BEMIS CO INC
Form 10-K
February 27, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2008

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)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	**Name of Each Exchange on Which Registered**
Common Stock, par value $.10 per share	New York Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: **None**

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES x NO o

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
YES o NO x

Indicate by check mark whether the Registrant 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 and has been subject to such filing requirements for the past 90 days.
YES x NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company.

Large Accelerated Filer x Accelerated Filer o Non-Accelerated Filer o Smaller Reporting Company o

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

The aggregate market value of the voting and non-voting common equity held by nonaffiliates of the Registrant on June 30, 2008, based on a closing price of $22.42 per share as reported on the New York Stock Exchange, was $2,234,164,000.

As of February 27, 2009, the Registrant had 99,871,584 shares of Common Stock issued and outstanding.

Documents Incorporated by Reference

Portions of the Proxy Statement - Annual Meeting of Stockholders May 7, 2009 - Part III

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BEMIS COMPANY, INC. AND SUBSIDIARIES

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PART I ITEMS 1, 1A, 1B, 2, 3, and 4

ITEM 1 BUSINESS

Bemis Company, Inc., a Missouri corporation (the Registrant or Company), continues a business formed in 1858. The Company was incorporated in 1885 as Bemis Bro. Bag Company with the name changed to Bemis Company, Inc. in 1965. The Company is a principal manufacturer of flexible packaging products and pressure sensitive materials, selling to customers throughout the United States, Canada, Mexico, South America, Europe, and Asia Pacific. In 2008, approximately 83 percent of the Company s sales were derived from the Flexible Packaging segment and approximately 17 percent were derived from the Pressure Sensitive Materials segment.

The Company s products are sold to customers primarily in the food industry. Other customers include companies in the following types of businesses: chemical, agribusiness, medical, pharmaceutical, personal care, electronics, automotive, construction, graphic industries, and other consumer goods. Further information about the Company s operations in its business segments is available at Note 12 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K.

As of December 31, 2008, the Company had approximately 15,400 employees, about 10,200 of whom were classified as production employees. Many of the North American production employees are covered by collective bargaining contracts involving three different international unions, one independent union, and 16 individual contracts with terms ranging from one to five years. During 2008, three contracts covering approximately 600 employees at three different locations in the United States were successfully negotiated while two contracts covering approximately 120 employees at one domestic location continue to be negotiated. Five domestic labor agreements covering approximately 1,400 employees are scheduled to expire in 2009. Many of the non-North American production employees as well as some of the non-North American salaried workforce are covered by collective bargaining contracts involving 23 different unions with terms ranging from one to two years.

Working capital elements fluctuate throughout the year in relation to the level of customer volume and other marketplace conditions. Inventory levels reflect a reasonable balance between raw material pricing and availability, and the Company s commitment to promptly fill customer orders. Manufacturing backlogs are not a significant factor in the industries in which the Company operates. The business of each of the segments is not seasonal to any significant extent.

The Company is the owner or licensee of a number of United States and foreign patents and patent applications that relate to certain of its products, manufacturing processes, and equipment. The Company also has a number of trademarks and trademark registrations in the United States and in foreign countries. The Company s patents, licenses, and trademarks collectively provide a competitive advantage. However, the loss of any single patent or license alone would not have a material adverse effect on the Company s results as a whole or those of either of its segments.

The Company s business activities are organized around its two business segments, Flexible Packaging and Pressure Sensitive Materials. Both internal and external reporting conform to this organizational structure. A summary of the Company s business activities reported by its two business segments follows.

Flexible Packaging Segment

The flexible packaging segment manufactures a broad range of food, consumer goods, and industrial packaging. Multilayer flexible polymer film structures and laminates are sold for food, medical, and personal care products as well as non-food applications utilizing vacuum or modified atmosphere packaging. Additional products include blown and cast stretchfilm products, carton sealing tapes and application equipment, custom thermoformed plastic packaging, multiwall paper bags, printed paper roll stock, and bag closing materials. Markets for our products include processed and fresh meat, liquids, frozen foods, cereals, snacks, cheese, coffee, condiments, candy, pet food, bakery, seed, lawn and garden, tissue, fresh produce, personal care and hygiene, disposable diapers, printed shrink overwrap for the food and beverage industry, agribusiness, pharmaceutical, minerals, and medical device packaging.

Pressure Sensitive Materials Segment

The pressure sensitive materials segment manufactures pressure sensitive adhesive coated paper and film substrates sold into label markets, graphic markets, and technical markets.

Products for label markets include narrow-web rolls of pressure sensitive paper, film, and metalized film printing stocks used in high-speed printing and die-cutting of primary package labeling, secondary or promotional decoration, and for high-speed, high-volume electronic data processing (EDP) stocks, bar code labels, and numerous laser printing applications. Primary markets include food and consumer goods, inventory control labeling, shipping labels, postage stamps, and laser/ink jet printed labels.

Products for graphic markets include pressure sensitive films used for decorative signage through computer-aided plotters, digital and screen printers, and photographic overlaminate and mounting materials including optically clear films with built-in UV inhibitors. Offset printers, sign makers, and photo labs use these products on short-run and/or digital printing technology to create signs or vehicle graphics. Primary markets are indoor and outdoor signage, photograph and digital print overlaminates, and vehicle graphics.

Products for technical markets are pressure sensitive materials that are technically engineered for performance in varied industrial applications. They include micro-thin film adhesives used in delicate electronic parts assembly and pressure sensitives utilizing foam and tape based stocks to perform fastening and mounting functions. Tapes sold to medical markets feature medical-grade adhesives suitable for direct skin contact. Primary markets are electronics, automotive, construction, medical, and pharmaceuticals.

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Marketing, Distribution, and Competition

While the Company s sales are made through a variety of distribution methods, more than 90 percent of each segment s sales are made by the Company s direct sales force. Sales offices and plants are located throughout the United States, Canada, United Kingdom, Continental Europe, Scandinavia, Asia Pacific, South America, and Mexico to provide prompt and economical service to more than 30,000 customers. The Company s technically trained sales force is supported by product development engineers, design technicians, and a customer service organization.

No single customer accounts for ten percent or more of the Company s total sales. Furthermore, the loss of one or a few major customers would not have a material adverse effect on the Company s operating results. Nevertheless, business arrangements with large customers require a large portion of the manufacturing capacity at a few individual manufacturing sites. Any change in the business arrangement would typically occur over a period of time, which would allow for an orderly transition for both the Company s manufacturing site and the customer.

The major markets in which the Company sells its products are highly competitive. Areas of competition include service, innovation, quality, and price. This competition is significant as to both the size and the number of competing firms. Major competitors in the Flexible Packaging segment include Alcan Packaging, Amcor Limited, Exopack Company, Hood Packaging Corporation, Bryce Corporation, Pliant Corporation, Printpack, Inc., Sealed Air Corporation, Sonoco Products Company, Winpak Ltd., and Wihuri OY. In the Pressure Sensitive Materials segment major competitors include 3M, Acucote, Inc., Avery Dennison Corporation, Flexcon Corporation, Green Bay Packaging Inc., Ricoh Company, Ltd., Ritrama Inc., Spinnaker Industries, Inc., Technicote Inc., UPM-Kymmene Corporation, and Wausau Coated Products Inc.

The Company considers itself to be a significant factor in the market niches it serves; however, due to the diversity of the Flexible Packaging and Pressure Sensitive Materials segments, the Company s precise competitive position in these markets is not reasonably determinable. Advertising is limited primarily to business and trade publications emphasizing the Company s product features and related technical capabilities and the individual problem-solving approach to customer problems.

Raw Materials

Plastic resins and films, paper, inks, adhesives, and chemicals constitute the basic major raw materials. These are purchased from a variety of global industry sources and the Company is not dependent on any one supplier for its raw materials. While temporary industry-wide shortages of raw materials may occur, the Company expects to continue to successfully manage raw material supplies without significant supply interruptions. Currently, raw materials are readily available.

Research and Development Expense

Research and development expenditures were as follows:

(in thousands)		2008		2007		2006
Flexible Packaging	$	17,646	$	19,477	$	20,036
Pressure Sensitive Materials		7,364		6,506		4,988
Total	$	25,010	$	25,983	$	25,024

Environmental Control

Compliance with federal, state, and local laws, rules, and regulations which have been enacted or adopted regulating discharges of materials into the environment or otherwise relating to the protection of the environment, is not expected to have a material effect upon the capital expenditures, earnings, or competitive position of the Company and its subsidiaries.

Available Information

The Company is a large accelerated filer (as defined in Exchange Act Rule 12b-2) and is also an electronic filer. Electronically filed reports (Forms 4, 8-K, 10-K, 10-Q, S-3, S-8, etc.) can be accessed at the Securities and Exchange Commission (SEC) website (http://www.sec.gov) or by visiting the SEC s Public Reference Room located at 100 F St., N.E., Washington, DC 20549 (call 1-202-551-8090 or 1-800-732-0330 for hours of operation). Electronically filed reports can also be accessed through the Company s own website (http://www.bemis.com), under Investor Relations/SEC Filings or by writing for free information, including SEC filings, to Investor Relations, Bemis Company, Inc., One Neenah Center, 4th Floor, P.O. Box 669, Neenah, Wisconsin 54957-0669, or calling (920) 727-4100. In addition, the Company s Board Committee charters, Principles of Corporate Governance, and the Company s code of business conduct and ethics can be electronically accessed at the Company s website under Company Overview or, free of charge, by writing directly to the Company, Attention: Corporate Secretary. The Company has adopted a Financial Code of Ethics which is filed as an exhibit to this Annual Report on Form 10-K, and is also posted on the Company s website. The Company intends to post any amendment to, or waiver from, a provision of the Financial Code of Ethics that applies to our principal executive officer, principal financial officer, principal accounting officer, controller and other persons performing similar functions on the Investor Relations section of its website (www.bemis.com) promptly following the date of such amendment or waiver.

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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.

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

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.

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

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.

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.

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 principle 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 1A RISK FACTORS

Domestic and international economic conditions.

Disruption in the domestic and international equity and financial markets has negatively impacted the United States economy as well as international markets in which we conduct business. We are not able to predict the future impact of this global financial crisis on our liquidity and consolidated statements of financial position, results of operations, and cash flows.

Funded status of pension plans Recognition of pension liabilities may cause a significant reduction in stockholders equity.

Statement of Financial Accounting Standards (FAS) No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans*, requires balance sheet recognition of the funded status of our defined benefit pension and postretirement benefit plans. If the fair value of our pension plans assets at a future reporting date decreases or if the discount rate used to calculate the projected benefit obligation (PBO) as of that date decreases, we will be required to record the incremental change in the excess of PBO over the fair value of the assets as a reduction of stockholders equity. The resulting non-cash after-tax charge would not reduce reported

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earnings as this amount would represent future expense. It would be recorded directly as a decrease in the Other Comprehensive Income component of stockholders equity. While we cannot estimate the future funded status of our pension liability with any certainty at this time, we believe that if the market value of assets or the discount rate used to calculate our pension liability materially decreases, the adjustment could significantly reduce our stockholders equity. A significant reduction in stockholders equity may impact our compliance with debt covenants or could cause a downgrade in our credit ratings that could also adversely impact our future cost and speed of borrowing and have an adverse affect on our financial condition, results of operations and liquidity. We have identified pension assumptions as critical accounting estimates. See Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Estimates and Judgments Accounting for pension costs and Pension assumptions sensitivity analysis included in Item 7 of this Annual Report on Form 10-K.

Goodwill and other intangible assets A significant write down of goodwill and/or other intangible assets would have a material adverse effect on our reported results of operations and net worth.

On January 1, 2002, we adopted Statement of Financial Accounting Standards No. 142, *Goodwill and Other Intangible Assets* (FAS No. 142). We no longer amortize goodwill, but we review our goodwill balance for impairment at least once a year using the business valuation methods required by FAS No. 142. These methods include the use of a weighted-average cost of capital to calculate the present value of the expected future cash flows of our reporting units. Future changes in the cost of capital, expected cash flows, or other factors may cause our goodwill and/or other intangible assets to be impaired, resulting in a non-cash charge against results of operations to write down these assets for the amount of the impairment. If a significant write down is required, the charge would have a material adverse effect on our reported results of operations and net worth. We have identified the valuation of intangibles as a critical accounting estimate. See Management s Discussion and Analysis of Financial Condition and Results of Operations Critical Accounting Estimates and Judgments Intangible assets and goodwill included in Item 7 of this Annual Report on Form 10-K.

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

We have operations in the United States, Canada, Mexico, South America, Europe, and Asia. In 2008, approximately 36 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 December 31, 2008, our variable rate borrowings approximated $380.7 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 $3.8 million on the $380.7 million of variable rate debt outstanding as of December 31, 2008.

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 spread over prevailing market 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 would further increase our borrowing costs.

Raw materials **Raw material cost increases or shortages could adversely affect our results of operations.**

As a manufacturer, our sales and profitability are dependent upon the availability and cost of raw materials, which are subject to price fluctuations. Inflationary and other increases in the costs of raw materials have occurred in the past and are expected to recur, and our performance depends in part on our ability to reflect changes in costs in selling prices for our products. In the past, we have been generally successful in managing increased raw material costs and increasing selling prices when necessary. Past performance may or may not be replicable in the future. Natural disasters such as hurricanes, in addition to terrorist activity and government regulation of environmental emissions, may negatively impact the production or delivery capacity of our raw material suppliers in the chemical and paper industries. This could result in increased raw material costs or supply shortages, which may have a negative impact on our profitability if we are unable to pass along the increased costs in our selling prices or, in the case of a shortage, secure raw materials from alternative sources.

Patents and proprietary technology **Our success is dependent on our ability to develop and successfully introduce new products and to acquire and retain intellectual property rights.**

Our ability to develop and successfully market new products and to develop, acquire, and retain necessary intellectual property rights is essential to our continued success, which ability cannot be assured.

Industry investigations **Several lawsuits have been filed against us related to alleged unlawful competitive activities in the industry in connection with now-concluded investigations of the labelstock industry by the U.S. Department of Justice and of the paper and forest products sector by the European Commission.**

In April 2003, we were notified by the U.S. Department of Justice s Antitrust Division that it expected to initiate a criminal investigation into competitive practices in the labelstock industry, and in August 2003 the U.S. Department of Justice issued a subpoena to us in connection with the investigation. In May 2004, the European Commission, seeking evidence of unlawful anticompetitive activities, initiated inspections and obtained documents from our pressure sensitive materials facility in Belgium. We cooperated fully

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with these investigations, and both investigations were closed by each agency without further action. We and one of our subsidiaries are named defendants in lawsuits in the United States seeking treble damages and other relief for alleged unlawful competitive practices, which were filed after the announcement of the U.S. Department of Justice investigation. We are unable to predict the outcome of these matters although the effect could be material to the results of operations and/or cash flows of the period in which the matter is resolved.

Acquisitions **We may not be able to successfully integrate the businesses that we acquire.**

We have made numerous acquisitions in the past and are actively seeking new acquisitions that we believe will provide meaningful opportunities to grow our business and improve profitability. Acquired businesses may not achieve the levels of revenue, profit, productivity, or otherwise perform as we expect. Acquisitions involve special risks, including, without limitation, the potential assumption of unanticipated liabilities and contingencies as well as difficulties in integrating acquired businesses. While we believe that our acquisitions will improve our competitiveness and profitability, we can give no assurance that acquisitions will be successful or accretive to earnings.

Information technology **A failure in our information technology infrastructure or applications could negatively affect our business.**

We depend on information technology to record and process customer s orders, manufacture and ship products in a timely manner, and maintain the financial accuracy of our business records. We are in the process of developing and implementing a global Enterprise Resource Planning (ERP) system that will redesign and deploy new processes and a common information system across our plants over a period of several years. There can be no certainty that this system will deliver the expected benefits. The failure to achieve our goals may impact our ability to (1) process transactions accurately and efficiently and (2) remain in step with the changing needs of the trade, which could result in the loss of customers. In addition, the failure to either deliver the application on time, or anticipate the necessary readiness and training needs, could lead to business disruption and loss of customers and revenue. Finally, failure or abandonment of the ERP system could result in a write-off of part or all of the costs that have been capitalized on the project.

Our information systems could also be penetrated by outside parties intent on extracting information, corrupting information, or disrupting business processes. Such unauthorized access could disrupt our business and could result in the loss of assets.

Numerous other factors over which we may have limited or no control may affect our performance and profitability.

Other factors that may influence our earnings, financial position, and liquidity include: legal and administrative cases and proceedings (whether civil, such as environmental or product related, or criminal), settlements, judgments, and investigations; developments or assertions by or against us relating to intellectual property rights and intellectual property licenses; adoption of new, or changes in, accounting policies or practices and the application of such policies and practices; changes in business mix; customer and supplier business reorganizations or combinations; increase in cost of debt; ability to retain adequate levels of insurance coverage at acceptable rates; fluctuations in pension and employee benefit costs; loss of significant contract(s); risks and uncertainties relating to investment in development activities and new facilities; timely development and successful market acceptance of new products; pricing of competitive products; disruptions in transportation networks; increased participation in potentially less stable emerging markets; reliability of utility services; impact of computer viruses; general or specific economic conditions and the ability and willingness of purchasers to substitute other products for the products that we manufacture; financial condition and inventory strategies of customers and suppliers; credit risks; changes in customer order patterns; employee work stoppages at plants; increased competition; changes in government regulations and the impact of changes in the world political environment, including the ability to estimate the impact of foreign currency exchange rates on financial results; the impact of epidemiological events on the economy and on our customers and suppliers; and acts of war, terrorism, weather, and other natural disasters.

ITEM 1B UNRESOLVED STAFF COMMENTS

None.

ITEM 2 PROPERTIES

Properties utilized by the Company at December 31, 2008, were as follows:

Flexible Packaging Segment

This segment has 50 manufacturing plants located in 13 states and ten non-USA countries, of which 45 are owned directly by the Company or its subsidiaries and five are leased from outside parties. Initial lease terms generally provide for minimum terms of five to 15 years and have one or more renewal options. The initial term of leases in effect at December 31, 2008, expire between 2009 and 2014.

Pressure Sensitive Materials Segment

This segment has seven manufacturing plants located in three states and two non-USA countries, all of which are owned directly by the Company or its subsidiaries.

Corporate and General

The Company considers its plants and other physical properties to be suitable, adequate, and of sufficient productive capacity to meet the requirements of its business. The manufacturing plants operate at varying levels of utilization depending on the type of operation and market conditions. The executive offices of the Company, which are leased, are located in Neenah, Wisconsin.

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ITEM 3 LEGAL PROCEEDINGS

The Company is involved in a number of lawsuits incidental to its business, including environmental related litigation. Although it is difficult to predict the ultimate outcome of these cases, management believes, except as discussed below, that any ultimate liability would not have a material adverse effect upon the Company s consolidated financial condition or results of operations.

The Company is a potentially responsible party (PRP) pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (commonly known as Superfund) and similar state laws in proceedings associated with seventeen sites around the United States. During 2008, the Company was identified as a PRP in four new sites. In addition, two sites previously considered closed have been re-opened for potential further remediation. These proceedings were instituted by the United States Environmental Protection Agency and certain state environmental agencies at various times beginning in 1983. Superfund and similar state laws create liability for investigation and remediation in response to releases of hazardous substances in the environment. Under these statutes, joint and several liability may be imposed on waste generators, site owners and operators, and others regardless of fault. Although these regulations could require the Company to remove or mitigate the effects on the environment at various sites, perform remediation work at such sites, or pay damages for loss of use and non-use values, we expect the Company s liability in these proceedings to be limited to monetary damages. The Company expects its future liability relative to these sites to be insignificant, individually and in the aggregate. The Company has reserved an amount that it believes to be adequate to cover its exposure.

Dixie Toga S.A., acquired by the Company on January 5, 2005, is involved in a tax dispute with the City of São Paulo, Brazil. The City imposes a tax on the rendering of printing services. The City has assessed this city services tax on the production and sale of printed labels and packaging products. Dixie Toga, along with a number of other packaging companies, disagrees and contends that the city services tax is not applicable to its products and that the products are subject only to the state value added tax (VAT). Under Brazilian law, state VAT and city services tax are mutually exclusive and the same transaction can be subject to only one of those taxes. Based on a ruling from the State of São Paulo, advice from legal counsel, and long standing business practice, Dixie Toga appealed the city services tax and instead continued to collect and pay only the state VAT.

The City of São Paulo disagreed and assessed Dixie Toga the city services tax for the years 1991-1995. The assessments for those years are estimated to be approximately $47.0 million at the date the Company acquired Dixie Toga, translated to U.S. dollars at the December 31, 2008 exchange rate. Dixie Toga challenged the assessments and ultimately litigated the issue in two annulment actions filed on November 24, 1998 and August 16, 1999 in the Lower Tax Court in the city of São Paulo. A decision by the Lower Tax Court in the city of São Paulo in 2002 cancelled all of the assessments for the years 1991-1995. The City of São Paulo, the State of São Paulo, and Dixie Toga have each appealed parts of the lower court decision. In the event of an adverse resolution, the estimated amount for these years could be substantially increased for additional interest, monetary adjustments and costs from the date of acquisition.

The City has also asserted the applicability of the city services tax for the subsequent years 1996-2001 and has issued assessments for those years for Dixie Toga and for Itap Bemis Ltda., a Dixie Toga subsidiary. The assessments for those years were upheld at the administrative level and are being challenged by the companies. The assessments at the date of acquisition for these years for tax and penalties (exclusive of interest and monetary adjustments) are estimated to be approximately $7.1 million for Itap Bemis and $22.8 million for Dixie Toga, translated to U.S. dollars at the December 31, 2008 exchange rate. In the event of an adverse resolution, the estimated amounts for these years could be increased by $27.1 million for Itap Bemis and $77.9 million for Dixie Toga for interest, monetary adjustments and costs.

The 1996-2001 assessments for Dixie Toga are currently being challenged in the courts. In pursuing its challenge through the courts, taxpayers are generally required, in accordance with court procedures, to pledge assets as security for its lawsuits. Under certain circumstances, taxpayers may avoid the requirement to pledge assets. Dixie Toga has secured a court injunction that avoids the current requirement to pledge assets as security for its lawsuit related to the 1996-2001 assessments.

The Company strongly disagrees with the City s position and intends to vigorously challenge any assessments by the City of São Paulo. The Company is unable at this time to predict the ultimate outcome of the controversy and as such has not recorded any liability related to this matter. An adverse resolution could be material to the consolidated results of operations and/or cash flows of the period in which the matter is resolved.

On September 18, 2007, the Secretariat of Economic Law (SDE), a governmental agency in Brazil, initiated an investigation into possible anti-competitive practices in the Brazilian flexible packaging industry against a number of Brazilian companies including a Dixie Toga subsidiary. The investigation relates to periods prior to the Company s acquisition of control of Dixie Toga and its subsidiaries. Given the preliminary nature of the proceedings the Company is unable at the present time to predict the outcome of this matter.

The Company and its subsidiary, Morgan Adhesives Company, have been named as defendants in thirteen civil lawsuits related to an investigation that was initiated and subsequently closed by the U.S. Department of Justice without any further action. Six of these lawsuits purport to represent a nationwide class of labelstock purchasers, and each alleges a conspiracy to fix prices within the self-adhesive labelstock industry. The first of these lawsuits was filed on May 27, 2003. In these lawsuits, the plaintiffs seek actual damages for the period of the alleged conspiracy (January 1, 1996 through July 25, 2003) trebled, plus an award of attorneys fees and costs. On November 5, 2003, the Judicial Panel on MultiDistrict Litigation issued a decision consolidating all of the federal class actions for pretrial purposes in the United States District Court for the Middle District of Pennsylvania, before the Honorable Chief Judge Vanaskie. On November 20, 2007, the Court granted plaintiffs motion for class certification. On March 6, 2008, the Third Circuit Court of Appeals denied Defendant s petition for leave to appeal the district court s decision granting class certification. On June 24, 2008, the Court in the consolidated federal class actions issued a decision dismissing the Company from those actions. On January 27, 2009, the defendants filed a motion to decertify the class based on new case law in the Third Circuit. At this time, a discovery cut-off has been set for

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December 21, 2009. However, no trial date has been set. The Company and Morgan Adhesives Company have also been named in three lawsuits filed in the California Superior Court in San Francisco. These three lawsuits, which have been consolidated, seek to represent a class of all California indirect purchasers of labelstock and each alleges a conspiracy to fix prices within the self-adhesive labelstock industry. Finally, the Company has been named in one lawsuit in Vermont, seeking to represent a class of all Vermont indirect purchasers of labelstock, one lawsuit in Nebraska seeking to represent a class of all Nebraska indirect purchasers of labelstock, one lawsuit in Kansas seeking to represent a class of all Kansas indirect purchasers of labelstock, and one lawsuit in Tennessee, seeking to represent a class of purchasers of labelstock in various jurisdictions, all alleging a conspiracy to fix prices within the self-adhesive labelstock industry. The Company and Morgan Adhesives Company intend to vigorously defend the state class actions, and Morgan Adhesives Company intends to vigorously defend the federal class actions.

Given the ongoing status of the class-action civil lawsuits, the Company is unable to predict the outcome of these matters although the effect could be material to the results of operations and/or cash flows of the period in which the matter is resolved. The Company is currently not otherwise subject to any pending litigation other than routine litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on the business, results of operations, financial position, or liquidity of the Company.

ITEM 4 SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of security holders during the fourth quarter of 2008.

PART II ITEMS 5, 6, 7, 7A, 8, 9, 9A, and 9B

ITEM 5 MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company s common stock is traded on the New York Stock Exchange under the symbol BMS. On December 31, 2008, there were 3,920 registered holders of record of our common stock. The Company did not repurchase any of its equity securities in the fourth quarter of the fiscal year ended December 31, 2008. As of December 31, 2008, under authority granted by the Board of Directors, the Company may repurchase an additional 4,074,886 shares of its common stock.

Dividends paid and the high and low common stock prices per share were as follows:

For the Quarterly Periods Ended:	**March 31**	**June 30**	**September 30**	**December 31**
2008				
Dividend paid per common share	$ 0.22	$ 0.22	$ 0.22	$ 0.22
Common stock price per share				
High	$ 27.87	$ 27.86	$ 29.70	$ 27.02
Low	$ 22.50	$ 22.40	$ 21.82	$ 20.62

2007								
Dividend paid per common share	$	0.21	$	0.21	$	0.21	$	0.21
Common stock price per share								
High	$	36.53	$	34.81	$	34.53	$	29.92
Low	$	31.92	$	31.95	$	28.01	$	25.53
2006								
Dividend paid per common share	$	0.19	$	0.19	$	0.19	$	0.19
Common stock price per share								
High	$	34.25	$	33.10	$	33.28	$	34.99
Low	$	27.86	$	28.84	$	28.54	$	32.45

Equity compensation plans as of December 31, 2008, were as follows:

Plan Category	**Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)**		**Weighted-average exercise price of outstanding options, warrants and rights (b)**	**Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)**
Equity compensation plans approved by security holders	4,731,752(1)	$	19.75(2)	5,915,585(3)
Equity compensation plans not approved by security holders	0		N/A	0
Total	4,731,752(1)	$	19.75(2)	5,915,585(3)

(1) Includes outstanding options and restricted stock units.

(2) Represents weighted-average exercise price of outstanding options only. Restricted stock units do not have an exercise price.

(3) May be issued as options or restricted stock units.

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ITEM 6 SELECTED FINANCIAL DATA

FIVE-YEAR CONSOLIDATED REVIEW

(dollars in millions, except per share amounts)

Years Ended December 31,	2008	2007	2006	2005	2004
Operating Data					
Net sales	$ 3,779.4	$ 3,649.3	$ 3,639.4	$ 3,474.0	$ 2,834.4
Cost of products sold and other expenses	3,477.5	3,313.1	3,304.3	3,158.9	2,525.2
Interest expense	39.4	50.3	49.3	38.7	15.5
Income before income taxes	262.5	285.9	285.8	276.4	293.7
Provision for income taxes	96.3	104.3	109.5	113.9	113.7
Net income	166.2	181.6	176.3	162.5	180.0
Net income as a percent of net sales	4.4%	5.0%	4.8%	4.7%	6.3%
Common Share Data					
Basic earnings per share	$ 1.67	$ 1.76	$ 1.68	$ 1.53	$ 1.68
Diluted earnings per share	1.65	1.74	1.65	1.51	1.67
Dividends per share	0.88	0.84	0.76	0.72	0.64
Book value per share	13.50	15.40	14.04	12.81	12.23
Stock price/earnings ratio range	13-18x	15-21x	17-21x	16-21x	14-18x
Weighted-average shares outstanding for computation of diluted earnings per share	100,969,449	104,114,043	106,767,114	107,818,708	107,941,738
Common shares outstanding at December 31,	99,708,191	100,518,355	104,841,576	105,305,975	106,947,128
Capital Structure and Other Data					
Current ratio	2.3x	2.1x	2.0x	2.1x	2.3x
Working capital	$ 560.9	$ 602.4	$ 538.3	$ 513.5	$ 498.9
Total assets	2,822.3	3,191.4	3,039.0	2,964.6	2,486.7
Short-term debt	26.6	67.8	67.6	54.0	5.7
Long-term debt	660.0	775.5	722.2	790.1	533.9
Stockholders equity	1,346.5	1,562.3	1,472.0	1,349.4	1,307.9
Return on average stockholders equity	11.4%	12.0%	12.5%	12.2%	14.7%
Return on average total capital	8.1%	8.6%	8.7%	8.5%	9.7%
Depreciation and amortization	$ 162.0	$ 158.5	$ 152.4	$ 150.8	$ 130.8
Capital expenditures	120.5	178.9	158.8	187.0	134.5
Number of common stockholders	3,920	4,111	4,192	4,359	4,465
Number of employees	15,394	15,678	15,736	15,903	11,907

ITEM 7 MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management s Discussion and Analysis

Three Years Ended December 31, 2008

Management s Discussion and Analysis should be read in conjunction with the Consolidated Financial Statements and related Notes included in Item 8 of this Annual Report on Form 10-K.

Three-year review of results

(dollars in millions)		2008			2007			2006	
Net sales	$	3,779.4	100.0%	$	3,649.3	100.0%	$	3,639.4	100.0%
Cost of products sold		3,131.4	82.9		2,973.3	81.5		2,942.7	80.9
Gross margin		648.0	17.1		676.0	18.5		696.7	19.1
Selling, general, and administrative expenses		342.7	9.1		341.6	9.4		336.4	9.2
All other expenses		42.8	1.1		48.5	1.3		74.5	2.0
Income before income taxes		262.5	6.9		285.9	7.8		285.8	7.9
Provision for income taxes		96.3	2.5		104.3	2.9		109.5	3.1
Net income	$	166.2	4.4%	$	181.6	5.0%	$	176.3	4.8%
Effective income tax rate			36.7%			36.5%			38.3%

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Overview

Bemis Company, Inc. is a leading global manufacturer of flexible packaging and pressure sensitive materials supplying a variety of markets. Generally about 60 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. Other markets into which we sell our flexible packaging products include medical devices, personal care, and lawn and garden. Our emphasis on supplying packaging to the food industry has historically provided a more stable market environment for our flexible packaging business segment, which accounts for about 83 percent of our net sales. The remaining 17 percent of our net sales is from the 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.

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 that are less unique but 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, paper, ink, and adhesives.

Market Conditions

During 2008, economic conditions continued to weaken and global financial markets experienced a significant liquidity crisis. Governments around the world have responded to the financial crisis with funding support for their regional financial systems. Consumer spending declined and unemployment in the United States increased. The housing and automotive markets continue to be weak. Commodity prices hit historically high levels during the second and third quarters of 2008, resulting in increased raw material and energy costs for manufacturers. Some of the commodity grade raw material costs steadily decreased throughout the fourth quarter as the global financial crisis widened. Our raw material costs hit historic highs during the year, but by the end of the year certain material costs had declined to early 2007 levels. While lower raw material costs benefit operating profit on a short-term basis, our selling prices will decrease to reflect these lower costs over a few months.

Restructuring and Related Charges

In January 2006, we announced the planned closure of five flexible packaging facilities and one pressure sensitive materials facility in order to consolidate production capacity and improve overall cost structure and efficiency. These efforts were substantially complete as of December 31, 2006. Total remaining costs incurred in 2007 were substantially offset by restructuring related gains. Restructuring and related charges incurred in 2006 totaled $31.2 million, of which $12.9 million primarily reflected accelerated depreciation and was recorded as a component of cost of products sold. The remaining $18.3 million primarily reflected employee-related costs and was recorded as a component of other costs (income).

Acquisitions

In April 2006, we acquired the remaining shares of our three majority-owned joint ventures in Mexico for $6.8 million.

Results of Operations

Consolidated Overview

(in millions, except per share amounts)	2008	2007	2006
Net sales	$ 3,779.4	$ 3,649.3	$ 3,639.4
Net income	166.2	181.6	176.3
Diluted earnings per share	1.65	1.74	1.65

2008 versus 2007

For the year ended December 31, 2008, net sales increased 3.6 percent, reflecting increased raw material costs incorporated into higher selling prices during the year. Unit volume sold into certain food packaging markets increased compared to 2007, while unit volumes declined in advertising, display film, and construction-related markets that are more sensitive to economic conditions. Currency translation benefits increased net sales by 1.7 percent.

Diluted earnings per share were $1.65 for 2008, a 5.2 percent decrease compared to $1.74 per share for 2007. In 2007, diluted earnings per share included $0.02 per share tax benefit related to dividends from foreign subsidiaries. Higher raw material costs in 2008 negatively impacted gross margins.

2007 versus 2006

For the year ended December 31, 2007, net sales increased 0.3 percent, reflecting a net sales benefit from currency translation of 3.4 percent, offset by a 3.1 percent decrease in net sales related to lower unit sales volume.

Diluted earnings per share were $1.74 for 2007, including a $0.02 per share tax benefit related to dividends from foreign subsidiaries. In 2006, diluted earnings per share were $1.65 for 2006, including $0.18 per share of restructuring and related charges.

Flexible Packaging Business Segment

Our flexible packaging business segment provides packaging to a variety of end markets, including meat and cheese, confectionery and snack, frozen foods, lawn and garden, health and hygiene, beverages, medical devices, bakery, and dry foods. The most significant raw materials used in this business segment are polymer resins, which we use to develop and manufacture single layer and multilayer film products. Selling price changes lag behind changes in our raw material costs. During 2008, resin costs dramatically increased during the second and third quarters. Certain commodity resin costs subsequently decreased during the fourth quarter. The magnitude and frequency of these cost changes negatively impacted operating profit during 2008.

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In January of 2006, we announced a restructuring plan to close five flexible packaging plants in order to consolidate production capacity and improve overall cost structure and efficiency throughout this business segment. These efforts were substantially completed by December 31, 2006. Restructuring and related charges for the flexible packaging business segment totaled $29.0 million in 2006.

(dollars in millions)	**2008**	**2007**	**2006**
Net sales	$ 3,153.2	$ 3,001.8	$ 3,000.1
Operating profit (See Note 12 to the Consolidated Financial Statements)	315.9	346.6	335.1
Operating profit as a percentage of net sales	10.0%	11.5%	11.2%

2008 versus 2007

Net sales in our flexible packaging business segment increased 5.0 percent in 2008, principally reflecting the impact of higher selling prices. Currency effects accounted for sales growth of 1.4 percent during 2008. Increases in net sales of packaging for meat and cheese, dairy and liquids, bakery products, and medical products markets reflected higher unit volume. These markets represent approximately 48 percent of total flexible packaging net sales. Net sales also increased in packaging for dry foods, health and hygiene, and industrial product markets, driven primarily by higher selling prices. These markets represent approximately 22 percent of flexible packaging net sales. We experienced lower net sales in the remaining 30 percent of our flexible packaging market categories as a result of lower unit volume. These lower volume markets include confectionery and snack markets, pet products, overwrap film for bottled water, frozen foods, lawn and garden, and protective display films. Non-discretionary food markets have historically provided defensive characteristics during times of economic weakness. Markets for protective display films and packaging for discretionary food and consumer products have been negatively impacted during the recent economic downturn. We expect these trends to continue until the economy begins to strengthen and consumer confidence improves.

Operating profit as a percentage of net sales decreased to 10.0 percent in 2008 from 11.5 percent in 2007. Restructuring and related activities increased 2007 operating income by $1.5 million. Raw material prices increased substantially during the first eight months of 2008, and many specialty materials used in our food packaging products maintained those prices through the end of the year. Our method of passing these input costs on to customers through increased selling prices normally occurs with a several month lag and pressures operating profit margins during that period.

2007 versus 2006

Net sales in our flexible packaging business segment were virtually unchanged from 2006 to 2007. A benefit from currency translation of 3.1 percent was completely offset by weak demand across many of our packaging markets. Net sales of packaging for meat and cheese, which represent about 30 percent of our flexible packaging net sales, decreased about 3 percent excluding the impact of currency. Packaging for bakery products and dry foods, for which consumer demand has been impacted by increased wheat prices, experienced a drop in net sales of about 10 percent from 2006 levels. Packaging for pet products and industrial products also decreased over 9 percent in 2007. Packaging for bakery, dry foods, pet products, and industrial products represents about 17 percent of flexible packaging net sales. Growth in other flexible packaging markets representing a combined 17 percent of total flexible packaging net sales substantially offset the impact of these decreases. Packaging for dairy and liquid products and overwrap for bottled beverages each increased by about 11 percent. Net sales of medical device packaging increased almost 6 percent compared to 2006, despite a slowdown related to a period of manufacturing shutdown during 2007 in order to move equipment to a new facility in Northern Ireland.

Operating profit as a percentage of net sales increased to 11.5 percent in 2007 from 11.2 percent in 2006. Restructuring and related activities resulted in $1.5 million of operating income in 2007 and a $29.0 million reduction in operating profit in 2006. During 2007, operating profit was negatively impacted by the lower unit sales volume noted in the previous paragraph and a steady increase in raw material costs.

Pressure Sensitive Materials Business Segment

The pressure sensitive materials business segment offers adhesive products to three markets: prime and variable information labels, which include roll label stock used in a wide variety of label markets; graphic design, used to create signage and decorations; and technical components, which represent pressure sensitive components for industries such as the electronics, automotive, construction and medical industries.

Paper and adhesive are the primary raw materials used in our pressure sensitive materials business segment. For the last several years, general economic conditions and competitive pressures have had a greater influence on selling prices and operating performance than raw material costs.

In January of 2006, we announced a restructuring plan which included the closure of one pressure sensitive materials plant in order to consolidate production capacity and improve overall cost structure and efficiency. This effort was completed by December 31, 2006. Restructuring and related charges incurred for this business segment totaled $1.0 million in 2006. These costs were primarily employee-related costs and were recorded as a component of other costs (income), net.

(dollars in millions)	**2008**	**2007**	**2006**
Net sales	$ 626.2	$ 647.5	$ 639.3
Operating profit (See Note 12 to the Consolidated Financial Statements)	34.3	40.3	50.1
Operating profit as a percentage of net sales	5.5%	6.2%	7.8%

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2008 versus 2007

Our pressure sensitive materials business segment reported a net sales decrease of 3.3 percent in 2008, reflecting a benefit from currency translation of 2.8 percent which was more than offset by lower unit sales. Unit volumes declined in each of our pressure sensitive product lines, partially offset by increased label products prices and improved sales mix for technical products. Our label and graphic product lines represent 88 percent of our 2008 pressure sensitive materials net sales. Demand for these products in the discretionary consumer and advertising markets declined during the recent global economic downturn.

Operating profit as a percent of net sales was lower in 2008 compared to 2007, reflecting decreased unit sales volumes across all product lines. Due to the nature of the markets served by this business segment, we expect operating profit as a percent of net sales to continue to decline until global economic conditions improve.

2007 versus 2006

Our pressure sensitive materials business segment reported a net sales increase of 1.3 percent in 2007, reflecting a benefit from currency translation of 4.5 percent, substantially offset by lower unit sales for label and technical products. Increased industry capacity for label products dampened unit sales volume and pricing during 2007, resulting in a 4 percent decrease in net sales of label products, excluding the impact of currency. Technical product net sales decreased by over 8 percent as customers faced economic challenges associated with the housing and medical markets. Graphic product net sales increased by about 5 percent during 2007.

Operating profit as a percent of net sales was lower in 2007 compared to 2006, reflecting decreased sales of value-added technical products and a lower margin sales mix in our graphic product sales.

Consolidated Gross Margin

(dollars in millions)	2008	2007	2006
Gross margin	$ 648.0	$ 676.0	$ 696.7
Gross margin as a percentage of net sales	17.1%	18.5%	19.1%

Restructuring and related charges reduced gross margins by $0.3 million in 2007 and $12.9 million in 2006. There were no restructuring charges during 2008. The time lag between increases in raw material costs and the implementation of related selling price increases negatively impacted gross margins as a percent of net sales in each of the years presented. In addition, lower production volume associated with weak consumer demand for products in our markets reduced fixed cost absorption during 2007 and 2008. The impact of these cost pressures was partially offset by ongoing initiatives to improve production efficiency and cost management during the same timeframe.

Consolidated Selling, General and Administrative Expenses

(dollars in millions)	2008	2007	2006
Selling, general and administrative expenses (SG&A)	$ 342.7	$ 341.6	$ 336.4
SG&A as a percentage of net sales	9.1%	9.4%	9.2%

Selling, general and administrative expenses have remained relatively stable over the past few years, reflecting management s focus on cost management. The decline in the ratio of these expenses to net sales was driven by higher selling prices included in net sales over these time periods.

Other Expenses

(dollars in millions)	2008	2007	2006
Research and development (R&D)	$ 25.0	$ 26.0	$ 25.0
R&D as a percentage of net sales	0.7%	0.7%	0.7%
Interest expense	$ 39.4	$ 50.3	$ 49.3
Other costs (income), net	(27.6)	(31.5)	(3.3)
Minority interest in net income	6.0	3.7	3.5
Income taxes	96.3	104.3	109.5
Effective tax rate	36.7%	36.5%	38.3%

Research and Development

Our efforts to introduce new products continue at a steady pace and are an integral part of our daily plant operations. Our research and development engineers work directly on commercial production equipment, bringing new products to market without the use of pilot equipment. We believe this approach significantly improves the efficiency, effectiveness, and relevance of our research and development activities and results in earlier commercialization of new products. Expenditures that are not distinctly identifiable as research and development costs are included in costs of products sold.

Interest Expense

Interest expense decreased by $10.9 million during 2008, reflecting lower levels of debt outstanding and lower average interest rates. The percentage of variable rate debt included in total debt is 55 percent in 2008, 64 percent in 2007, and 59 percent in 2006. The effective interest rate was 4.8 percent in 2008, 5.9 percent in 2007, and 5.9 percent in 2006.

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Other Costs (Income), Net

In 2008, other costs (income) included $33.5 million of financial income, about 40 percent of which relates to interest income on cash held at non-U.S. locations. The use of cash on hand for debt reduction during the fourth quarter of 2008 is expected to result in lower interest income during 2009. The remainder of the financial income is generated from fiscal incentives for certain flexible packaging locations and is considered as a part of flexible packaging operating profit. These fiscal incentives are associated with net sales in South America and are expected to continue to grow at a modest pace over the next few years in conjunction with sales growth in that region. Transaction losses on foreign currency totaling $6.8 million offset financial income in 2008. Of this total, $6.1 million of transaction losses were recorded during the fourth quarter as dramatic changes in currency exchange rates occurred as a result of the global financial crisis.

In 2007, other costs (income) included $28.3 million of financial income, about half of which related to interest income on cash held at non-U.S. locations. In 2006, other costs (income) included $18.3 million of restructuring and related charges, which were more than offset by financial income of $18.0 million and a $4.5 million favorable resolution of a litigated foreign excise tax liability.

Minority Interest in Net Income

Minority interest in net income is primarily associated with the accounting for the outstanding preferred shares of Dixie Toga, our Brazilian flexible packaging subsidiary.

Income Taxes

The difference between our overall tax rate of 36.7 percent in 2008, 36.5 percent in 2007, and 38.3 percent in 2006 and the U.S. statutory rate of 35 percent in each of the three years presented principally relates to state and local income taxes net of federal income tax benefits. The lower effective tax rates in 2008 and 2007 as compared to 2006 reflect benefits related to dividends from a foreign subsidiary, the increasing impact of U.S. tax incentives for manufacturing companies, and a change in the geographic mix of pretax income.

Liquidity and Capital Resources

Sources of Liquidity

In the second half of 2008, global financial markets experienced a liquidity crisis. This crisis resulted in a substantial reduction in available funding for commercial banks and corporate debt issuers. Governments around the world have responded with funding support for their regional financial systems. Despite this government intervention, capital market financing has become less available and more expensive. We use commercial paper to finance our daily operations. Our strong balance sheet and short-term A-1/P-2 credit ratings have preserved our ability to access the commercial paper market at a reasonable cost. If the commercial paper market becomes unavailable to us, we would expect to use our revolving bank credit facilities to finance our operations until the commercial paper market is restored or alternative financing can be arranged.

Debt to Total Capitalization

Debt to total capitalization (which includes total debt, long-term deferred tax liabilities and equity) was 32.0 percent at December 31, 2008, compared to 32.9 percent at December 31, 2007 and 33.0 percent at December 31, 2006. Improvement in this ratio was driven by debt repayments, partially offset by reductions to stockholders equity for pension and currency translation effects. Total debt was $686.6 million, $843.3 million, and $789.8 million at year-end 2008, 2007 and 2006, respectively.

Credit Rating

Our capital structure and financial practices have earned Bemis Company long-term credit ratings of A from Standard & Poor s and Baa1 from Moody s Investors Service, and a credit rating of A-1 and Prime-2 for our commercial paper program from Standard & Poor s and Moody s Investor Service, respectively. These credit ratings are important to our ability to issue commercial paper at favorable rates of interest.

Net Cash Flow from Operations

Net cash provided by operations was $293.6 million for the year ended December 31, 2008, compared to $406.2 million in 2007 and $349.0 million in 2006. During 2008, cash flow was negatively impacted by lower operating profit and higher levels of working capital compared to 2007. Working capital increases during 2008 reflect the impact of higher raw material costs on inventory and increased selling prices on accounts receivable. Net cash provided by operations in the year ended December 31, 2006, was reduced by voluntary pension contributions to our U.S. pension plans of $24.0 million. Contributions of $2.3 million and $1.1 million were made to our U.S. pension plans in 2008 and 2007, respectively. We expect to contribute approximately $30 million to our U.S. pension plans in 2009. We expect to fund this contribution with cash provided by operations.

Available Financing

In addition to using cash provided by operations, we issue commercial paper to meet our short-term liquidity needs. At year-end, our commercial paper debt outstanding was $330.8 million. Based upon our current credit rating, we enjoy ready access to the commercial paper markets. During the fourth quarter of 2008, the global financial crisis threatened to eliminate liquidity in the commercial paper market. While not anticipated, if these markets were to become illiquid or if a credit rating downgrade limited our ability to issue commercial paper, we would draw upon our existing back-up credit facility. Under the terms of our revolving credit agreements, we have the capacity to borrow up to $625 million, of which $425 million matures April 28, 2013, and $200 million matures April 28, 2009. These facilities are primarily used to support our issuance of commercial paper. Our revolving credit facilities are supported by a group of major U.S. and international banks. Covenants imposed by these revolving credit facilities include limits on the sale of businesses, minimum net worth calculations, and a maximum ratio of debt to total capitalization. The revolving credit agreements include a combined $100 million multicurrency limit to support the financing needs of our international subsidiaries. In addition, we have arrangements in place to issue up to $100 million of Extendable Commercial Notes (ECNs), which are short-term instruments whose

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maturity can be extended to 390 days from the date of issuance. As of December 31, 2008, the ECN market was unavailable due to unfavorable market conditions. If these revolving credit facilities and ECNs were no longer available to us, we would expect to meet our financial liquidity needs by accessing the bank market, which would increase our borrowing costs. Borrowings under the credit agreement are subject to a variable interest rate.

Commercial paper outstanding at December 31, 2008, has been classified as long-term debt in accordance with our intention and ability to refinance such obligations on a long-term basis. The related back-up credit agreement expires on April 28, 2013.

On August 15, 2008, notes totaling $250 million matured and were repaid using proceeds from the issuance of commercial paper. On December 31, 2008, our revolving credit facilities supported total commercial paper outstanding of $330.8 million, industrial revenue bond outstanding of $8.0 million, and multicurrency loans outstanding of $5.8 million. As a result, we had the capacity to borrow an additional $280.4 million under the credit facility as of December 31, 2008. Of this available liquidity, $200 million of revolving credit facilities mature on April 28, 2009. While cash flows from operations are expected to provide sufficient liquidity to meet our cash obligations projected for 2009, we will continue to evaluate the need to refinance this excess revolving credit capacity in light of existing capital market conditions and updated liquidity needs.

Liquidity Outlook

Management expects cash flow from operations and available liquidity described above to be sufficient to support operations going forward. Our liquidity has not been materially impacted by the current credit environment or the recent economic slowdown, and we do not expect that it will be materially impacted in the near future. There can be no assurance, however, that the cost or availability of future borrowings will not be impacted by ongoing capital market disruptions. In addition, substantial increases in raw material costs could increase our short term liquidity needs.

Uses of Liquidity

Capital Expenditures

Capital expenditures were $120.5 million during 2008, compared to $178.9 million in 2007, and $158.8 million in 2006. Capital expenditures during the years presented supported multiyear investments for new facilities and equipment for the medical and pharmaceutical markets, a platform for rigid polyester packaging products, additional converting equipment in our Malaysian operation, proprietary film production capacity for European markets, and a new enterprise resource planning system. Capital expenditures for 2009 are estimated to be approximately $105 million. Over the long-term, we expect average annual capital expenditures to be approximately equivalent to total annual depreciation and amortization expenses. We expect to fund 2009 capital expenditures with cash provided by operating activities.

Dividends

We increased our quarterly cash dividend by 4.8 percent during the first quarter of 2008 to 22 cents per share from 21 cents per share. This follows increases of 10.5 percent in 2007 and 5.6 percent in 2006. In February 2009, the Board of Directors approved the 26th consecutive annual increase in the quarterly cash dividend on common stock to 22.5 cents per share, a 2.3 percent increase.

Share Repurchases

During 2008, we purchased 1.0 million shares of common stock in the open market. During 2007, we purchased 5.15 million shares of common stock, of which 4.0 million shares were repurchased in conjunction with an accelerated share repurchase program. The remaining 1.15 million shares were purchased in the open market. During 2006, we purchased 0.6 million shares of common stock in the open market. As of December 31, 2008, we were authorized to purchase up to 4.1 million additional shares of common stock for the treasury.

Contractual Obligations

The following table provides a summary of contractual obligations including our debt payment obligations, capital lease obligations, operating lease obligations, and certain other purchase obligations as of December 31, 2008.

Contractual Payments Due by Period

(in millions)	Total	Less than 1 year	1 to 3 years	3 to 5 years	More than 5 years
Debt payments (1)	$ 686.6	$ 26.6	$ 21.1	$ 638.9	$ 0.0
Interest expense (2)	91.9	26.8	49.8	15.3	0.0
Capital leases (3)	0.1	0.1	0.0	0.0	0.0
Operating leases (4)	25.6	6.8	8.6	4.5	5.8
Purchase obligations (5)	149.1	146.8	1.4	0.1	0.8
Postretirement obligations (6)	53.0	4.4	15.9	12.6	20.1

Pursuant to the application of FIN 48, the Company has accrued income tax liabilities associated with uncertain tax positions. These liabilities have been excluded from the table above due to the high degree of uncertainty as to amounts and timing regarding future payments. See Note 10 of the Consolidated Financial Statements for additional information.

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(1) These amounts are included in our Consolidated Balance Sheet. A portion of this debt is commercial paper backed by a bank credit facility that expires on April 28, 2013.

(2) A portion of the interest expense disclosed is subject to variable interest rates. The amounts disclosed above assume that variable interest rates are equal to rates at December 31, 2008.

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(3) Amount noted also includes estimated interest costs. The present value of these obligations, excluding interest, is included on our Consolidated Balance Sheet. See Note 11 to the Consolidated Financial Statements for additional information about our capital lease obligations.

(4) We enter into operating leases in the normal course of business. Substantially all lease agreements have fixed payment terms based on the passage of time. Some lease agreements provide us with the options to renew the lease. Our future operating lease obligations would change if we exercised these renewal options and if we entered into additional operating lease agreements.

(5) Purchase obligations represent contracts or commitments for the purchase of raw materials, utilities, capital equipment and various other goods and services.

(6) Postretirement obligations represent contracts or commitments for postretirement healthcare benefits and benefit payments for the unfunded Bemis Supplemental Retirement Plan. See Note 6 to the Consolidated Financial Statements for additional information about our postretirement benefit obligations.

Interest Rate Swaps

As of December 31, 2007, our long-term unsecured notes included $250 million due in August 2008. In September 2001, we entered into interest rate swap agreements with two U.S. banks, which increased our exposure to variable rates. We generally prefer variable rate debt since it has been our experience that borrowing at variable rates is less expensive than borrowing at fixed rates over the long term. These interest rate swap agreements, which expired on the date the related notes matured in August 2008, reduced the interest cost of the notes from 6.5 percent to about 6.0 percent in 2008 and 6.0 percent in 2007. Since these variable rates are based upon six-month London Interbank Offered Rates (LIBOR), calculated in arrears, at the semiannual interest payment dates of the corresponding notes, increases in short-term interest rates will directly impact the amount of interest we pay.

Accounting principles generally accepted in the U.S. (GAAP) require that the fair value of these swaps, which were designated as hedges of our fixed rate unsecured notes outstanding, be recorded as an asset or liability of the Company. The fair value of these swaps was recorded as an asset of $3.3 million at December 31, 2007. An offsetting increase was recorded in the fair value of the related long-term notes outstanding. This fair value adjustment did not impact the actual balance of outstanding principal on the notes, nor did it impact the income statement or related cash flows.

Market Risks and Foreign Currency Exposures

We enter into contractual arrangements (derivatives) in the ordinary course of business to manage foreign currency exposure and interest rate risks. We do not enter into derivative transactions for trading purposes. Our use of derivative instruments is subject to internal policies that provide guidelines for control, counterparty risk, and ongoing reporting. These derivative instruments are designed to reduce the income statement volatility associated with movement in foreign exchange rates, establish rates for future issuance of public notes, and to achieve greater exposure to variable interest rates.

Interest expense on our outstanding debt is substantially subject to short-term interest rates. As such, increases in short-term interest rates will directly impact the amount of interest we pay. For each one percent increase in variable interest rates, the annual interest expense on $380.7 million of variable rate debt outstanding would increase by $3.8 million.

Our international operations enter into forward foreign currency exchange contracts to manage foreign currency exchange rate exposures associated with certain foreign currency denominated receivables and payables. At December 31, 2008 and 2007, we had outstanding forward exchange contracts with notional amounts aggregating $1.9 million and $5.0 million, respectively. Forward exchange contracts generally have maturities of less than six months. Counterparties to the forward exchange contracts are major financial institutions. Credit loss from counterparty nonperformance is not anticipated. We have not designated these derivative instruments as hedging instruments. The net settlement amount (fair value) related to the active forward foreign currency exchange contracts is insignificant and recorded on the balance sheet within current liabilities and as an element of other costs (income), net, which offsets the related transactions gains and losses on the related foreign denominated asset or liability.

Our business in Brazil holds U.S. dollar denominated debt which creates exposure to changes in currency rates when compared to its functional currency of the Brazilian real. In order to hedge this exposure, we enter into currency swaps with maturities that match the underlying debt, effectively converting a portion of the U.S. denominated debt to the local currency. We have not designated these derivative instruments as hedging instruments. At December 31, 2008 and 2007, we had outstanding currency swap contracts with notional amounts aggregating $24.6 million and $49.6 million, respectively. The net settlement amounts (fair value) related to active swap contracts is recorded on the balance sheet as part of the underlying debt and as an expense element of other costs (income), net, which offsets the related transaction gains or losses and were not significant at December 31, 2008 and 2007.

The operating results of our international operations are recorded in local currency and translated into U.S. dollars for consolidation purposes. The impact of foreign currency translation on net sales was an increase of $60.5 million in 2008 and $123.2 million in 2007. Operating profit improved by approximately $5.9 million in 2008 and $9.6 million in 2007 as a result of the positive effect of foreign currency translation.

Stockholders equity includes adjustments to other comprehensive income for changes in currency translation for consolidated balance sheet accounts. The impact of currency translation during 2008 was a reduction in stockholders equity totaling $183.2 million.

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The majority of our pension liabilities are funded with assets that are invested in equity and fixed income securities whose market values are readily available from published market sources. During 2008, the market value of these assets declined in conjunction with the global economic downturn. This decline in market value is the principal reason that pension expense in 2009 is expected to increase by approximately $9.7 million. As of December 31, 2008, the unfunded portion of our pension liabilities increased by $164.1 million compared to the balance as of December 31, 2007. The after-tax impact of this increased liability is a charge to other comprehensive income of $99.5 million, which is reflected as reduction in stockholders equity at December 31, 2008.

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 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.

We believe the following are critical accounting estimates used in the preparation of our consolidated financial statements.

- The calculation of annual pension costs and related assets and liabilities; and
- The valuation and useful lives of intangible assets and goodwill.

Accounting for pension costs

We account for our defined benefit pension plans in accordance with FAS No. 87, *Employers Accounting for Pensions*, as amended by FAS No. 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans*, which requires that amounts recognized in financial statements be determined on an actuarial basis. FAS No. 158 requires us to recognize the overfunded or underfunded status of the pension plans on our balance sheet. A substantial portion of our pension amounts relate to our defined benefit plans in the United States.

Net periodic pension costs recorded in 2008 was $10.5 million, compared to pension cost of $15.2 million in 2007 and $17.7 million in 2006. Effective January 1, 2006, our U.S. defined benefit pension plans were amended for approximately two-thirds of the participant population. For those employees impacted, future pension benefits were replaced with a defined contribution plan which is subject to achievement of certain financial performance goals of the Company. As a result, future pension liability is no longer adjusted for additional years of service for those employees impacted by the amendment and the related service cost and pension expense have decreased.

One element used in determining annual pension income and expense in accordance with accounting rules is the expected return on plan assets. As of January 1, 2008, in conjunction with a change in the allocation of the U.S. pension assets to equity investments from 80 percent to 70 percent of total assets, we reduced our expected long-term rate of return on plan assets to 8.50 percent. For the years 2006 and 2007, we maintained a target allocation to equity investments of 80 percent of total assets and had assumed that the expected long-term rate of return on plan assets would be 8.75 percent.

To develop the expected long-term rate of return on assets assumption, we considered compound historical returns and future expectations based upon our target asset allocation. Using historical long-term investment periods of 10, 15, 20 and 25 years ending December 31, 2008, our pension plan assets have earned annualized rates of return of 0.5 percent, 6.4 percent, 7.7 percent, and 8.9 percent, respectively. This is a substantial decline from the annualized long-term investment returns as of December 31, 2007 of 6.3 percent, 9.0 percent, 9.8 percent and 10.5 percent. This decline reflects substantially lower investment market values on U.S. pension assets during 2008. Considering these long-term results, we further reduced our expected return on assets assumption to 8.25 percent as of January 1, 2009. Using our target asset allocation of plan assets of 70 percent equity securities and 30 percent fixed income securities, our outside actuaries have used their independent economic model to calculate a range of expected long-term rates of return and have determined our assumptions to be reasonable.

This assumed long-term rate of return on assets is applied to a calculated value of plan assets, which recognizes changes in the fair value of plan assets in a systematic manner over approximately three years. This process calculates the expected return on plan assets that is included in pension income or expense. The difference between this expected return and the actual return on plan assets is generally deferred and recognized over subsequent periods. The net deferral of asset gains and losses affects the calculated value of pension plan assets and, ultimately, future pension income and expense.

At the end of each year, we determine the discount rate to be used to calculate the present value of pension plan liabilities. This discount rate is an estimate of the current interest rate at which the pension liabilities could be effectively settled at the end of the year. In estimating this rate, we look to changes in rates of return on high quality, fixed income investments that receive one of the two highest ratings given by a recognized ratings agency. At December 31, 2008, for our U.S. defined benefit pension plans we determined this rate to be 6.00 percent, a decrease of one quarter of one percent from the 6.25 percent rate used at December 31, 2007.

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Pension assumptions sensitivity analysis

Based upon current assumptions of 6.00 percent for the discount rate and 8.25 percent for the expected rate of return on pension plan assets, we expect pension expense before the effect of income taxes for 2009 to be in a range of $18 million to $23 million. The following charts depict the sensitivity of estimated 2009 pension expense to incremental changes in the discount rate and the expected long-term rate of return on assets.

(dollars in millions)		**Total increase (decrease) to pension expense from current assumptions**			**Total increase (decrease) to pension expense from current assumptions**
Discount rate			**Rate of Return on Plan Assets**		
5.25 percent		$ 3.6	7.50 percent		$ 3.4
5.50 percent		2.4	7.75 percent		2.2
5.75 percent		1.1	8.00 percent		1.1
6.00 percent	**Current Assumption**	**0.0**	**8.25 percent**	**Current Assumption**	**0.0**
6.25 percent		(1.1)	8.50 percent		(1.1)
6.50 percent		(2.2)	8.75 percent		(2.2)
6.75 percent		(3.4)	9.00 percent		(3.4)

In accordance with FAS No. 158, the amount by which the fair value of plan assets differs from the projected benefit obligation of a pension plan must be recorded on the Consolidated Balance Sheet as an asset, in the case of an overfunded plan, or as a liability, in the case of an underfunded plan. The gains or losses and prior service costs or credits that arise but are not recognized as components of pension cost are recorded as a component of other comprehensive income. The following chart depicts the sensitivity of the total pension adjustment to other comprehensive income to changes in the assumed discount rate.

(dollars in millions)		**Total increase (decrease) in Accumulated Other Comprehensive Income, net of taxes, from current assumptions**
Discount rate		
5.25 percent		$ (45.5)
5.50 percent		(29.7)
5.75 percent		(14.5)
6.00 percent	**Current Assumption**	**0.0**
6.25 percent		13.7
6.50 percent		26.9
6.75 percent		39.6

Intangible assets and goodwill

The purchase price of each new acquisition is allocated to tangible assets, identifiable intangible assets, liabilities assumed, and goodwill. Determining the portion of the purchase price allocated to identifiable intangible assets and goodwill requires us to make significant estimates. The amount of the purchase price allocated to intangible assets is generally determined by estimating the future cash flows of each asset and discounting the net cash flows back to their present values. The discount rate used is determined at the time of the acquisition in accordance with accepted valuation methods.

Goodwill represents the excess of the aggregate purchase price over the fair value of net assets acquired, including intangible assets. We review our goodwill for impairment annually and assess whether significant events or changes in the business circumstances indicate that the carrying value of the goodwill may not be recoverable. The test for impairment requires us to make estimates about fair value, most of which are based on projected future cash flows. Our estimates associated with the goodwill impairment tests are considered critical due to the amount of goodwill recorded on our consolidated balance sheet and the judgment required in determining fair value amounts, including projected future cash flows. Goodwill was $595.5 million as of December 31, 2008.

Intangible assets consist primarily of purchased technology, customer relationships, patents, trademarks, and tradenames and are amortized using the straight-line method over their estimated useful lives, which range from one to 30 years, when purchased. We review these intangible assets for impairment as changes in circumstances or the occurrence of events suggest that the remaining value is not recoverable. The test for impairment requires us to make estimates about fair value, most of which are based on projected future cash flows. These estimates and projections require judgments as to future events, condition and amounts of future cash flows.

New Accounting Pronouncements

In December 2008, the Financial Accounting Standards Board (FASB) issued Staff Position (FSP) No. FAS 132(R)-1, *Employers Disclosures about Postretirement Benefit Plan Assets* (FSP FAS 132(R)), which provides guidance on an employer s disclosures about plan assets of a defined benefit pension or other postretirement plan. This FSP is effective for fiscal years ending after December 15, 2009. We are currently evaluating the impact of adopting FSP FAS 132(R) on our defined benefit pension and other postretirement plan note disclosures.

In June 2008, the FASB issued FSP No. EITF 03-6-1, *Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities* (FSP EITF 03-6-1), which clarified that unvested share-based payment awards that contain nonforfeitable rights to receive dividends or dividend equivalents (whether paid or unpaid) are participating securities, and thus, should be included in the two-class method of computing earnings per share (EPS). As discussed in Note 7, nonforfeitable dividend equivalent payments are made during the grant period on outstanding, unvested performance units. This FSP is effective for fiscal years beginning

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after December 15, 2008, and interim periods within those years, and requires that all prior period EPS data be adjusted retroactively. We are currently evaluating the impact of adopting FSP EITF 03-6-1 on our calculation and disclosure of basic and diluted EPS.

In April 2008, the FASB issued FSP No. FAS 142-3, *Determination of the Useful Life of Intangible Assets* (FSP FAS 142-3), which amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under Statement of Financial Accounting Standards (FAS) No. 142, *Goodwill and Other Intangible Assets*. This FSP is effective for fiscal years beginning after December 15, 2008. As this guidance applies only to assets we may acquire in the future, we are not able to predict the impact, if any, on our consolidated financial statements.

In March 2008, the FASB issued FAS No. 161, *The Disclosures about Derivative Instruments and Hedging Activities* (FAS 161), which requires enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under FAS 133, *Accounting for Derivative Instruments and Hedging Activities,* and (c) how derivative instruments and related hedged items affect an entity s financial position, financial performance, and cash flows. This Statement is effective for fiscal years and interim periods beginning after November 15, 2008. For the Company, FAS No. 161 will be effective at the beginning of its 2009 fiscal year and will result in additional disclosures in notes to the Company s consolidated financial statements.

In December 2007, the FASB issued FAS No. 160, *Noncontrolling Interest in Consolidated Financial Statements, an amendment of ARB No. 51* (FAS 160), which amends ARB No. 51 to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. The standard is effective for the Company on January 1, 2009. We are currently evaluating the impact of adopting FAS 160 on our consolidated statements of financial position, results of operations, and cash flows.

In December 2007, the FASB issued FAS No. 141 (Revised 2007), *Business Combinations* (FAS 141(R)). FAS 141(R) establishes principles and requirements for how an acquirer in a business combination recognizes and measures in its financial statements, the identifiable assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of business combinations. The new standard also requires the expensing of acquisition-related costs as incurred. FAS 141(R) is effective on a prospective basis for financial statements issued for fiscal years beginning after December 15, 2008. Accordingly, any business combination we enter into and/or close after December 31, 2008, will be subject to this new standard. Beginning January 1, 2009, the Company will expense all acquisition-related costs as incurred as well as any capitalized costs related to business combinations that were in process, but not completed by the effective date of FAS 141(R).

In February 2007, the FASB issued FAS No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities-Including an amendment of FASB Statement No. 115* (FAS 159), which permits entities to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing entities with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The standard was effective for the Company on January 1, 2008 and, as permitted, the Company has not elected the fair value option for its financial assets and financial liabilities.

In September 2006, the FASB issued FAS No. 157, *Fair Value Measurements* (FAS 157), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. FAS 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances. In early 2008, the FASB issued FSP No. FAS 157-2, which delays by one year the effective date of

FAS 157 for all non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value in the financial statements on at least an annual basis. The Company adopted FAS 157 on January 1, 2008, as required, with no effect on the measurement of the Company s financial assets and financial liabilities or on its consolidated financial position and results of operations. We are continuing to evaluate the impact the standard will have on the determination of fair value related to non-financial assets and non-financial liabilities in years after 2008.

Forward-looking Statements

This Annual Report 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, or discussion of futu 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.

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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; threats or challenges to our patented or proprietary technologies; raw material costs and availability, particularly for polymer resins and adhesives; the magnitude and volatility of price changes for raw materials and our ability to pass these price changes on to our customers in selling prices or otherwise manage commodity price fluctuation risks; changes in the availability of financing; the presence of adequate cash available for investment in our business in order to maintain desired debt levels; unexpected costs or manufacturing issues related to the implementation of a new enterprise resource system; changes in governmental regulation, especially in the areas of environmental, health and safety matters, and foreign investment; unexpected outcomes in our current and future litigation proceedings and any related proceedings or civil lawsuits; unexpected outcomes in our current and future domestic and international tax proceedings; 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, those described under Item 1A Risk Factors of this Annual Report on Form 10-K 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.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information required by this Item 7A is included in Note 14 to the Consolidated Financial Statements included in Item 8 of this Annual Report on Form 10-K, and under the caption Market Risks and Foreign Currency Exposures which is part of Management s Discussion and Analysis included in Item 7 of this Annual Report on Form 10-K. Based on a sensitivity analysis (assuming a 10 percent adverse change in market rates) of our foreign exchange, currency swaps, and interest rate derivatives and other financial instruments, changes in exchange rates or interest rates would not materially affect our financial position and liquidity. The effect on our results of operations would be substantially offset by the impact of the hedged items.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Management s Responsibility Statement

The management of Bemis Company, Inc. is responsible for the integrity, objectivity, and accuracy of the financial statements of the Company. The financial statements are prepared by the Company in accordance with accounting principles generally accepted in the United States of America, and using management s best estimates and judgments, where appropriate. The financial information presented throughout this Annual Report on Form 10-K is consistent with that in the financial statements.

The management of Bemis Company, Inc. is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the direction, supervision, and participation of the Chief Executive Officer and the Chief Financial Officer, the Company s management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO-Framework). Based on the results of this evaluation management has concluded that internal control over financial reporting was effective as of December 31, 2008. Item 9A of this Annual Report on Form 10-K contains management s favorable assessment of internal controls over financial reporting based on their review and evaluation utilizing the COSO-Framework criteria.

The Audit Committee of the Board of Directors, which is composed solely of outside directors, meets quarterly with management, the Internal Audit Director, the Director of Global Financial Compliance, and independent accountants to review the work of each and to satisfy itself that the respective parties are properly discharging their responsibilities. PricewaterhouseCoopers LLP, the Director of Global Financial Compliance, and the Internal Audit Director have had and continue to have unrestricted access to the Audit Committee, without the presence of Company management.

Henry J. Theisen	Gene C. Wulf	Stanley A. Jaffy
President and	Senior Vice President and	Vice President and
Chief Executive Officer	**Chief Financial Officer**	**Controller**

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Report of Independent Registered Public Accounting Firm

To the Board of Directors of Bemis Company, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of stockholders equity and of cash flow present fairly, in all material respects, the financial position of Bemis Company, Inc. and its subsidiaries at December 31, 2008 and 2007, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control over Financial Reporting appearing under Item 9A in this Annual Report. Our responsibility is to express opinions on these financial statements and on the Company s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As described in Note 5 to the consolidated financial statements, effective December 31, 2006, the Company adopted the provisions of Financial Accounting Standards Board (FASB) Statement No, 158, *Employers Accounting for Defined Benefit Pension and Other Postretirement Plans.* As described in Note 10 to the consolidated financial statements, effective January 1, 2007, the Company adopted the provisions of FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes.*

A company s internal control over financial reporting is a process designed 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. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

PricewaterhouseCoopers LLP
Minneapolis, Minnesota
February 27, 2009

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BEMIS COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(in thousands, except per share amounts)

For the years ended December 31,	2008	2007	2006
Net sales	$ 3,779,373	$ 3,649,281	$ 3,639,363
Costs and expenses:			
Cost of products sold	3,131,341	2,973,329	2,942,650
Selling, general, and administrative expenses	342,737	341,551	336,409
Research and development	25,010	25,983	25,024
Interest expense	39,413	50,268	49,252
Other costs (income), net	(27,653)	(31,455)	(3,308)
Minority interest in net income	6,011	3,751	3,540
Income before income taxes	262,514	285,854	285,796
Provision for income taxes	96,300	104,300	109,500
Net income	$ 166,214	$ 181,554	$ 176,296
Basic earnings per share of common stock	$ 1.67	$ 1.76	$ 1.68
Diluted earnings per share of common stock	$ 1.65	$ 1.74	$ 1.65

See accompanying notes to consolidated financial statements.

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BEMIS COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(dollars in thousands, except per share amounts)

As of December 31,	**2008**	**2007**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 43,454	$ 147,409
Accounts receivable, net	426,888	448,200
Inventories	435,667	478,727
Prepaid expenses	76,649	62,607
Total current assets	982,658	1,136,943
Property and equipment:		
Land and land improvements	43,662	52,129
Buildings and leasehold improvements	466,863	482,005
Machinery and equipment	1,499,621	1,609,424
Total property and equipment	2,010,146	2,143,558
Less accumulated depreciation	(874,664)	(895,102)
Net property and equipment	1,135,482	1,248,456
Other long-term assets:		
Goodwill	595,466	642,507
Other intangible assets	80,773	103,756
Deferred charges and other assets	27,935	59,734
Total other long-term assets	704,174	805,997
TOTAL ASSETS	$ 2,822,314	$ 3,191,396
LIABILITIES AND STOCKHOLDERS EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 18,651	$ 1,758
Short-term borrowings	7,954	66,047
Accounts payable	323,142	384,673
Accrued liabilities:		
Salaries and wages	63,227	70,248
Income taxes	561	2,168
Other	8,246	9,656
Total current liabilities	421,781	534,550
Long-term debt, less current portion	659,984	775,456
Deferred taxes	111,832	155,871
Other liabilities and deferred credits	246,174	124,261
Total liabilities	1,439,771	1,590,138
Minority interest	36,012	38,926
Commitments and contingencies		
Stockholders equity:		
Common stock, $.10 par value:		

Authorized 500,000,000 shares				
Issued 117,130,962 and 116,941,126 shares		11,713		11,694
Capital in excess of par value		345,982		327,387
Retained earnings		1,599,178		1,523,659
Accumulated other comprehensive (loss) income		(112,001)		171,162
Common stock held in treasury, 17,422,771 and 16,422,771 shares, at cost		(498,341)		(471,570)
Total stockholders equity		1,346,531		1,562,332
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	$	2,822,314	$	3,191,396

See accompanying notes to consolidated financial statements.

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BEMIS COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands)

For the years ended December 31,	2008	2007	2006
Cash flows from operating activities:			
Net income	$ 166,214	$ 181,554	$ 176,296
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	162,004	158,546	152,375
Minority interest in net income	6,011	3,751	3,540
Excess tax benefit from share-based payment arrangements	(209)	(5,773)	(926)
Share-based compensation	18,058	16,849	11,694
Deferred income taxes	15,666	5,803	(7,930)
Income of unconsolidated affiliated companies	(919)	(933)	(32)
(Gain) loss on sale of property and equipment	967	(2,055)	896
Non-cash restructuring related activities		2,483	13,145
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	(25,015)	32,007	9,709
Inventories	8,584	11,705	(31,387)
Prepaid expenses	(20,607)	5,350	(23,505)
Accounts payable	(26,717)	(21,672)	36,720
Accrued salaries and wages	(3,222)	(27,218)	15,694