BEMIS CO INC
Form 10-Q
August 09, 2010

UNITED STATES

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 June 30, 2010

Commission File Number 1-5277

BEMIS COMPANY, INC.

(Exact name of registrant as specified in its charter)

Missouri	**43-0178130**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

One Neenah Center **4th Floor, P.O. Box 669** **Neenah, Wisconsin**	**54957-0669**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: **(920) 727-4100**

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

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

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

Large accelerated filer x	Accelerated filer o
Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company. YES o NO x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date. As of August 3, 2010, the registrant had 109,133,721 shares of Common Stock, $.10 par value, issued and outstanding.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The unaudited consolidated financial statements and related footnotes, enclosed as Exhibit 19 to this Form 10-Q (the Consolidated Financial Statements), are incorporated by reference into this Item 1. In the opinion of management, the financial statements reflect all adjustments necessary for a fair presentation of the financial position and the results of operations as of and for the quarter and year-to-date periods ended June 30, 2010.

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Three and Six Months Ended June 30, 2010

Management s Discussion and Analysis should be read in conjunction with the Consolidated Financial Statements.

Six-month review of results	**Three months ended June 30,**				**Six months ended June 30,**			
(dollars in millions)	**2010**		**2009**		**2010**		**2009**	
Net sales	$ 1,270.2	100.0%	$ 866.4	100.0%	$ 2,291.9	100.0%	$ 1,709.8	100.0%
Cost of products sold	1,039.9	81.9	688.0	79.4	1,875.8	81.8	1,367.4	80.0
Gross profit	230.3	18.1	178.4	20.6	416.1	18.2	342.4	20.0
Selling, general, and administrative expenses	112.7	8.9	88.7	10.2	219.7	9.6	177.5	10.4
Other (income) expense, net	24.5	1.9	11.2	1.3	53.6	2.3	27.8	1.6
Income from continuing operations before income taxes	93.1	7.3	78.5	9.1	142.8	6.3	137.1	8.0
Provision for income taxes	33.5	2.6	28.8	3.4	51.4	2.2	50.1	2.9
Income from continuing operations	59.6	4.7	49.7	5.7	91.4	4.1	87.0	5.1
Income from discontinued operations, net of tax	2.0	0.1	0.0	0.0	2.6	0.1	0.0	0.0
Net income	61.6	4.8	49.7	5.7	94.0	4.2	87.0	5.1
Less: net income attributable to noncontrolling interests	2.0	0.1	1.2	0.1	3.6	0.2	1.8	0.1
Net income attributable to Bemis Company, Inc.	$ 59.6	4.7%	$ 48.5	5.6%	$ 90.4	4.0%	$ 85.2	5.0%
Effective income tax rate		36.0%		36.7%		36.0%		36.5%

Overview

Bemis Company, Inc. (the Company) is a leading global manufacturer of flexible packaging and pressure sensitive materials supplying a variety of markets. Approximately 70 percent of our total company net sales are to customers in the food industry. Sales of our flexible packaging products are widely diversified among food categories and can be found in nearly every aisle of the grocery store. Our emphasis on supplying packaging to the food industry has historically provided a more stable market environment for our flexible packaging business segment, which accounted for approximately 89 percent of our net sales in the second quarter of 2010. The remaining 11 percent of net sales is from our pressure sensitive materials business segment which, while diversified in end use products, is less focused on food industry applications and more exposed to economically sensitive end markets such as advertising, housing, and automotive.

Market Conditions

The markets into which our products are sold are highly competitive. Our leading flexible packaging market positions in North and South America reflect our focus on expanding our offering of value-added, proprietary products. Our technical know-how and economies of scale also offer us a competitive advantage. The primary raw materials for our business segments are polymer resins, films, paper, ink, adhesives, aluminum and chemicals.

During the second quarter of 2010, flexible packaging operating margins as a percentage of net sales decreased, reflecting the negative short-term effects of increases in the cost of polymer resins, the primary raw materials used in our flexible packaging business segment, which occurred during the first several months of 2010. This compares to a period of temporary raw material cost advantage during the second quarter of 2009, which allowed for increased operating margins during that time.

Subsequent Event Sale of Discontinued Operations

Under the terms of an order signed by the U.S. District Court for the District of Columbia on February 25, 2010, a portion of the Food Americas business acquired on March 1, 2010 was to be divested. The divested assets include two facilities located in Menasha, Wisconsin and Tulsa, Oklahoma. We completed the sale of the discontinued operations on July 13, 2010 to Exopack Holding Corp. (Exopack), an affiliate of private investment firm Sun Capital Partners, Inc. for approximately $82 million. The divested business recorded 2009 net sales of approximately $156 million and manufactures flexible packaging for retail natural cheese and shrink bags for fresh red meat. Operating results associated with this business were classified as discontinued operations for the three and six months ended June 30, 2010.

Results of Operations Second Quarter 2010

Consolidated Overview

(in millions, except per share amounts)		2010		2009
Net sales	$	1,270.2	$	866.4
Income from continuing operations, net of tax		57.7		48.5
Diluted earnings per share from continuing operations		0.52		0.47

Net sales for the second quarter ended June 30, 2010, were $1.27 billion compared to $866.4 million in the second quarter of 2009, an increase of 46.6 percent. Acquisitions increased net sales by approximately 38 percent for the second quarter of 2010. Currency effects increased net sales by 2.1 percent compared to the same quarter of 2009. The remaining 6.5 percent increase in net sales reflects higher sales of value-added products and improved unit sales volume.

Diluted earnings per share for the second quarter of 2010 included a $0.04 charge for acquisition-related integration costs, including severance costs for workforce reductions and equipment relocation costs, and also included a $0.02 charge associated with purchase accounting adjustments for inventory. Diluted earnings per share for the second quarter of 2009 included a $0.03 per share charge for acquisition-related legal, accounting and other professional fees.

Flexible Packaging Business Segment

(dollars in millions)		2010		2009
Net sales	$	1,127.0	$	733.5
Operating profit (See Note 16 to the Consolidated Financial Statements)		125.6		102.3
Operating profit as a percentage of net sales		11.1%		13.9%

Net sales for our flexible packaging business segment increased 53.6 percent in the second quarter of 2010. Currency effects increased net sales by 2.8 percent during the second quarter, and acquisitions completed during the last 12 months increased net sales by an estimated 45 percent. The remaining 5.8 percent growth in net sales reflects higher sales of value-added products and improved unit sales volume.

Operating profit for the second quarter of 2010 included a charge of $3.5 million related to purchase accounting charges for inventory and a charge of $3.9 million for acquisition related costs including severance costs for workforce reduction and equipment relocation costs. The decrease in operating profit as a percentage of net sales in the second quarter of 2010 reflected the negative short-term effects of raw material cost increases in early 2010 and generally lower operating margins in the newly acquired Food Americas operations. Raw material cost reductions in late 2008 and early 2009 provided a short-term benefit to profits during the second quarter of 2009.

Pressure Sensitive Materials Business Segment

(dollars in millions)		2010		2009
Net sales	$	143.2	$	132.9
Operating profit (See Note 16 to the Consolidated Financial Statements)		11.7		2.9
Operating profit as a percentage of net sales		8.2%		2.2%

Second quarter 2010 net sales for our pressure sensitive materials business segment increased 7.8 percent from the second quarter of 2009. Currency effects decreased net sales by 2.3 percent. Healthy unit volume growth in both our European and North American operations and across all product lines supported sales growth during the second quarter of 2010.

Operating profit as a percentage of net sales increased to 8.2 percent for the second quarter of 2010 from 2.2 percent for the second quarter of 2009, reflecting higher sales of value-added graphic and technical products. Performance in this business segment was negatively impacted in the second quarter of 2009 by substantially lower market demand in all product lines. Aggressive cost management following the 2009 decline in market demand successfully reduced operating costs in 2010.

Consolidated Gross Profit

(dollars in millions)		2010		2009
Gross profit	$	230.3	$	178.4
Gross profit as a percentage of net sales		18.1%		20.6%

Gross profit for the second quarter of 2010 included a charge of $3.5 million related to purchase accounting charges for inventory. The decline in gross profit as a percentage of net sales from the same period of 2009 reflects the impact of the consolidation of the newly acquired Food Americas business, which currently operates with generally lower margins, and an increasing raw material cost environment compared to 2009.

Consolidated Selling, General and Administrative Expenses

(dollars in millions)	2010	2009
Selling, general and administrative expenses (SG&A)	$ 112.7	$ 88.7
SG&A as a percentage of net sales	8.9%	10.2%

Selling, general and administrative expenses were higher for the second quarter of 2010 compared to the same quarter of 2009, reflecting the impact of the Food Americas acquisition on March 1, 2010. As a percentage of net sales, this category of expenses decreased in the second quarter of 2010 to 8.9 percent compared to 10.2 percent in the same period of 2009, reflecting the impact on the calculation of higher net sales levels in 2010.

Other (Income) Expense, net

(dollars in millions)	2010	2009
Research and development (R&D)	$ 8.7	$ 6.5
R&D as a percentage of net sales	0.7%	0.8%
Interest expense	$ 18.5	$ 5.9
Effective interest rate	4.9%	3.9%
Other operating (income) expense, net	$ (3.6)	$ (0.4)
Other non-operating (income) expense, net	$ 0.8	$ (0.8)
Income taxes	$ 33.5	$ 28.8
Effective tax rate	36.0%	36.7%

Interest Expense

Interest expense increased in the second quarter of 2010 compared to the second quarter of 2009 due primarily to the July 2009 issuance of $800 million of long term bonds as financing for a portion of the consideration for the Food Americas acquisition.

Other Operating (Income) Expense, Net

For the second quarter of 2010, other operating (income) expense, net, included $4.2 million of fiscal incentive income, an increase of $0.4 million compared to $3.8 million for the second quarter of 2009. Fiscal incentives are associated with net sales and manufacturing activities in certain South American operations and are included in business segment operating profit. Other operating expense in the second quarter of 2010 also included $1.2 million of legal, accounting, and other professional fees associated with the acquisition of the Food Americas business, compared to $4.7 million of such fees for the same period of 2009.

Other Non-operating (Income) Expense, Net

Other non-operating expense, net, included net foreign exchange costs of $1.1 million in the second quarter of 2010, partially offset by interest income. Other non-operating income during the second quarter of 2009 represents interest income.

Income Taxes

The lower effective tax rate in 2010 reflects the benefits from the increasing impact of U.S. tax incentives for manufacturing companies. The difference between our overall tax rate and the U.S. statutory tax rate of 35.0 percent in each period principally relates to state and local income taxes net of federal income tax benefits. We expect the effective tax rate for the total year 2010 to be about 36.0 percent.

Results of Operations Six Months Ended June 30, 2010

Consolidated Overview

(in millions, except per share amounts)	2010	2009
Net sales	$ 2,291.9	$ 1,709.8
Income from continuing operations, net of tax	87.8	85.2
Diluted earnings per share from continuing operations	0.79	0.82

Net sales for the six months ended June 30, 2010 increased 34 percent compared to net sales for the first six months of 2009. Compared to the same period of 2009, currency effects increased net sales by 3.5 percent in the first six months of 2010 and management estimates that acquisitions increased net sales by approximately 26 percent. The remaining increase in net sales primarily reflects higher unit sales volume.

Income from continuing operations, net of tax, totaled $87.8 million for the first six months of 2010, compared to $85.2 million for the same period of 2009. Diluted earnings per share from continuing operations were $0.79 for the first six months of 2010 compared to $0.82 for the six months of 2009. Results for 2010 include $0.09 of charges associated with purchase accounting adjustments for inventory and order backlog, $0.08 of acquisition related legal, accounting, and other professional fees, $0.04 of acquisition related integration costs, and $0.06 of acquisition related financing costs incurred before the transaction was completed. Results for the first six months of 2009 were negatively impacted by charges primarily associated with acquisition related costs totaling $0.11 per share.

Flexible Packaging Business Segment

(dollars in millions)		**2010**		**2009**
Net sales	$	2,008.4	$	1,448.7
Operating profit (See Note 16 to the Consolidated Financial Statements)		219.5		193.7
Operating profit as a percentage of net sales		10.9%		13.4%

Net sales for our flexible packaging business segment for the first six months of 2010 increased 38.6 percent compared to the same period of 2009. Currency effects increased net sales by 4.1 percent in the first six months of 2010 compared to the same period of 2009. Acquisitions increased net sales by approximately 31 percent compared to the first six months of 2009. The remaining 3.5 percent growth in net sales reflects higher sales of value added products and improved unit sales volume during the period.

Operating profit from the flexible packaging business segment increased 13.3 percent during the first six months of 2010 compared to the same period of 2009. Operating profit was reduced by $15.4 million of purchase accounting adjustments for inventory and order backlog, in addition to a $3.9 million charge for acquisition related integration costs, including severance costs for workforce reductions and equipment relocation costs. Operating profit as a percentage of net sales was 10.9 percent for the six months ended June 30, 2010 compared to 13.4 percent in the same period of 2009. Operating profit as a percentage of net sales in the first six months of 2009 reflected the positive impact of a decreasing raw material cost environment.

Pressure Sensitive Materials Business Segment

(dollars in millions)		**2010**		**2009**
Net sales	$	283.5	$	261.1
Operating profit (See Note 16 to the Consolidated Financial Statements)		18.3		1.0
Operating profit as a percentage of net sales		6.5%		0.4%

Net sales for the pressure sensitive materials business segment increased 8.6 percent to $283.5 million during the first six months of 2010 compared to the same period of 2009. Currency effects increased net sales by 0.4 percent in the first six months of 2009. Excluding the effects of currency, the increase in net sales reflects increased sales volume in all product lines and across all geographic regions.

Operating profit from the pressure sensitive materials business improved substantially in the first six months of 2010 compared to the same period of 2009, driven by the increased sales of value-added graphic and technical products and generally stronger unit sales volumes in 2010.

Consolidated Gross Profit

(dollars in millions)	2010	2009
Gross profit	$ 416.1	$ 342.4
Gross profit as a percentage of net sales	18.2%	20.0%

Gross profit for the first six months of 2010 included a charge of $15.4 million related to purchase accounting charges for inventory and order backlog. A decline in gross profit as a percentage of net sales from the same period of 2009 reflects the impact of the consolidation of the newly acquired Food Americas business which currently operates with generally lower margins, and an increasing raw material cost environment compared to 2009.

Consolidated Selling, General and Administrative Expenses

(dollars in millions)	2010	2009
Selling, general and administrative expenses (SG&A)	$ 219.7	$ 177.5
SG&A as a percentage of net sales	9.6%	10.4%

Selling, general, and administrative expenses increased 23.8 percent for the six months ended June 30, 2010, reflecting the impact of the March 1, 2010 Food Americas acquisition. As a percentage of net sales, this category of expenses decreased in the first six months of 2010 to 9.6 percent compared to 10.4 percent in the same period of 2009, reflecting the impact on the calculation of higher net sales levels in 2010.

Other (Income) Expense, net

(dollars in millions)	2010	2009
Research and development (R&D)	$ 14.4	$ 12.6
R&D as a percentage of net sales	0.6%	0.7%
Interest expense	$ 36.7	$ 11.9
Effective interest rate	5.4%	3.7%

Other (Income) Expense, net (continued)

(dollars in millions)		**2010**		**2009**
Other operating (income) expense, net	$	4.8	$	4.9
Other non-operating (income) expense, net	$	(2.2)	$	(1.5)
Income taxes	$	51.4	$	50.1
Effective tax rate		36.0%		36.5%

Interest Expense

Interest expense increased by $24.8 million for the first six months of 2010, reflecting the added cost of the July 2009 bond issuance to finance a portion of the consideration for the March 1, 2010 Food Americas acquisition.

Other Operating (Income) Expense, Net

Other operating (income) expense, net included $13.9 million of acquisition related costs in the six months ended 2010 compared to $13.7 million of acquisition related costs in the same period of 2009. These costs were partially offset by financial income in each period. Fiscal incentives are associated with net sales and manufacturing activities in certain Brazilian operations and are included in business segment operating profit.

Other Non-operating (Income) Expense, Net

Other non-operating (income) expense, net, included net foreign exchange gains of $1.3 million in the first quarter of 2010, primarily reflecting the net impact of currency fluctuations on financing arrangements for the foreign operations acquired in the Food Americas acquisition. These acquisition-related foreign currency exposures were substantially reduced by March 31, 2010.

Income Taxes

The lower effective tax rate in 2010 reflects the benefits from the increasing impact of U.S. tax incentives for manufacturing companies. The difference between our overall tax rate and the U.S. statutory tax rate of 35.0 percent in each period principally relates to state and local income taxes net of federal income tax benefits. We expect the effective tax rate for the total year 2010 to be about 36.0 percent.

Liquidity and Capital Resources

Debt to Total Capitalization

Net debt to book capitalization (which includes total debt net of cash and cash equivalents on hand and total Bemis Company, Inc. stockholders equity) was 43.3 percent at June 30, 2010. Excluding the $1.0 billion of cash on hand related to acquisition financing proceeds received in advance of the March 1, 2010 closing, net debt to book capitalization was 39.2 percent at December 31, 2009. Total debt at June 30, 2010 increased by $216.1 million from the balance at December 31, 2009, primarily reflecting the commercial paper necessary to complete the March 1, 2010 acquisition of Food Americas. The remainder of the acquisition price was funded with $1.0 billion of cash raised in 2009 from the sale of long-term debt and issuance of common stock.

Sources of Liquidity

Cash provided by operating activities was $124.1 million for the first six months of 2010, compared to $267.3 million for the first six months of 2009. Working capital increased by $70.8 million during the first six months of 2010 primarily reflecting higher inventory balances related to integration of acquired facilities.

As of June 30, 2010, we had a total of $625.0 million of revolving credit facilities. These credit facilities are used principally as back-up for our commercial paper program. As of June 30, 2010, there was $336.8 million of debt outstanding supported by these credit facilities, leaving $288.2 million of available credit. Cash flows from operating activities are expected to continue to provide sufficient liquidity to meet future cash obligations.

Uses of Liquidity

Capital expenditures were $39.3 million for the six months ended June 30, 2010, compared to $45.3 million for the same period of 2009, reflecting reduced near term capital expenditure requirements identified through acquisition integration efforts. Cash flow from operating activities during the first six months of 2010 also supported $51.1 million of common stock dividend payments.

Critical Accounting Estimates and Judgments

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The preparation of these financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. On an ongoing basis, management evaluates its estimates and judgments, including those related to retirement benefits, intangible assets, goodwill, and expected future performance of operations. Our estimates and judgments are based upon historical experience and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. These critical accounting estimates are discussed in detail in Management s Discussion and Analysis Critical Accounting Estimates and Judgments in the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains certain estimates, predictions, and other forward-looking statements (as defined in the Private Securities Litigation Reform Act of 1995, and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended). Forward-looking statements are generally identified with the words believe, expect, anticipate, intend, estimate, target, may, will, plan, project, should, continue, or the negative thereof or other similar expressio future goals or aspirations, which are predictions of or indicate future events and trends and which do not relate to historical matters. Such statements are based on information available to management as of the time of such statements and relate to, among other things, expectations of the business environment in which we operate, projections of future performance (financial and otherwise), including those of acquired companies, perceived opportunities in the market and statements regarding our mission and vision. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions caused by inflation, interest rates, consumer confidence, rates of unemployment and foreign currency exchange rates; investment performance of assets in our pension plans; competitive conditions within our markets, including the acceptance of our new and existing products; customer contract bidding activity; threats or challenges to our patented or proprietary technologies; raw material costs, availability, and terms, particularly for polymer resins and adhesives; price changes for raw materials and our ability to pass these price changes on to our customers or otherwise manage commodity price fluctuation risks; unexpected energy surcharges; broad changes in customer order patterns; our ability to achieve expected cost savings associated with cost management initiatives; the presence of adequate cash available for investment in our business in order to maintain desired debt levels; a failure in our information technology infrastructure or applications; changes in governmental regulation, especially in the areas of environmental, health and safety matters, fiscal incentives, and foreign investment; unexpected outcomes in our current and future administrative and litigation proceedings; unexpected outcomes in our current and future tax proceedings; changes in domestic and international tax laws; costs associated with the pursuit of business combinations; unexpected costs associated with the integration of acquired businesses; changes in our labor relations; and the impact of changes in the world political environment including threatened or actual armed conflict. These and other risks, uncertainties, and assumptions identified from time to time in our filings with the Securities and Exchange Commission, including without limitation, our Annual Report on Form 10-K for the year ended December 31, 2009 and our quarterly reports on Form 10-Q, could cause actual future results to differ materially from those projected in the forward-looking statements. In addition, actual future results could differ materially from those projected in the forward-looking statement as a result of changes in the assumptions used in making such forward-looking statement.

Explanation of Terms Describing the Company s Products

Barrier laminate A multilayer plastic film made by laminating two or more films together with the use of adhesive or a molten plastic to achieve a barrier for the planned package contents.

Barrier products Products that provide protection and extend the shelf life of the contents of the package. These products provide this protection by combining different types of plastics and additives into a multilayered plastic package. These products protect the contents from such things as oxygen, moisture, light, odor, or other environmental factors.

Blown film A plastic film that is extruded through an annular die in the form of a tube and then expanded by an internal column of air in the manufacturing process.

Bundling films A film manufactured by a modified blown film process that is used for wrapping and holding multipacks of products such as canned goods and bottles of liquids, replacing corrugate and fiberboard.

Cast film A plastic film that is extruded through a straight slot die as a flat sheet during its manufacturing process.

Coextruded film A blown or cast film extruded with multiple layers extruded simultaneously.

Controlled atmosphere packaging A package which limits the flow of elements, such as oxygen, carbon dioxide or moisture, into or out of the package.

Crystallized Polyester (PET) CPET. The process of using a combination of formulated resin blends and thermoforming conditions to increase the crystalinity of PET trays, which increases the heat distortion temperature of the trays to 450 degrees Fahrenheit. This allows foods packaged in these trays to go directly from freezer to oven for heating of the food.

EZ Open Packaging Any one of a series of technologies employed to allow the consumer easy access to a packaged product. Peelable closures, laser or other physical scoring/abrasion of a packaging film may be used. EZ Open can be combined with reclose features such as plastic zippers or the inclusion of pressure sensitive materials into the packaging film.

Flexible polymer film A non-rigid plastic film. Generally the shape of the package changes as the product contained in it is removed.

Flexographic printing The most common flexible packaging printing process in North America using a raised rubber or alternative material image mounted on a printing cylinder.

Graphic products Pressure sensitive materials used for decorative signage, promotional items and displays, and advertisements.

In-line overlamination The ability to add a protective coating to a printed material during the printing process.

IWS Individually Wrapped Slices. A term used to describe individually wrapped slices of process cheese foods.

IWS Inner Wrap The plastic film used to wrap each slice of process cheese. Typically, these films are cast coextrusions of polypropylene resins.

Label products Pressure sensitive materials made up and sold in roll form.

Labelstock Pressure sensitive material designed for the label markets.

Laminate/Barrier laminate A multilayer plastic film made by laminating two or more films together with the use of adhesive or a molten plastic to achieve the distribution and use requirements for the planned package contents. Alternately, a barrier layer can also be included as one of the films or in the laminating medium to protect the packaged products from such things as moisture, oxygen or other environmental factors.

Liner or Inner Liner Films A multilayer coextruded film that is used as the inner liner for bag-in-box packaging applications for products such as cereal or crackers. The films typically are comprised of high density polyethylenes and may contain barrier resins such as EVOH or nylon.

Modified atmosphere packaging A package in which the normal atmospheric composition of air inside the package has been modified by replacing it with a gas such as nitrogen.

Monolayer film A single layer extruded plastic film.

Multiwall paper bag A package made from two or more layers, at least one of which is paper, which have not been laminated.

Pouches and bags An option that delivers a semi-finished package, instead of rollstock, to a customer for filling product and sealing/closing the package for distribution.

Pressure sensitive material A material coated with adhesive such that upon contact with another material it will stick.

Prime label A pressure sensitive label used as the primary decorative label or secondary label, typically on a consumer product.

Retort A food processing technique in which the food product is placed in a package and then thermally treated (in the range of 250 degrees Fahrenheit) to extend the food product s shelf life under room temperature storage conditions. High oxygen and moisture barrier flexible or rigid packaging materials can be used for the primary package.

Rigid Packaging A form of packaging in which the shape of the package is retained as its contents are removed in use. Bottles, trays and clamshell packaging are examples.

Rollstock The principal form in which flexible packaging material is delivered to a customer. Finished film wound on a core is converted in a process at the end user s plant that forms, fills, and seals the package of product for delivery to customers.

Rotogravure printing A high quality, long run printing process utilizing a metal engraved cylinder.

Sheet products Pressure sensitive materials cut into sheets and sold in sheet form.

Shrink film/ Barrier shrink film A packaging film consisting of polyethylene and/or polypropylene resins extruded via a tubular process. The film is cooled and then reheated and stretched at a temperature near its melting point. The film can be irradiated with an electron beam in a second process to cross link the molecules for added heat resistance and strength. The film is made to shrink around a product to be packaged by an application of a thermal treatment. Alternately, a layer of an oxygen barrier material can be included to manufacture a barrier shrink film product.

Stretch film A plastic film with a significant ability to stretch which is used to wrap pallets of goods in the shipping process.

Technical products Technically engineered pressure sensitive materials used primarily for fastening and mounting functions, for example in cell phones, appliances, and electronic devices.

Thermoformed plastic packaging A package formed by applying heat to a film to shape it into a tray or cavity and then sealing a flat film on top of the package after it has been filled.

UV inhibitors Chemical agents included in a film to protect products against ultraviolet rays.

Variable information label A pressure sensitive label that is typically printed with a bar code or other type of variable information.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in the Company s market risk during the six-month period ended June 30, 2010. For additional information, refer to Note 7 to the Consolidated Financial Statements and to Part II, Item 7A of the Company s Annual Report on Form 10-K for the year ended December 31, 2009.

ITEM 4. CONTROLS AND PROCEDURES

The Company s management, under the direction, supervision, and involvement of the Chief Executive Officer and the Chief Financial Officer, has carried out an evaluation, as of the end of the period covered by this report, of the effectiveness of the design and operation of the disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)) of the Company. Based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that disclosure controls and procedures in place at the Company are effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the Securities and Exchange Commission s rules and forms and is accumulated and communicated to our management, including the Chief Executive Officer and the Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. There has been no change in the Company s internal control over financial reporting during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company s internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The material set forth in Note 15 of the Notes to Consolidated Financial Statements is incorporated herein by reference.

ITEM 1A. RISK FACTORS

The following factors, as well as factors described elsewhere in this Form 10-Q, or in other filings by the Company with the Securities and Exchange Commission, could adversely affect the Company s consolidated financial position, results of operations or cash flows. Other factors not presently known to us or that we presently believe are not material could also affect our business operations and financial results.

Our Integration of the Food Americas acquisition.

On March 1, 2010, Bemis completed the acquisition of the Food Americas operations of Alcan Packaging (the Food Americas Acquisition), a business unit of international mining group Rio Tinto plc, for $1.2 billion. The acquisition expanded our global presence with additional Food Americas flexible packaging facilities in the United States, Canada, Mexico, Brazil, Argentina, and New Zealand.

Our acquisition of the Food Americas operations of Alcan Packaging presents the following additional or increased risk factors which were not included in our Annual Report on Form 10-K for the year ended December 31, 2009:

We have incurred and will incur integration-related costs in connection with the Food Americas acquisition.

We have incurred and will incur costs in connection with the Food Americas acquisition. The substantial majority of these costs will be non-recurring expenses related to the Food Americas acquisition, facilities, and systems consolidation. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the business, should allow us to more than offset incremental transaction and acquisition-related costs over time, this net benefit may not be achieved in the near term, or at all.

The market price of our common stock may decline as a result of the Food Americas acquisition.

The market price of our common stock may decline as a result of the Food Americas acquisition if, among other things, we are unable to achieve the expected growth in earnings, or if the operational cost savings estimates in connection with the integration of the Alcan Packaging Food Americas business are not realized, or if the integration costs related to the Food Americas acquisition are greater than expected, or if the value of the cash savings attributable to the amortization of tax deductible goodwill is less than anticipated. The market price of our common stock also may decline if we do not achieve the perceived benefits of the acquisition as rapidly or to the extent anticipated by financial or industry analysts or if the effect of the acquisition on our financial results is not consistent with the expectations of financial or industry analysts.

Domestic and international economic conditions.

Disruption in the domestic and international equity and financial markets may impact local economies in which we conduct business. We are not able to predict the future impact of other market disruptions on our liquidity and consolidated statements of financial position, results of operations, and cash flows.

Foreign operations Conditions in foreign countries and changes in foreign currency exchange rates may reduce our reported results of operations.

We have operations in the United States, Canada, Mexico, South America, Europe, and Australasia. In 2009, approximately 35 percent of our sales were generated by entities operating outside of the United States. Fluctuations in currencies can cause transaction and translation losses. In addition, our revenues and net income may be adversely affected by economic conditions, political situations, and changing laws and regulations in foreign countries, as to which we have no control.

Interest rates An increase in interest rates could reduce our reported results of operations.

At June 30, 2010, our variable rate borrowings approximated $328.8 million. Fluctuations in interest rates can increase borrowing costs and have an adverse impact on results of operations. Accordingly, increases in short-term interest rates will directly impact the amount of interest we pay. For each one percent increase in variable interest rates, our annual interest expense would increase by $3.3 million on the $328.8 million of variable rate borrowings outstanding as of June 30, 2010.

Credit rating A downgrade in our credit rating could increase our borrowing costs and negatively affect our financial condition and results of operations.

In addition to using cash provided by operations, we regularly issue commercial paper to meet our short-term liquidity needs. Our credit ratings are important to our ability to issue commercial paper at favorable rates of interest. A downgrade in our credit rating could increase the cost of borrowing by increasing the interest rates that we pay for our commercial paper or the fees associated with our bank credit facility. In addition, our bank credit facility has covenants that include limits on the sale of businesses, minimum net worth calculations, and a maximum ratio of debt to total capitalization. If for any reason our existing credit arrangements were no longer available to us we would be required to seek alternative sources of financing. We would expect to meet our financial liquidity needs by accessing the bank market, which could further increase our borrowing costs.

ITEM 6. EXHIBITS

The Exhibit Index is incorporated herein by reference.

SIGNATURES

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.

		BEMIS COMPANY, INC.
Date	August 9, 2010	/s/ Scott B. Ullem Scott B. Ullem, Vice President and Chief Financial Officer
Date	August 9, 2010	/s/ Stanley A. Jaffy Stanley A. Jaffy, Vice President and Controller

Exhibit Index

Pursuant to the rules and regulations of the Securities and Exchange Commission, we have filed certain agreements as exhibits to this Quarterly Report on Form 10-Q. These agreements may contain representations and warranties by the parties thereto. These representations and warranties have been made solely for the benefit of the other party or parties to such agreements and (i) may have been qualified by disclosures made to such other party or parties, (ii) were made only as of the date of such agreements or such other date(s) as may be specified in such agreements and are subject to more recent developments, which may not be fully reflected in our public disclosure, (iii) may reflect the allocation of risk among the parties to such agreements and (iv) may apply materiality standards different from what may be viewed as material to investors. Accordingly, these representations and warranties may not describe our actual state of affairs at the date hereof and should not be relied upon.

Exhibit	Description	Form of Filing
2(a)	Sale and Purchase Agreement between Bemis Company, Inc. as seller and Exopack Holding Corp. as buyer, dated June 11, 2010, portions have been omitted pursuant to the request for confidential treatment filed with the Securities and Exchange Commission concurrent with the original filing (excluding certain schedules and exhibits referred to in the agreement which the Registrant agrees to furnish supplementally to the Securities and Exchange Commission upon request). (1)	Incorporated by Reference
2(b)	Sale and Purchase Agreement between Bemis Company, Inc. as buyer and Alcan Holdings Switzerland AG, Alcan Corporation, and certain Rio Tinto Alcan Group Companies as sellers, dated as of July 5, 2009 and amended and restated as of February 26, 2010, portions have been omitted pursuant to the request for confidential treatment filed with the Securities and Exchange Commission concurrent with the original filing (excluding certain schedules and exhibits referred to in the agreement, as amended, which the Registrant agrees to furnish supplementally to the Securities and Exchange Commission upon request). (2)	Incorporated by Reference
3(a)	Restated Articles of Incorporation of the Registrant, as amended. (3)	Incorporated by Reference
3(b)	By-Laws of the Registrant, as amended through May 6, 2004. (3)	Incorporated by Reference
4(a)	Form of Indenture dated as of June 15, 1995, between the Registrant and U.S. Bank Trust National Association (formerly known as First Trust National Association), as Trustee. (4)	Incorporated by Reference
	Copies of constituent instruments defining rights of holders of long-term debt of the Company and Subsidiaries, other than the Indenture specified herein, are not filed herewith, pursuant to Instruction (b)(4)(iii)(A) to Item 601 of Regulation S-K, because the total amount of securities Authorized under any such instrument does not exceed 10% of the total assets of the Company and Subsidiaries on a consolidated basis. The registrant hereby agrees that it will, upon request by the SEC, furnish to the SEC a copy of each such instrument.	
19	Reports Furnished to Security Holders	Filed Electronically
31.1	Rule 13a-14(a)/15d-14(a) Certification of CEO.	Filed Electronically
31.2	Rule 13a-14(a)/15d-14(a) Certification of CFO.	Filed Electronically
32	Section 1350 Certification of CEO and CFO.	Filed Electronically
101	The following materials from Bemis Company, Inc. s Quarterly Report on Form 10-Q for the quarter ended June 30, 2010, formatted in XBRL: (i) Consolidated Statements of Income for the three and six months ended June 30, 2010 and 2009; (ii) Consolidated Balance Sheets at June 30, 2010 and December 31, 2009; (iii) Consolidated Statements of Cash Flows for the six months ended June 30, 2010 and 2009; (iv) Consolidated Statements of Equity for the six months ended June 30, 2010 and 2009; and (v) Notes to the Consolidated Financial Statements, tagged as blocks of text.	Filed Electronically

---

* Management contract, compensatory plan or arrangement filed pursuant to Rule 601(b)(10)(iii)(A) of Regulation S-K under the Securities Exchange Act of 1934.

(1) Incorporated by reference to the Registrant s Form 8-K filed July 19, 2010 (File No. 1-5277).
(2) Incorporated by reference to the Registrant s Form 8-K filed March 1, 2010 (File No. 1-5277).

(3) Incorporated by reference to the Registrant s Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 (File No. 1-5277).

(4) Incorporated by reference to the Registrant s Current Report on Form 8-K dated June 30, 1995 (File No. 1-5277).