SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended December 31, 2016
Commission File Number 001-35672

BERRY PLASTICS GROUP, INC.

A Delaware corporation	101 Oakley Street, Evansville, Indiana, 47710	IRS employer identification number
	(812) 424-2904	**20-5234618**

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 ☐ 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 ☐ 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 ☐ 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 ☐

Class	Outstanding at February 3, 2017
Common Stock, $.01 par value per share	128.8 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, as amended, 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". These statements 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 relate to our strategy, plans, intentions, or expectations. 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 December 31, 2016

Part I. Financial Information

Item 1. Financial Statements

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

	Quarterly Period Ended	
	December 31, 2016	January 2, 2016
Net sales	**$ 1,502**	$ 1,612
Costs and expenses:		
Cost of goods sold	**1,206**	1,320
Selling, general and administrative	**113**	154
Amortization of intangibles	**33**	36
Restructuring and impairment charges	**4**	16
Operating income	**146**	86
Other (income) expense, net	**(1)**	4
Interest expense, net	**68**	75
Income before income taxes	**79**	7
Income tax expense	**28**	3
Net income	**$ 51**	$ 4
Net income per share:		
Basic	**$ 0.42**	$ 0.03
Diluted	**0.40**	0.03
Outstanding weighted-average shares:		
Basic	**122.0**	120.1
Diluted	**127.8**	124.9

Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(in millions of dollars)

	Quarterly Period Ended	
	December 31, 2016	January 2, 2016
Net income	**$ 51**	$ 4
Currency translation	**(45)**	(29)
Interest rate hedges	**17**	4
Provision for income taxes related to other comprehensive income items	**(6)**	(1)
Other comprehensive loss, net of tax	**(34)**	(26)
Comprehensive income (loss)	**$ 17**	$ (22)

See notes to consolidated financial statements.

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

	December 31, 2016 (Unaudited)	October 1, 2016
Assets		
Current assets:		
Cash and cash equivalents	**$ 331**	$ 323
Accounts receivable (less allowance of $8 and $8, respectively)	**622**	704
Inventories:		
Finished goods	**410**	397
Raw materials and supplies	**276**	263
	686	660
Prepaid expenses and other current assets	**104**	105
Total current assets	**1,743**	1,792
Property, plant, and equipment, net	**2,182**	2,224
Goodwill and intangible assets, net	**3,556**	3,606
Other assets	**30**	31
Total assets	**$ 7,511**	$ 7,653
Liabilities		
Current liabilities:		
Accounts payable	**$ 503**	$ 539
Accrued expenses and other current liabilities	**434**	449
Current portion of long-term debt	**43**	43
Total current liabilities	**980**	1,031
Long-term debt, less current portion	**5,710**	5,712
Deferred income taxes	**281**	272
Other long-term liabilities	**294**	417
Total liabilities	**7,265**	7,432
Stockholders' equity		
Common stock (122.3 and 122.0 million shares issued, respectively)	**1**	1
Additional paid-in capital	**457**	449
Non-controlling interest	**3**	3
Accumulated deficit	**(33)**	(84)
Accumulated other comprehensive loss	**(182)**	(148)
Total stockholders' equity	**246**	221
Total liabilities and stockholders' equity	**$ 7,511**	$ 7,653

See notes to consolidated financial statements.

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

	Quarterly Period Ended	
	December 31, 2016	January 2, 2016
Cash Flows from Operating Activities:		
Net income	**$ 51**	$ 4
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	**87**	103
Amortization of intangibles	**33**	36
Non-cash interest expense	**1**	3
Deferred income tax	**14**	(8)
Stock compensation expense	**3**	4
Other non-cash operating activities, net	**(1)**	7
Changes in working capital	**(43)**	37
Changes in other assets and liabilities	**(2)**	5
Net cash from operating activities	**143**	191
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	**(65)**	(93)
Proceeds from sale of assets	**2**	4
Acquisition of business, net of cash acquired	**—**	(2,286)
Other investing activities, net	**(1)**	—
Net cash from investing activities	**(64)**	(2,375)
Cash Flows from Financing Activities:		
Proceeds from long-term borrowings	**—**	2,492
Repayments on long-term borrowings	**(10)**	(100)
Proceeds from issuance of common stock	**5**	7
Payment of tax receivable agreement	**(60)**	(57)
Debt financing costs	**—**	(36)
Purchase of non-controlling interest	**—**	(66)
Net cash from financing activities	**(65)**	2,240
Effect of exchange rate changes on cash	**(6)**	(2)
Net change in cash	**8**	54
Cash and cash equivalents at beginning of period	**323**	228
Cash and cash equivalents at end of period	**$ 331**	$ 282

See notes to consolidated financial statements.

(tables in millions of dollars, except per share data)

1. Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements of Berry Plastics Group, Inc. ("the Company" or "Berry") 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 preparing financial statements in conformity with GAAP, we must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses, and related disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates. 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

Changes to GAAP are established by the Financial Accounting Standards Board ("FASB") in the form of accounting standards updates to the FASB's Accounting Standards Codification. During fiscal 2017, there have been no developments to the recently adopted accounting pronouncements from those disclosed in the Company's 2016 Annual Report on Form 10-K that are considered to have a material impact on our unaudited consolidated financial statements.

3. Accounts Receivable Factoring Agreements

A number of the Company's foreign subsidiaries have entered into factoring agreements to sell certain receivables to unrelated third-party financial institutions. The Company accounts for these transactions in accordance with ASC 860, "Transfers and Servicing" ("ASC 860"). ASC 860 allows for the ownership transfer of accounts receivable to qualify for sale treatment when the appropriate criteria is met, which permits the Company to present the balances sold under the program to be excluded from Accounts receivable, net on the Consolidated Balance Sheets. Receivables are considered sold when (i) they are transferred beyond the reach of the Company and its creditors, (ii) the purchaser has the right to pledge or exchange the receivables, and (iii) the Company has surrendered control over the transferred receivables. In addition, the Company provides no other forms of continued financial support to the purchaser of the receivables once the receivables are sold. The table below summarizes the total amount of accounts receivable on the Consolidated Balance Sheets, sold under these factoring arrangements as of the end of the first fiscal quarter:

	December 31, 2016	October 1, 2016
Trade receivables sold to financial institutions	**$ 23**	$ 23
Net amounts advanced from financial institutions	**(19)**	(18)
Amounts due from financial institutions	**$ 4**	$ 5

In addition to the programs described above, the Company has a U.S. based program where certain U.S. based receivables are sold to unrelated third-party financial institutions. There were no amounts outstanding from the financial institutions related to U.S. based programs at December 31, 2016. The fees associated with transfer of receivables for all programs were not material for any of the periods presented.

4. Restructuring and Impairment Charges

The Company incurred restructuring costs related to severance, asset impairment, and facility exit costs of $4 million and $16 million for the quarterly periods ended December 31, 2016 and January 2, 2016, respectively. The tables below set forth the significant components of the restructuring charges recognized, by segment:

	Quarterly Period Ended	
	December 31, 2016	January 2, 2016
Consumer Packaging	**$ 2**	$ 3
Health, Hygiene & Specialties	**2**	12
Engineered Materials	**—**	1
Consolidated	**$ 4**	$ 16

The table below sets forth the activity with respect to the restructuring accrual at December 31, 2016:

	Employee Severance	Facilities Exit Costs	Total
Balance at October 1, 2016	$ 7	$ 6	$ 13
Charges	**3**	**1**	**4**
Cash payments	**(5)**	**(2)**	**(7)**
Balance at December 31, 2016	**$ 5**	**$ 5**	**$ 10**

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:

	December 31, 2016	October 1, 2016
Employee compensation, payroll and other	**$ 105**	$ 152
Interest	**44**	53
Rebates	**56**	54
Restructuring	**10**	13
Accrued taxes	**45**	40
Tax receivable agreement obligation	**100**	60
Accrued operating expenses	**74**	77
	$ 434	$ 449

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

	December 31, 2016	October 1, 2016
Lease retirement obligation	**$ 35**	$ 34
Sale-lease back deferred gain	**25**	26
Pension liability	**85**	88
Deferred purchase price	**42**	41
Tax receivable agreement obligation	**14**	114
Interest rate swaps	**26**	45
Other	**67**	69
	$ 294	$ 417

The Company made $60 million of payments related to the income tax receivable agreement ("TRA") in the December 31, 2016 quarter, of which Apollo Global Management, LLC received $48 million. The TRA provides for an annual payment to TRA holders at 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	December 31, 2016	October 1, 2016
Term loan	February 2020	**$ 1,348**	$ 1,351
Term loan	January 2021	**814**	814
Term loan	October 2022	**1,895**	1,895
Revolving line of credit	May 2020	**—**	—
5 $^1/_8$% Second Priority Senior Secured Notes	July 2023	**700**	700
5 $^1/_2$% Second Priority Senior Secured Notes	May 2022	**500**	500
6% Second Priority Senior Secured Notes	October 2022	**400**	400
Debt discounts and deferred fees		**(52)**	(58)
Capital leases and other	Various	**148**	153
Total long-term debt		**5,753**	5,755
Current portion of long-term debt		**(43)**	(43)
Long-term debt, less current portion		**$ 5,710**	$ 5,712

The Company was in compliance with all covenants as of December 31, 2016.

Debt discounts and deferred financing fees are presented net of Long-term debt, less the current portion on the Consolidated Balance Sheets and are amortized to Interest expense through maturity.

7. Financial Instruments and Fair Value Measurements

In the normal course of business, the Company is exposed to certain risks arising from business operations and economic factors. The Company may use derivative financial instruments to help manage market risk and reduce the exposure to fluctuations in interest rates and foreign currencies. These financial instruments are not used for trading or other speculative purposes. 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.

Foreign Currency Forward Contracts Not Designated as Hedges

The primary purpose of our foreign currency hedging activities is to manage the potential changes in value associated with the changes in foreign currencies on future foreign cash movements for certain jurisdictions. The changes in fair value of these derivative contracts are recognized in Other (income) expense, net, on our Consolidated Statements of Income and are largely offset by the remeasurement of the underlying intercompany loan. The foreign currency forward contracts are Level 2 fair value measurements and we use a discounted cash flow analysis along with significant other observable inputs to determine the fair value of the foreign currency forward contract if it is outstanding at the end of the period. These contracts are typically entered into and settled within the given quarterly reporting period.

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 2 fair value measurement, and we utilize a discounted cash flow calculation along with significant other observable inputs to determine the fair value.

In February 2013, the Company entered into an interest rate swap transaction to manage cash flow variability associated with interest rate volatility on $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 annual 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 effective portion of the interest rate swap is included in Accumulated other comprehensive loss and is being 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 interest rate volatility on $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 annual rate of 2.59%, with an effective date in February 2016 and expiration in February 2019.

In September 2015, the Company entered into an interest rate swap transaction to manage cash flow variability associated with interest rate volatility on $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 annual rate of 1.7185%, with an effective date in December 2015 and expiration in June 2019.

The Company records the changes in fair value of derivative instruments designated for hedge accounting as prescribed in *ASC 815 – Derivatives and Hedging*, in Accumulated other comprehensive loss, net of tax, which are included in Deferred income taxes. All other changes in derivative instruments not designated as hedging instruments flow through the Consolidated Statement of Income. The Company has designated all of their interest rate swaps as cash flow hedges.

	Balance Sheet Location	December 31, 2016	October 1, 2016
Interest rate swaps	Other long-term liabilities	$ 26	$ 45

The effect of the Company's derivative instruments on the Consolidated Statement of Income is as follows:

		Quarterly Period Ended	
Derivatives instruments	Statement of Operations Location	December 31, 2016	January 2, 2016
Interest rate swaps	Interest expense, net	$ 5	$ —
Foreign currency swaps	Other (income) expense, net	$ 1	$ —

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 or when the Company completes an acquisition. The Company adjusts certain long-lived assets to fair value only when the carrying values exceed the fair values. The categorization of the framework used to value the assets is considered Level 3, due to the subjective nature of the unobservable inputs used to determine the fair value. These assets that are subject to our annual impairment analysis primarily include 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 2016 assessment. No impairment indicators were identified 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 December 31, 2016 and October 1, 2016, along with the impairment loss recognized on the fair value measurement during the period:

	As of December 31, 2016				
	Level 1	Level 2	Level 3	Total	Impairment
Indefinite-lived trademarks	$ —	$ —	$ 248	$ 248	$ —
Goodwill	—	—	2,394	2,394	—
Definite lived intangible assets	—	—	914	914	—
Property, plant, and equipment	—	—	2,182	2,182	—
Total	$ —	$ —	$ 5,738	$ 5,738	$ —

	As of October 1, 2016				
	Level 1	Level 2	Level 3	Total	Impairment
Indefinite-lived trademarks	$ —	$ —	$ 248	$ 248	$ —
Goodwill	—	—	2,406	2,406	—
Definite lived intangible assets	—	—	952	952	—
Property, plant, and equipment	—	—	2,224	2,224	3
Total	$ —	$ —	$ 5,830	$ 5,830	$ 3

The Company's financial instruments consist primarily of cash and cash equivalents, long-term debt, interest rate swap agreements and capital lease obligations. The fair value of our long-term indebtedness exceeded book value by $63 million as of December 31, 2016. 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

The Company's effective tax rate was 35% and 43% for the quarterly period ended December 31, 2016 and January 2, 2016, respectively. Within the quarter, the effective tax rate was favorably impacted primarily by the discrete item related to share based compensation excess tax benefit of 4%, partially offset by foreign valuation allowance and other discrete items.

9. Operating Segments

The Company's operations are organized into three operating segments: Consumer Packaging, Health, Hygiene & Specialties, and Engineered Materials. The structure is designed to align us with our customers, provide improved service, and drive future growth in a cost efficient manner. In October 2016, the Company realigned portions of our operating segments in order to leverage geographic management teams and commercial activities. In the prior year quarter $36 million of Net sales from the Retail & Industrial product line, which is primarily international, was moved from Engineered Materials to the Specialties product line within Health, Hygiene & Specialties. Additionally, with the intent that the announced AEP Industries Inc. acquisition will be operated within the Engineered Materials segment, $79 million of Core Films Net sales were moved from Consumer Packaging to Engineered Materials. As result of these organizational realignments, we have recast prior period segment amounts. Selected information by reportable segment is presented in the following tables:

	Quarterly Period Ended	
	December 31, 2016	January 2, 2016
Net sales:		
Consumer Packaging	**$ 549**	$ 604
Health, Hygiene & Specialties	**570**	600
Engineered Materials	**383**	408
Total net sales	**$ 1,502**	$ 1,612
Operating income:		
Consumer Packaging	**$ 34**	$ 39
Health, Hygiene & Specialties	**59**	13
Engineered Materials	**53**	34
Total operating income	**$ 146**	$ 86
Depreciation and amortization:		
Consumer Packaging	**$ 59**	$ 62
Health, Hygiene & Specialties	**44**	55
Engineered Materials	**17**	22
Total depreciation and amortization	**$ 120**	$ 139

	December 31, 2016	October 1, 2016
Total assets:		
Consumer Packaging	**$ 3,254**	$ 3,315
Health, Hygiene & Specialties	**3,439**	3,504
Engineered Materials	**818**	834
Total assets	**$ 7,511**	$ 7,653

Selected information by geography is presented in the following tables:

	Quarterly Period Ended	
	December 31, 2016	January 2, 2016
Net sales:		
North America	**$ 1,204**	$ 1,307
South America	**80**	79
Europe	**149**	165
Asia	**69**	61
Total net sales	**$ 1,502**	$ 1,612

	December 31, 2016	October 1, 2016
Long-lived assets:		
North America	**$ 4,677**	$ 4,724
South America	**375**	386
Europe	**431**	462
Asia	**285**	289
Total long-lived assets:	**$ 5,768**	$ 5,861

Selected information by product line is presented in the following tables:

	Quarterly Period Ended	
	December 31, 2016	January 2, 2016
Net sales:		
Rigid Open Top	**42**	42
Rigid Closed Top	**58**	58
Consumer Packaging	**100%**	100%
Health	**20**	17
Hygiene	**46**	45
Specialties	**34**	38
Health, Hygiene & Specialties	**100%**	100%
Core Films	**73**	71
Retail & Industrial	**27**	29
Engineered Materials	**100%**	100%

Goodwill

In connection with the change in reporting segments, the Company reallocated goodwill to the segments under the provisions of ASC 350. The changes in the carrying amount of goodwill by reportable segment are as follows:

	Consumer Packaging	Health, Hygiene & Specialties	Engineered Materials	Total
Balance as of October 1, 2016	$ 1,520	$ 801	$ 85	$ 2,406
Segment realignment	**(110)**	**7**	**103**	—
Foreign currency translation adjustment	**(1)**	**(11)**	—	**(12)**
Balance as of December 31, 2016	**$ 1,409**	**$ 797**	**$ 188**	**$ 2,394**

10. Contingencies and Commitments

The Company is party to various legal proceedings in addition to the above involving routine claims which are incidental to its business. Although the Company's legal and financial liability with respect to such proceedings cannot be estimated with certainty, management believes that any ultimate liability would not be material to its financial statements.

The Company has various purchase commitments for raw materials, supplies, and property and equipment incidental to the ordinary conduct of business.

11. Basic and Diluted Net Income per Share

Basic net income per share is calculated by dividing the net income 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 per share is computed by dividing the net income 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 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 per share computations. The calculation below provides net income per share on both a basic and diluted basis for the quarterly periods ended December 31, 2016 and January 2, 2016:

	Quarterly Period Ended	
(in millions, except per share amounts)	**December 31, 2016**	January 2, 2016
Numerator		
Consolidated net income	**$ 51**	$ 4
Denominator		
Weighted average common shares outstanding - basic	**122.0**	120.1
Dilutive shares	**5.8**	4.8
Weighted average common and common equivalent shares outstanding - diluted	**127.8**	124.9
Per common share income		
Basic	**$ 0.42**	$ 0.03
Diluted	**$ 0.40**	$ 0.03

12. Accumulated Other Comprehensive Income (Loss)

The components and activity of Accumulated other comprehensive income (loss) are as follows:

	Currency Translation	Defined Benefit Pension and Retiree Health Benefit Plans	Interest Rate Hedges	Accumulated Other Comprehensive Income (Loss)
Balance at October 1, 2016	$ (82)	$ (44)	$ (22)	$ (148)
Other comprehensive income (loss) before reclassifications	**(45)**	**—**	**12**	**(33)**
Net amount reclassified from accumulated other comprehensive income (loss)	**—**	**—**	**5**	**5**
Provision for income taxes related to other comprehensive income items	**—**	**—**	**(6)**	**(6)**
Balance at December 31, 2016	**$ (127)**	**$ (44)**	**$ (11)**	**$ (182)**

	Currency Translation	Defined Benefit Pension and Retiree Health Benefit Plans	Interest Rate Hedges	Accumulated Other Comprehensive Income (Loss)
Balance at September 26, 2015	$ (81)	$ (25)	$ (13)	$ (119)
Other comprehensive income (loss) before reclassifications	(29)	—	4	(25)
Net amount reclassified from accumulated other comprehensive income (loss)	—	—	—	—
Provision for income taxes related to other comprehensive income items	—	—	(1)	(1)
Balance at January 2, 2016	$ (110)	$ (25)	$ (10)	$ (145)

13. Guarantor and Non-Guarantor Financial Information

Berry Plastics Corporation ("Issuer") has notes outstanding which are fully, jointly, severally, and unconditionally guaranteed by its parent, Berry Plastics Group, Inc. (for purposes of this Note, "Parent") and substantially all of Issuer's domestic subsidiaries. Separate narrative information or financial statements of the guarantor subsidiaries have not been included because they are 100% owned by Parent and the guarantor subsidiaries unconditionally guarantee such debt on a joint and several basis. A guarantee of a guarantor subsidiary 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 indentures, 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 of the guarantor subsidiaries are also limited as necessary to prevent them from constituting a fraudulent conveyance under applicable law and any guarantees guaranteeing subordinated debt are subordinated to certain other of the Company's debts. Parent also guarantees the Issuer's term loans and revolving credit facilities. The guarantor subsidiaries guarantee our term loans and are co-borrowers under our revolving credit facility. Presented below is condensed consolidating financial information for the Parent, Issuer, guarantor subsidiaries and non-guarantor subsidiaries. The Issuer and guarantor financial information includes all of our domestic operating subsidiaries; our non-guarantor subsidiaries include our foreign subsidiaries, certain immaterial domestic subsidiaries and the unrestricted subsidiaries under the Issuer's indentures. The Parent uses the equity method to account for its ownership in the Issuer in the Condensed Consolidating Supplemental Financial Statements. The Issuer 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

	December 31, 2016					
	Parent	Issuer	Guarantor Subsidiaries	Non—Guarantor Subsidiaries	Eliminations	Total
Current assets	**—**	**226**	**879**	**638**	**—**	**1,743**
Intercompany receivable	**275**	**2,840**	**—**	**—**	**(3,115)**	**—**
Property, plant, and equipment, net	**—**	**74**	**1,416**	**692**	**—**	**2,182**
Other assets	**365**	**4,142**	**4,070**	**533**	**(5,524)**	**3,586**
Total assets	**$ 640**	**$ 7,282**	**$ 6,365**	**$ 1,863**	**$ (8,639)**	**$ 7,511**
Current liabilities	**100**	**226**	**419**	**235**	**—**	**980**
Intercompany payable	**—**	**66**	**2,926**	**123**	**(3,115)**	**—**
Other long-term liabilities	**294**	**5,822**	**104**	**65**	**—**	**6,285**
Stockholders' equity (deficit)	**246**	**1,168**	**2,916**	**1,440**	**(5,524)**	**246**
Total liabilities and stockholders' equity (deficit)	**$ 640**	**$ 7,282**	**$ 6,365**	**$ 1,863**	**$ (8,639)**	**$ 7,511**

	October 1, 2016					
	Parent	Issuer	Guarantor Subsidiaries	Non—Guarantor Subsidiaries	Eliminations	Total
Current assets	—	161	945	686	—	1,792
Intercompany receivable	364	2,797	—	—	(3,161)	—
Property, plant and equipment, net	—	76	1,434	714	—	2,224
Other assets	302	4,101	4,094	557	(5,417)	3,637
Total assets	$ 666	$ 7,135	$ 6,473	$ 1,957	$ (8,578)	$ 7,653
Current liabilities	60	207	480	284	—	1,031
Intercompany payable	—	—	2,992	169	(3,161)	—
Other long-term liabilities	385	5,822	126	68	—	6,401
Stockholders' equity (deficit)	221	1,106	2,875	1,436	(5,417)	221
Total liabilities and stockholders' equity (deficit)	$ 666	$ 7,135	$ 6,473	$ 1,957	$ (8,578)	$ 7,653

Condensed Supplemental Consolidated Statements of Operations

	Quarterly Period Ended December 31, 2016					
	Parent	**Issuer**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Total**
Net sales	**$ —**	**$ 143**	**$ 979**	**$ 380**	**$ —**	**$ 1,502**
Cost of goods sold	**—**	**116**	**789**	**301**	**—**	**1,206**
Selling, general and administrative	**—**	**42**	**75**	**(4)**	**—**	**113**
Amortization of intangibles	**—**	**2**	**25**	**6**	**—**	**33**
Restructuring and impairment charges	**—**	**—**	**4**	**—**	**—**	**4**
Operating income	**—**	**(17)**	**86**	**77**	**—**	**146**
Other expense (income), net	**—**	**4**	**—**	**(5)**	**—**	**(1)**
Interest expense, net	**—**	**6**	**45**	**17**	**—**	**68**
Equity in net income of subsidiaries	**(79)**	**(92)**	**—**	**—**	**171**	**—**
Income (loss) before income taxes	**79**	**65**	**41**	**65**	**(171)**	**79**
Income tax expense (benefit)	**28**	**14**	**—**	**14**	**(28)**	**28**
Consolidated net income (loss)	**$ 51**	**$ 51**	**$ 41**	**$ 51**	**$ (143)**	**$ 51**
Comprehensive net income (loss)	**$ 51**	**$ 62**	**$ 41**	**$ 6**	**$ (143)**	**$ 17**
Consolidating Statement of Cash Flows						
Cash Flow from Operating Activities	**$ —**	**$ (19)**	**$ 120**	**$ 42**	**$ —**	**$ 143**
Cash Flow from Investing Activities						
Additions to property, plant, and equipment	**—**	**(2)**	**(50)**	**(13)**	**—**	**(65)**
Proceeds from sale of assets	**—**	**1**	**1**	**—**	**—**	**2**
(Contributions) distributions to/from subsidiaries	**(5)**	**5**	**—**	**—**	**—**	**—**
Intercompany advances (repayments)	**—**	**39**	**—**	**—**	**(39)**	**—**
Other investing activities, net	**—**	**(1)**	**—**	**—**	**—**	**(1)**
Net cash from investing activities	**(5)**	**42**	**(49)**	**(13)**	**(39)**	**(64)**
Cash Flow from Financing Activities						
Proceeds from long-term debt	**—**	**—**	**—**	**—**	**—**	**—**
Repayments on long-term borrowings	**—**	**(9)**	**(1)**	**—**	**—**	**(10)**
Proceeds from issuance of common stock	**5**	**—**	**—**	**—**	**—**	**5**
Payment of tax receivable agreement	**(60)**	**—**	**—**	**—**	**—**	**(60)**
Changes in intercompany balances	**60**	**—**	**(67)**	**(32)**	**39**	**—**
Net cash from financing activities	**5**	**(9)**	**(68)**	**(32)**	**39**	**(65)**
Effect of exchange rate changes on cash	**—**	**—**	**—**	**(6)**	**—**	**(6)**
Net change in cash	**—**	**14**	**3**	**(9)**	**—**	**8**
Cash and cash equivalents at beginning of period	**—**	**102**	**5**	**216**	**—**	**323**
Cash and cash equivalents at end of period	**$ —**	**$ 116**	**$ 8**	**$ 207**	**$ —**	**$ 331**

	Quarterly Period Ended January 2, 2016					
	Parent	**Issuer**	**Guarantor Subsidiaries**	**Non—Guarantor Subsidiaries**	**Eliminations**	**Total**
Net sales	$ —	$ 150	$ 992	$ 470	$ —	$ 1,612
Cost of goods sold	—	123	815	382	—	1,320
Selling, general and administrative	—	56	75	23	—	154
Amortization of intangibles	—	2	26	8	—	36
Restructuring and impairment charges	—	—	15	1	—	16
Operating income (loss)	—	(31)	61	56	—	86
Other income, net	—	(1)	(4)	9	—	4
Interest expense, net	—	9	46	20	—	75
Equity in net income of subsidiaries	(7)	(33)	—	—	40	—
Income (loss) before income taxes	7	(6)	19	27	(40)	7
Income tax expense (benefit)	3	(8)	—	12	(4)	3
Consolidated net income (loss)	$ 4	$ 2	$ 19	$ 15	$ (36)	$ 4
Comprehensive net income (loss)	$ 4	$ 5	$ 19	$ (14)	$ (36)	$ (22)
Consolidating Statement of Cash Flows						
Cash Flow from Operating Activities	$ —	$ (30)	$ 153	$ 68	$ —	$ 191
Cash Flow from Investing Activities						
Additions to property, plant, and equipment	—	(3)	(80)	(10)	—	(93)
Proceeds from sale of assets	—	—	4	—	—	4
(Contributions) distributions to/from subsidiaries	(7)	(2,253)	—	—	2,260	—
Intercompany advances (repayments)	—	(162)	—	—	162	—
Acquisition of business, net of cash acquired	—	—	(291)	(1,995)	—	(2,286)
Net cash from investing activities	(7)	(2,418)	(367)	(2,005)	2,422	(2,375)
Cash Flow from Financing Activities						
Proceeds from long-term borrowings	—	2,489	—	3	—	2,492
Repayments on long-term borrowings	—	(70)	—	(30)	—	(100)
Proceeds from issuance of common stock	7	—	—	—	—	7
Payment of tax receivable agreement	(57)	—	—	—	—	(57)
Contributions from parent	—	—	291	1,969	(2,260)	—
Debt financing costs	—	(36)	—	—	—	(36)
Purchase of non-controlling interest	—	—	(66)	—	—	(66)
Changes in intercompany balances	57	—	7	98	(162)	—
Net cash from financing activities	7	2,383	232	2,040	(2,422)	2,240
Effect of exchange rate changes on cash	—	—	—	(2)	—	(2)
Net change in cash	—	(65)	18	101	—	54
Cash and cash equivalents at beginning of period	—	163	—	65	—	228
Cash and cash equivalents at end of period	$ —	$ 98	$ 18	$ 166	$ —	$ 282

14. Subsequent Events

AEP Industries Inc.

In January 2017, the Company completed the previously announced acquisition of AEP Industries Inc. ("AEP") for a purchase price of approximately 6.5 million Berry common shares and approximately $297 million in cash to the former holders of AEP Common stock and equity awards. Additionally, Berry paid $164 million to retire outstanding AEP debt. AEP manufactures and markets an extensive and diverse line of polyethylene and polyvinyl chloride flexible plastic packaging products with consumer, industrial, and agricultural applications. The acquired business will be operated in Berry's Engineered Materials segment. To finance the purchase, the Company entered into an incremental assumption agreement to increase the commitments under the Company's existing term loan credit agreement by $500 million due 2024.

Term Loan

In January 2017, the Company entered into an incremental assumption agreement and amendment to lower the interest rates under certain of the term loans maturing in October 2022 from LIBOR plus 2.75% per annum with a LIBOR floor of 1% to LIBOR plus 2.50% with no LIBOR floor.

Interest Rate Swap

In January 2017, the Company entered into an interest rate swap transaction to manage cash flow variability associated with $450 million of outstanding variable rate term loan debt from future interest rate volatility. The agreement swaps a one-month variable LIBOR contract for a fixed annual rate of 2.00%, with an effective date in May 2017 and expiration in May 2022.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This discussion contains forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described 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 SEC. As a result, our actual results may differ materially from those contained in any forward-looking statements. The forward-looking statements referenced within this report should be read with the explanation of the qualifications and limitations included herein.

The Company's fiscal year is based on fifty-two or fifty-three week periods. Fiscal 2017 is a fifty-two week period and fiscal 2016 was a fifty-three week period.

Executive Summary

Business. The Company's operations are organized into three operating segments: Health, Hygiene & Specialties, Consumer Packaging, and Engineered Materials. The structure is designed to align us with our customers, provide improved service, and drive future growth in a cost efficient manner. The Consumer Packaging segment primarily consists of containers, foodservice items, closures, overcaps, bottles, prescription containers, and tubes. The Health, Hygiene & Specialties segment primarily consists of nonwoven specialty materials used in hygiene, infection prevention, personal care, industrial, construction, filtration applications, personal care films, and pipeline corrosion protection solutions. The Engineered Materials segment primarily consists of tapes and adhesives, polyethylene based film products, can liners, printed films, and specialty coated and laminated products.

In October 2016, the Company realigned portions of our operating segments in order to leverage geographic management teams and commercial activities. $36 million of Net sales from the Retail & Industrial product line, which are primarily international, were moved from Engineered Materials to the Specialties product line within Health, Hygiene & Specialties. Additionally, with the intent that the announced AEP Industries Inc. acquisition will be operated within the Engineered Materials segment, $79 millions of Core Films Net sales were moved from Consumer Packaging to Engineered Materials. As result of these organizational realignments, we have recast prior period segment amounts.

Acquisitions. Our acquisition strategy is focused on improving our long-term financial performance, enhancing our market positions, and expanding our existing and complementary product offerings. We seek to obtain businesses for attractive post-synergy multiples, creating value for our stockholders from synergy realization, leveraging the acquired products across our customer base, creating new platforms for future growth, and assuming best practices from the businesses we acquire. The Company has included the expected benefits of acquisition integrations and restructuring plans within our unrealized synergies, which are in turn recognized in earnings after an acquisition has been fully integrated or the restructuring plan is completed. While the expected benefits on earnings is estimated at the commencement of each transaction, once the execution of the plan and integration occur, we are generally unable to accurately estimate or track what the ultimate effects have been due to system integrations and movements of activities to multiple facilities. As historical business combinations and restructuring plans have not allowed us to accurately separate realized synergies compared to what was initially identified, we measure the synergy realization based on the overall segment profitability post integration.

Avintiv Inc.

In October 2015, the Company acquired 100% of the capital stock of AVINTIV Inc. ("Avintiv") for a purchase price of $2.26 billion, net of cash acquired. Avintiv was one of the world's leading developers, producers, and marketers of nonwoven specialty materials used in hygiene, infection prevention, personal care, industrial, construction, and filtration applications. To finance the purchase, the Company issued $400 million aggregate principal amount of 6.0% second priority senior secured notes due 2022 and entered into an incremental assumption agreement to increase the commitments under the Company's existing term loan credit agreement by $2.1 billion due 2022. The Company expects to realize annual cost synergies of approximately $80 million related to the Avintiv acquisition with full realization expected in fiscal 2017.

AEP Industries Inc.

In January 2017, the Company completed the previously announced acquisition of AEP Industries Inc. ("AEP") for a purchase price of approximately 6.5 million Berry common shares and approximately $297 million in cash to the former holders of AEP Common stock and equity awards. Additionally, Berry paid $164 million to retire outstanding AEP debt. AEP manufactures and markets an extensive and diverse line of polyethylene and polyvinyl chloride flexible plastic packaging products with consumer, industrial, and agricultural applications. The acquired business will be operated in Berry's Engineered Materials segment. To finance the purchase, the Company entered into an incremental assumption agreement to increase the commitments under the Company's existing term loan credit agreement by $500 million due 2024. The Company expects to realize annual cost synergies of approximately $50 million from the AEP transaction with full realization expected in fiscal 2018.

Raw Material Trends. Our primary raw material is plastic resin consisting primarily of polypropylene and polyethylene. 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. The three month simple average price per pound, as published by U.S. market indexes, were as follows:

	Polyethylene Butene Film			Polypropylene		
	2017	2016	2015	**2017**	2016	2015
1st quarter	**$ .75**	$ .69	$ .86	**$ .69**	$ .70	$ .92
2nd quarter	**—**	.66	.75	**—**	.75	.73
3rd quarter	**—**	.73	.76	**—**	.71	.68
4th quarter	**—**	.75	.73	**—**	.71	.66

Due to differences in the timing of passing through resin cost changes to our customers on escalator/de-escalator programs, segments are negatively impacted in the short term when plastic resin costs increase and are positively impacted when plastic resin costs decrease. This timing lag in passing through raw material cost changes could affect our results as plastic resin costs fluctuate.

Outlook. The Company is impacted by general economic and industrial growth, plastic resin availability and affordability, and general industrial production. Our business has both geographic and end-market diversity, which reduces the effect of any one of these factors on our overall performance. Our results are affected by our ability to pass through raw material cost changes to our customers, improve manufacturing productivity and adapt to volume changes of our customers. Historically, there has been a very tight correlation between oil prices and the cost of our key raw materials, polyethylene and polypropylene. Overall, we continue to believe that these current trends in global oil and resin markets will be positive for the Company. We continue to believe the fiscal 2017 volume environment in the markets we serve will remain consistent with fiscal 2016 which will be partially offset by one less week of operations in fiscal 2017 compared to fiscal 2016. In the near term, increase in resin costs in Europe, weakness in the Euro versus the dollar, sharp increases in the value of the Brazilian Real and market pressure in South America could temporarily create a headwind for the Company, which we believe will ultimately be offset within the fiscal year by maximizing the synergies from the AEP acquisition and growth opportunities within the health, pharmaceuticals, personal care and food packaging markets, particularly in Asia, where expected per capita consumption increases should result in organic market growth. For fiscal 2017, we project cash flow from operations and Adjusted Free Cash Flow of $925 million and $550 million, respectively. These estimates assume $80 million of tax payments, $60 million of business integration costs, constant currency rates, no impact to working capital, and no change in short term interest rates. The $550 million of Adjusted Free Cash Flow includes $315 million of additions to property, plant and equipment and $60 million of payments under our tax receivable agreement. For the definition of Adjusted Free Cash Flow and further information related to Adjusted Free Cash Flow as a non-GAAP financial measure, see "Liquidity and Capital Resources."

Results of Operations

Comparison of the Quarterly Period Ended December 31, 2016 (the "Quarter") and the Quarterly Period Ended January 2, 2016 (the "Prior Quarter")

As a reminder, fiscal 2016 was a fifty-three week period compared to a fifty-two week period in fiscal 2017. The negative impact from the extra days in the Prior Quarter disclosed within this section has been presented on a net basis. Business integration expenses consist of restructuring and impairment charges, acquisition related charges, and other business optimization costs.

Consolidated Overview

	Quarter	Prior Quarter	$ Change	% Change
Net sales	**$ 1,502**	$ 1,612	$ (110)	(7%)
Operating income	**$ 146**	$ 86	$ 60	70%
Operating income percentage of net sales	**10%**	5%		

The net sales decrease of $110 million from Prior Quarter is primarily attributed to a $98 million negative impact from extra days in the Prior Quarter, a $7 million decline in selling prices and a small unfavorable impact from currency translation.

The operating income increase of $60 million from Prior Quarter is primarily attributed to a $40 million decrease in business integration costs including a $12 million decline in restructuring and impairment costs due to the Avintiv acquisition in the Prior Quarter, a $12 million decrease in depreciation and amortization expense, a $9 million decrease in selling, general, and administrative expenses related to synergies from cost reductions, a $4 million improvement in our product mix and price/cost spread, a small favorable impact from currency translation, and a slight improvement in productivity in manufacturing. The decrease in depreciation and amortization is a result of the Avintiv acquisition's purchase accounting adjustments recorded in fiscal 2016. These improvements are partially offset by a $10 million negative impact from extra days in the Prior Quarter.

Consumer Packaging

	Quarter	Prior Quarter	$ Change	% Change
Net sales	**$ 549**	$ 604	$ (55)	(9%)
Operating income	**$ 34**	$ 39	$ (5)	(13%)
Percentage of net sales	**6%**	6%		

Net sales in the Consumer Packaging segment decreased by $55 million from Prior Quarter primarily attributed to a $43 million negative impact from extra days in the Prior Quarter, and an $18 million negative impact from a 3% base volume decline, partially offset by $6 million of selling price increases. The base volume decline is primarily related to soft customer demand in portions of our Rigid Open Top product line and general market softness.

The operating income decrease of $5 million from Prior Quarter is primarily attributed to a $5 million negative impact from extra days in the Prior Quarter, a $3 million negative impact from base volume declines, and a $3 million negative impact from productivity in manufacturing primarily related to plant consolidation activities, partially offset by a $4 million decrease in selling, general and administrative expenses.

Health, Hygiene, & Specialties

	Quarter	Prior Quarter	$ Change	% Change
Net sales	**$ 570**	$ 600	$ (30)	(5%)
Operating income	**$ 59**	$ 13	$ 46	354%
Percentage of net sales	**10%**	2%		

Net sales in the Health, Hygiene & Specialties segment decreased by $30 million from Prior Quarter primarily attributed to a $26 million negative impact from extra days in the Prior Quarter, a $19 million decline in selling prices due to the pass through of lower raw material costs, and a $5 million unfavorable impact from currency translation, partially offset by a $20 million impact from a 3% volume improvement from growth in all product lines.

The operating income increase of $46 million from Prior Quarter is primarily attributed to a $28 million decrease in business integration costs resulting from the Avintiv acquisition in the Prior Quarter, including a $10 million decrease in restructuring costs, an $8 million decrease in depreciation and amortization expense, a $4 million improvement in productivity in manufacturing, a $3 million favorable impact from organic volume improvement, a $3 million decrease in selling, general and administrative expenses, and a small favorable impact from currency translation. These improvements are partially offset by a negative impact from extra days in the Prior Quarter. The decrease in depreciation and amortization is a result of the Avintiv acquisition's purchase accounting adjustments recorded in fiscal 2016.

Engineered Materials

	Quarter	Prior Quarter	$ Change	% Change
Net sales	**$ 383**	$ 408	$ (25)	(6%)
Operating income	**$ 53**	$ 34	$ 19	56%
Percentage of net sales	**14%**	8%		

Net sales in the Engineered Materials segment decreased by $25 million from Prior Quarter primarily attributed to a $29 million negative impact from extra days in the Prior Quarter, partially offset by selling price increases of $6 million.

The operating income increase of $19 million from Prior Quarter is primarily attributed to a $10 million decrease in business integration costs, a $6 million improvement in our product mix and price/cost spread, a $4 million decline in depreciation and amortization, and lower selling, general and administrative expenses, partially offset by a $4 million negative impact from extra days in the Prior Quarter.

Other (income) expense, net

	Quarter	Prior Quarter	$ Change	% Change
Other (income) expense, net	**$ (1)**	$ 4	$ (5)	(125%)

The other (income) expense improvement of $5 million is primarily attributed to favorable foreign currency changes related to the remeasurement of non-operating intercompany balances.

Interest expense, net

	Quarter	Prior Quarter	$ Change	% Change
Interest expense, net	**$ 68**	$ 75	$ (7)	(9%)

The interest expense decrease of $7 million from Prior Quarter is primarily attributed to the June 2016 incremental assumption agreement and amendment which reduced interest rates on two of our term loans, as well as free cash flow used throughout the prior year to reduce our indebtedness.

Income tax expense

	Quarter	Prior Quarter	$ Change	% Change
Income tax expense	**$ 28**	$ 3	$ 25	833%

The income tax expense increase of $25 million from the Prior Quarter is primarily attributed to an increase in Net income before income taxes. Within the quarter, the effective tax rate was favorably impacted primarily by the discrete item related to share based compensation excess tax benefit of 4%, partially offset by foreign valuation allowance and other discrete items.

Changes in Comprehensive Income (Loss)

The $39 million improvement in Comprehensive income (loss) from Prior Quarter is primarily attributed to a $47 million improvement in Net income and a $8 million favorable change in the fair value of interest rate hedges, net of tax, partially offset by a $16 million unfavorable change in currency translation. Currency translation gains and losses are primarily related to non-U.S. subsidiaries with a functional currency other than U.S. Dollars whereby assets and liabilities are translated from the respective functional currency into U.S. Dollars using period-end exchange rates. The change in currency translation in the Quarter was primarily attributed to locations utilizing the Euro and Pound Sterling as the functional currency. 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 and records changes to the fair value of these instruments in Accumulated other comprehensive loss. The $8 million favorable change in fair value of these instruments in the Quarter versus Prior Quarter is primarily attributed to an increase in the forward interest curve between measurement dates.

Liquidity and Capital Resources

As of the end of the quarter, we had cash and cash equivalents of $331 million, of which approximately 64% was located outside of the U.S. Our primary sources of cash are the collection of trade receivables generated from the sales of our products and services to our customers and amounts available under our existing lines of credit. Our primary uses of cash are payments for operating expenses, investments in working capital, capital expenditures, interest, taxes, debt obligations, restructuring expenses and other long-term liabilities. Based on our current level of operations, we believe that cash flow from operations and available cash, together with available borrowings under our senior secured credit facilities, will be adequate to meet our short-term liquidity needs over the next twelve months. We base such belief on historical experience and the funds available under the revolving credit facility. However, we cannot predict our future results of operations and our ability to meet our obligations involves numerous risks and uncertainties, including, but not limited to, those described in the "Risk Factors" section of our most recent Form 10-K filed with the SEC. In particular, increases in the cost of resin which we are unable to pass through to our customers on a timely basis or significant acquisitions could severely impact our liquidity.

Senior Secured Credit Facility

We manage our global cash requirements considering (i) available funds among the many subsidiaries through which we conduct business, (ii) the geographic location of our liquidity needs, and (iii) the cost to access international cash balances. We have a $650 million asset-based revolving line of credit that matures in May 2020. At the end of the Quarter, the Company had no outstanding balance on the revolving credit facility. The Company was in compliance with all covenants at the end of the Quarter.

A key financial metric utilized in the calculation of our debt covenants is adjusted EBITDA (defined as "EBITDA" in the Company's debt agreements, but referred herein as Adjusted EBITDA). The following table reconciles (i) our net income to Adjusted EBITDA and (ii) our cash flow from operating activities to Adjusted Free Cash Flow for the four quarters ended December 31, 2016:

	December 31, 2016
	Four Quarters Ended
Net income	$ 283
Income tax expense	97
Interest expense, net	284
Debt extinguishment	4
Other income (expense), net	(27)
Other non-cash charges [(a)]	28
Restructuring and impairment	20
Business optimization and other expense [(b)]	16
Depreciation and amortization	506
Unrealized cost savings	19
Adjusted EBITDA	$ 1,230
Cash flow from operating activities	$ 809
Net additions to property, plant and equipment	(257)
Payments of tax receivable agreement	(60)
Adjusted Free Cash Flow	$ 492
Cash flow from investing activities	(268)
Cash flow from financing activities	(488)

(a) Primarily includes stock compensation expense of $19 million and other non-cash charges
(b) Includes business optimization and integration expenses

Adjusted EBITDA and Adjusted Free Cash Flow, as presented in this document, are supplemental financial measures that are not required by, or presented in accordance with, generally accepted accounting principles 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. Adjusted EBITDA is used by our lenders for debt covenant compliance.

We define "Adjusted Free Cash Flow" as cash flow from operating activities less additions to property, plant and equipment and payments of the tax receivable agreement. 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.

These non-GAAP financial measures may be calculated differently by other companies, including other companies in our industry, limiting their usefulness as comparative measures.

Tax Receivable Agreement

The Company made $60 million of payments related to the income tax receivable agreement ("TRA") in the first fiscal quarter of 2017. The $60 million payment represents the only TRA payment required in fiscal 2017.

Cash Flows

Net cash from operating activities decreased $48 million from the Prior Quarter primarily attributed to a decrease in working capital due to timing, partially offset by higher net income and decreased depreciation and amortization.

Net cash from investing activities decreased $2,311 million from the Prior Quarter primarily attributed to the Avintiv acquisition and decreased capital expenditures compared to the Prior Quarter.

Net cash from financing activities decreased $2,305 million from the Prior Quarter primarily attributed to the incremental financing and related costs incurred related to the Avintiv acquisition and the Providência tender offer in the Prior Quarter.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

Interest Rate Sensitivity

We are exposed to market risk from changes in interest rates primarily through our senior secured credit facilities. At December 31, 2016, our senior secured credit facilities are comprised of (i) $4.1 billion term loans and (ii) a $650 million revolving credit facility with no borrowings outstanding. Borrowings under our senior secured credit facilities bear interest, at our option, at either (1) an alternate base rate or (2) an adjusted LIBOR rate for a one-, two-, three- or six month interest period, or a nine- or twelve-month period, if available to all relevant lenders, in each case, plus an applicable margin. The alternate base rate is the greater of (i) in the case of our term loans, Credit Suisse's prime rate or, in the case of our revolving credit facility, Bank of America's prime rate and (ii) one-half of 1.0% over the weighted average of rates on overnight Federal Funds as published by the Federal Reserve Bank of New York. At December 31, 2016, the LIBOR rate of approximately 1.00% applicable to the term loans was equal to the LIBOR floor of 1.00%. A 0.25% change in LIBOR would increase our annual interest expense by $5 million on variable rate term loans.

In February 2013, the Company entered into an interest rate swap transaction to manage cash flow variability associated with interest rate volatility on $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 annual 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 effective portion of the interest rate swap is included in Accumulated other comprehensive loss and is being 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 interest rate volatility on $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 annual 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 loss.

In September 2015, the Company entered into an interest rate swap transaction to manage cash flow variability associated with interest rate volatility on $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 annual rate of 1.7185%, with an effective date in December 2015 and expiration in June 2019. The Company records changes in fair value in Accumulated other comprehensive loss.

Foreign Currency Exchange Rates

As a global company, we face foreign currency risk exposure from fluctuating currency exchange rates, primarily the U.S. dollar against the euro, Brazilian real, Argentine peso, Chinese yuan, Canadian dollar and Mexican peso. Significant fluctuations in currency rates can have a substantial impact, either positive or negative, on our revenue, cost of sales, and operating expenses. As there is uncertainty in the future movements in foreign exchange rates, significant fluctuations could negatively impact our future consolidated results of operations. Currency translation gains and losses are primarily related to non-U.S. subsidiaries with a functional currency other than U.S. Dollars whereby assets and liabilities are translated from the respective functional currency into U.S. Dollars using period-end exchange rates and impact our Comprehensive income (loss). While future consolidated results of operations could be materially impacted by fluctuations in currency rates, we attempt to manage our foreign currency risk on our anticipated cash movements by entering into foreign currency forward contracts to offset potential foreign exchange gains or losses. A 10% change in our foreign currency forward contracts would not result in a material change to our financial statements.

Item 4. Controls and Procedures

(a) Evaluation of disclosure controls and procedures.

Under applicable SEC regulations, management of a reporting company, with the participation of the principal executive officer and principal financial officer, must periodically evaluate the company's "disclosure controls and procedures," which are defined generally as controls and other procedures of a reporting company designed to ensure that information required to be disclosed by the reporting company in its periodic reports filed with the commission (such as this Form 10-Q) is recorded, processed, summarized, and reported on a timely basis.

As reported in our 2016 Annual Report on Form 10-K, Berry's management concluded that its internal control over financial reporting and its disclosure controls and procedures were not effective as of October 1, 2016. This conclusion was specifically impacted by deficiencies in the design and operating effectiveness related to the timeliness of Berry's annual income tax provision process and the adequacy of written documentation around aspects of its foreign tax provisions resulting primarily from the increased complexity in the legal entity structure following the acquisition of Avintiv. As there were no errors in the accounting or adjustments to the consolidated financial statements as a result of these identified deficiencies, management concluded that there was no impact on Berry's prior or current period consolidated financial statements and that Berry's financial statements were presented fairly in all material respects. Since October 1, 2016, Berry's management has taken remedial actions, and in that regard, has allocated resources internally that we believe will allow us to accelerate the timing of the completion of foreign tax provisions and increase the level of written documentation related to all aspects of the income tax provision.

The Company's management, with the participation of the Chief Executive Officer and the Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the disclosure controls and procedures as of December 31, 2016. Because many of the controls in the income tax provision process operate on an annual basis, the assessment of the remediation of the above referenced material weakness will not be fully completed until the Company's fiscal year-end. As a result, management has concluded that our disclosure controls and procedures were not effective as of the last day of the period covered by this report.

(b) Changes in internal controls.

Except as set forth above, there were no material changes in our internal control over financial reporting that occurred during the quarter ended December 31, 2016 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

There have been no material changes in legal proceedings from the items disclosed in our Form 10-K filed with the Securities and Exchange Commission.

Item 1A. Risk Factors

Before investing in our securities, it is recommended to carefully consider the risks described in our most recent Form 10-K filed with the SEC, including those under the heading "Risk Factors" and other information contained in this Quarterly Report. Realization of any of these risks could have a material adverse effect on our business, financial condition, cash flows and results of operations. There were no material changes in the Company's risk factors since described in our most recent Form 10-K filed with the SEC.

All forward-looking information and subsequent written and oral forward-looking statements attributable to us, or to persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Some of the factors that we believe could affect our results include:

- risks associated with our substantial indebtedness and debt service;
- changes in prices and availability of resin and other raw materials and our ability to pass on changes in raw material prices on a timely basis;
- performance of our business and future operating results;
- risks related to our acquisition strategy and integration of acquired businesses;
- reliance on unpatented know-how and trade secrets;
- increases in the cost of compliance with laws and regulations, including environmental, safety, and production and product laws and regulations;
- risks related to disruptions in the overall economy and the financial markets that may adversely impact our business;
- catastrophic loss of one of our key manufacturing facilities, natural disasters, and other unplanned business interruptions;
- risks of competition, including foreign competition, in our existing and future markets;
- risks related to the market acceptance of our developing technologies and products;
- general business and economic conditions, particularly an economic downturn;
- risks that our restructuring program may entail greater implementation costs or result in lower cost savings than anticipated;
- the ability of our insurance to cover fully our potential exposures; and
- the other factors discussed in our most recent Form 10-K in the section titled "Risk Factors."

We caution readers that the foregoing list of important factors may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this Form 10-Q may not in fact occur. Accordingly, investors should not place undue reliance on those statements. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Item 6. Exhibits

2.1	Amendment No. 1 to the Agreement and Plan of Merger, dated as of December 7, 2016, by and among Berry Plastics Group, Inc., Berry Plastics Corporation, Berry Plastics Acquisition Corporation XVI, Berry Plastics Acquisition Corporation XV, LLC and AEP Industries Inc. (incorporated by reference to Annex A of Amendment No. 2 to Berry's Registration Statement on Form S-4 (Reg. No. 333-213803) filed on December 9, 2016).
3.1	Amended and Restated Bylaws of the Company, as amended on December 6, 2016 (incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on December 6, 2016).
10.1	Incremental Assumption Agreement, dated as of January 19, 2017, by and among Berry Plastics Group, Inc., Berry Plastics Corporation and certain of its subsidiaries referenced therein, Credit Suisse AG, Cayman Islands Branch, as administrative agent for the lenders under the term loan credit agreement referenced therein, Citibank, N.A., as initial Term I lender and Citibank, N.A., as incremental term J lender.*
10.2	Berry Plastics Group, Inc. Executive Bonus Plan, amended and restated December 22, 2015, effective as of September 27, 2015 (incorporated by reference to Exhibit 10.1 to the Company's Form 8-K filed on December 28, 2015).
31.1	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer.*
31.2	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer.*
32.1	Section 1350 Certification of the Chief Executive Officer.*
32.2	Section 1350 Certification of the Chief Financial Officer.*
101.	Interactive Data Files.

* Filed herewith.

SIGNATURE

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

Berry Plastics Group, Inc.

February 3, 2017

By: /s/ Mark W. Miles
Mark W. Miles
Chief Financial Officer

Exhibit 10.1
Execution Version

INCREMENTAL ASSUMPTION AGREEMENT

Dated as of January 19, 2017

among

BERRY PLASTICS GROUP, INC.,

BERRY PLASTICS CORPORATION

and

CERTAIN SUBSIDIARIES OF BERRY PLASTICS CORPORATION

as Loan Parties,

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

as Administrative Agent,

CITIBANK, N.A.

as Initial Term I Lender

and

CITIBANK, N.A.

as Incremental Term J Lender

INCREMENTAL ASSUMPTION AGREEMENT

THIS INCREMENTAL ASSUMPTION AGREEMENT (this "Agreement"), dated as of January 19, 2017, is among **BERRY PLASTICS CORPORATION**, a Delaware corporation (the "Borrower"), **BERRY PLASTICS GROUP, INC.**, a Delaware corporation ("Holdings"), each Subsidiary of the Borrower listed on the signature pages hereto (together with Holdings and Borrower, the "Loan Parties"), Citibank, N.A., as an Incremental Term Lender (as defined in the Credit Agreement referred to below) with respect to the Term I Loans (in such capacity, the "Initial Term I Lender"), Citibank, N.A., as an Incremental Term Lender with respect to the Term J Loans (in such capacity, the "Incremental Term J Lender"), and Credit Suisse AG, Cayman Islands Branch (formerly known as Credit Suisse, Cayman Islands Branch), as administrative agent (in such capacity, the "Administrative Agent") for the Lenders under the Credit Agreement.

PRELIMINARY STATEMENTS:

(1) The Loan Parties, the Administrative Agent and the other agents and lenders party thereto are parties to the Second Amended and Restated Term Loan Credit Agreement dated as of April 3, 2007 (as modified by that certain Incremental Assumption Agreement, dated as of February 8, 2013, that certain Incremental Assumption Agreement, dated as of January 6, 2014, that certain Incremental Assumption Agreement and Amendment, dated as of October 1, 2015 and that certain Incremental Assumption Agreement and Amendment, dated as of June 15, 2016 (collectively, the "Prior Incremental Assumption Agreements"), the "Credit Agreement"). Capitalized terms not otherwise defined in this Agreement have the same meanings as specified in the Credit Agreement.

(2) The Borrower has requested that the Initial Term I Lender provide an Incremental Term Loan Commitment (and Incremental Term Loans consisting of Other Term Loans) in the amount of $1,894,750,000 (such commitment, the "Term I Loan Commitment" and such Term Loans, the "Term I Loans"), and the Initial Term I Lender is willing to provide the Term I Loan Commitment and Term I Loans, subject in each case to the terms and conditions set forth herein.

(3) The Borrower has requested that the Incremental Term J Lender provide an Incremental Term Loan Commitment (and Incremental Term Loans consisting of Other Term Loans) in the amount of $500,000,000 (such commitment, the "Term J Loan Commitment" and such Incremental Term Loans, the "Term J Loans"), and the Incremental Term J Lender is willing to provide the Term J Loan Commitment and Term J Loans, subject in each case to the terms and conditions set forth herein.

(4) The Loan Parties, the Initial Term I Lender, the Incremental Term J Lender and the Administrative Agent are entering into this Agreement in order to evidence the Term I Loan Commitment and Term I Loans and the Term J Loan Commitment and Term J Loans in accordance with Section 2.21 of the Credit Agreement.

SECTION 1. New Commitments and New Loans

(a) Pursuant to Section 2.21 of the Credit Agreement, and subject to the satisfaction of the conditions set forth in Section 4 hereof:

(i) The Initial Term I Lender agrees to make a single loan to the Borrower on the Effective Date in a principal amount equal to the amount set forth with respect to the Initial Term I Lender on Schedule 1A hereto.

(ii) The Incremental Term J Lender agrees to make a single loan to the Borrower on the Effective Date in a principal amount equal to the amount set forth with respect to the Incremental Term J Lender on Schedule 1B hereto.

(b) The Administrative Agent hereby approves of each of the Initial Term I Lender and the Incremental Term J Lender as Incremental Term Lenders under the Credit Agreement and approves of the terms of the Term I Loans as set forth in Section 2 hereof and the terms of the Term J Loans as set forth in Section 3 hereof.

(c) For purposes of this Agreement, the following terms have the meanings ascribed below:

(i) "AEP" means AEP Industries Inc., a Delaware corporation.

(ii) "AEP First-Step Merger" means the merger of Merger Sub with and into AEP in accordance with the AEP Merger Agreement.

(iii) "AEP Merger Agreement " means that agreement and plan of merger (together with the schedules and exhibits thereto), dated as of August 24, 2016, by and among Holdings, the Borrower, Berry Plastics Acquisition Corporation XVI, a wholly-owned subsidiary of the Borrower ("Merger Sub"), Berry Plastics Acquisition Corporation XV, LLC ("Merger Sub LLC"), and AEP.

(iv) "Amendment Lead Arrangers" means Citigroup Global Markets Inc., Credit Suisse Securities (USA) LLC, Barclays Bank PLC, Deutsche Bank Securities Inc., Goldman Sachs Bank USA (through itself or one of its affiliates) and Wells Fargo Securities, LLC.

SECTION 2. Terms of the Term I Loans

Pursuant to Section 2.21 of the Credit Agreement, the Term I Loans shall be Other Term Loans, the terms of which shall be as follows:

(a) The aggregate principal amount of the Term I Loans and Term I Loan Commitment shall be $1,894,750,000.

(b) The final maturity date of the Term I Loans shall be October 1, 2022.

(c) The Applicable Margin with respect to the Term I Loans shall be 2.50% per annum in the case of any Eurocurrency Loan that is a Term I Loan and shall be 1.50% for any ABR Loan that is a Term I Loan.

(d) Solely for the purposes of calculation of interest payable in respect of Term I Loans, the term "LIBO Rate" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, the greater of (a) 0.00% per annum and (b) the rate per annum equal to the ICE Benchmark Administration ("ICE LIBOR"), as published by Bloomberg (or other commercially available source providing quotations of ICE LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; provided, that if such rate is not available at such time for any reason, then the "LIBO Rate" for such Interest Period shall be the Interpolated Rate.

(e) Notwithstanding anything herein or in the Credit Agreement to the contrary, in the event that, on or prior to the six-month anniversary of the Effective Date, there occurs any Term I Loan Repricing Event or in connection with a Term I Loan Repricing Event constituting an amendment or conversion of Term I Loans, any Lender (as defined in the Credit Agreement) is required to assign its Term I Loans pursuant to Section 2.19(c) of the Credit Agreement, the Borrower shall on the date of such Term I Loan Repricing Event pay to the Administrative Agent, for the account of each Lender with such Term I Loans that are subject to such Term I Loan Repricing Event or are required to be so assigned, a fee equal to 1.00% of the principal amount of the Term I Loans subject to such Term I Loan Repricing Event or required to be so assigned; provided that any prepayment of any Term I Loans made in connection with a Change in Control shall not require the payment of the 1.00% premium otherwise provided for in this paragraph.

For purposes of this Section 2(e), "Term I Loan Repricing Event" shall mean any prepayment or repayment of Term I Loans with the proceeds of, or any conversion or amendment of Term I Loans into, any new or replacement tranche of term loans bearing interest with an "effective yield" (taking into account, for example, upfront fees, interest rate spreads, interest rate benchmarks floors and original interest discount, but excluding the effect of any arrangement, structuring, syndication or other fees payable in connection therewith that are not shared with all lenders or holders of such new or replacement loans and without taking into account any fluctuations in the Adjusted LIBO Rate or comparable rate) less than the "effective yield" applicable to the Term I Loans (as such comparative yields are determined consistent with generally accepted financial practices) (it being understood that (x) in each case, the yield shall exclude any structuring, commitment and arranger fees or other fees unless such similar fees are paid to all lenders generally in the primary syndication of such new or replacement tranche of term loans and shall include any rate floors and any upfront or similar fees paid to all lenders generally in the primary syndication of such new or replacement tranche of term loans or original issue discount payable with respect to such new or replacement tranche of term loans and (y) any such repayment, prepayment or conversion shall only constitute a Term I Loan Repricing Event to the extent the primary purpose of such repayment, prepayment, conversion or amendment, as reasonably determined by the Borrower in good faith, is to reduce the "effective yield" on the Term I Loans).

(f) All other terms not described herein and relating to the Term I Loans shall be the same as the terms of the Term H Loans in effect immediately prior to the Effective Date.

SECTION 3. Terms of the Term J Loans

Pursuant to Section 2.21 of the Credit Agreement, the Term J Loans shall be Other Term Loans, the terms of which shall be as follows:

(a) The aggregate principal amount of the Term J Loans and Term J Loan Commitment shall be $500,000,000.

(b) The Incremental Term Facility Maturity Date with respect to the Term J Loans shall be the date that is seven years following the Effective Date.

(c) The amortization schedule relating to the Term J Loans shall be as set forth on Annex A attached hereto.

(d) The Applicable Margin with respect to the Term J Loans shall be 2.50% per annum in the case of any Eurocurrency Loan that is a Term J Loan and shall be 1.50% for any ABR Loan that is a Term J Loan.

(e) Solely for the purposes of calculation of interest payable in respect of Term J Loans, the term "LIBO Rate" shall mean, with respect to any Eurocurrency Borrowing for any Interest Period, the greater of (a) 0.00% per annum and (b) the rate per annum equal to the ICE Benchmark Administration ("ICE LIBOR"), as published by Bloomberg (or other commercially available source providing quotations of ICE LIBOR as designated by the Administrative Agent from time to time) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, for Dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period; provided, that if such rate is not available at such time for any reason, then the "LIBO Rate" for such Interest Period shall be the Interpolated Rate.

(f) Notwithstanding anything herein or in the Credit Agreement to the contrary, in the event that, on or prior to the six-month anniversary of the Effective Date, there occurs any Term J Loan Repricing Event or in connection with a Term J Loan Repricing Event constituting an amendment or conversion of Term J Loans, any Lender is required to assign its Term J Loans pursuant to Section 2.19(c) of the Credit Agreement, the Borrower shall on the date of such Term J Loan Repricing Event pay to the Administrative Agent, for the account of each Lender with such Term J Loans that are subject to such Term J Loan Repricing Event or are required to be so assigned, a fee equal to 1.00% of the principal amount of the Term J Loans subject to such Term J Loan Repricing Event or required to be so assigned; provided that any prepayment of any Term J Loans made in connection with a Change in Control shall not require the payment of the 1.00% premium otherwise provided for in this paragraph.

For purposes of this Section 3(f), "Term J Loan Repricing Event" shall mean any prepayment or repayment of Term J Loans with the proceeds of, or any conversion or amendment of Term J Loans into, any new or replacement tranche of term loans bearing interest with an "effective yield" (taking into account, for example, upfront fees, interest rate spreads, interest rate benchmarks floors and original interest discount, but excluding the effect of any arrangement, structuring, syndication or other fees payable in connection therewith that are not shared with all lenders or holders of such new or replacement loans and without taking into account any fluctuations in the Adjusted LIBO Rate or comparable rate) less than the "effective yield" applicable to the Term J Loans (as such comparative yields are determined consistent with generally accepted financial practices) (it being understood that (x) in each case, the yield shall exclude any structuring, commitment and arranger fees or other fees unless such similar fees are paid to all lenders generally in the primary syndication of such new or replacement tranche of term loans and shall include any rate floors and any upfront or similar fees paid to all lenders generally in the primary syndication of such new or replacement tranche of term loans or original issue discount payable with respect to such new or replacement tranche of term loans and (y) any such repayment, prepayment or conversion shall only constitute a Term J Loan Repricing Event to the extent the primary purpose of such repayment, prepayment, conversion or amendment, as reasonably determined by the Borrower in good faith, is to reduce the "effective yield" on the Term J Loans).

(g) All other terms not described herein and relating to the Term J Loans shall be the same as the terms of the Term H Loans in effect immediately prior to the Effective Date.

SECTION 4. Conditions to Effectiveness.

The (x) Initial Term I Lender agrees to make its Term I Loans to the Borrower in an aggregate principal amount equal to its Term I Loan Commitment and (y) Incremental Term J Lender agrees to make its Term J Loans to the Borrower in an aggregate principal amount equal to its Term J Loan Commitment, in each case on and as of the date (the "Effective Date") on which the following conditions shall have been satisfied:

(a) The Administrative Agent (or its counsel) shall have received from each party hereto prior to giving effect to this Agreement either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received, on behalf of itself and the Lenders, a favorable written opinion of (i) Bryan Cave LLP, special counsel for the Loan Parties, (ii) Jason Greene, in-house counsel for the Loan Parties, (iii) Faegre Baker Daniels, LLP, Minnesota counsel for certain of the Loan Parties, (iv) Gess Gess & Wallace, New Jersey counsel for certain of the Loan Parties, (v) Godfrey & Kahn, S.C., Wisconsin counsel for certain of the Loan Parties, (vi) Venable LLP, Maryland counsel for certain of the Loan Parties, and (vii) Gentry Locke Rakes & Moore, Virginia counsel for certain of the Loan Parties, in each case, each (A) dated the Effective Date, (B) addressed to the Administrative Agent, the Collateral Agent and the Lenders and (C) customary in form and substance for transactions of the type contemplated hereby and reasonably satisfactory to the Administrative Agent and covering such matters as are customary for transactions of the type contemplated hereby and consistent with the opinions delivered in connection with the Prior Incremental Assumption Agreements (to the extent applicable).

(c) The Administrative Agent shall have received in the case of each Loan Party each of the items referred to in clauses (i), (ii), (iii) and (iv) below:

(i) a copy of the certificate or articles of incorporation, certificate of limited partnership or certificate of formation, including all amendments thereto, of each Loan Party, (A) in the case of a corporation, certified by the Secretary of State (or other similar official) of the jurisdiction of its organization, and a certificate as to the good standing (to the extent such concept or a similar concept exists under the laws of such jurisdiction) of each such Loan Party as of a recent date from such Secretary of State (or other similar official) or (B) in the case of a partnership or limited liability company, certified by the Secretary or Assistant Secretary of each such Loan Party;

(ii) a certificate of the Secretary or Assistant Secretary or similar officer of each Loan Party dated the Effective Date and certifying that attached thereto is a true and complete copy of the by-laws (or partnership agreement, limited liability company agreement or other equivalent governing documents) of such Loan Party as in effect on the Effective Date and at all times since the date of the resolutions described in clause (A) below,

(A) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors (or equivalent governing body) of such Loan Party (or its managing general partner or managing member) authorizing the execution, delivery and performance of this Agreement and, in the case of the Borrower, the borrowing of Term I Loans and Term J Loans, and that such resolutions have not been modified, rescinded or amended and are in full force and effect on the Effective Date,

(B) that the certificate or articles of incorporation, certificate of limited partnership or certificate of formation of such Loan Party has not been amended since the date of the last amendment thereto disclosed pursuant to clause (i) above,

(C) as to the incumbency and specimen signature of each officer executing this Agreement or any other document delivered in connection herewith on behalf of such Loan Party, and

(D) as to the absence of any pending proceeding for the dissolution or liquidation of such Loan Party or, to the knowledge of such person, threatening the existence of such Loan Party;

(iii) certification of a director or another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary or similar officer executing the certificate delivered pursuant to Section 4(c)(ii); and

(iv) a certificate of a Responsible Officer of the Borrower as to satisfaction of the condition set forth in Section 4(f) hereof.

(d) (i) The Administrative Agent, the Amendment Lead Arrangers and the Incremental Term J Lender shall have received all fees due and payable thereto on or prior to the Effective Date and, to the extent invoiced at least three business days prior to the Effective Date, all other amounts due and payable by the Loan Parties on or prior to the Effective Date (whether pursuant to the Loan Documents or that certain Fee Letter, dated as of August 24, 2016 among the Borrower, Citi (as defined therein), Credit Suisse AG, Cayman Islands Branch and Credit Suisse Securities (USA) LLC (the "Original Commitment Parties") (as amended by that certain Commitment Letter and Fee Letter Joinder, dated as of September 16, 2016 among the Borrower, the Original Commitment Parties, Barclays Bank PLC, Goldman Sachs Bank USA, Deutsche Bank Securities Inc., Deutsche Bank AG New York Branch, Wells Fargo Bank, National Association and Wells Fargo Securities, LLC, including, to the extent so invoiced, reimbursement or payment of all reasonable out-of-pocket expenses (including reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP and local counsel) and, without duplication, (ii) the Administrative Agent, Amendment Lead Arrangers and the Initial Term I Lender shall have received, to the extent invoiced at least three business days prior to the Effective Date, reimbursement or payment of all reasonable out-of-pocket expenses (including reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP and local counsel) required to be reimbursed or paid by the Loan Parties on or prior to the Effective Date, whether hereunder, under that certain Engagement Letter, dated as of January 5, 2017 among the Borrower, Citi (as defined therein), Credit Suisse AG, Cayman Islands Branch and Credit Suisse Securities (USA) LLC, Barclays Bank PLC, Goldman Sachs Bank USA, Deutsche Bank Securities Inc. and Wells Fargo Securities, LLC, or under any Loan Document.

(e) [Reserved].

(f) The representations and warranties set forth in Article III of the Credit Agreement shall be true and correct in all material respects as of the Effective Date, in each case, with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties shall be true and correct in all material respects as of such earlier date), and immediately after giving effect to the Borrowing of the Term I Loans and the Term J Loans, no Event of Default or Default shall have occurred and be continuing or would result therefrom.

(g) The Administrative Agent shall have received a certificate from the chief financial officer of the Borrower in the form attached as Annex B hereto certifying that the Borrower and its subsidiaries, on a consolidated basis after giving effect to the transactions contemplated hereby, are solvent.

(h) The Amendment Lead Arrangers shall have received, at least three business days prior to the Effective Date, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including, without limitation, the PATRIOT Act, to the extent requested in writing at least 10 days prior to the Effective Date.

(i) The Administrative Agent shall have received a Borrowing Request in respect of each of the Term I Loans and the Term J Loans as required by Section 2.03 of the Credit Agreement.

(j) The Administrative Agent shall have received a "Life-of-Loan" flood hazard determination notice for each real property encumbered by a Mortgage, and if such real property is located in a special flood hazard area, (x) a notice about special flood hazard area status and flood disaster assistance duly executed by the Borrower and the applicable Loan Party and (y) certificates of flood insurance evidencing any such insurance required by the Credit Agreement.

(k) Substantially concurrently with the making by the Initial Term I Lender of its Term I Loans to the Borrower on the Effective Date, all of the principal, interest, fees and other amounts due and payable in respect of the Term H Loans under the Credit Agreement shall have been paid by the Borrower.

SECTION 5. Post Effective Date Security Documentation. The Borrower shall and shall cause each Material Subsidiary to, within 120 days after the Effective Date (or such longer period as the Administrative Agent may determine), deliver to the Administrative Agent, each in form and substance reasonably acceptable to the Administrative Agent, (w) amendments to the Mortgages ("Mortgage Amendments"), (x) date down endorsements to the existing title insurance policies relating to the property subject to such Mortgage Amendment, (y) any documents required in connection with the recording of such Mortgage Amendments and (z) opinions of local counsel with respect to the enforceability, due authorization, execution and delivery of the Mortgage Amendments and other such other matters customarily included in such opinions.

SECTION 6. Representations and Warranties. On the Effective Date, the Loan Parties represent and warrant to the Initial Term I Lender and the Incremental Term J Lender that: (a) the execution, delivery and performance by Holdings, the Borrower and each of the Subsidiary Loan Parties of this Agreement and the incurrence of the Term I Loans and the Term J Loans hereunder and under the Credit Agreement (as amended hereby) are permitted under, and do not conflict with or violate, the terms of the Credit Agreement, the Existing ABL Credit Agreement, the Intercreditor Agreement or the Senior Lender Intercreditor Agreement, (b) no default shall exist under the Credit Agreement, the Existing ABL Credit Agreement, and any indenture and supplemental indenture governing the senior notes issued by the Borrower and outstanding on the Effective Date, (c) no action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with this Agreement or the incurrence by the Borrower of the Term I Loans and the Term J Loans, except for the actions contemplated by Section 5 above, (d) the proceeds of the Term I Loans will be used substantially simultaneously by the Borrower to repay all of the outstanding Term H Loans and (e) the proceeds of the Term J Loans are anticipated to be used by the Borrower, together with other funds available to the Borrower, to consummate the AEP First-Step Merger (including, without limitation, the repayment of certain existing indebtedness of AEP and its subsidiaries), repay other funded indebtedness of the Borrower and pay fees and expenses related thereto, or, to the extent the AEP First-Step Merger is not consummated, to repay other funded indebtedness of the Borrower and pay fees and expenses related thereto.

SECTION 7. Reference to and Effect on the Credit Agreement; Confirmation of Guarantors.

(a) On and after the effectiveness of this Agreement, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement, as amended by, and after giving effect to, this Agreement.

(b) Each Loan Document, after giving effect to this Agreement, is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed, except that, on and after the effectiveness of this Agreement, each reference in each of the Loan Documents (including the Collateral Agreement and the other Security Documents) to the "Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement shall mean and be a reference to the Credit Agreement, as amended by, and after giving effect to, this Agreement, and each reference to "Lender" therein shall, for the avoidance of doubt, include each holder of any Term I Loans, including the Initial Term I Lender, and each holder of any Term J Loans, including the Incremental Term J Lender, respectively. Without limiting the generality of the foregoing, the Security Documents (in the case of the Mortgages, after giving effect to any amendments thereto required in connection with the Term I Loans and the Term J Loans) and all of the Collateral described therein do and shall continue to secure the payment of all Obligations of the Loan Parties under the Loan Documents, as amended by, and after giving effect to, this Agreement (in the case of the Mortgages, subject to any limitations contained in the Mortgages on maximum indebtedness or maximum indebtedness permitted to be secured thereby), in each case subject to the terms thereof.

(c) Each Loan Party hereby (i) ratifies and reaffirms all of its payment and performance obligations, contingent or otherwise, under each of the Loan Documents to which it is a party, (ii) ratifies and reaffirms each grant of a lien on, or security interest in, its property made pursuant to the Loan Documents (including, without limitation, the grant of security made by such Loan Party pursuant to the Collateral Agreement) and confirms that (in the case of the Mortgages, if any after giving effect to any amendments required in connection with the Term I Loans and the Term J Loans) such liens and security interests continue to secure the Obligations under the Loan Documents, including, without limitation, all Obligations resulting from or incurred pursuant to the Term I Loans and Term J Loans (in the case of the Mortgages, subject to any limitations contained in the Mortgages on maximum indebtedness or maximum indebtedness permitted to be secured thereby), in each case subject to the terms thereof and (iii) in the case of each Guarantor, ratifies and reaffirms its guaranty of the Obligations pursuant to Article II of the Collateral Agreement.

(d) The execution, delivery and effectiveness of this Agreement shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Lender or any Agent under any of the Loan Documents, or constitute a waiver of any provision of any of the Loan Documents.

(e) This Agreement is a Loan Document.

SECTION 8. Initial Term I Lender and Incremental Term J Lender.

(a) Each of the Initial Term I Lender and the Incremental Term J Lender (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 5.04 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Agreement; (ii) agrees that it will, independently and without reliance upon any Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement; (iii) represents and warrants that its name set forth on its signature page hereto is its legal name; (iv) confirms that it is not the Borrower or any of its Subsidiaries or an Affiliate of any of them; (v) appoints and authorizes each Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Loan Documents as are delegated to such Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (vi) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vii) attaches any U.S. Internal Revenue Service forms required under Section 2.17 of the Credit Agreement.

(b) On and after the Effective Date, each of the Initial Term I Lender and the Incremental Term J Lender shall be a party to the Credit Agreement as a Lender and shall have all of the rights and obligations of a Lender thereunder. All notices and other communications provided for hereunder or under the Loan Documents to the Initial Term I Lender or to the Incremental Term J Lender shall be to its address as set forth in the administrative questionnaire such Lender has furnished to the Administrative Agent.

SECTION 9. Costs, Expenses. The Borrower agrees to pay all reasonable out-of-pocket costs and expenses (including Other Taxes) incurred by the Administrative Agent in connection with the preparation, execution and delivery of this Agreement and the other instruments and documents to be delivered hereunder (including, without limitation, the reasonable fees and expenses of counsel for the Administrative Agent) in accordance with the terms of Section 9.05 of the Credit Agreement.

SECTION 10. No Novation. This Agreement shall not extinguish the Obligations for the payment of money outstanding under the Credit Agreement or discharge or release the Lien or priority of any Loan Document or any other security therefor or any guarantee thereof, and the Liens and security interests existing immediately prior to the Effective Date in favor of the Administrative Agent for the benefit of the Secured Parties securing payment of the Obligations are in all respects continuing and in full force and effect with respect to all Obligations. Nothing herein contained shall be construed as a novation of any of the Loan Documents or a substitution or novation of the Obligations outstanding under the Credit Agreement or instruments guaranteeing or securing the same, which instruments shall remain and continue in full force and effect. Nothing expressed or implied in this Agreement or any other document contemplated hereby shall be construed as a release or other discharge of any Loan Party under the Credit Agreement or any other Loan Document from any of its obligations and liabilities thereunder, and except as expressly provided, such obligations and liabilities are in all respects continuing with only the terms being modified as provided in this Agreement.

SECTION 11. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which shall constitute an original but all of which, when taken together, shall constitute but one contract, and shall become effective as provided in Section 4. Delivery of an executed counterpart to this Agreement by facsimile transmission (or other electronic transmission pursuant to procedures approved by the Administrative Agent) shall be effective as delivery of a manually signed original.

SECTION 12. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BERRY PLASTICS CORPORATION

By: /s/ Mark W. Miles
Name: Mark W. Miles
Title: Chief Financial Officer

BERRY PLASTICS GROUP, INC.

By: /s/ Mark W. Miles
Name: Mark W. Miles
Title: Chief Financial Officer

[Signature Page for Incremental Assumption Agreement]

AEROCON, LLC
AVINTIV ACQUISITION CORPORATION
AVINTIV INC.
AVINTIV SPECIALTY MATERIALS INC.
BERRY PLASTICS ACQUISITION CORPORATION V
BERRY PLASTICS ACQUISITION CORPORATION XI
BERRY PLASTICS ACQUISITION CORPORATION XII
BERRY PLASTICS ACQUISITION CORPORATION XIII
BERRY PLASTICS ACQUISITION CORPORATION XV, LLC
BERRY PLASTICS ACQUISITION LLC X
BERRY PLASTICS DESIGN, LLC
BERRY PLASTICS FILMCO, INC.
BERRY PLASTICS 1K, LLC
BERRY PLASTICS OPCO, INC.
BERRY PLASTICS SP, INC.
BERRY PLASTICS TECHNICAL SERVICES, INC.
BERRY STERLING CORPORATION
BPREX BRAZIL HOLDING INC.
BPREX CLOSURE SYSTEMS, LLC
BPREX CLOSURES KENTUCKY INC.
BPREX CLOSURES, LLC
BPREX DELTA INC.
BPREX HEALTHCARE BROOKVILLE INC.
BPREX HEALTHCARE PACKAGING INC.
BPREX PLASTIC PACKAGING INC.
BPREX PLASTICS SERVICES COMPANY INC.
BPREX PRODUCT DESIGN AND ENGINEERING INC.
BPREX SPECIALTY PRODUCTS PUERTO RICO INC.
CAPLAS, LLC
CAPLAS NEPTUNE, LLC
CAPTIVE PLASTICS HOLDINGS, LLC
CAPTIVE PLASTICS, LLC
CARDINAL PACKAGING, INC.
CHICOPEE, INC.
COVALENCE SPECIALTY ADHESIVES LLC
COVALENCE SPECIALTY COATINGS LLC
CPI HOLDING CORPORATION

By: /s/ Jason K. Greene

Name: Jason K. Greene
Title: Executive Vice President, General Counsel and Secretary

[Signature Page for Incremental Assumption Agreement]

DOMINION TEXTILE (USA), L.L.C.
FABRENE, L.L.C.
FIBERWEB GEOS, INC.
FIBERWEB, LLC
KERR GROUP, LLC
KNIGHT PLASTICS, LLC
OLD HICKORY STEAMWORKS, LLC
PACKERWARE, LLC
PESCOR, INC.
PGI EUROPE, INC.
PGI POLYMER, INC.
PLIANT INTERNATIONAL, LLC
PLIANT, LLC
POLYSEAL, LLC
PRIME LABEL & SCREEN INCORPORATED
PRISTINE BRANDS CORPORATION
PROVIDENCIA USA, INC.
ROLLPAK CORPORATION
SAFFRON ACQUISITION, LLC
SEAL FOR LIFE INDUSTRIES, LLC
SETCO, LLC
SUN COAST INDUSTRIES, LLC
UNIPLAST HOLDINGS, LLC
UNIPLAST U.S., INC.
VENTURE PACKAGING, INC.
VENTURE PACKAGING MIDWEST, INC.

By: /s/ Jason K. Greene
Name: Jason K. Greene
Title: Executive Vice President, General Counsel and Secretary

[Signature Page for Incremental Assumption Agreement]

GRAFCO INDUSTRIES LIMITED PARTNERSHIP

By: CAPLAS NEPTUNE, LLC
its General Partner

By: /s/ Jason K. Greene
Name: Jason K. Greene
Title: Executive Vice President, General Counsel and Secretary

[Signature Page for Incremental Assumption Agreement]

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as Administrative Agent

By: /s/ Robert Hetu
Name: Robert Hetu
Title: Authorized Signatory

By: /s/ Whitney Gaston
Name: Whitney Gaston
Title: Authorized Signatory

[Signature Page for Incremental Assumption Agreement]

CITIBANK, N.A., as Initial Term I Lender

By: /s/ Scott Slavik
Name: Scott Slavik
Title: Vice President

CITIBANK, N.A., as Incremental Term J Lender

By: /s/ Scott Slavik
Name: Scott Slavik
Title:Vice President

[Signature Page for Incremental Assumption Agreement]

Schedule 1A

Initial Term I Lender	**Term I Loan Commitment**
Citibank, N.A.	$1,894,750,000

Schedule 1B

Incremental Term J Lender	**Term J Loan Commitment**
Citibank, N.A.	$ 500,000,000

<u>Annex A</u>

Subject to the provisions of Section 2.10 of the Credit Agreement, the Borrower shall repay Term J Loans on each date set forth below in the aggregate principal amount set forth opposite such date (each such date being referred to as a "<u>Term J Loan Installment Date</u>")

Date	Amount of Term J Loans to Be Repaid
June 30, 2017	$ 1,250,000
September 30, 2017	$ 1,250,000
December 31, 2017	$ 1,250,000
March 31, 2018	$ 1,250,000
June 30, 2018	$ 1,250,000
September 30, 2018	$ 1,250,000
December 31, 2018	$ 1,250,000
March 31, 2019	$ 1,250,000
June 30, 2019	$ 1,250,000
September 30, 2019	$ 1,250,000
December 31, 2019	$ 1,250,000
March 31, 2020	$ 1,250,000
June 30, 2020	$ 1,250,000
September 30, 2020	$ 1,250,000
December 31, 2020	$ 1,250,000
March 31, 2021	$ 1,250,000
June 30, 2021	$ 1,250,000
September 30, 2021	$ 1,250,000
December 31, 2021	$ 1,250,000
March 31, 2022	$ 1,250,000
June 30, 2022	$ 1,250,000
September 30, 2022	$ 1,250,000
December 31, 2022	$ 1,250,000
March 31, 2023	$ 1,250,000
June 30, 2023	$ 1,250,000
September 30, 2023	$ 1,250,000
December 31, 2023	$ 1,250,000
Incremental Term Facility Maturity Date with respect to the Term J Loans	$466,250,000 or remainder

<u>Annex B</u>

SOLVENCY CERTIFICATE
[ ], 2017

Reference is made to the Second Amended and Restated Term Loan Credit Agreement dated as of April 3, 2007 by and among Holdings, the Borrower, the Lenders and other parties thereto and Credit Suisse AG, Cayman Islands Branch (formerly known as Credit Suisse, Cayman Islands Branch), as administrative agent (as modified by that certain Incremental Assumption Agreement, dated as of February 8, 2013, that certain Incremental Assumption Agreement, dated as of January 6, 2014, that certain Incremental Assumption Agreement, dated as of January 6, 2014, that certain Incremental Assumption Agreement and Amendment, dated as of October 1, 2015, that certain Incremental Assumption Agreement and Amendment, dated as of June 15, 2016, and the Incremental Assumption Agreement dated as of the date hereof (the "***Amendment***"), the "***Credit Agreement***"); unless otherwise defined herein, capitalized terms used in this Certificate shall have the meanings set forth in the Credit Agreement or the Amendment, as applicable.

I, the undersigned, solely in my capacity as the Chief Financial Officer of the Borrower, and not in my individual capacity, do hereby certify that, on the Effective Date after giving effect to the transactions contemplated by the Amendment:

(a) the fair value of the property of the Borrower and its Subsidiaries (taken as a whole) is greater than the total amount of liabilities, including contingent liabilities, of the Borrower and its Subsidiaries (taken as a whole) (it being understood that the amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability);

(b) the present fair salable value of the assets of the Borrower and its Subsidiaries (taken as a whole) is not less than the amount that will be required to pay the probable liability of the Borrower and its Subsidiaries (taken as a whole) on their debts as they become absolute and matured;

(c) the Borrower and its Subsidiaries do not intend to, and do not believe that they will, incur debts or liabilities beyond their ability to pay such debts and liabilities as they become absolute and matured; and

(d) the Borrower and its Subsidiaries are not engaged in any business, as conducted on the Effective Date and as proposed to be conducted following the Effective Date, for which the property of the Borrower and its Subsidiaries (taken as a whole) would constitute an unreasonably small capital.

IN WITNESS WHEREOF, I have delivered this certificate as of the date first written above.

BERRY PLASTICS CORPORATION

By

Name:
Title: Chief Financial Officer

EXHIBIT 31.1

CHIEF EXECUTIVE OFFICER CERTIFICATION

I, Thomas E. Salmon, Chief Executive Officer of Berry Plastics Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Berry Plastics Group, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 3, 2017

By: /s/ Thomas E. Salmon
Thomas E. Salmon
Chief Executive Officer

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, Mark W. Miles, Chief Financial Officer of Berry Plastics Group, Inc., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Berry Plastics Group, Inc. (the "Registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: February 3, 2017

By: /s/ Mark W. Miles
Mark W. Miles
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Berry Plastics Group, Inc. (the "Registrant") on Form 10-Q for the quarter ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Thomas E. Salmon, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Thomas E. Salmon
Thomas E. Salmon
Chief Executive Officer

Date: February 3, 2017

EXHIBIT 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the quarterly report of Berry Plastics Group, Inc. (the "Registrant") on Form 10-Q for the quarter ended December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Mark W. Miles, the Chief Financial Officer and Treasurer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Mark W. Miles
Mark W. Miles
Chief Financial Officer

Date: February 3, 2017