

**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 30, 2017  
Commission File Number 001-35672



**BERRY GLOBAL GROUP, INC.**

A Delaware corporation

101 Oakley Street, Evansville, Indiana, 47710  
(812) 424-2904

IRS employer identification number  
20-5234618

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934 (the "Exchange 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 Exchange Act 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 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, a non-accelerated filer, smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company  Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 12b-2 of the Exchange Act. Yes  No

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes  No

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Class  
Common Stock, \$.01 par value per share

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Outstanding at February 7, 2018  
131.2 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 Global Group, Inc.**  
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**For Quarterly Period Ended December 30, 2017**

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**Part I. Financial Information****Item 1. Financial Statements**

**Berry Global Group, Inc.**  
**Consolidated Statement of Income**  
(Unaudited)  
(in millions of dollars, except per share amounts)

	<b>Quarterly Period Ended</b>	
	<b>December 30, 2017</b>	<b>December 31, 2016</b>
Net sales	\$ 1,776	\$ 1,502
Costs and expenses:		
Cost of goods sold	1,447	1,206
Selling, general and administrative	117	113
Amortization of intangibles	38	33
Restructuring and impairment charges	11	4
Operating income	163	146
Other expense (income), net	9	(1)
Interest expense, net	62	68
Income before income taxes	92	79
Income tax expense (benefit)	(71)	28
Net income	<u>\$ 163</u>	<u>\$ 51</u>
Net income per share:		
Basic	\$ 1.24	\$ 0.42
Diluted	1.20	0.40
Outstanding weighted-average shares:		
Basic	131.0	122.0
Diluted	136.0	127.8

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

	<b>Quarterly Period Ended</b>	
	<b>December 30, 2017</b>	<b>December 31, 2016</b>
Net income	\$ 163	\$ 51
Currency translation	(24)	(45)
Pension and other postretirement benefits	(1)	—
Interest rate hedges	17	17
Provision for income taxes	(4)	(6)
Other comprehensive loss, net of tax	(12)	(34)
Comprehensive income	<u>\$ 151</u>	<u>\$ 17</u>

*See notes to consolidated financial statements.*

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

	<b>December 30,</b>	September 30,
	<b>2017</b>	<b>2017</b>
	(Unaudited)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 228	\$ 306
Accounts receivable (less allowance of \$13)	780	847
Inventories:		
Finished goods	498	428
Raw materials and supplies	380	334
	<u>878</u>	<u>762</u>
Prepaid expenses and other current assets	95	89
Total current assets	<u>1,981</u>	<u>2,004</u>
Property, plant, and equipment, net	2,363	2,366
Goodwill and intangible assets, net	4,024	4,061
Other assets	52	45
Total assets	<u>\$ 8,420</u>	<u>\$ 8,476</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 666	\$ 638
Accrued expenses and other current liabilities	454	463
Current portion of long-term debt	34	33
	<u>1,154</u>	<u>1,134</u>
Total current liabilities	<u>1,154</u>	<u>1,134</u>
Long-term debt, less current portion	5,502	5,608
Deferred income taxes	276	419
Other long-term liabilities	314	300
Total liabilities	<u>7,246</u>	<u>7,461</u>
<b>Stockholders' equity</b>		
Common stock (131.1 and 130.9 million shares issued, respectively)	1	1
Additional paid-in capital	831	823
Non-controlling interest	3	3
Retained earnings	419	256
Accumulated other comprehensive loss	(80)	(68)
Total stockholders' equity	<u>1,174</u>	<u>1,015</u>
Total liabilities and stockholders' equity	<u>\$ 8,420</u>	<u>\$ 8,476</u>

*See notes to consolidated financial statements.*

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

	<b>Quarterly Period Ended</b>	
	<b>December 30, 2017</b>	<b>December 31, 2016</b>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 163	\$ 51
Adjustments to reconcile net cash provided by operating activities:		
Depreciation	91	87
Amortization of intangibles	38	33
Non-cash interest expense	3	1
Deferred income tax	(121)	14
Stock compensation expense	4	3
Other non-cash operating activities, net	6	(1)
Changes in working capital	(66)	(43)
Changes in other assets and liabilities	35	(2)
Net cash from operating activities	<u>153</u>	<u>143</u>
<b>Cash Flows from Investing Activities:</b>		
Additions to property, plant and equipment	(94)	(65)
Proceeds from sale of assets	3	2
Other investing activities, net	—	(1)
Net cash from investing activities	<u>(91)</u>	<u>(64)</u>
<b>Cash Flows from Financing Activities:</b>		
Repayments on long-term borrowings	(108)	(10)
Proceeds from issuance of common stock	4	5
Payment of tax receivable agreement	(37)	(60)
Net cash from financing activities	<u>(141)</u>	<u>(65)</u>
Effect of exchange rate changes on cash	1	(6)
Net change in cash	<u>(78)</u>	<u>8</u>
Cash and cash equivalents at beginning of period	306	323
Cash and cash equivalents at end of period	<u>\$ 228</u>	<u>\$ 331</u>

*See notes to consolidated financial statements.*

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

**1. Basis of Presentation**

The accompanying unaudited Condensed Consolidated Financial Statements of Berry Global Group, Inc. ("the Company," "we," 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 and disclosures at the date of the financial statements and during the reporting period. Actual results could differ from those estimates. Certain reclassifications have been made to prior periods to conform with current reporting. 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 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 2018, with the exception of the below, there have been no developments to the recently adopted accounting pronouncements from those disclosed in the Company's 2017 Annual Report on Form 10-K that are considered to have a material impact on our unaudited consolidated financial statements.

*Revenue Recognition*

In May 2014, the Financial Accounting Standards Board (FASB) issued a final standard on revenue recognition. Under the new standard, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. For public entities, the provisions of the new standard are effective for annual reporting periods beginning after December 15, 2017 and interim periods therein. An entity can apply the new revenue standard on a full retrospective approach to each prior reporting period presented or on a modified retrospective approach with the cumulative effect of initially applying the standard recognized at the date of initial application in retained earnings.

The Company plans to adopt the new standard, which at a minimum will result in expanded revenue disclosures, using the modified retrospective approach, and is currently evaluating the impact to the consolidated financial statements which will be effective for the Company beginning in fiscal 2019.

*Hedges*

In August 2017, the FASB issued ASU 2017-12, Targeted Improvements to Accounting for Hedging Activities in order to more closely align the results of hedge accounting with risk management activities through changes to the designation and measurement guidance. The new guidance is effective for interim and annual periods beginning after December 15, 2018. The effect of adoption should be reflected on all active hedges as of the beginning of the fiscal year of adoption. The Company has chosen to early adopt this guidance for fiscal 2018, and the adoption of this guidance did not have a material impact on any of its active hedges.

**3. Acquisitions**

*AEP Industries Inc.*

In January 2017, the Company acquired AEP Industries Inc. ("AEP") for a purchase price of \$791 million, net of cash acquired. A portion of the purchase price consisted of issuing 6.4 million of Berry common shares which were valued at \$324 million at the time of closing. AEP manufactures and markets an extensive and diverse line of polyethylene and polyvinyl chloride flexible plastic packaging products for consumer, industrial, and agricultural applications. The acquired business is operated in our 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 acquisition has been accounted for under the purchase method of accounting, and accordingly, the purchase price has been allocated to the identifiable assets and liabilities based on fair values at the acquisition date. The results of AEP have been included in the consolidated results of the Company since the date of the acquisition. The Company has recognized Goodwill on this transaction primarily as a result of expected cost synergies, and does not expect Goodwill to be deductible for tax purposes. The following table summarizes the allocation of purchase price and the fair values of the assets acquired and liabilities assumed at the date of the acquisition:

Working capital (a)	\$ 139
Property and equipment	223
Intangible assets	214
Goodwill	347
Historical AEP debt assumed	(7)
Other assets and long-term liabilities	(125)
(a) Includes a \$5 million step up of inventory to fair value	

Unaudited pro forma net sales and net income were \$1.8 billion and \$51 million, respectively, for the quarterly period ended December 31, 2016. The unaudited pro forma net sales and net income assume that the AEP acquisition had occurred at the beginning of the period.

#### Adchem Corp.

In June 2017, the Company acquired Adchem Corp.'s ("Adchem") tapes business for a purchase price of \$49 million, which the Company financed using existing liquidity. Adchem is a leader in the development of high performance adhesive tape systems for the automotive, construction, electronics, graphic arts, medical and general tape markets. The acquired business is operated in our Engineered Materials segment. The acquisition has been accounted for under the purchase method of accounting and accordingly, the purchase price has been allocated to the identifiable assets and liabilities based on preliminary estimates of fair value at the acquisition date. The results of Adchem have been included in the consolidated results of the Company since the date of the acquisition. The Company has not finalized the allocations of the purchase price to the fair value of deferred taxes (including assessment of uncertain tax positions), fixed assets, and certain working capital accounts. The assets acquired and liabilities assumed consisted of working capital of \$10 million, property and equipment of \$2 million, intangible assets of \$22 million, and goodwill of \$15 million. The Company has recognized Goodwill on this transaction primarily as a result of expected cost synergies, and expects Goodwill to be deductible for tax purposes.

#### 4. Accounts Receivable Factoring Agreements

The Company has entered into various factoring agreements, both in the U.S. and at a number of foreign subsidiaries, 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.

There were no amounts outstanding from financial institutions related to U.S. based programs at December 30, 2017 or September 30, 2017. Gross amounts factored under these U.S. based programs at December 30, 2017 and September 30, 2017 were \$118 million and \$129 million, respectively. The fees associated with transfer of receivables for all programs were not material for any of the periods presented.

#### 5. Restructuring and Impairment Charges

The Company incurred restructuring costs related to severance and facility exit costs of \$11 million and \$4 million for the quarterly periods ended December 30, 2017 and December 31, 2016, respectively. The costs incurred in the quarter relate primarily to severance charges associated with acquisition integrations. The tables below set forth the significant components of the restructuring charges recognized, by segment:

	Quarterly Period Ended	
	December 30, 2017	December 31, 2016
Consumer Packaging	\$ 1	\$ 2
Health, Hygiene & Specialties	10	2
Engineered Materials	—	—
Consolidated	\$ 11	\$ 4



The table below sets forth the activity with respect to the restructuring accrual at December 30, 2017:

	<b>Employee Severance and Benefits</b>	<b>Facility Exit Costs</b>	<b>Total</b>
Balance at September 30, 2017	\$ 14	\$ 5	\$ 19
Charges	10	1	11
Cash payments	(7)	(1)	(8)
Balance at December 30, 2017	<u>\$ 17</u>	<u>\$ 5</u>	<u>\$ 22</u>

## 6. 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:

	<b>December 30, 2017</b>	September 30, 2017
Employee compensation	\$ 122	\$ 147
Accrued taxes	107	90
Rebates	59	58
Interest	34	36
Tax receivable agreement obligation	24	35
Restructuring	22	19
Accrued operating expenses	86	78
	<u>\$ 454</u>	<u>\$ 463</u>

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

	<b>December 30, 2017</b>	September 30, 2017
Pension liability	\$ 53	\$ 56
Deferred purchase price	46	46
Lease retirement obligation	42	37
Transition tax	36	—
Interest rate swaps	26	27
Sale-lease back deferred gain	23	24
Tax receivable agreement obligation	13	34
Other	75	76
	<u>\$ 314</u>	<u>\$ 300</u>

## 7. Long-Term Debt

Long-term debt consists of the following:

	<b>Maturity Date</b>	<b>December 30, 2017</b>	September 30, 2017
Term loan	February 2020	\$ 900	\$ 1,000
Term loan	January 2021	814	814
Term loan	October 2022	1,645	1,645
Term loan	January 2024	496	498
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		(46)	(48)
Capital leases and other	Various	127	132
Total long-term debt		<u>5,536</u>	<u>5,641</u>
Current portion of long-term debt		(34)	(33)
Long-term debt, less current portion		<u>\$ 5,502</u>	<u>\$ 5,608</u>

The Company was in compliance with all covenants for all periods presented.

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.

#### *Term Loans*

In November 2017, the Company executed an amendment to lower interest rates under certain term loans. The term loans maturing in February 2020 and January 2021 bear interest at LIBOR plus 2.00% with no LIBOR floor. The term loans maturing in October 2022 and January 2024 bear interest at LIBOR plus 2.25% with no LIBOR floor.

During fiscal 2018, the Company has made \$108 million of repayments on long-term borrowings using existing liquidity. As a result of the current year prepayments and modifications, the Company recorded a \$1 million loss on debt extinguishment in Other expense (income), net, reflecting the write-off of deferred financing fees and debt discounts, net of amortization associated with the portion of debt that was considered extinguished.

### **8. 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. Any identified ineffectiveness, or changes in the fair value of a derivative not designated as a hedge, is recorded to the Consolidated Statements of Income.

#### *Cross-Currency Swaps*

In November 2017, the Company entered into certain cross-currency swap agreements with a notional amount of 250 million euro to effectively convert a portion of our fixed-rate U.S. dollar denominated term loans, including the monthly interest payments, to fixed-rate euro-denominated debt. The swap agreements mature in May 2022. The risk management objective is to manage foreign currency risk relating to net investments in certain European subsidiaries denominated in foreign currencies and reduce the variability in the functional currency cash flows of a portion of the Company's term loans. Changes in fair value of the derivative instruments are recognized in a component of Accumulated other comprehensive loss, to offset the changes in the values of the net investments being hedged.

#### *Interest Rate Swaps*

The primary purpose of the Company's interest rate swap activities is to manage cash flow variability associated with our outstanding variable rate term loan debt.

In February 2013, the Company entered into a \$1 billion interest rate swap transaction with an effective date of May 2016 and expiration in May 2019. In June 2013, the Company elected to settle this derivative instrument and received \$16 million as a result of this settlement. The offset is included in Accumulated other comprehensive loss and is being amortized to Interest expense from May 2016 through May 2019, the original term of the swap agreement.

During fiscal 2017 the Company modified various term loan rates and maturities. In conjunction with these modifications the Company realigned existing swap agreements which resulted in the de-designation of the original hedge and re-designation of the modified swaps as effective cash flow hedges. The amounts included in Accumulated other comprehensive loss at the date of de-designation are being amortized to Interest expense through the terms of the original swaps.

At December 30, 2017, the Company effectively had (i) a \$450 million interest rate swap transaction that 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, (ii) a \$1 billion interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.5190% with an effective date in March 2017 and expiration in June 2019, (iii) a \$1 billion interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 2.0987% with an effective date in February 2017 and expiration in September 2021.

The Company records the fair value positions of all derivative financial instruments on a net basis by counterparty for which a master netting arrangement is utilized. When valuing swaps the Company utilizes Level 2 inputs (substantially observable). Balances on a gross basis as of the current period are as follows:

Derivatives Instruments	Hedge Designation	Balance Sheet Location	December 30,	September 30,
			2017	2017
Cross-currency swaps	Designated	Other long-term liabilities	\$ 15	\$ —
Interest rate swaps	Designated	Other assets	7	1
Interest rate swaps	Not designated	Other assets	8	13
Interest rate swaps	Designated	Other long-term liabilities	1	15
Interest rate swaps	Not designated	Other long-term liabilities	10	13

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

Derivatives instruments	Statement of Operations Location	Quarterly Period Ended	
		December 30, 2017	December 31, 2016
Cross-currency swaps	Interest expense, net	\$ (1)	\$ —
Foreign currency swaps	Other expense (income), net	—	1
Interest rate swaps	Interest expense, net	2	5

The amortization related to unrealized losses in Accumulated other comprehensive loss is expected to be \$2 million in the next 12 months.

#### 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 2017 assessment. An incremental sustained earnings decline of 10-15% in the Health, Hygiene & Specialties - South America reporting unit, or future declines in our peer companies, market capitalizations, or total enterprise value, as well as lower valuation market multiples could impact future impairment tests.

Included in the following table are the major categories of assets measured at fair value on a non-recurring basis as of December 30, 2017 and September 30, 2017, along with the impairment loss recognized on the fair value measurement during the period:

	As of December 30, 2017				
	Level 1	Level 2	Level 3	Total	Impairment
Indefinite-lived trademarks	\$ —	\$ —	\$ 248	\$ 248	\$ —
Goodwill	—	—	2,777	2,777	—
Definite lived intangible assets	—	—	999	999	—
Property, plant, and equipment	—	—	2,363	2,363	—
Total	\$ —	\$ —	\$ 6,387	\$ 6,387	\$ —

  

	As of September 30, 2017				
	Level 1	Level 2	Level 3	Total	Impairment
Indefinite-lived trademarks	\$ —	\$ —	\$ 248	\$ 248	\$ —
Goodwill	—	—	2,775	2,775	—
Definite lived intangible assets	—	—	1,038	1,038	—
Property, plant, and equipment	—	—	2,366	2,366	2
Total	\$ —	\$ —	\$ 6,427	\$ 6,427	\$ 2

The Company's financial instruments consist primarily of cash and cash equivalents, long-term debt, interest rate and cross-currency swap agreements, and capital lease obligations. The fair value of our long-term indebtedness exceeded book value by \$61 million as of December 30, 2017. The Company's long-term debt fair values were determined using Level 2 inputs as other significant observable inputs were not available.

## 9. Income Taxes

In December 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act significantly revises the future ongoing U.S. corporate income tax by, among other things, lowering U.S. corporate income tax rates. As the Company has a September fiscal year-end, the lower corporate income tax rate will be phased in during fiscal 2018 and will be 21% in subsequent years. Partially offsetting the lower corporate income tax, the Tax Act also eliminates certain domestic deductions that were previously included in our estimated annual tax rate. The estimated impact of the corporate income tax net reduction along with the transitional taxes, discussed below, were recorded to the Consolidated Statements of Income in the quarter.

As part of the transition to the new tax system, the Tax Act (i) imposes a one-time repatriation tax on deemed repatriation of historical earnings of foreign subsidiaries and (ii) requires the Company revalue our U.S. net deferred tax liability position to the lower federal base rate of 21%. These transitional impacts resulted in a provisional transition benefit of \$95 million for the quarter, comprised of an estimated repatriation tax charge of \$44 million (comprised of the U.S. repatriation taxes and foreign withholding taxes) and an estimated net deferred tax revaluation benefit of \$139 million. After exclusion of this benefit, the effective tax rate was 26% for the Quarter and was positively impacted by 3% from the share-based compensation excess tax benefit deduction and a 2% benefit from the domestic manufacturing deduction. These favorable items were partially offset by increases of 3% from U.S. state income taxes, 2% from foreign valuation allowance, 1% from higher tax rates in foreign jurisdictions, and other discrete items.

The changes included in the Tax Act are broad and complex. The final transition impacts of the Tax Act may differ from the above estimate, possibly materially, due to, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, any changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates or changes to estimates the Company has utilized to calculate the transition impacts. The Securities and Exchange Commission has issued guidance that would allow for a measurement period of up to one year after the enactment date of the Tax Act to finalize the recording of the related tax impacts. We currently anticipate finalizing and recording any resulting adjustments by the end of fiscal 2018.

## 10. Operating Segments

The Company's operations are organized into three operating segments: Engineered Materials, Health, Hygiene & Specialties, and Consumer Packaging. The structure is designed to align us with our customers, provide optimal service, and drive future growth in a cost efficient manner. Selected information by reportable segment is presented in the following tables:

	Quarterly Period Ended	
	December 30, 2017	December 31, 2016
Net sales:		
Engineered Materials	\$ 648	\$ 383
Health, Hygiene & Specialties	577	570
Consumer Packaging	551	549
Total net sales	\$ 1,776	\$ 1,502
Operating income:		
Engineered Materials	\$ 88	\$ 53
Health, Hygiene & Specialties	37	59
Consumer Packaging	38	34
Total operating income	\$ 163	\$ 146
Depreciation and amortization:		
Engineered Materials	\$ 29	\$ 17
Health, Hygiene & Specialties	46	44
Consumer Packaging	54	59
Total depreciation and amortization	\$ 129	\$ 120
Total assets:		
Engineered Materials	\$ 1,753	\$ 1,803
Health, Hygiene & Specialties	3,475	3,496
Consumer Packaging	3,192	3,177
Total assets	\$ 8,420	\$ 8,476

Selected information by geography is presented in the following tables:

	Quarterly Period Ended	
	December 30, 2017	December 31, 2016
Net sales:		
North America	\$ 1,466	\$ 1,204
South America	74	80
Europe	170	149
Asia	66	69
Total net sales	<u>\$ 1,776</u>	<u>\$ 1,502</u>
	December 30, 2017	September 30, 2017
Long-lived assets:		
North America	\$ 5,313	\$ 5,350
South America	358	371
Europe	470	467
Asia	298	284
Total long-lived assets:	<u>\$ 6,439</u>	<u>\$ 6,472</u>

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

	Quarterly Period Ended	
	December 30, 2017	December 31, 2016
Net sales:		
Performance Materials	45	73
Engineered Products	55	27
Engineered Materials	<u>100%</u>	<u>100%</u>
Health	19	20
Hygiene	44	46
Specialties	37	34
Health, Hygiene & Specialties	<u>100%</u>	<u>100%</u>
Rigid Open Top	43	42
Rigid Closed Top	57	58
Consumer Packaging	<u>100%</u>	<u>100%</u>

#### Goodwill

The changes in the carrying amount of goodwill by reportable segment are as follows:

	Engineered Materials	Health, Hygiene & Specialties	Consumer Packaging	Total
Balance as of September 30, 2017	\$ 545	\$ 819	\$ 1,411	\$ 2,775
Acquisitions, net	4	—	—	4
Foreign currency translation adjustment	—	(2)	—	(2)
Balance as of December 30, 2017	<u>\$ 549</u>	<u>\$ 817</u>	<u>\$ 1,411</u>	<u>\$ 2,777</u>

## 11. Contingencies and Commitments

The Company is party to various legal proceedings 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.

## 12. 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 calculated 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. There were no shares excluded from the calculations as the effect of their conversion into shares of our common stock would be antidilutive.

The following tables provide a reconciliation of the numerator and denominator of the basic and diluted net income per share calculations.

(in millions, except per share amounts)	Quarterly Period Ended	
	December 30, 2017	December 31, 2016
<b>Numerator</b>		
Consolidated net income	\$ 163	\$ 51
<b>Denominator</b>		
Weighted average common shares outstanding - basic	131.0	122.0
Dilutive shares	5.0	5.8
Weighted average common and common equivalent shares outstanding - diluted	136.0	127.8
<b>Per common share income</b>		
Basic	\$ 1.24	\$ 0.42
Diluted	\$ 1.20	\$ 0.40

## 13. Accumulated Other Comprehensive Loss

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

	Currency Translation	Defined Benefit Pension and Retiree Health Benefit Plans	Interest Rate Swaps	Accumulated Other Comprehensive Loss
Balance at September 30, 2017	\$ (48)	\$ (16)	\$ (4)	\$ (68)
Other comprehensive income (loss) before reclassifications	(24)	(1)	14	(11)
Net amount reclassified from accumulated other comprehensive income (loss)	—	—	3	3
Provision for income taxes	—	—	(4)	(4)
Balance at December 30, 2017	\$ (72)	\$ (17)	\$ 9	\$ (80)

	Currency Translation	Defined Benefit Pension and Retiree Health Benefit Plans	Interest Rate Swaps	Accumulated Other Comprehensive 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	—	—	(6)	(6)
Balance at December 31, 2016	\$ (127)	\$ (44)	\$ (11)	\$ (182)

#### 14. Guarantor and Non-Guarantor Financial Information

Berry Global, Inc. ("Issuer") has notes outstanding which are fully, jointly, severally, and unconditionally guaranteed by its parent, Berry Global 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 or in the case of a restricted subsidiary that is required to guarantee after the relevant issuance date, 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 30, 2017						
	Parent	Issuer	Guarantor Subsidiaries	Non— Guarantor Subsidiaries	Eliminations	Total
Current assets	—	126	1,127	728	—	1,981
Intercompany receivable	334	2,286	—	—	(2,620)	—
Property, plant, and equipment, net	—	73	1,564	726	—	2,363
Other assets	1,152	5,401	4,555	528	(7,560)	4,076
<b>Total assets</b>	<b>\$ 1,486</b>	<b>\$ 7,886</b>	<b>\$ 7,246</b>	<b>\$ 1,982</b>	<b>\$ (10,180)</b>	<b>\$ 8,420</b>
Current liabilities	24	279	560	291	—	1,154
Intercompany payable	—	—	2,571	49	(2,620)	—
Other long-term liabilities	288	5,649	90	65	—	6,092
Stockholders' equity	1,174	1,958	4,025	1,577	(7,560)	1,174
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,486</b>	<b>\$ 7,886</b>	<b>\$ 7,246</b>	<b>\$ 1,982</b>	<b>\$ (10,180)</b>	<b>\$ 8,420</b>
September 30, 2017						
	Parent	Issuer	Guarantor Subsidiaries	Non— Guarantor Subsidiaries	Eliminations	Total
Current assets	—	116	1,113	775	—	2,004
Intercompany receivable	512	2,217	—	—	(2,729)	—
Property, plant and equipment, net	—	80	1,564	722	—	2,366
Other assets	992	5,335	4,583	533	(7,337)	4,106
<b>Total assets</b>	<b>\$ 1,504</b>	<b>\$ 7,748</b>	<b>\$ 7,260</b>	<b>\$ 2,030</b>	<b>\$ (10,066)</b>	<b>\$ 8,476</b>
Current liabilities	36	243	537	318	—	1,134
Intercompany payable	—	—	2,667	62	(2,729)	—
Other long-term liabilities	453	5,707	99	68	—	6,327
Stockholders' equity	1,015	1,798	3,957	1,582	(7,337)	1,015
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,504</b>	<b>\$ 7,748</b>	<b>\$ 7,260</b>	<b>\$ 2,030</b>	<b>\$ (10,066)</b>	<b>\$ 8,476</b>

**Condensed Supplemental Consolidated Statements of Operations**

**Quarterly Period Ended December 30, 2017**

	<b>Non-</b>					
	<b>Parent</b>	<b>Issuer</b>	<b>Guarantor Subsidiaries</b>	<b>Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Total</b>
Net sales	\$ —	\$ 138	\$ 1,225	\$ 413	\$ —	\$ 1,776
Cost of goods sold	—	106	989	352	—	1,447
Selling, general and administrative	—	12	80	25	—	117
Amortization of intangibles	—	—	31	7	—	38
Restructuring and impairment charges	—	—	7	4	—	11
Operating income	—	20	118	25	—	163
Other expense (income), net	—	5	7	(3)	—	9
Interest expense, net	—	5	43	14	—	62
Equity in net income of subsidiaries	(92)	(72)	—	—	164	—
Income before income taxes	92	82	68	14	(164)	92
Income tax expense	(71)	(81)	—	10	71	(71)
Consolidated net income	\$ 163	\$ 163	\$ 68	\$ 4	\$ (235)	\$ 163
Comprehensive net income	\$ 163	\$ 160	\$ 68	\$ (5)	\$ (235)	\$ 151

**Consolidating Statement of Cash Flows**

<b>Cash Flow from Operating Activities</b>	\$ —	\$ 35	\$ 139	\$ (21)	\$ —	\$ 153
<b>Cash Flow from Investing Activities</b>						
Additions to property, plant, and equipment	—	(3)	(61)	(30)	—	(94)
Proceeds from sale of assets	—	—	—	3	—	3
(Contributions) distributions to/from subsidiaries	(4)	4	—	—	—	—
Intercompany advances (repayments)	—	69	—	—	(69)	—
Net cash from investing activities	(4)	70	(61)	(27)	(69)	(91)
<b>Cash Flow from Financing Activities</b>						
Repayments on long-term borrowings	—	(106)	(2)	—	—	(108)
Proceeds from issuance of common stock	4	—	—	—	—	4
Payment of tax receivable agreement	(37)	—	—	—	—	(37)
Changes in intercompany balances	37	—	(86)	(20)	69	—
Net cash from financing activities	4	(106)	(88)	(20)	69	(141)
Effect of exchange rate changes on cash	—	—	—	1	—	1
Net change in cash	—	(1)	(10)	(67)	—	(78)
Cash and cash equivalents at beginning of period	—	18	12	276	—	306
Cash and cash equivalents at end of period	\$ —	\$ 17	\$ 2	\$ 209	\$ —	\$ 228

**Quarterly Period Ended December 31, 2016**

	<b>Non-</b>					
	<b>Parent</b>	<b>Issuer</b>	<b>Guarantor Subsidiaries</b>	<b>Guarantor Subsidiaries</b>	<b>Eliminations</b>	<b>Total</b>
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 (loss)	—	(17)	86	77	—	146
Other income, net	—	4	—	(5)	—	(1)
Interest expense, net	—	6	45	17	—	68
Equity in net income of subsidiaries	(79)	(92)	—	—	171	—
Income before income taxes	79	65	41	65	(171)	79
Income tax expense	28	14	—	14	(28)	28
Consolidated net income	\$ 51	\$ 51	\$ 41	\$ 51	\$ (143)	\$ 51
Comprehensive net income	\$ 51	\$ 62	\$ 41	\$ 6	\$ (143)	\$ 17



**Consolidating Statement of Cash Flows**

<b>Cash Flow from Operating Activities</b>	\$	—	\$	(19)	\$	120	\$	42	\$	—	\$	143
<b>Cash Flow from Investing Activities</b>												
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)
<b>Cash Flow from Financing Activities</b>												
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

**15. Subsequent Events**

In January 2018, the Company issued \$500 million aggregate principal amount of 4.50% second priority senior secured notes due 2026 (the "Notes") through a private placement offering. The net proceeds from the Notes were used to fund the acquisition of Clopay Plastic Products Company, Inc. ("Clopay").

In February 2018, the Company acquired Clopay for a purchase price of \$475 million, which is preliminary and subject to adjustment. Clopay manufactures printed breathable films and is an innovator in the development of elastic films and laminates with product offerings uniquely designed for applications used in a number of markets including: hygiene, healthcare, construction and industrial protective apparel. Clopay will be operated within the Health, Hygiene and Specialties segment.

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 Securities and Exchange Commission. 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. Fiscal 2017 and fiscal 2018 are fifty-two week periods.

### Executive Summary

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

**Acquisitions.** Our acquisition strategy is focused on improving our long-term financial performance, enhancing our market positions, and expanding our existing and complementary product lines. 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. 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.

#### *AEP Industries Inc.*

In January 2017, the Company acquired AEP Industries Inc. ("AEP") for a purchase price of \$791 million, net of cash acquired. A portion of the purchase price consisted of issuing 6.4 million of Berry common shares which were valued at \$324 million at the time of closing. 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 is operated in our 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 annual cost synergies of approximately \$80 million from the AEP transaction with full realization expected in fiscal 2018.

#### *Adchem Corp.*

In June 2017, the Company acquired Adchem Corp.'s ("Adchem") tapes business for a purchase price of \$49 million. Adchem is a leader in the development of high performance adhesive tape systems for the automotive, construction, electronics, graphic arts, medical and general tape markets. The acquired business is operated in our Engineered Materials segment. To finance the purchase, the Company used existing liquidity.

#### *Clopay Plastic Products Company, Inc.*

In February 2018, the Company acquired Clopay for a purchase price of \$475 million, which is preliminary and subject to adjustment. Clopay manufactures printed breathable films and is an innovator in the development of elastic films and laminates with product offerings uniquely designed for applications used in a number of markets including: hygiene, healthcare, construction and industrial protective apparel. Clopay will be operated within the Health, Hygiene and Specialties segment. The Company expects to realize annual cost synergies of approximately \$20 million from the completion of the Clopay transaction. To finance the purchase, the Company used the proceeds from the \$500 million Notes (see footnote 15).

**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, was as follows:

	Polyethylene Butene Film			Polypropylene		
	2018	2017	2016	2018	2017	2016
1st quarter	\$ .87	\$ .75	\$ .69	\$ .84	\$ .69	\$ .70
2nd quarter	—	.77	.66	—	.80	.75
3rd quarter	—	.79	.73	—	.74	.71
4th quarter	—	.81	.75	—	.75	.71

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. We believe there are long term growth opportunities within the health, pharmaceuticals, personal care and food packaging markets existing in developing countries, where expected per capita consumption increases should result in organic market growth. In addition, while we continue to believe that long term dynamics of the resin markets will be an advantage to Berry, the short term challenges to regional transportation systems and higher raw material prices in part as a result of resin supply disruptions, as well as macroeconomic pressures in South America could create short-term headwinds for early fiscal 2018. For fiscal 2018, including the impact from the recent Clopay transaction, we project cash flow from operations and adjusted free cash flow of \$1,007 million and \$630 million, respectively. Our fiscal 2018 projections assume negative \$40 million in working capital due to the recent raw material inflation, \$340 million of capital spending and cash interest costs of \$250 million. Within our adjusted free cash flow guidance, we are also assuming cash taxes to be \$160 million, including the \$37 million payment made in the first quarter under the Company's tax receivable agreement and an estimated \$50 million of cash tax savings related to the Tax Cuts and Jobs Act (the "Tax Act"), along with other cash uses of \$50 million related to items such as acquisition integration expenses and costs to achieve synergies. 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 30, 2017 (the "Quarter") and the Quarterly Period Ended December 31, 2016 (the "Prior Quarter")

Acquisition (businesses acquired in the last twelve months) sales and operating income disclosed within this section represents the results from acquisitions for the current period. Business integration expenses consist of restructuring and impairment charges, acquisition related costs, and other business optimization costs. Tables present dollars in millions.

#### Consolidated Overview

	Quarter	Prior Quarter	\$ Change	% Change
Net sales	\$ 1,776	\$ 1,502	\$ 274	18%
Operating income	\$ 163	\$ 146	\$ 17	12%
Operating income percentage of net sales	9%	10%		

The net sales increase of \$274 million from Prior Quarter is primarily attributed to acquisition net sales of \$267 million, an \$18 million favorable impact from currency translation, and increases in selling prices due to the pass through of higher resin prices. These increase are partially offset by a 1% base volume decline.

The operating income increase of \$17 million from Prior Quarter is primarily attributed to acquisition operating income of \$26 million, and an \$11 million decrease in selling, general, and administrative expenses from cost reductions, and a \$7 million decrease in depreciation and amortization. These increases are partially offset by an \$18 million unfavorable impact from under recovery of higher cost of goods sold, a \$5 million increase in business integration and restructuring costs, and a \$4 million unfavorable impact from the volume decline.

#### Engineered Materials

	Quarter	Prior Quarter	\$ Change	% Change
Net sales	\$ 648	\$ 383	\$ 265	69%
Operating income	\$ 88	\$ 53	\$ 35	66%
Percentage of net sales	14%	14%		

Net sales in the Engineered Materials segment increased by \$265 million from Prior Quarter primarily attributed to acquisition net sales of \$267 million and a \$6 million increase in selling prices due to the pass through of higher resin prices, partially offset by a 2% base volume decline.

The operating income increase of \$35 million from Prior Quarter is primarily attributed to acquisition operating income of \$26 million, a \$4 million favorable impact from improvement in price cost spread, and a \$4 million decrease in depreciation and amortization.

### **Health, Hygiene & Specialties**

	<u>Quarter</u>	<u>Prior Quarter</u>	<u>\$ Change</u>	<u>% Change</u>
Net sales	\$ 577	\$ 570	\$ 7	1%
Operating income	\$ 37	\$ 59	\$ (22)	(37%)
Percentage of net sales	6%	10%		

Net sales in the Health, Hygiene & Specialties segment increased by \$7 million from Prior Quarter primarily attributed to a \$16 million favorable impact from currency translation, partially offset by a 1% base volume decline.

The operating income decrease of \$22 million from Prior Quarter is primarily attributed to a \$17 million negative impact from under recovery of higher cost of goods sold related to inflation and market pressure in South America, a \$6 million increase in business integration and restructuring costs, and a slight increase in depreciation and amortization expense, partially offset by a \$4 million decrease in selling, general and administrative expenses.

### **Consumer Packaging**

	<u>Quarter</u>	<u>Prior Quarter</u>	<u>\$ Change</u>	<u>% Change</u>
Net sales	\$ 551	\$ 549	\$ 2	0%
Operating income	\$ 38	\$ 34	\$ 4	12%
Percentage of net sales	7%	6%		

Net sales in the Consumer Packaging segment increased by \$2 million from Prior Quarter primarily attributed to an \$8 million impact from selling price increases due to the pass through of higher resin prices, partially offset by a 1% base volume decline.

The operating income increase of \$4 million from Prior Quarter is primarily attributed to a \$5 million decrease in depreciation and amortization expense and a \$5 million decrease in selling, general and administrative expense, partially offset by a \$5 million unfavorable impact from under recovery of higher cost of goods sold.

### **Other expense (income), net**

	<u>Quarter</u>	<u>Prior Quarter</u>	<u>\$ Change</u>	<u>% Change</u>
Other expense (income), net	\$ 9	\$ (1)	\$ 10	1,000%

The other expense (income), net increase of \$10 million from Prior Quarter is primarily attributed to a \$4 million tax receivable agreement revaluation as a result of tax reform, a \$3 million loss on asset disposal in the Quarter and unfavorable foreign currency changes related to the remeasurement of non-operating intercompany balances.

### **Interest expense, net**

	<u>Quarter</u>	<u>Prior Quarter</u>	<u>\$ Change</u>	<u>% Change</u>
Interest expense, net	\$ 62	\$ 68	\$ (6)	(9%)

The interest expense decrease of \$6 million from Prior Quarter is primarily attributed to lower interest rates on our term loans as a result of term loan modifications and reduced indebtedness.

### **Income tax expense (benefit)**

	<u>Quarter</u>	<u>Prior Quarter</u>	<u>\$ Change</u>	<u>% Change</u>
Income tax expense (benefit)	\$ (71)	\$ 28	\$ (99)	(354%)

The income tax expense (benefit) decrease of \$99 million from the Prior Quarter is primarily attributed to the \$95 million provisional transition benefit recorded in the Quarter as a result of the recent U.S. tax legislation more fully described in footnote 9. After exclusion of the transitional benefit, the effective tax rate was 26% for the Quarter and was positively impacted by 3% from the share-based compensation excess tax benefit deduction and a 2% benefit from the domestic manufacturing deduction. These favorable items were partially offset by increases of 3% from U.S. state income taxes, 2% from foreign valuation allowance, 1% from higher tax rates in foreign jurisdictions, and other discrete items.

## Changes in Comprehensive Income (Loss)

The \$134 million improvement in Comprehensive income (loss) from Prior Quarter is primarily attributed to a \$112 million improvement in Net income and a \$21 million favorable change in currency translation, which is net of a negative \$15 million related to the cross-currency swap. 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 as the functional currency. As part of the overall risk management, the Company uses derivative instruments to reduce exposure to (i) changes in interest rates attributed to the Company's floating-rate borrowings and (ii) currency risk related to net investments in foreign subsidiaries. The change in fair value of these instruments is included in Accumulated other comprehensive loss. The \$2 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

### 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 \$750 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 (see footnote 7 to the Notes to the Consolidated Financial Statements incorporated herein).

### Cash Flows

Net cash from operating activities increased \$10 million from the Prior Quarter primarily attributed to improved net income before depreciation, amortization and the net impact of the recently announced U.S. tax legislation, partially offset by an increase in working capital due to higher raw material costs.

Net cash from investing activities increased \$27 million from the Prior Quarter primarily attributed to increased capital expenditures compared to the Prior Quarter.

Net cash from financing activities increased \$76 million from the Prior Quarter primarily attributed to increased repayments on our term loans partially offset by lower tax receivable agreement payments.

### Adjusted Free Cash Flow

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

Based on our definition, our consolidated adjusted free cash flow is summarized as follows:

	Quarterly Period Ended	
	December 30, 2017	December 31, 2016
Cash flow from operating activities	\$ 153	\$ 143
Additions to property, plant and equipment, net	(91)	(63)
Payments of tax receivable agreement	(37)	(60)
Adjusted free cash flow	\$ 25	\$ 20

Adjusted free cash flow, as presented in this document, is a supplemental financial measure that is not required by, or presented in accordance with, generally accepted accounting principles in the U.S. ("GAAP"). Adjusted free cash flow is not a GAAP financial measure and should not be considered as an alternative to cash flow from operating activities or any other measure determined in accordance with GAAP. We use Adjusted free cash flow as a measure of liquidity because it assists us in assessing our company's ability to fund its growth through its generation of cash, and believe it is useful to investors for such purpose. In addition, 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. Adjusted free cash flow may be calculated differently by other companies, including other companies in our industry, limiting its usefulness as a comparative measure.

## Liquidity Outlook

At December 30, 2017, our cash balance was \$228 million, of which approximately 90% was located outside the U.S. We believe our existing U.S. based cash and cash flow from U.S. operations, together with available borrowings under our senior secured credit facilities, will be adequate to meet our liquidity needs over the next twelve months. We do not expect our free cash flow to be sufficient to cover all long-term debt obligations and intend to refinance these obligations prior to maturity. 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 Securities and Exchange Commission and in this Form 10-Q, if any.

*Interest Rate Sensitivity*

We are exposed to market risk from changes in interest rates primarily through our senior secured credit facilities. At December 30, 2017, our senior secured credit facilities are comprised of (i) \$3.9 billion term loans and (ii) a \$750 million revolving credit facility with no borrowings outstanding. Borrowings under our senior secured credit facilities bear interest at a rate equal to an applicable margin plus LIBOR. The applicable margin for LIBOR rate borrowings under the revolving credit facility ranges from 1.25% to 1.75%, and the margin for the term loans range from 2.00% to 2.25% per annum with a 0% LIBOR floor. At December 30, 2017, the LIBOR rate of approximately 1.56% was applicable to the term loans. A 0.25% change in LIBOR would increase our annual interest expense by \$4 million on variable rate term loans.

We seek to minimize interest rate volatility risk through regular operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. These financial instruments are not used for trading or other speculative purposes.

As of December 30, 2017, the Company effectively had (i) a \$450 million interest rate swap transaction that 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, (ii) a \$1 billion interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 1.5190% with an effective date in March 2017 and expiration in June 2019, (iii) a \$1 billion interest rate swap transaction that swaps a one-month variable LIBOR contract for a fixed annual rate of 2.0987% with an effective date in February 2017 and expiration in September 2021.

*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. 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. A 10% decline in foreign currency exchange rates would have a negative \$6 million impact on our Net Income.

In November 2017, the Company entered into certain cross-currency swap agreements with a notional amount of 250 million euro to effectively convert a portion of our fixed-rate U.S. dollar denominated term loans, including the monthly interest payments, to fixed rate euro-denominated debt. The swap agreements mature May 2022. The risk management objective is to manage foreign currency risk relating to net investments in certain European subsidiaries denominated in foreign currencies and reduce the variability in the functional currency cash flows of a portion of the Company's term loans. In the future, we may 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.

**Item 4. Controls and Procedures**

**(a) Evaluation of disclosure controls and procedures.**

Under applicable Securities and Exchange Commission 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.

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 30, 2017. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of December 30, 2017, the design and operation of our disclosure controls and procedures were effective at the reasonable assurance level.

**(b) Changes in internal controls.**

There were no changes in our internal control over financial reporting that occurred during the quarter ended December 30, 2017 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, we recommend that investors carefully consider the risks described in our most recent Form 10-K filed with the Securities and Exchange Commission, 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. In addition to the Company's risk factors described in our most recent Form 10-K filed with the Securities and Exchange Commission, investors should consider the following risk factor.

*The final impacts of the Tax Cuts and Jobs Act could be materially different from our current estimates.*

The Tax Cuts and Jobs Act was signed into law in December 2017. The new law made numerous changes to federal corporate tax law that we expect will significantly reduce our effective tax rate in future periods. The changes included in the Tax Act are broad and complex. The final transition impacts of the Tax Act may differ from our current estimates, possibly materially, due to, among other things, changes in interpretations of the Tax Act, any legislative action to address questions that arise because of the Tax Act, any changes in accounting standards for income taxes or related interpretations in response to the Tax Act, or any updates or changes to estimates the Company has utilized to calculate the transition impacts.

### Forward-looking Statements and Other Factors Affecting Future Results.

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;
- new legislation or new regulations and the Company's corresponding interpretations of either may affect our business and consolidated financial condition and results of operations; and
- the other factors discussed in our most recent Form 10-K and in this Form 10-Q 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**

- 3.1 [Amended and Restated Bylaws of Berry Global Group, Inc., effective November 30, 2017 \(incorporated by reference to Exhibit 3.1 to the Company's Form 8-K filed on November 30, 2017\).](#)
- 4.1 [Indenture, by and between Berry Global, Inc., Berry Global Group, Inc., the subsidiaries of Berry Global, Inc. party thereto, and U.S. Bank National Association, as Trustee, relating to the 4.500% second priority senior secured notes due 2026, dated January 26, 2018 \(incorporated by reference to Exhibit 4.1 to the Company's Form 8-K filed on January 29, 2018\).](#)
- 10.1\* [U.S. \\$900,000,000 and \\$814,375,000 Incremental Assumption Agreement, dated as of November 27, 2017, by and among Berry Global Group, Inc., Berry Global, Inc. 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 O lender and Citibank, N.A., as initial Term P lender therein.](#)
- 10.2\* [Senior Executive Employment Contract dated as of September 30, 2015 between PGI Specialty Materials Inc. and Jean Marc Galvez, together with the International Assignment Letter dated December 18, 2016 from Berry Global, Inc. \(f/k/a Berry Plastics Corporation\).](#)
- 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 Global Group, Inc.**

February 7, 2018

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

## CHIEF EXECUTIVE OFFICER CERTIFICATION

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

1. I have reviewed this quarterly report on Form 10-Q of Berry Global 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 7, 2018

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

## CHIEF FINANCIAL OFFICER CERTIFICATION

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

1. I have reviewed this quarterly report on Form 10-Q of Berry Global 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 7, 2018

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

**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 Global Group, Inc. (the "Registrant") on Form 10-Q for the quarter ended December 30, 2017, 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 7, 2018

**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 Global Group, Inc. (the "Registrant") on Form 10-Q for the quarter ended December 30, 2017, 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 7, 2018

**INCREMENTAL ASSUMPTION AGREEMENT**

**Dated as of November 27, 2017,**

**among**

**BERRY GLOBAL GROUP, INC.,**

**BERRY GLOBAL, INC.**

**and**

**CERTAIN SUBSIDIARIES OF BERRY GLOBAL, INC.**

**as Loan Parties,**

**CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH**

**as Administrative Agent,**

**CITIBANK, N.A.**

**as Initial Term O Lender**

**and**

**CITIBANK, N.A.**

**as Initial Term P Lender**



## INCREMENTAL ASSUMPTION AGREEMENT

**THIS INCREMENTAL ASSUMPTION AGREEMENT** (this "Agreement"), dated as of November 27, 2017, is among **BERRY GLOBAL, INC.** (formerly known as Berry Plastics Corporation), a Delaware corporation (the "Borrower"), **BERRY GLOBAL GROUP, INC.** (formerly known as 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 O Loans (in such capacity, the "Initial Term O Lender"), Citibank, N.A., as an Incremental Term Lender with respect to the Term P Loans (in such capacity, the "Initial Term P 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, that certain Incremental Assumption Agreement and Amendment, dated as of June 15, 2016, that certain Incremental Assumption Agreement, dated as of January 19, 2017, that certain Incremental Assumption Agreement, dated as of February 10, 2017 and that certain Incremental Assumption Agreement, dated as of August 10, 2017 (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 O Lender provide an Incremental Term Loan Commitment (and Incremental Term Loans consisting of Other Term Loans) in the amount of \$900,000,000.00 (such commitment, the "Term O Loan Commitment" and such Incremental Term Loans, the "Term O Loans"), and the Initial Term O Lender is willing to provide the Term O Loan Commitment and Term O Loans, subject in each case to the terms and conditions set forth herein.

(3) The Borrower has requested that the Initial Term P Lender provide an Incremental Term Loan Commitment (and Incremental Term Loans consisting of Other Term Loans) in the amount of \$814,375,000.00 (such commitment, the "Term P Loan Commitment" and such Incremental Term Loans, the "Term P Loans"), and the Initial Term P Lender is willing to provide the Term P Loan Commitment and Term P Loans, subject in each case to the terms and conditions set forth herein.

(4) The Loan Parties, the Initial Term O Lender, the Initial Term P Lender and the Administrative Agent are entering into this Agreement in order to evidence the Term O Loan Commitment and Term O Loans and the Term P Loan Commitment and Term P 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 O Lender agrees to make a single loan to the Borrower on the Effective Date (as defined below) in a principal amount equal to the amount set forth with respect to the Initial Term O Lender on Schedule 1A hereto.
  - (ii) The Initial Term P 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 P Lender on Schedule 1B hereto.
- (b) The Administrative Agent hereby approves of each of the Initial Term O Lender and the Initial Term P Lender as Incremental Term Lenders under the Credit Agreement and approves of the terms of the Term O Loans as set forth in Section 2 hereof and the terms of the Term P Loans as set forth in Section 3 hereof.
- (c) For purposes of this Agreement, the following terms have the meanings ascribed below:
- (i) "Amendment Lead Arrangers" means Citibank, N.A., Barclays Bank PLC, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman Sachs Lending Partners (through itself or one of its affiliates), JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any of its affiliates designated to act in such capacity) and Wells Fargo Securities, LLC.

SECTION 2. Terms of the Term O Loans

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

- (a) The aggregate principal amount of the Term O Loans and Term O Loan Commitment shall be \$900,000,000.00.
- (b) The final maturity date of the Term O Loans shall be February 8, 2020.
- (c) The Applicable Margin with respect to the Term O Loans shall be 2.00% per annum in the case of any Eurocurrency Loan that is a Term O Loan and shall be 1.00% for any ABR Loan that is a Term O Loan.
- (d) 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 O Loan Repricing Event (as defined below) or in connection with a Term O Loan Repricing Event constituting an amendment or conversion of Term O Loans, any Lender is required to assign its Term O Loans pursuant to Section 2.19(c) of the Credit Agreement, the Borrower shall on the date of such Term O Loan Repricing Event pay to the Administrative Agent, for the account of each Lender with such Term O Loans that are subject to such Term O Loan Repricing Event or are required to be so assigned, a fee equal to 1.00% of the principal amount of the Term O Loans subject to such Term O Loan Repricing Event or required to be so assigned; provided that any prepayment of any Term O 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(d), "Term O Loan Repricing Event" shall mean any prepayment or repayment of Term O Loans with the proceeds of, or any conversion or amendment of Term O 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 O 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 O 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 O Loans).

- (e) All other terms not described herein and relating to the Term O Loans shall be the same as the terms of the Term K Loans in effect immediately prior to the Effective Date.

### SECTION 3. Terms of the Term P Loans

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

- (a) The aggregate principal amount of the Term P Loans and Term P Loan Commitment shall be \$814,375,000.00.
- (b) The final maturity date of the Term P Loans shall be January 6, 2021.
- (c) The Applicable Margin with respect to the Term P Loans shall be 2.00% per annum in the case of any Eurocurrency Loan that is a Term P Loan and shall be 1.00% for any ABR Loan that is a Term P Loan.
- (d) 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 P Loan Repricing Event (as defined below) or in connection with a Term P Loan Repricing Event constituting an amendment or conversion of Term P Loans, any Lender is required to assign its Term P Loans pursuant to Section 2.19(c) of the Credit Agreement, the Borrower shall on the date of such Term P Loan Repricing Event pay to the Administrative Agent, for the account of each Lender with such Term P Loans that are subject to such Term P Loan Repricing Event or are required to be so assigned, a fee equal to 1.00% of the principal amount of the Term P Loans subject to such Term P Loan Repricing Event or required to be so assigned; provided that any prepayment of any Term P 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.

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For purposes of this Section 3(d), "Term P Loan Repricing Event" shall mean any prepayment or repayment of Term P Loans with the proceeds of, or any conversion or amendment of Term P 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 P 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 P 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 P Loans).

- (e) All other terms not described herein and relating to the Term P Loans shall be the same as the terms of the Term L Loans in effect immediately prior to the Effective Date.

### SECTION 4. Conditions to Effectiveness.

The (x) Initial Term O Lender agrees to make its Term O Loans to the Borrower in an aggregate principal amount equal to its Term O Loan Commitment and (y) Initial Term P Lender agrees to make its Term P Loans to the Borrower in an aggregate principal amount equal to its Term P 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, and (iii) Godfrey & Kahn, S.C., Wisconsin 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 bringdown confirmation, dated not more than one Business Day prior to the Effective Date, 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 from the Secretary of State (or other similar official) of the jurisdiction of its organization;
- (ii) a certificate of the Secretary or Assistant Secretary or similar officer of each Loan Party dated the Effective Date and certifying,
- (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 O Loans and Term P 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 (1) except as amended by any amendment attached to such Secretary's or Assistant Secretary's certificate, neither the certificate or articles of incorporation, certificate of limited partnership or certificate of formation (as applicable) of such Loan Party, nor the by-laws, limited liability company, partnership agreement or other equivalent governing documents (as applicable) of such Loan Party, has been amended since the date of the last amendment thereto attached to the Secretary's Certificate of Borrower and Guarantors dated as of August 10, 2017, or in the case of Holdings, attached to the Secretary's Certificate of Holdings dated as of August 10, 2017, in each case delivered to the Administrative Agent in connection with the consummation of the financing transactions described in the Incremental Assumption Agreement dated as of August 10, 2017 (as so amended, collectively, the "Loan Party Organizational Documents"), and (2) the Loan Party Organizational Documents have been in effect at all times since the date of the resolutions described in clause (A) above, and remain in effect on the Effective Date,
- (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) the Administrative Agent, Amendment Lead Arrangers, the Initial Term O Lender and the Initial Term P Lender shall have received, to the extent invoiced at least three business days prior to the Effective Date, reimbursement or payment of (i) all reasonable expenses related to syndication of this Agreement, the Term O Loans and the Term P Loans and (ii) the reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP, counsel to the Administrative Agent and Amendment Lead Arrangers, in each case, 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 November 13, 2017 (the "Engagement Letter"), among the Borrower, Citibank, N.A., Barclays Bank PLC, Credit Suisse Securities (USA) LLC, Deutsche Bank Securities Inc., Goldman Sachs Lending Partners (through itself or one of its affiliates), JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated (or any of its affiliates designated to act in such capacity) 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 O Loans and the Term P 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 A 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 O Loans and the Term P 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 O Lender of its Term O 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 K Loans under the Credit Agreement shall have been paid by the Borrower.

- (l) Substantially concurrently with the making by the Initial Term P Lender of its Term P 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 L 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

- (1) written confirmation (which confirmation may be provided in the form of an electronic mail acknowledgment in form and substance reasonably satisfactory to the Administrative Agent) from local counsel in the jurisdiction in which the Mortgaged Property (which are set forth on Schedule 2 hereto) is located substantially to the effect that: (x) the recording of the existing Mortgage is the only filing or recording necessary to give constructive notice to third parties of the lien created by such Mortgage as security for the Obligations, including the Obligations evidenced by the Credit Agreement, as amended pursuant to this Amendment, for the benefit of the Secured Parties; and (y) no other documents, instruments, filings, recordings, re-recordings, re-filings or other actions, including, without limitation, the payment of any mortgage recording taxes or similar taxes, are necessary or appropriate under applicable law in order to maintain the continued enforceability, validity or priority of the lien created by such Mortgage as security for the Obligations, including the Obligations evidenced by the Credit Agreement, as amended pursuant to this Amendment, for the benefit of the Secured Parties;

OR

- (2) (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 Administrative Agent, the Initial Term O Lender and the Initial Term P 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 O Loans and the Term P 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 O Loans and the Term P Loans, except for the actions contemplated by Section 5 above, (d) the proceeds of the Term O Loans will be used substantially simultaneously by the Borrower to repay all of the outstanding Term K Loans and (e) the proceeds of the Term P Loans will be used substantially simultaneously by the Borrower to repay all of the outstanding Term L Loans.

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 O Loans, including the Initial Term O Lender, and each holder of any Term P Loans, including the Initial Term P 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 O Loans and the Term P 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 O Loans and the Term P 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 O Loans and Term P 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 O Lender and Initial Term P Lender.



- (a) Each of the Initial Term O Lender and the Initial Term P 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 O Lender and the Initial Term P 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 O Lender or to the Initial Term P 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 (subject to any applicable limitations in the Engagement Letter)) 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.  
New York.

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

*[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 GLOBAL, INC.

By: /s/ Mark W. Miles

Name: Mark W. Miles

Title: Chief Financial Officer

BERRY GLOBAL GROUP, INC.

By: /s/ Mark W. Miles

Name: Mark W. Miles

Title: Chief Financial Officer

*[Signature Page for Incremental Assumption Agreement]*

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AEROCON, LLC  
AVINTIV ACQUISITION CORPORATION  
AVINTIV INC.  
AVINTIV SPECIALTY MATERIALS INC.  
BERRY PLASTICS ACQUISITION CORPORATION V  
BERRY PLASTICS ACQUISITION CORPORATION XII  
BERRY PLASTICS ACQUISITION CORPORATION XIII  
BERRY GLOBAL FILMS, 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 SPECIALTY TAPES, LLC  
BERRY STERLING CORPORATION  
BPRES BRAZIL HOLDING INC.  
BPRES CLOSURE SYSTEMS, LLC  
BPRES CLOSURES KENTUCKY INC.  
BPRES CLOSURES, LLC  
BPRES DELTA INC.  
BPRES HEALTHCARE BROOKVILLE INC.  
BPRES HEALTHCARE PACKAGING INC.  
BPRES PLASTIC PACKAGING INC.  
BPRES PLASTICS SERVICES COMPANY INC.  
BPRES PRODUCT DESIGN AND ENGINEERING INC.  
BPRES 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]*

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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  
POLY-SEAL, 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]*

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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]*

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CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,  
as Administrative Agent

By: /s/ John Toronto  
Name: John Toronto  
Title: Authorized Signatory

By: /s/ Shyam Kapadia  
Name: Shyam Kapadia  
Title: Authorized Signatory

*[Signature Page for Incremental Assumption Agreement]*

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CITIBANK, NA., as Initial Term O Lender

By: /s/ Christopher Wood

Name: Christopher Wood

Title: Vice President

CITIBANK, NA., as Initial Term P Lender

By: /s/ Christopher Wood

Name: Christopher Wood

Title: Vice President

*[Signature Page for Incremental Assumption Agreement]*

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**Schedule 1A**

**Initial Term O Lender**

Citibank, N.A.

**Term O Loan Commitment**

\$900,000,000.00

**Schedule 1B**

**Initial Term P Lender**

Citibank, N.A.

**Term P Loan Commitment**

\$814,375,000.00

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**Schedule 2**

1. 111 Excellence Lane, Mooresville, NC 28115
  2. 1020 Shenandoah Village Dr., Waynesboro, VA 22980
  3. 1203 Chicopee Road, Benson, NC 27504
  4. 20 Elmwood Ave., Mountain Top, PA 18707
  5. 70 Old Hickory Blvd., Old Hickory, TN 37138
-



**THE PARTIES**

**REUNIDOS**

On the one side, Mr. Joel Hackney, of legal age, acting in the name and on behalf of PGI Specialty Materials Inc, and address at 9335 Harris Corners Pkwy #300, 28269 Charlotte, NC, United States, (hereinafter, the "Company"), and

On the other side, Mr. Jean Marc Gálvez, of legal age and French nationality, and domicile at Calle Josep Vicens Foix, 11 C, 08173 Sant Cugat del Valles, Spain, acting in his own name and behalf (hereinafter, the "Senior Executive").

**WHEREAS**

**MANIFIESTAN**

On July 4, 2011 Mr. Jean Marc Gálvez, initiated his employment relationship with PGI SPAIN, S.L. by rendering services as Manager Vice President Sales Marketing and development EMEA of the Company.

On June 22, 2012 Mr. Gálvez was offered a job position as Senior Vice president and General Manager of Europe in Polymer Group Inc effective from April 1, 2012.

In addition on July 4 2012 Mr. Gálvez was appointed as sole director of PGI SPAIN, S.L.

On August 11 2015, Mr Gálvez and the Company signed an agreement regarding appointment as sole Director.

On September 30 2015, Mr. Gálvez, was removed as sole director.

Nevertheless, the Company wishes to continue hiring Mr. Gálvez service as General Manager for Europe In Polymer Group Inc.

The Senior Executive, on his turn, is interested in rendering the abovementioned services for the Company.

Que el 4 de julio de 2011 el Sr. Jean Marc Gálvez inició su relación laboral con PGI SPAIN, S.L. prestando servicios en calidad de Director Vicepresidente de Marketing y desarrollo de la región EMEA.

Que el 22 de Junio de 2012 el Sr. Gálvez fue ascendido a Vicepresidente senior y Director General de Europa de Polymer Group Inc. con efectos de fecha 1 de Abril de 2012.

El Sr. Gálvez fue nombrado administrador único de PGI SPAIN, S.L.

El Sr. Gálvez y la compañía suscribieron un acuerdo relativo a su nombramiento como Administrador solidario.

El 30 de septiembre de 2015, el Sr. Gálvez fue cesado como Administrador solidario.

Sin embargo, la compañía está interesada en seguir contratando al Sr. Gálvez como Director General de Europa para el Grupo Polymer Inc.

El Sr. Gálvez está interesado en continuar prestando servicios como Director General de Europa para el Grupo Polymer Inc.

To this end, and in order to set out in full all the necessary conditions, the Company and the Senior Executive have agreed to enter into this contract (hereinafter, the "**Contract**"), which is ruled by Royal Decree 1382/1985, of August 1 governing the special employment relationship of senior executives (the "**RD**"), subject to the following

## CLAUSES

### 1. PURPOSE AND DUTIES

1.1 The Senior Executive will be responsible for the general management of the

1.2 The Senior Executive shall render the duties pertaining to his position with autonomy and full responsibility, being limited only by the criteria and instructions issued by the governing body (board of directors) of the Company.

1.3 To that end, the Company shall continue granting the Senior Executive with the powers necessary to perform these duties.

1.4 The Senior Executive acknowledges that the employment relationship that links him to the Company is based in the mutual trust existing between the parties. Therefore, he undertakes to perform his duties and to exercise his rights and obligations in good faith.

1.5 Likewise, during the term of the Contract, the Senior Executive shall work exclusively for the Company and devote his whole attention to the Company's business.

1.6 Accordingly, the Senior Executive shall refrain from rendering any kind of services either directly or indirectly, for any third party or for himself, or on behalf of any other person or entity or on his own behalf, regardless of the nature of the relationship under which said services are rendered (that is, if the Senior Executive renders said services as employee, manager, member of the board of directors, shareholder, advisor, consultant, etc.), even if such activities are not considered to be in competition with those carried out by the Company.

Con este fin, y a efectos de recoger en su totalidad todas las condiciones necesarias, ambas partes han convenido la formalización del presente Contrato de Trabajo de Alta Dirección (en adelante, el "**Contrato**"), con sujeción a la disposición en el Real Decreto 1382/1985, de 1 de agosto, por el que se regula la relación laboral de carácter especial del personal de alta dirección (en adelante, el "**RD**") y a las siguientes

## CLÁUSULAS

### 1. OBJETO Y FUNCIONES

1.1 El Alto Directivo será responsable de la dirección general de los negocios de la Compañía y sus filiales. Sus responsabilidades incluirán (I)

1.2 El Alto Directivo deberá desempeñar las funciones propias de su cargo con autonomía y plena responsabilidad, estando limitado únicamente por los criterios e instrucciones emanados del órgano de gobierno (consejo de administración) de la Compañía.

1.3 A tal fin, la Compañía continuará manteniendo los actuales poderes, necesarios para que el Alto Directivo continúe desempeñando sus funciones.

1.4 El Alto Directivo reconoce que su relación laboral que le vincula a la Compañía está basada en la recíproca confianza entre las partes, por lo que se compromete a desempeñar sus funciones así como a ejercer sus derechos y obligaciones de conformidad con las exigencias de la buena fe.

1.5 Durante la vigencia del presente Contrato, el Alto Directivo deberá prestar sus servicios en exclusiva para la Compañía y destinara todos sus esfuerzos al negocio de la misma.

1.6 En consecuencia, el Alto Directivo se abstendrá de prestar servicios de cualquier naturaleza, directa o indirectamente, a ningún tercero a para sí mismo, por cuenta ajena y en beneficio de un tercero a entidad, o por cuenta propia en su propio beneficio, cualquiera que sea la naturaleza de la relación en virtud de la cual se presten dichos servicios (esto es, si el Alto Directivo presta sus servicios en calidad de trabajador, directivo, miembro del Consejo de Administración, accionista, etc.) e incluso si dichos servicios no se consideran competitivos con respecto a los prestados por la Compañía.

1.7 The fixed remuneration as set out in Clause 8.1 of this Contract Includes the compensation for the exclusivity commitment set out above.

1.7 La remuneración fija prevista en la cláusula 8.1 de este Contrato Incluye la compensación por la exclusividad pactada anteriormente.

## 2. DURATION

## 2. DURACIÓN

2.1 The Contract shall be of indefinite duration, effective September 30 2015

2.1 El Contrato tendrá una duración indefinida, can efecto 30 Septiembre 2015

## 3. PLACE OF WORK

## 3. LUGAR DE PRESTACIÓN DE SERVICIOS

3.1 The services to be rendered under this : Contract shall be carried out in the workplace of the Company located Barcelona, Tuset 23-25.

3.1 El Alto Directivo prestará sus servicios para la Compañía en las oficinas situadas en Barcelona, Tuset 23-25.

3.2 Notwithstanding the foregoing, considering the nature of the Senior Executive's job position, he recognises and accepts that he may be requested to make frequent trips within Spain and abroad.

3.2 No obstante lo anterior, dada la naturaleza del puesto de trabajo del Alto Directivo, éste reconoce y acepta que podrá ser requerido para la realización de viajes frecuentes tanto dentro y fuera del territorio español.

## 4. WORKING TIME

## 4. JORNADA

4.1 Given the special nature of the duties d corresponding to the Senior Executive, he will devote all his professional time and energy to the Company and apply all his skills and efforts to the performance of his duties, not being subject to the limits and the distribution of working time established under the legislation applicable to ordinary employees.

4.1 Dada la especial naturaleza de las funciones a desempeñar por el Alto Directivo, éste deberá dedicar al desempeño do dichas funciones el tiempo que sea necesario para el correcto y diligente cumplimiento de las mismas, sin sujeción a los límites ni a la distribución de los horarios de trabajo establecidos por la legislación aplicable a los trabajadores ordinarios.

## 5. HOLIDAYS

## 5. VACACIONES

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5.1 The Senior Executive is entitled to 22 calendar days as holidays.

5.1 El Alto Directivo tiene derecho a 22 días naturales de vacaciones por año.

5.2 The specific holiday period of the Senior Executive shall be adjusted to the Company's needs. In this sense, the Company may exclude or determine certain holiday periods in accordance with the needs of his position.

5.2 El período específico de vacaciones del Alto Directivo se deberá ajustar a las necesidades de la Compañía. En este sentido, la Compañía podrá excluir ciertos períodos o determinar otros para el disfrute de sus vacaciones, de conformidad con las necesidades de la Compañía.

## 6. FIXED REMUNERATION

## 6. RETRIBUCIÓN FIJA

6.1 The Senior Executive shall receive a gross annual base fixed salary of Euro 292.909.

6.1 El Alto Directivo percibirá un salario base fijo anual bruto de 292.909 Euros brutos.

6.2 The Senior Executive will be eligible to participate in AVINTIV's merit base pay for performance process and be eligible to receive salary adjustments funded by the company's performance, the individual

6.2 El Alto Directivo tendrá derecho a participar en el procedimiento de méritos para la determinación del salario base de AVINTIV, con derecho a percibir las actualizaciones derivadas del desarrollo de la compañía y el desempeño individual y aportaciones del directivo, todo ello de conformidad con su nivel salarial, comparado con el mercado externo e interno.

6.3 The annual base fixed gross salary shall be paid In twelve (12) equal monthly instalments by means of a bank transfer to the bank account designated by the Senior Executive, before the last day of the month to which the payment refers, in accordance with the Company's policy.

6.3 El salario fijo anual se abonará en doce (12) pagas mensuales Iguales mediante transferencia bancaria a la cuenta que sea designada por el Alto Directivo, de conformidad con las políticas de la Compañía, antes del último día del mes al que el pago se refiere.

6.4 Due to the nature of the position held by the Senior Executive and the responsibility corresponding to such position, the remuneration agreed under Clause 8.1 above will consist of a global compensation for the Senior Executive's working time, regardless of the hours of work actually worked by the Senior Executive.

6.4 En atención a la naturaleza del puesto desempeñado por el Alto Directivo y el nivel de responsabilidad correspondiente a dicho cargo, la remuneración acordada en la Cláusula 8.1 anterior deberá entenderse como una compensación global por todo el tiempo de trabajo del Alto Directivo, con Independencia de las horas de trabajo realmente realizadas por el Alto Directivo.

## 7. VARIABLE REMUNERATION

## 7. REMUNERACIÓN VARIABLE

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7.1 The Senior Executive will be eligible for AVINTIV's Short Term Incentive (STI) cash program with a total target of 40% of annual base earnings during the performance period

## 8. BENEFITS

8.1 For the duration of his employment, the Company shall provide the Executive with the use of a company car according to the AVINTIV's Company's car policy for his official and private use, and bear all liabilities and expenses in connection with such use of the company car plus supplementary equipment. The value of this remuneration for working and fiscal effects are calculated for the time that the object is used privately, in accordance with the valid tax regulations in any moment and especially conform the Income Tax Law.

8.2 The Company will pay 100% of the medical insurance premium for the Executive and his direct relatives (spouse and two children), according to the medical plan implemented by the Company.

## 9. DEDUCTIONS

9.1 The Company shall make the relevant withholdings on account of the Personal Income Tax and the Social Security contributions applicable under current statutory provisions from the total remuneration paid to the Senior Executive.

## 10. EXPENSES

10.1 The Company will reimburse the Senior Executive all the travel, meal and representation expenses in which he has reasonably incurred during the performance of his duties under this Contract. In any case, in order to be entitled to the reimbursement of these amounts, the Senior Executive will have to submit in advance the relevant invoices, receipts and written proofs in accordance with the procedures and policies applicable in the Company.

7.1 El Alto Directivo tendrá derecho a participar en el "AVINTIV's Short Term Incentive (STI), cash program" consistente en un máximo de 40% del salario base correspondiente al ejercicio en curso.

## 8. BENEFICIOS

8.1 Durante el periodo de vigencia de este Contrato, la Compañía pondrá a disposición del Directivo un vehículo de empresa de acuerdo con la Política de Vehículos de AVINTIV. El Directivo podrá utilizar dicho vehículo tanto en el ámbito profesional como en el particular debiendo la Compañía asumir los gastos derivados de dicha utilización del vehículo. El valor fiscal de la renta en especie que se genere por dicha utilización se basará en el uso privativo que realice el Directivo del mismo y que determinará la Compañía de conformidad con la normativa fiscal vigente en cada momento y sobre todo de acuerdo con la Ley del Impuesto sobre la Renta.

8.2 La Compañía pagará el 100% de la prima de un seguro médico para el Directivo y sus familiares directos (cónyuge y dos hijos), de acuerdo con la Política de asistencia médica privada de la Compañía.

## 9. DEDUCCIONES

9.1 La Compañía efectuará las correspondientes retenciones a cuenta del Impuesto sobre la Renta de las Personas Físicas y las contribuciones de Seguridad Social de conformidad con las disposiciones legales, sobre la remuneración total pagada al Alto Directivo.

## 10. GASTOS

10.1 La Compañía reembolsará al Alto Directivo todos los gastos de desplazamiento, manutención y representación en que razonablemente haya incurrido con ocasión del debido desempeño de sus funciones conforme a lo establecido en el presente Contrato. En todo caso, para que el Alto Directivo tenga derecho a dicho reembolso, éste deberá presentar las pertinentes facturas, recibos y justificantes, de conformidad con los procedimientos y políticas aplicables en la Compañía. En todo caso, la Compañía establecerá una política de gastos que tenga como objetivo minimizar la anticipación de gastos por parte del Alto Directivo.



## 11. TERMINATION OF THE CONTRACT

## 11. EXTINCIÓN DEL CONTRATO

### 11.1 Reasons for termination

### 11.1 Causas de extinción

The present Contract may be terminated due to the breach of any of the obligations foreseen In it as well as for the events contained in RD, unless specific provisions contained in this Contract state otherwise.

El presente Contrato podrá extinguirse como consecuencia del incumplimiento de cualquiera de las obligaciones establecidas en el mismo, y asimismo, por las razones indicadas en el RD, salvo que expresamente se disponga otra cosa en el presente Contrato.

### 11.2 Termination of the Contract at the Senior Executive's request (sectin 10 of the RD)

### 11.2 Extinción del Contrato a instancia del Alto Directivo (artículo 10 RD)

#### (a) Unilateral withdrawal by the Senior Executive (section 10.1 of the RD)

#### (a) Desistimiento unilateral por parte del Alto Directivo (artículo 10.1 del RO)

In case the Senior Executive wished to terminate the Contract in accordance with section 10.1 of the RD, he shall inform the Company In writing at least three months In advance.

In accordance with section 10.2 of the RD, in case of breach of this obligation, the Senior Executive shall indemnify the Company with an amount equivalent to the annual gross fixed and variable remuneration established In Clauses 7.1 and 8.1 that he was receiving at the time of the termination corresponding to the notice period defaulted. In case the Company owed the Senior Executive any certain and claimable amount as of that date, the corresponding amount will be automatically deducted from the amounts payable by the Senior Executive as compensation for the notice period unfulfilled.

En caso de que el Alto Directivo desee extinguir el Contrato de conformidad con lo establecido en el artículo 10.1 del RD, el mismo deberá informar de su intención a la Compañía, por escrito, tres meses antes de la fecha de extinción propuesta.

De conformidad con el artículo 10.2 del RD, si se incumpliera este preaviso, el Alto Directivo deberá Indemnizar a la Compañía con una cantidad equivalente a la remuneración fija y variable anual bruta previstas en la Cláusulas 7.1 y 8.1 anteriores, que dicho Alto Directivo viniera percibiendo en el momento de la extinción que hubiera correspondido al plazo de preaviso incumplido. En caso de que la Compañía debiera al Alto Directivo alguna cantidad a esa fecha, la cantidad correspondiente será automáticamente deducida de las cantidades a abonar por el Alto Directivo en concepto de compensación por el incumplimiento del preaviso.

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(b) Termination of the Contract pursuant to section 10.3 of the RD

The Senior Executive may also terminate the present Contract in accordance with and for the reasons stated in section 10.3 of the RD. In such a case, the Senior Executive shall be entitled to the same indemnity set in section 12.3 a).

11.3 Termination of the Contract by the Company

(a) Unilateral withdrawal

In the event of termination of the Contract by the Company according to article 11.1 of RD, the Senior executive will be entitled to a severance payment equivalent to a 16 months' salary considering fix, variable, and In kind salary.

The Senior executive will be entitled to a severance payment equivalent to the indemnity earned as legislative mandated in case of unfair dismissal for an ordinary labour relationship. This severance would be subtracted of the Indemnity set In the precedent paragraph, if the amount of the last Indemnity is higher

(b) Disciplinary dismissal of the Senior Executive

The Company may terminate the Contract in writing and not needing to respect any notice period, through disciplinary dismissal based on a serious and wilful breach by the Senior Executive. In this case, the Company shall not be obliged to pay the Senior Executive any amount as severance compensation.

Without prejudice to the above, both parties agree that in the event that the disciplinary dismissal is deemed to be unfair or null and void by an Employment Tribunal, the Senior Executive shall be entitled to receive, as severance compensation set in precedent section a).

11.4 Deductions

The Company will make the appropriate withholdings and Income Tax ("IRPF") payments in relation to the severance compensation set out in this Clause, in accordance with the law in force at any time.

12. DUTY OF CONFIDENTIALITY AND SECRECY

12.1 The Senior Executive acknowledges that, In the performance of his duties, he may have access to information relating to the Company business, its activities or those of any other entity related to it, its finances or organisation, systems, technology, protected information, know-how, clients of the Company or of its parent company or of any other company related to it (hereinafter, the "**Information**"). Likewise, the Senior Executive understands that such Information is or may constitute a professional secret and be commercially sensitive, with the consequence being that its disclosure to third parties and, in particular, to Companies that carry out the same activities as the Company, may cause serious harm to the Company or to the legal entities related to it.

(b) Extinción del Contrato al amparo del artículo 10.3 del RD

El Alto Directivo puede asimismo extinguir el presente Contrato por las causas previstas en el artículo 10.3 del RO. En todos estos casos el Alto Directivo tendrá derecho a recibir la Indemnización prevista en el apartado 12.3 a) del contrato.

11.3 Extinción del Contrato a instancia de la Compañía

(a) Desistimiento unilateral

En caso de extinción del Contrato al amparo de lo dispuesto en el artículo 11.1 del RD, el Alto Directivo tendrá derecho a percibir una Indemnización equivalente a 16 meses de salario considerando a estos efectos el salario fijo, el salario variable y el salario en especie.

El Alto Directivo tendrá derecho a percibir una Indemnización equivalente a la Indemnización prevista en la legislación laboral vigente para la extinción de un contrato de trabajo ordinario por despido improcedente. Esta indemnización será deducida de la indemnización prevista en el párrafo anterior siempre que el importe de esta última sea superior

(b) Despido disciplinario del Alto Directivo

La Compañía podrá extinguir el Contrato, mediante comunicación escrita y sin mediar preaviso alguno, mediante despido disciplinario basado en un incumplimiento grave y culpable del Contrato. En este caso, la Compañía no estará obligada a abonar al Alto Directivo cantidad alguna en concepto de indemnización.

Sin perjuicio de lo anterior, ambas partes acuerdan que en el caso de que el despido disciplinario sea declarado improcedente o nulo por el Juzgado/Tribunal de lo Social, el Alto Directivo tendrá derecho a recibir la indemnización prevista en el apartado a) anterior.

11.4 Deducciones

La Compañía efectuará las retenciones que correspondan a cuenta del Impuesto sobre la Renta de las Personas Físicas ("IRPF") en relación con la Indemnización por despido establecida en esta Cláusula, de conformidad con la legislación vigente en cada momento.

12. CONFIDENCIALTOAD Y SECRETO

12.1 El Alto Directivo reconoce que, en el ejercicio de sus funciones, puede tener acceso a información relativa al negocio de la Compañía, su actividad o a la de cualquier otra entidad relacionada con la misma, sus finanzas u organización, sistemas, técnicas, información protegida, know-how, clientes de la Compañía o de las Compañías del Grupo empresarial a que ésta pertenezca (en adelante, la "Infor-mación"). Asimismo, el Alto Directivo entiende que dicha Información constituye o puede constituir secreto profesional y ser comercialmente sensible, por lo que su conocimiento por terceros y, en particular, por Compañías que desarrollen la misma actividad que la Compañía, puede causar un grave perjuicio a la Compañía o a entidades jurídicas relacionadas con ésta.

12.2 Consequently, the Senior Executive expressly undertakes to use the Information only and exclusively for the purposes of carry out the duties corresponding to his position. Similarly, the Senior Executive undertakes to preserve and treat the Information as entirely confidential during the period in which the Contract is in force or after its termination and, In particular, not to reveal it to any third party without the prior consent of the Company, except in the performance of the duties set out under this Contract or if required by law. The Senior Executive also undertakes not to reproduce, modify or, In general terms, use the Information in a manner different than that required for the performance of his duties.

12.3 Likewise, the Senior Executive undertakes to return to the Company Immediately upon its request during the term of the Contract and, in any case, without the need to make such request once the Contract is terminated, any Medium of any kind that may contain Information to which he has had access or that has been created by him.

12.2 En consecuencia, el Alto Directivo se compromete expresamente a utilizar la Informaciodn anica y exclusivamente con la finalidad de cumplir las funciones propias de su puesto. Igualmente, el Alto Directivo se obligue a conservar y tratar como confi-dencial toda la Informacion durante la vigencia del presente Contrato o despues de la extincien del mismo y, en particular, a no revelarla a ningtin tercero sin el consentimiento previo de la Compafila, excepto en el ejercicio de las funciones encomendadas en el presente Contrato o por imperativo legal, y a no reproducirla, transformarla ni, en general, usarla de manera distinta a la que sea precise para el ejercicio de sus funciones.

12.3 Asimismo, el Alto Directivo se compromete a restituir inmediatamente a la Compañía, a solicitud de ésta durante la vigencia del Contrato y en todo caso, y sin necesidad de contener información a la que haya tenido acceso o que haya sido creada por él.

**13. APPOINTMENT AS MEMBER OF THE BOARD OF DIRECTORS** **13. NOMBRAMIENTO COMO MIEMBRO DEL CONSEJO DE ADMINISTRACIÓN**

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13.1 In the event the Senior Executive becomes a member of the board of directors and such appointment would be considered incompatible with the special labour relationship agreed in this contract, both parties expressly state that, upon the appointment, the senior executive employment relationship existing between the parties will not be terminated but automatically suspended and the Senior Executive employment relationship will re-start when the Company may, revoke or refrain from renewing his appointment for any reason but Cause. The period rendering services as a Director will be considered as a seniority to all effects.

13.2 in the event that as a result of the termination of the employment relationship, the Senior Executive suffers an Impairment regarding his entitlement to Unemployment benefits, due to his appointment as Director, the Company grants that It will cover up for any existing impairments.

#### 14. NON- DISPARAGEMENT

14.1 The Senior Executive agrees that he will not at any time publish or communicate to any person or entity any Disparaging (as defined below) remarks, comments or statements concerning the Company, its parents, subsidiaries and affiliates, and their respective present and former members, partners, directors, officers, shareholders, employees, agents, attorneys, successors and assigns.

13.1 En el caso de que en un futuro se produjese la integración del Alto Directivo en el órgano de administración de la Empresa y ello pudiera considerarse Incompatible con el mantenimiento simultáneo de la relación especial de alta dirección que se articula a través del presente Contrato, las partes acuerdan expresamente que la misma no se extingue, sino que queda simplemente suspendida, por lo que en el momento en que, por cualquier "Causa", se produzca la salida del Alto Directivo del órgano de administración de la Empresa, dicha relación laboral especial reactivará su eficacia automáticamente y sin necesidad de requerimiento alguno a Instancias de cualquiera de las partes, resultando computable, a todos los efectos, el periodo de tiempo durante el que hubiera permanecido en el órgano de administración.

13.2 En el supuesto de que la extinción de la relación laboral del Alto Directivo suponga un menoscabo de sus derechos relativos a la prestación por desempleo, como consecuencia de su nombramiento como administrador único, la Empresa compensará al Sr. Gálvez por el Importe equivalente a dicha merma.

#### 14. NO DIFAMACIÓN

14.1 El Alto Directivo se compromete a que, en ningún momento (ya sea durante o tras la duración del contrato), publicará ni comunicará a ninguna persona o entidad ninguna declaración, manifestación o comentarlo Difamatorio (tal y como se define a continuación), relativo a la Compañía sus matrices y/o filiales, así como a sus respectivos actuales y anteriores miembros, socios, consejeros, directivos, asociados, altos directivos, agentes, apoderados, sucesores y cesionarios.

14.2 By "Disparaging", it should be understood any remarks, comments or statements are those that impugn the character, honesty, integrity or morality or business acumen or abilities in connection with any aspect of the operation of business of the individual or entity being disparaged.

## 15. DATA PROTECTION

15.1 In accordance with Organic Law 15/1999 on Protection of Personal Data, the Senior Executive hereby recognises and agrees that the Company may compile, treat and keep data relating to him (the "**Personal Data**") in order to guarantee observance of this Contract and the legal obligations arising from it such as withholdings on account of Personal Income Tax and Social Security, management, financial communication due to- other items related to human resources and employment issues.

15.2 The Company declares and guarantees that It shall not gather and/or process any confidential Information in relation to the Senior Executive, including, but not limited to, information on health or medical issues or related to ethnic origin, without the previous written consent of the Senior Executive unless it is strictly required to do so by law. The Company will ask the Senior Executive periodically to review and update his Personal Data that Is held by the Company. Without prejudice to the foregoing, upon his request, the Senior Executive may exercise his right to access, rectify, cancel and oppose the processing of Personal Data which may not be necessary according to the present Contract.

14.2 Se entiende por declaraciones, manifestaciones y comentarios difamatorio? aquellos que cuestionen la reputación, honestidad, integridad o moralidad o perspicacia del negocio o habilidades relacionadas con cualquier aspecto de las operaciones de negocio del individuo o entidad que sea objeto de difamación.

## 15. PROTECCIÓN DE DATOS

15.1 De conformidad con lo dispuesto en la Ley Orgánica 15/1999 de Protección de Datos de Carácter Personal, la Compañía informa al Alto Directivo de su necesidad de recopilar, tratar, almacenar y utilizar los datos personales revelados por él en la fecha de firma del Contrato y mientras el presente Contrato esté en vigor (en adelante, los "**Datos Personajes**"), con el fin de formalizar y gestionar este contrato de trabajo y de cumplir con las obligaciones de la Compañía como empleadora (entre otras, el pago de salarios, pensiones y otros beneficios sociales, las retenciones fiscales y de seguridad social, el cumplimiento de las obligaciones de seguridad e higiene, la gestión de bajas por enfermedad y otras actividades en materia de gestión y comunicación financiera y de recursos humanos).

15.2 La Compañía manifiesta y garantiza que no recabará y/o procesará ningún dato personal sensible en relación con el Alto Directivo, Incluyendo, pero sin limitación, Información de tipo sanitario, médico o de origen étnico, sin el previo consentimiento escrito del Alto Directivo, salvo en la medida en que sea estrictamente requerido por ley, La Compañía solicitará periódicamente al Alto Directivo que revise y actualice los Datos Personales que conserva con respecto a éste. Sin perjuicio de lo anterior, el Alto Directivo podrá ejercitar su derecho de acceso, rectificación, cancelación y oposición al tratamiento de los Datos Personales que no sean necesarios de conformidad con el presente Contrato.

15.3 The Senior Executive expressly understands and accepts that the Company may put his Personal Data at the disposal of (I) other Group Companies that operate internationally for Information and group administration purposes; (II) the competent authorities (Including the tax authorities), future employers and potential buyers of the Company or of any of its assets or businesses; (iii) Its accountants, auditors, lawyers and other external professional advisors; and (iv) products or services providers of the Company (established In the European Union or in other countries, some of which may not offer a level of protection equivalent to that existing in the European Union). United Kingdom and the USA are included amongst said countries. In the future, It may be necessary to transfer the Senior Executive's Personal Data to other countries or territories that the Company shall determine.

Likewise, the Senior Executive understands and accepts that his Personal Data will be stored in a computer file that may be transferred through the Internet, which by its nature is an unsafe means of communication, within the country or across national borders.

## 16. RETURN OF THE COMPANY'S PROPERTY

16.1 Upon the termination of the Contract for whatever reason, the Senior Executive shall return to the Company, with acknowledgment of receipt, any items that may have been received from the Company including, but not limited to, any documents, books, materials, files, correspondence, codes, software, computer applications, mobile phones, computers, laptops, tablets, hardware, papers and information (or any other items regardless of where they are located related to the activities of the Company or of any other entity related to it, magnetic disks containing information related to the Company's activities, as well as all keys, credit cards and any other object which is the property of the Company or of any entity related to It (including, specifically, any card provided by the Company) that may be In the Senior Executive's possession or under his control.

15.3 El Alto Directivo entiende y acepta expresamente que la Compañía podría poner los Datos Personales a disposición de: (i) otras Compañías del Grupo que operen en el ámbito internacional con fines de información y administración del grupo; (ii) las autoridades competentes (incluyendo autoridades fiscales), futuros empleadores y potenciales compradores de la Compañía o de cualquiera de sus activos o negocios; (iii) sus contables, auditores, abogados y demás asesores profesionales externos; y (iv) proveedores de productos o servicios de la Compañía (localizados en la Unión Europea o en otros países, algunos de los cuales podrían no ofrecer un nivel de protección equivalente al que existe en la Unión Europea). Entre dichos países se incluyen el Reino Unido y los Estados Unidos y, en el futuro, podría ser necesario realizar la transmisión a cualesquiera otros países o territorios que determine la Compañía.

Asimismo, el Alto Directivo entiende y acepta que sus Datos Personales serán almacenados en un archivo informático que podrá ser transmitido a través de Internet, un medio inseguro de por sí, dentro del país o traspasando las fronteras nacionales.

## 16. DEVOLUCIÓN DE PROPIEDAD DE LA COMPAÑÍA

16.1 En el momento en que se produzca la extinción del Contrato, cualquiera que sea la causa de la misma, el Alto Directivo entregará a la Compañía, con acuse de recibo, todos aquellos objetos que el Alto Directivo hubiese recibido de ésta, entre los cuales, y de forma meramente enunciativa, se incluyen todos los documentos, libros, materiales, registros, correspondencia, códigos, software, aplicaciones informáticas, teléfonos móviles, ordenadores, portátiles, tablets, hardware, papeles e información (o cualquier otro medio cualquiera que sea el lugar en que se encuentre) relacionados con la actividad de la Compañía o con cualquier otra entidad relacionada con la misma, discos magnéticos en los que se haya registrado tarjetas de crédito, y cualquier otro objeto propiedad de la Compañía o de cualquier otra entidad relacionada con ésta (incluyendo, especialmente, cualquier tarjeta proporcionada por la Compañía) que pueda estar en posesión del Alto Directivo o bajo su control.

16.2 Likewise, the Senior Executive undertakes to remove permanently any information related to the activities of the Company or of any entity related to it registered under any kind of magnetic, optical or electromagnetic medium that may be in his possession, custody, care or control. The Senior Executive acknowledges that he is not entitled to keep copies of said documentation.

#### 17. PARTIAL NULLITY

17.1 In the event that any of the clauses of this Contract is declared null and void, the validity of the remaining clauses shall not be affected.

#### 18. CHANGE OF DETAILS

18.1 The Senior Executive shall immediately communicate to the Company any change of status or change in the personal or professional details which might be relevant for the purposes of the employment relationship, or regarding the Company's Social Security or tax obligations. In the event that the Senior Executive fails to comply with this obligation he shall compensate the Company for any damages suffered as a consequence of the breach.

16.2 Asimismo, el Alto Directivo se compromete a eliminar definitivamente cualquier información referente a la actividad de la Compañía o a cualquier otra entidad relacionada con ésta, registrada en cualquier tipo de soporte magnético, óptico o electromagnético que se encuentre en su posesión, custodia, cuidado o bajo su control. El Alto Directivo reconoce que no tiene derecho a conservar copia alguna de esta documentación.

#### 17. NULIDAD PARCIAL

17.1 La eventual nulidad de alguna o algunas de las Cláusulas del presente Contrato no afectará a la validez de las restantes Cláusulas.

#### 18. LEY APLICABLE Y JURISDICCIÓN

18.1 El Alto Directivo deberá comunicar inmediatamente a la Compañía cualquier variación de sus detalles personales o profesionales que pudiera ser relevante a los efectos de la relación laboral o de las obligaciones de la Compañía en materia fiscal o de Seguridad Social. En caso de que el Alto Directivo incumpla esta obligación, éste deberá indemnizar a la Compañía por los daños y perjuicios sufridos como consecuencia de dicho incumplimiento.

## 19. GOVERNING LAW

19.1 This Contract will be subject to the provisions of Spanish Law and specifically, to that included in Royal Decree 1382/1985, of 1 August, governing the special relationship of senior executives and to the provisions set out in the applicable civil or mercantile legislation and to the general principles thereof

The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Contract.

This Contract has been drafted in English and in Spanish. In the case of any discrepancy between the versions, the English version will apply. The Senior Executive has fully understood the content of this Contract and declares that there is no circumstance which may limit or restrict the signing of the same, as well as the Senior Executive has completely understood the validity and enforceability of each of its clauses.

In witness whereof, the parties initial each page and sign at the end of the two counterparts of this Contract, in the place and date first written above

**Mr. Joel Hackney**

Signed:

/s/ Joel Hackney

**Mr. Jean Marc Gálvez**

Signed:

/s/ Jean Marc Gálvez

## 19. LEY APLICABLE Y JURISDICCIÓN

19.1 El presente Contrato se registrará por lo establecido en la Ley española y especialmente por lo dispuesto en el Real Decreto 1382/1985, de 1 de agosto, por el que se regula la relación laboral de carácter especial de alta dirección.

Los encabezamientos contenidos en este Contrato tienen sólo efectos de referencia y no afectarán en ningún modo el significado o interpretación de este Contrato.

Este Contrato ha sido redactado en inglés y en castellano. En caso de existir discrepancias entre las dos versiones, la redacción en inglés gozará de preferencia. El Directivo ha comprendido totalmente el contenido del presente contrato, y declara que no existe ninguna circunstancia que pueda limitar o restringir la celebración del mismo, así como la validez y ejecutabilidad de cada una de sus cláusulas.

Como expresión de su consentimiento, las partes rubrican cada hoja y firman al pie de los dos ejemplares en que se formaliza el presente Contrato, en el lugar y la fecha indicados en el encabezamiento.

**Sr. Joel Hackney**

Firmado:

/s/ Joel Hackney

**Sr. Jean Marc Gálvez**

Firmado:

/s/ Jean Marc Gálvez

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101 Oakley Street  
Evansville, Indiana 47710  
Tel: (812) 306-2202  
Fax: (812) 492-9364

Ed Stratton  
Executive Vice President — Human Resources

December 18, 2016

Jean-Marc Galvez  
PGI Spain S.L.U.  
c/Tuset 23 — 25 5  
Barcelona, Spain 08006

Dear Jean-Marc,

I am pleased to confirm your international assignment by Berry Plastics Corporation (the "Company") from Spain ("Home Country") to Evansville, IN, USA ("Host Country"). This letter outlines the terms of our agreement including your compensation and other financial arrangements. Many of these terms are contained in the Company's current International Assignment Policy ("Policy"), to which you should refer for additional information regarding each of the topics herein. The Company reserves the right to modify the provisions of the policy at its discretion. You will be notified of any policy changes as they are implemented. Expatriate employees participate in their Home Country compensation and benefits programs, and generally do not have the choice to participate in local Host Country plans. However, the terms of the Senior Executive Employment Contract you signed dated September 30, 2015 ("the Employment Contract") will continue to apply and control your employment relationship with the Company for the duration of your international assignment.

#### **Position**

Your assignment position will be President, Consumer Packaging Division which is in the Pres & CFO career band, reporting to the CEO. Your assignment will be effective January 1, 2017, but is conditional upon and subject to you obtaining and maintaining throughout the term of your international assignment any required passport, visa, resident and/or work permits and any related documents, as well as compliance with any required medical or government clearances. Your assignment is expected to last for three (3) to seven (7) years. The maximum length of the visa is 7 years. To stay longer than 7 years, you must have applied and been approved for permanent resident status and agreed to a U.S. compensation and benefits package. If you do not stay in the U.S. as a permanent resident, at the 7 year mark, the Company will repatriate you and either offer you an equivalent position, or, if no equivalent position exists, terminate you in accordance with your Employment Contract. If you decline the equivalent position, no severance will be paid. If you choose to repatriate due to any reason beginning at the 6 year mark, the same treatment will apply.

#### **Work Permits/Visas**

Barnes and Thornburg will work with you to coordinate the acquisition of proper visas, resident and/or work permits for you, and if/when applicable, any accompanying eligible dependent family members. The final move with you / your family to the United States must not take place until your visa, resident and/or work permit is obtained along with the accompanying visas or permits required for any eligible dependent family members.

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## **Compensation**

Your annual base salary will be EUR 450,000.00 and you will be next eligible for a merit increase in April 2018 consistent with Spain compensation guidelines.

## **Bonus**

During your assignment, you will participate in the Company's Annual Bonus Plan. Your target bonus will be 65% of your base salary.

## **Benefits Coverage**

You, your spouse and children under the age of 26 that are based in the United States will be eligible to participate in the Company's U.S. health program which covers medical, dental and vision. Insurance premiums will be paid by the Company. Your Spanish health insurance will be maintained by the Company in the same manner as if you were located in Spain.

## **Payroll**

You will continue to be paid from the Spain payroll following your regular payroll cycle. Your employee benefits contributions and actual social security contributions, if applicable, will be deducted from your salary. If required by local regulations, a portion of your salary will be paid in your assignment location with a corresponding reduction of the same amount from the Spain payroll.

You are responsible for ensuring the compensation payments received each pay period are consistent with your base salary and allowances as provided to you by Weichert. Any overpayments or underpayments should be brought to the attention of Weichert immediately.

## **Allowances**

**Goods and Services (G&S):** Subsequent to your arrival in the United States an amount may be included in your paycheck representing the difference between the costs of basic goods and services in Spain and in the United States. This differential payment will be based upon data received from the Company's international compensation consultants, Weichert.

Additionally, throughout the duration of your assignment, the G&S differential may fluctuate with foreign exchange rates and inflation adjustments in both your home and host locations. The differential will take effect when you move into a "permanent residence" (or serviced temporary accommodations with cooking facilities) in the United States and have secured your work permit and visa. It will not be paid during the period for which you are receiving temporary living expense reimbursements, or prior to receiving your work permit.

If you are present in the United States prior to obtaining your work permit, your presence will be considered a business trip, and expenses shall be managed via the Company's normal ME process.

Currently your G&S differential would be USD 2,891.42 USD monthly for a family size of three in the host country. Please note that your actual Goods and Services differential may be more or less than this amount based on the Weichert data available at the time that you actually move into rented accommodations in the United States. If applicable, please advise your Weichert relocation consultant if a family member leaves/joins the assignment location for a period greater than 4 weeks so that the G&S can be adjusted accordingly.

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**Housing:** Your budget for housing in the United States will be USD 48,000.00 per year. Reasonable and customary utility costs for gas, oil, water, sewer, trash, electricity and standard cable TV and internet access only will be reimbursed to you separately. Utility costs do not include gardeners, household servants, security guards, pool maintenance, or telephone. Should you decide to select housing above the budget determined by the Company, you will be required to pay the additional housing cost. Any personal contribution above the budget may continue until the expiration of the lease including any legally required notice to terminate the lease.

Your housing benefit includes a furnished apartment during the period of January 2017 through August 2017.

### **Relocation**

A Relocation Repayment Agreement will need to be signed by you in order to receive relocation benefits for your expatriation or transfer to another assignment. If your employment with the Company terminates within 24 months of the Start or Transfer Date as stated in paragraph 4(e) of the Relocation Repayment Agreement, and in connection with such termination, you are not entitled to severance payments under the Employment Contract you signed dated September 30, 2015, you will repay the Company an amount equal to the "Miscellaneous Relocation Allowance" pursuant to the Assignment Letter and other move related expenses (i.e. house hunting trip, shipment of goods, temporary living, visa/immigration costs), prorated monthly.

**Pre Assignment Visit:** The purpose of the pre-assignment visit is for you to become familiar with the area and find suitable housing in the United States. The Company will reimburse you for round-trip airfare (based on the current business travel policy) and for reasonable living costs for a period of up to seven days. The Company has contracted with Weichert to offer home finding and settling-in services to all the company's assignees worldwide.

**Miscellaneous Relocation Allowance:** The Company will provide you with a net allowance of USD 36,000 or home currency equivalent to defray the miscellaneous relocation expenses and appliance repurchase costs you may incur at the beginning of your assignment. The allowance upon repatriation to Spain will be a net allowance of USD 10,000 or home currency equivalent. In certain foreign tax locations, receipts are needed to substantiate a company tax deduction for this payment. This can occur upon your original move or upon when your family moves at a later time.

**Transportation to/from Assignment Location:** You will be reimbursed for the cost of air transportation for you (and your eligible accompanying family dependents, if applicable) at the beginning and end of your assignment between Barcelona, Spain and Evansville, IN, United States in accordance with the company's travel policy. Flights should be booked through the Company's travel service and expenses submitted through the company's T&E, with copies to Weichert counselor for tracking purposes.

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**Temporary Living Expenses:** The Company will reimburse reasonable temporary living accommodations, meals and incidental expenses incurred prior to your departure from Spain and upon your arrival in the United States for a period of up to 45 days in total. Family interim living expenses will be reimbursed for a period of up to thirty (30) days in total. If required, temporary living expenses in Spain are reimbursed to you through Weichert with supporting receipts submitted, for your meals and incidentals. Hotel accommodations in the host country should also be expensed through Weichert.

**Shipment/Storage of Household Goods:** The Company will assume all reasonable costs incurred in insuring and shipping your household and personal belongings to Host Country (refer to the limitations on amounts to be shipped). The Company will also pay for any import duties and other expenses necessary for the actual delivery of your goods. Should you decide to sell or rent out your home, limited, long-term storage will be offered.

It is important to note that only one departure and destination site is approved for your household goods shipment.

The Company reserves the right not to ship very large, unusual or very valuable items. Any single item valued at more than an amount equal or equivalent to USD 5,000 is to be insured separately with the mover and at your personal expense.

Prior to your move, you will be required to complete and promptly submit an inventory list in order for your goods to be covered by the applicable insurance policy. It is important that you indicate the replacement value at destination for each item. If an item should get lost or damaged beyond repair during the shipment, the replacement value is the amount you will be reimbursed for replacement of any lost or damaged items provided you complete and submit the required documentation within the allotted time frame. Please consult the Company's International Assignment policy for details.

Weichert is the Company's worldwide relocation coordinator and will arrange for storage and/or shipment of household goods.

Upon completion of your assignment and return to the Spain or reassignment to another location, the Company will allow you a 10% gratis over your shipment's original weight. Any fees for shipment above the 10% additional weight from your original shipment will be billed to you personally.

**Language and Cross-Cultural Training:** The Company will provide language training (if applicable) for you and your spouse and cultural assimilation training for you and your eligible family members through an outside firm.

### **Home Leave Trip**

The Company will reimburse you for air travel to Barcelona, Spain in accordance with the International Assignment Policy. After your family's move to Evansville, IN, you will also be reimbursed for the expense of a rental car for up to a maximum of 30 days during your home leave trip(s) in your home leave destination. Home leave may be taken after you have completed six months in your assignment location. Two annual home leave trips will be reimbursed for you, your spouse and your dependent children under age 26 residing in the host country. In addition, any dependent children under age 26 not residing in the host country will be entitled twice per year to visit you at the host location. Employees are not eligible for home leave within six months of your known repatriation date. Vacation time is utilized during home leave.

### **Vacation Time/Public Holidays**

Your vacation time during your international assignment will be based on the vacation policy of your home country for compensation purposes. If less than 4 weeks' vacation would be granted by this policy, additional days would be provided to allow for the 4-week minimum.

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You will follow the local holiday closing schedule in the United States for the duration of your assignment. Your local HR professional will provide this schedule to you upon arrival in your assignment location.

### **Host Country Transportation Assistance**

You and your spouse will be provided with transportation assistance in your assignment location in accordance with the Host Country car policy (attached). You will be reimbursed for expenses related to its operation and maintenance in accordance with this policy and the International Assignment Policy. The International Assignment Policy refers to the local Host Country car policy only to define the level of car or transportation allowance provided for use and the protocol for gas and maintenance expenses.

### **Tax Assistance**

While on international assignment, you will be covered by the Company's current *Tax Equalization Policy*. In accordance with that policy, an estimated hypothetical Federal and State and actual or hypothetical as applicable social security tax will be retained from all sources of your Company compensation (base, bonus, stock options, other awards). Your current estimated annual hypothetical tax amount has been determined to be 160,342 EUR based upon your base salary and family size. Hypothetical tax on your bonus payout, long term incentives, and other awards will be calculated at the time these payments are realized. The hypothetical tax amount on these payments will generally be at a higher rate than that on the base salary.

In return for your contribution of hypothetical taxes, the Company will be responsible for the payment of your actual Spain and United States income tax liabilities on Company income, as well as the United States social security tax, if applicable. However, you will be responsible for funding any Spain or United States tax liability on personal income. Spain and United States tax resulting from extraordinary personal transactions and windfall type income (lottery, etc.) will also be your personal responsibility. The Company reserves the right not to reimburse foreign taxes on income resulting from the sale or disposition of personal assets. Such transactions may typically be deferred until the assignment is concluded. In addition, we request that you advise the Compensation Department prior to the exercise of any stock options. This notification is meant to assist the Corporation in minimizing foreign tax which can add substantial additional cost to the Company.

To assist you in the preparation of your annual Spain and United States income tax returns, the Company has retained the services of KPMG. These services will be limited to the preparation of all required income tax returns and the tax settlement calculation. The final tax settlement will calculate what your tax on this income would have been if you had stayed at home based on the provisions of the Tax Equalization policy of the Company. This final "stay-at-home tax" will then be compared to the hypothetical income taxes withheld as well as the actual Federal, state and local/city income taxes you personally paid. After the final reconciliation, you may owe the Company, or the Company may owe you.

By signing this letter you agree to repay any and all moneys owed to the Company within 45 days of receiving notification. If payment is not received within 45 days, you specifically acknowledge the Company reserves the right to and is entitled to withhold funds from your regular payroll as a settlement of the debt and/or charge interest on any unpaid amount.

As a condition of this assignment and as stated in the Company's Tax Equalization Policy, all tax benefits including but not limited to Foreign Tax credits and Foreign Earned Income & Housing Exclusions belong to the Company. The Company will utilize these benefits and credits to reduce its overall tax burden. Any tax refund resulting from the utilization of foreign tax paid by the Company relating to your assignment belongs to the Company. This includes the period in which you are on assignment and also may include tax periods prior to or subsequent to your return from assignment.

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Any tax penalties or interest resulting from late filing or underpayment of tax reasonably attributable to your failure to comply with date requests from KPMG or the Company will be your responsibility. You will receive a Pre-Assignment Consultation with KPMG to review these tax terms and conditions. Should you require personal tax advice not related to your assignment, you may engage KPMG at your own expense. The Company will not bear any personal tax advice expenses and will seek reimbursement from you in the event any charges are incurred and billed to the Company.

### **Standards of Conduct**

During the assignment, you will comply with the Company's Code of Business Ethics and you are required to maintain a standard of conduct that does not bring discredit upon yourself, your supervisors or upon the Company or the Host Country.

You are also expected to abide by the laws and regulations of the Home Country and the Host Country, including but not limited to local bribery laws and the United States Foreign Corrupt Practices Act. You agree that you will not pay, give or offer, or promise to pay, give or offer any money or any other thing of value, directly or indirectly, to or for the benefit of any government official, political party, candidate for political office or public international organization, or any other person, firm, corporation or other entity, with knowledge that some or all of that money or other thing of value will be paid, given, offered or promised to a government official, political party, candidate for political office or public international organization, for the purpose of obtaining or retaining any business, or to obtain any other unfair advantage, in connection with the Company's business.

### **Data Protection**

Personal information related to you and any accompanying eligible dependent family members in connection with your employment and your assignment will need to be processed for purposes related thereto, and such information may need to be sent to and from the Home Country and the Host Country. The laws and regulations relating to the processing of data in these countries may differ from those of your Home Country and from one another. By signing below, you unequivocally agree on behalf of yourself and your partner to all such transmittal and processing of such data.

### **Termination of Assignment or Employment**

#### **Assignment Termination:**

The international assignment may be terminated at any time for any reason in accordance with the details explained below.

#### **Voluntary Resignation:**

In the event that you should, of your own volition, terminate employment with the Company while you are on assignment for reasons other than exceptional circumstances (addressed below), the Company will assume no responsibility for the costs of return transportation for you and your family, nor the expenses of shipping your household goods back to Spain. **All expatriate benefits will cease at the date of termination** with the exception of the tax preparation services and tax equalization calculation services under the Tax Equalization Policy. The expatriate tax preparation benefit under the Policy will continue until such time that the benefit of the foreign earned income exclusion and the benefit of any foreign taxes paid on your behalf by the Company have been remitted to the Company through the tax equalization calculation as stated in the Policy. The Relocation Repayment Agreement will apply, notwithstanding your termination of employment. In this situation, you will provide the Company with three (3) months notice of your resignation unless the parties specifically agree to an alternate arrangement.

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In the event that exceptional situations occur, the parties may opt between terminating your Employment Contract or repatriating you to Spain in an equivalent position. In such event, you must offer six (6) months transition time.

**Employment Termination for Cause:**

If the Company terminates your employment for cause, no relocation, severance and/or other benefits, including housing or schooling, will be provided after the effective date of termination. The expatriate tax preparation benefit under the Tax Equalization Policy will continue until such time that the benefit of the foreign earned income exclusion and the benefit of any foreign taxes paid on your behalf by the Company have been remitted to the Company through the tax equalization calculation as stated. Any payments due to or received by you as a result of your separation from service while on assignment will be owed to the Company. This would consist of amounts resulting from tax settlement calculations or tax advances the Company has made to you. The Relocation Repayment Agreement will apply, notwithstanding your termination of employment.

**Involuntary Termination without Cause:**

In the event that the Company, for any reason other than cause, finds it necessary to terminate your assignment, the Company will repatriate you to Spain and offer you an equivalent position within the Company if such a position is available. If an equivalent position is not available, the Company will terminate your employment in accordance with your Employment Contract. The Company will provide you with one (1) month notice before repatriating you.

If you elect to return to the Spain within three months of termination, the Company will be responsible for the cost of return economy class airfare for you and your family, as well as the reasonable costs associated with the shipment of your household goods. **You will not be eligible for any other relocation benefits and all expatriate benefits will cease at the date of termination** with the exception of the tax preparation services and tax equalization calculation services under the Policy. The expatriate tax preparation benefit will continue until such time that the benefit of the foreign earned income exclusion and the benefit of any foreign taxes paid on your behalf by the Company have been remitted to the Company through the tax equalization calculation as stated in the Policy. You may also be obligated to continue payment of your home country housing obligation if you remain in company paid housing for an interim period. In the event of an involuntary employment termination, the Relocation Repayment Agreement will no longer apply.

**No Other Assurances/ Modification in Writing**

You acknowledge that in signing this letter you have not relied on any promises, statements, representations or commitments, whether spoken or in writing, made to you by any representative of the Company, except for what is expressly stated in this letter.

No oral agreement, statement, promise, commitment or representation shall alter or terminate the provisions of this letter. This letter cannot be changed or modified except by written agreement signed by both you and an authorized representative of the Company.

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**Governing Law**

This letter will be governed by, and interpreted in accordance with, the laws of Spain. Any dispute regarding your Employment Contract specifically will be governed by the laws of Spain. To the extent that you are entitled to rights, benefits or compensation under the laws of both Spain and the United States, you agree that you will be entitled to such rights, benefits, or compensation that are no greater than those provided to you under the terms of this letter agreement, so that any advantages that may accrue to you under the laws of both jurisdictions may not be combined.

Please acknowledge your receipt of this letter and your understanding of the terms of the assignment by signing the attached copy and returning it to me.

Very truly yours,

/s/ Ed Stratton

Ed Stratton  
EVP – Human Resources

**Accepted:** /s/ Jean-Marc Galvez  
Jean-Marc Galvez

**Date:** December 18, 2016

cc:  
Weichert, BERRY PLASTICS Global Mobility Vendor  
KPMG

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**RELOCATION REPAYMENT AGREEMENT**

Upon receipt of consideration, the sufficiency of which is acknowledged, the undersigned agrees as follows:

1. Berry Plastics (the "Company") has no obligation to pay or reimburse for any expenses associated with the relocation of my worksite from:

Barcelona, Spain

to:

Evansville, IN, United States

unless and until I return this Relocation Repayment Agreement ("Agreement") and Assignment Letter fully and properly completed and signed to the Company's HR Department.

2. If my employment with the Company terminates within 24 months of the Start or Transfer Date as stated in paragraph 4(e) below, and in connection with such termination, I am not entitled to severance payments under the Employment Contract I signed dated September 30, 2015, I will repay the Company an amount equal to the "Miscellaneous Relocation Allowance" pursuant to the Assignment Letter and other move related expenses (i.e. house hunting trip, shipment of goods, temporary living, visa/immigration costs), prorated monthly.

3. I hereby authorize the Company to withhold any amount owed pursuant to this Agreement and not otherwise directly repaid by me for any amounts owed to me by the Company but not yet paid to me including, but not limited to, salary, accrued vacation or other amounts. If amounts owed to me by the Company are insufficient to meet my obligation to repay the Company pursuant to this Agreement, I will repay the Company directly the amount owed but not recovered through withholding within 60 days after my termination date.

4. I acknowledge and agree that:

a. I have received and read the Berry Plastics's current **INTERNATIONAL ASSIGNMENT POLICY**.

b. I understand the terms, conditions and benefits outlined in the Assignment Letter will be bound by and must, as a condition of receiving benefits, follow such terms and conditions.

c. I have read and understand this Agreement, including but not limited to, the obligation to repay the Company.

d. Nothing in this Agreement creates a contract or guarantee of employment between the Company and me for any period of time.

e. My Start/Transfer Date is: \_\_\_\_\_

<b>EMPLOYEE'S NAME</b> <i>(Please print)</i>	
<b>EMPLOYEE'S SIGNATURE</b> <i>(Please sign)</i>	
<b>TODAY'S DATE</b>	