

BEMIS CO INC  
Form 10-Q  
November 07, 2011

**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 September 30, 2011

Commission File Number 1-5277

**BEMIS COMPANY, INC.**

(Exact name of registrant as specified in its charter)

**Missouri**  
(State or other jurisdiction of  
incorporation or organization)

**43-0178130**  
(I.R.S. Employer  
Identification No.)

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

**54957-0669**  
(Zip Code)

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

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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  NO

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

Indicate by check mark whether the registrant is a large accelerated filer, 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

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of November 1, 2011, the registrant had 102,979,363 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 September 30, 2011.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS****Three and Nine Months Ended September 30, 2011**

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

Nine-month review of results (dollars in millions)	Three months ended September 30,				Nine months ended September 30,			
	2011		2010		2011		2010	
Net sales	\$ 1,357.9	100.0%	\$ 1,294.3	100.0%	\$ 4,052.5	100.0%	\$ 3,586.3	100.0%
Cost of products sold	1,134.2	83.5	1,052.1	81.3	3,361.0	82.9	2,924.2	81.5
Gross profit	223.7	16.5	242.2	18.7	691.5	17.1	662.1	18.5
Selling, general, and administrative expenses	111.6	8.2	114.0	8.8	364.5	9.0	337.4	9.4
Research and development	10.6	0.8	10.5	0.8	28.2	0.7	24.9	0.7
Other operating (income) expense, net	(2.7)	(0.2)	(1.5)	(0.1)	(13.9)	(0.3)	3.3	0.1
Operating income	104.2	7.7	119.2	9.2	312.7	7.7	296.5	8.3
Interest expense	18.4	1.4	18.3	1.4	54.8	1.3	55.0	1.6
Other non-operating (income) expense, net	(1.4)	(0.1)	1.5	0.1	0.0	0.0	(0.7)	0.0
Income from continuing operations before income taxes	87.2	6.4	99.4	7.7	257.9	6.4	242.2	6.7
Provision for income taxes	31.0	2.3	35.8	2.8	93.3	2.3	87.2	2.4
Income from continuing operations	56.2	4.1	63.6	4.9	164.6	4.1	155.0	4.3
Income from discontinued operations, net of tax			(0.8)	(0.1)			1.8	0.0
Net income	56.2	4.1	62.8	4.8	164.6	4.1	156.8	4.3
Less: net income attributable to noncontrolling interests	0.3	0.0	1.4	0.1	3.3	0.1	5.0	0.1
Net income attributable to Bemis Company, Inc.	\$ 55.9	4.1%	\$ 61.4	4.7%	\$ 161.3	4.0%	\$ 151.8	4.2%
Effective income tax rate		35.5%		36.0%		36.2%		36.0%

**Overview**

Bemis Company, Inc. is a leading global manufacturer of flexible packaging and pressure sensitive materials supplying a variety of markets. Approximately 65 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 90 percent of our net sales in the third quarter of 2011. The remaining 10 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. We also manufacture products for which our technical know-how and economies of scale offer us a competitive advantage.

The primary raw materials for our business segments are polymer resins, films and adhesives, the costs of which have been impacted in recent months by higher energy prices. During the first five months of 2011, the cost of our commodity and specialty resin raw materials increased substantially. The time lag between raw material cost increases and the subsequent adjustment of our selling prices in accordance with formulas included in our customer agreements has had a negative effect on the ratio of flexible packaging operating profit as a percentage of net sales for the first nine months of 2011 compared to the ratio for the first nine months of 2010. During the third quarter of 2011, a weakening Brazilian currency drove higher raw material costs in that region.

During the third quarter of 2011, weak global economic conditions and sustained high unemployment levels combined with higher retail food prices in grocery stores led to reduced consumer demand for certain packaged food products. Lower unit sales volumes during the period reflect the lower unit sales volumes of our major customers.

***Mayor Packaging Acquisition***

On August 1, 2011, we acquired Mayor Packaging, a privately-owned manufacturer of consumer and specialty flexible packaging including a manufacturing facility in Dongguan, China. The preliminary purchase price of approximately \$96.1 million was financed with commercial paper and is subject to customary post-closing adjustments.

***Acquisition of the Noncontrolling Interest of Dixie Toga, S.A.***

During the third quarter, we completed the purchase of the remaining shares owned by the noncontrolling interest of our Brazilian subsidiary, Dixie Toga, S.A., for approximately \$90 million.

**Subsequent Event**

***Bond Issuance***

On October 4, 2011, we issued \$400 million aggregate principal amount of 4.5 percent senior notes due 2021. We intend to use the net proceeds of the bonds to repay outstanding commercial paper and for general corporate purposes. Subsequently, we intend to fund the repayment of our \$300 million aggregate principal amount of 4.875 percent notes due April 1, 2012 with the proceeds from additional commercial paper issuances. Concurrent with the issuance, we entered into interest rate swap contracts to convert the fixed-rate notes to floating rates.

**Results of Operations – Third Quarter 2011**

**Consolidated Overview**

(in millions, except per share amounts)

	2011	2010
Net sales	\$ 1,357.9	\$ 1,294.3
Income from continuing operations, net of tax, attributable to Bemis Company, Inc.	55.9	62.3
Diluted earnings per share from continuing operations	0.53	0.56

Net sales for the third quarter ended September 30, 2011, were \$1.36 billion compared to \$1.29 billion in the third quarter of 2010, an increase of 4.9 percent. Currency effects increased net sales by 2.3 percent compared to the same quarter of 2010, and acquisitions contributed 1.1 percent. The remaining 1.5 percent increase in net sales reflects higher selling prices partially offset by lower unit sales volumes.

Diluted earnings per share for the third quarter of 2011 was \$0.53 and included a \$0.03 per share charge for acquisition-related costs. Diluted earnings per share for the third quarter of 2010 was \$0.56 and included a \$0.01 per share charge for acquisition-related costs.

**Flexible Packaging Business Segment**

(dollars in millions)	2011	2010
Net sales	\$ 1,216.1	\$ 1,152.3
Operating profit (See Note 16 to the Consolidated Financial Statements)	117.4	133.9
Operating profit as a percentage of net sales	9.7%	11.6%

Net sales for our flexible packaging business segment increased 5.5 percent in the third quarter of 2011 compared to the same quarter of 2010. Currency effects increased net sales by 2.1 percent during the third quarter, and the acquisition of Mayor Packaging increased net sales by 1.2 percent. The remaining 2.2 percent growth in net sales reflects higher selling prices partially offset by lower unit sales volumes compared to the third quarter of 2010.

Lower operating profit for the third quarter of 2011 reflects the negative impact of lower unit sales volumes compared to the third quarter of 2010. In addition, higher raw material costs in 2011 reduced operating profit on shipments for which contractual price adjustments had not yet occurred.

**Pressure Sensitive Materials Business Segment**

(dollars in millions)	2011	2010
Net sales	\$ 141.8	\$ 142.0
Operating profit (See Note 16 to the Consolidated Financial Statements)	8.0	7.6
Operating profit as a percentage of net sales	5.6%	5.4%

Currency effects increased both net sales and operating profit for the third quarter of 2011 by about 4.0 percent compared to the same quarter of 2010. Excluding the impact of currency, the decrease in net sales reflects the impact of lower unit sales volumes partially offset by higher selling prices.

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**Consolidated Gross Profit**

(dollars in millions)

	2011		2010
Gross profit	\$ 223.7	\$	242.2
Gross profit as a percentage of net sales	16.5%		18.7%

Gross profit as a percentage of net sales decreased from the same period of 2010 reflecting both the negative impact of the increasing raw material costs in 2011 and lower unit sales volumes compared to the third quarter of 2010. The decrease in the ratio of gross profit to net sales in 2011 was magnified by higher sales levels for the period ended September 30, 2011 as selling prices were adjusted upward to reflect increasing raw material costs during the period.

**Consolidated Selling, General and Administrative Expenses**

(dollars in millions)

	2011		2010
Selling, general and administrative expenses (SG&A)	\$ 111.6	\$	114.0
SG&A as a percentage of net sales	8.2%		8.8%

The decrease in selling, general, and administrative expenses is principally due to the adjustment of incentive compensation accruals during the third quarter of 2011. The ratio of selling, general, and administrative expenses as a percentage of net sales is expected to return to the 9.0 percent to 9.5 percent range in future periods.

**Other (Income) Expense, Net**

(dollars in millions)

	2011		2010
Research and development (R&D)	\$ 10.6	\$	10.5
R&D as a percentage of net sales	0.8%		0.8%
Interest expense	\$ 18.4	\$	18.3
Effective interest rate	4.8%		5.1%
Other operating (income) expense, net	\$ (2.7)	\$	(1.5)
Other non-operating (income) expense, net	\$ (1.4)	\$	1.5
Income taxes	\$ 31.0	\$	35.8
Effective tax rate	35.5%		36.0%

***Other Operating (Income) Expense, Net***

For the third quarter of 2011, other operating (income) expense, net, included \$4.9 million of fiscal incentive income, an increase of \$1.4 million compared to \$3.5 million for the third quarter of 2010. Government fiscal incentives are associated with net sales and manufacturing activities in operations in Brazil and are included in business segment operating profit.

***Other Non-operating (Income) Expense, Net***

During the third quarter of 2011, other non-operating income principally reflected a \$1.1 million gain on the sale of excess land. For the same period of 2010, other non-operating expenses included a foreign exchange loss of \$2.0 million, partially offset by interest income.

**Income Taxes**

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 2011 to be about 36.2 percent.

**Results of Operations – Nine Months Ended September 30, 2011****Consolidated Overview****(in millions, except per share amounts)**

	2011	2010
Net sales	\$ 4,052.5	\$ 3,586.3
Income from continuing operations, net of tax, attributable to Bemis Company, Inc.	161.3	150.0
Diluted earnings per share from continuing operations	1.51	1.35

Net sales for the nine months ended September 30, 2011 increased 13.0 percent compared to net sales for the first nine months of 2010. We estimate that acquisitions increased net sales by approximately 5.8 percent. Currency effects increased net sales by 2.8 percent in the first nine months of 2011. The remaining increase in net sales reflects higher selling prices partially offset by lower unit sales volume.

Performance for the first nine months of 2011 was negatively impacted by increases in the cost of raw materials which began during the fourth quarter of 2010. Diluted earnings per share for the nine months ended September 30, 2011 included \$0.03 of acquisition and integration related costs. Results for the corresponding period in 2010 included \$0.09 of charges associated with purchase accounting adjustments for inventory and order backlog; \$0.09 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 Alcan Packaging Food Americas transaction was completed in March 2010.



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### Flexible Packaging Business Segment

(dollars in millions)	2011	2010
Net sales	\$ 3,614.2	\$ 3,160.6
Operating profit (See Note 16 to the Consolidated Financial Statements)	350.0	349.0
Operating profit as a percentage of net sales	9.7%	11.0%

Net sales for our flexible packaging business segment for the first nine months of 2011 increased 14.4 percent compared to the same period of 2010. Currency effects increased net sales by 2.7 percent and acquisitions added approximately 6.8 percent compared to the first nine months of 2010. The remaining increase in net sales reflects higher selling prices and lower unit sales volume during the period.

Flexible Packaging operating profit for the first nine months of 2011 included \$1.7 million of charges associated with the Mayor Packaging acquisition. Operating profit for the same period of 2010 included \$15.4 million of purchase accounting adjustments for inventory and order backlog, in addition to a \$4.5 million charge for acquisition-related integration costs such as severance and equipment relocation costs. Higher raw material costs in advance of selling price adjustments negatively impacted operating profit in this segment during 2011.

### Pressure Sensitive Materials Business Segment

(dollars in millions)	2011	2010
Net sales	\$ 438.3	\$ 425.7
Operating profit (See Note 16 to the Consolidated Financial Statements)	29.6	25.9
Operating profit as a percentage of net sales	6.8%	6.1%

Net sales for the pressure sensitive materials business segment increased 3.0 percent to \$438.3 million during the first nine months of 2011 compared to the same period of 2010. Currency effects increased net sales by 3.5 percent. During 2011, the impact of lower unit sales volumes was substantially offset by higher selling prices.

### Consolidated Gross Profit

(dollars in millions)	2011	2010
Gross profit	\$ 691.5	\$ 662.1
Gross profit as a percentage of net sales	17.1%	18.5%

Gross profit included a charge of \$0.5 million and \$15.4 million related to purchase accounting charges for inventory and order backlog for the first nine months of 2011 and 2010 respectively. Gross profit as a percentage of net sales for the first nine months of 2011 decreased compared with the same period of 2010, reflecting the impact of the increasing raw material costs and lower unit sales volumes in 2011. The decrease in the ratio of gross profit to net sales in 2011 was magnified by higher sales levels for the period ended September 30, 2011 as selling prices were adjusted upward to reflect increasing raw material costs during the period.

### Consolidated Selling, General and Administrative Expenses

(dollars in millions)	2011	2010
Selling, general and administrative expenses (SG&A)	\$ 364.5	\$ 337.4
SG&A as a percentage of net sales	9.0%	9.4%

The increase in selling, general, and administrative expenses is attributable to the impact of both inflation and currency, as well as the additional two months of costs associated with the March 1, 2010 Alcan Packaging Food Americas acquisition.

**Other (Income) Expense, Net**  
(dollars in millions)

	2011		2010	
Research and development (R&D)	\$	28.2	\$	24.9
R&D as a percentage of net sales		0.7%		0.7%
Interest expense	\$	54.8	\$	55.0
Effective interest rate		5.1%		5.6%
Other operating (income) expense, net	\$	(13.9)	\$	3.3
Other non-operating (income) expense, net	\$	0.0	\$	(0.7)
Income taxes	\$	93.3	\$	87.2
Effective tax rate		36.2%		36.0%

***Other Operating (Income) Expense, Net***

For the nine months ended September 30, 2011, net other operating income included \$15.7 million of fiscal incentive income, partially offset by other charges including \$2.7 million of acquisition-related costs. For the first nine months of 2010, net other operating expense included \$11.4 million of fiscal incentive income, which was more than offset by \$14.7 million of acquisition-related costs.

***Other Non-operating (Income) Expense, Net***

During the first nine months of 2011, net other non-operating (income) expense included a foreign exchange loss of \$1.8 million offset by interest income and a gain on sales of excess land. For the same period of 2010, net other non-operating income included interest income partially offset by a \$0.6 million foreign exchange loss.

***Income Taxes***

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 2011 to be about 36.2 percent.

**Liquidity and Capital Resources**

***Net Debt to Total Capitalization***

Net debt to total capitalization (which includes total debt net of cash and cash equivalents on hand and total Bemis Company, Inc. shareholders equity) was 47 percent at September 30, 2011. Net debt to total capitalization was 39 percent at December 31, 2010. Total debt increased by \$320.4 million during the first nine months of the year to support a \$117.0 million increase in working capital in addition to acquisition and share repurchase activities. Shareholders' equity decreased by \$245.0 million from the December 31, 2010 balance due principally to the impact of common stock repurchases on treasury shares; the impact of foreign currency translation on accumulated other comprehensive income; and the acquisition of the outstanding preferred shares of our Brazilian subsidiary which eliminated the noncontrolling interest.

***Sources of Liquidity***

Cash provided by operating activities was \$250.5 million for the first nine months of 2011, compared to \$253.7 million for the first nine months of 2010. In 2011, working capital increases totaling \$117.0 million reduced cash provided by operating activities reflecting the impact of increased raw material costs and higher selling prices on inventory and accounts receivable balances. During 2010, working capital increases totaling \$83.6 million reflected the impact of acquisition integration.

On July 21, 2011, we amended our revolving credit facility to increase the total amount available from \$625 million to \$800 million and to extend the term from April 29, 2013 to July 21, 2016. This revolving credit facility is used principally as back-up for our commercial paper program. As of September 30, 2011, there was \$492 million of debt outstanding supported by this credit facility, leaving \$308 million of available credit. Cash flows from operating activities are expected to continue to provide sufficient liquidity to meet future cash obligations.

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Public bonds totaling \$300 million are scheduled to mature on April 1, 2012. These bonds have been classified as long term debt on the September 30, 2011 balance sheet in accordance with our ability and intent to refinance these bonds with commercial paper.

On October 4, 2011, we issued \$400 million aggregate principal amount of 4.5 percent senior notes due in 2021. We intend to use the proceeds for general corporate purposes and to repay outstanding commercial paper. Concurrent with the issuance, we entered into interest rate swap contracts to convert the fixed-rate notes to floating rates.

### *Uses of Liquidity*

Capital expenditures were \$92.2 million for the nine months ended September 30, 2011, compared to \$64.7 million for the same period of 2010. Lower expenditures in 2010 reflect reduced capital expenditure requirements during our Alcan Packaging Food Americas acquisition integration process. Cash available during the first nine months of 2011 also supported \$76.8 million of common stock dividends, \$102.7 million for acquisition payments, \$89.7 million for the purchase of the outstanding preferred shares of our Brazilian subsidiary, and \$161.1 million of open market common stock share repurchases.

### **Critical Accounting Estimates and Judgments**

Management's 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, 2010.

### **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 expressions of 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; unexpected costs related to plant closings; 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, 2010 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 crystallinity 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.

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**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.

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**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 nine month period ended September 30, 2011. 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, 2010.

**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 were no changes in the Company's internal control over financial reporting during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting except for the Company's implementation of Oracle's Hyperion Financial Management (HFM) application. HFM provides the Company an automated tool for consolidating financial data from our general ledger and other financial reporting systems used by our subsidiaries. The Company considers the implementation of HFM an enhancement to our financial statement process and preparation because the implementation reduces and in some cases replaces the Company's reliance on manual control procedures in the preparation of the Company's consolidated financial statements and other financial data.

**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 factor, as well as factors described elsewhere in this Form 10-Q, in our Annual Report on Form 10-K for the year ended December 31, 2010, 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.

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

At September 30, 2011, our variable rate borrowings approximated \$492.6 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 \$4.9 million on the \$492.6 million of variable rate borrowings outstanding as of September 30, 2011.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

Period	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
July 1-31, 2011	500,000	\$ 33.80	500,000	
August 1-31, 2011	686,080	\$ 30.67	686,080	
Total		\$ 31.99	1,186,080	4,543,800

During the third quarter, the Company repurchased 1,186,080 shares of Bemis common stock in the open market at an average purchase price of \$31.99 per share. On November 4, 2010, the Board of Directors increased the authority to repurchase the Company's common stock to a total of ten million shares. As of September 30, 2011, under authority granted by the Board of Directors, the Company had authorization to repurchase an additional 4,543,800 shares of its common stock.

**ITEM 6. EXHIBITS**

The Exhibit Index is incorporated herein by reference.

**SIGNATURES**

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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 November 7, 2011

/s/ Scott B. Ullem  
Scott B. Ullem, Vice President and  
Chief Financial Officer

Date November 7, 2011

/s/ Jerry S. Krempa  
Jerry S. Krempa, Vice President  
and Controller

**Exhibit Index**

Pursuant to the rules and regulations of the Securities and Exchange Commission (SEC), 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.

<b>Exhibit</b>	<b>Description</b>	<b>Form of Filing</b>
3(a)	Restated Articles of Incorporation of the Registrant, as amended. (1)	Incorporated by Reference
3(b)	By-Laws of the Registrant, as amended through February 4, 2011. (2)	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. 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. (3)	Incorporated by Reference
10(a)	Second Amended and Restated Long-Term Credit Agreement dated as of July 21, 2011 among Bemis Company, Inc., various subsidiaries thereof, the Lenders Party, JPMorgan Chase Bank, N.A., Wells Fargo Bank, National Association, Bank of America, N.A., BNP Paribas and U.S. Bank National Association. (4)	Incorporated by Reference
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 September 30, 2011, formatted in XBRL: (i) Consolidated Statement of Income for the three and nine months ended September 30, 2011 and 2010; (ii) Consolidated Balance Sheet at September 30, 2011 and December 31, 2010; (iii) Consolidated Statement of Cash Flows for the nine months ended September 30, 2011 and 2010; (iv) Consolidated Statement of Equity for the nine months ended September 30, 2011 and 2010; and (v) Notes to the Consolidated Financial Statements.	Filed Electronically

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- (1) Incorporated by reference to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 (File No. 1-5277).
- (2) Incorporated by reference to the Registrant's Form 8-K filed February 10, 2011 (File No. 1-5277).
- (3) Incorporated by reference to the Registrant's Current Report on Form 8-K dated June 30, 1995 (File No. 1-5277).
- (4) Incorporated by reference to the Registrant's Current Report on Form 8-K dated July 21, 2011 (File No. 1-5277).