materially and adversely affected, both in the short term as we attempt to pass through changes in the price of resin to customers under current agreements and in the long term as we negotiate new agreements or if our customers seek product substitution.

We source plastic resin primarily from major industry suppliers. We have long-standing relationships with certain of these suppliers but have not entered into a firm supply contract with any of them. We may not be able to arrange for other sources of resin in the event of an industry-wide general shortage of resins used by us, or a shortage or discontinuation of certain types of grades of resin purchased from one or more of our suppliers. In addition, the largest supplier of the company s total resin material requirements represented approximately 20% of purchases for the twelve months ended December 29, 2012. Any such shortage may materially negatively impact our competitive position versus companies that are able to better or more cheaply source resin.

We may not be able to compete successfully and our customers may not continue to purchase our products.

We face intense competition in the sale of our products and compete with multiple companies in each of our product lines. We compete on the basis of a number of considerations, including price, service, quality, product characteristics and the ability to supply products to customers in a timely manner. Our products also compete with metal, glass, paper and other packaging materials as well as plastic packaging materials made through different manufacturing processes. Some of these competitive products are not subject to the impact of changes in resin prices which may have a significant and negative impact on our competitive position versus substitute products. Our competitors may have financial and other resources that are substantially greater than ours and may be better able than us to withstand higher costs. In addition, our success may depend on our ability to adapt to technological changes, and if we fail to enhance existing products and develop and introduce new products and new production technologies in a timely fashion in response to changing market conditions and customer demands, our competitive position could be materially and adversely affected. Furthermore, some of our customers do and could in the future choose to manufacture the products they require for themselves. Each of our product lines faces a different competitive landscape. Competition could result in our products losing market share or our having to reduce our prices, either of which would have a material adverse effect on our business and results of operations and financial condition. In addition, since we do not have long-term arrangements with many of our customers, these competitive factors could cause our customers to shift suppliers and/or packaging material quickly.

We may pursue and execute acquisitions, which could adversely affect our business.

As part of our growth strategy, we plan to consider the acquisition of other companies, assets and product lines that either complement or expand our existing business and create economic value. We cannot assure you that we will be able to consummate any such transactions or that any future acquisitions will be consummated at acceptable prices and terms.

We continually evaluate potential acquisition opportunities in the ordinary course of business, including those that could be material in size and scope. Acquisitions involve a number of special risks, including:

- the diversion of management s attention and resources to the assimilation of the acquired companies and their employees and to the management of expanding operations;
- the incorporation of acquired products into our product line;

Table of Contents

- problems associated with maintaining relationships with employees and customers of acquired businesses;
- the increasing demands on our operational systems;
- ability to integrate and implement effective disclosure controls and procedures and internal controls for financial reporting within the allowable time frame as permitted by Sarbanes-Oxley Act;
- possible adverse effects on our reported operating results, particularly during the first several reporting periods after such acquisitions are completed; and
- the loss of key employees and the difficulty of presenting a unified corporate image.

We may become responsible for unexpected liabilities that we failed or were unable to discover in the course of performing due diligence in connection with historical acquisitions and any future acquisitions. We have typically required selling stockholders to indemnify us against certain undisclosed liabilities. However, we cannot assure you that indemnification rights we have obtained, or will in the future obtain, will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

In addition, we may not be able to successfully integrate future acquisitions without substantial costs, delays or other problems. The costs of such integration could have a material adverse effect on our operating results and financial condition. Although we conduct what we believe to be a prudent level of investigation regarding the businesses we purchase, in light of the circumstances of each transaction, an unavoidable level of risk remains regarding the actual condition of these businesses. Until we actually assume operating control of such businesses and their assets and operations, we may not be able to ascertain the actual value or understand the potential liabilities of the acquired entities and their operations. Furthermore, we may not realize all of the cost savings and synergies we expect to achieve from our current strategic initiatives due to a variety of risks, including, but not limited to, difficulties in integrating shared services with our business, higher than expected employee severance or retention costs, higher than expected overhead expenses, delays in the anticipated timing of activities related to our cost-saving plans and other unexpected costs associated with operating our business. If we are unable to achieve the cost savings or synergies that we expect to achieve from our strategic initiatives, it could adversely affect our business, financial condition and results of operations.

We may not be successful in protecting our intellectual property rights, including our unpatented proprietary know-how and trade secrets, or in avoiding claims that we infringed on the intellectual property rights of others.

In addition to relying on patent and trademark rights, we rely on unpatented proprietary know-how and trade secrets, and employ various methods, including confidentiality agreements with employees and consultants, customers and suppliers to protect our know-how and trade secrets. However, these methods and our patents and trademarks may not afford complete protection and there can be no assurance that others will not independently develop the know-how and trade secrets or develop better production methods than us. Further, we may not be able to deter current and former employees, contractors and other parties from breaching confidentiality agreements and misappropriating proprietary information and it is possible that third parties may copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights. Additionally, we have licensed, and may license in the future, patents, trademarks, trade secrets, and similar proprietary rights to third parties. While we attempt to ensure that our intellectual property and similar proprietary rights are protected when entering into business relationships, third parties may take actions that could materially and adversely affect our rights or the value of our intellectual property, similar proprietary rights or reputation. In the future, we may also rely on litigation to enforce our intellectual pr