BEMIS CO INC
Form 10-K
February 29, 2008

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, 2007

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, or a non-accelerated filer. Large Accelerated Filer x Accelerated Filer o Non-Accelerated Filer o

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

The aggregate market value of the voting stock held by nonaffiliates of the Registrant on June 29, 2007, based on a closing price of $33.18 per share as reported on the New York Stock Exchange, was $3,467,531,000.

As of February 28, 2008, the Registrant had 99,626,783 shares of Common Stock issued and outstanding.

Documents Incorporated by Reference

Portions of the Proxy Statement - Annual Meeting of Stockholders May 1, 2008 - Part III

BEMIS COMPANY, INC. AND SUBSIDIARIES

ANNUAL REPORT ON FORM 10-K

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Exhibit 31.1 Certification of Henry J. Theisen, Chief Executive Officer of the Company, pursuant to Rule 13a-14(a)/15d-14(a), dated February 28, 2008	50
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Exhibit 32 Certification of Henry J. Theisen, Chief Executive Officer of the Company, and Gene C. Wulf, Chief Financial Officer of the Company, pursuant to Section 1350, dated February 28, 2008	52

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, South America, and Europe with a growing presence in Asia Pacific and Mexico. In 2007, approximately 82 percent of the Company s sales were derived from the Flexible Packaging segment and approximately 18 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, 2007, the Company had approximately 15,700 employees, about 10,400 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 15 individual contracts with terms ranging from one to five years. During 2007, three contracts covering approximately 300 employees at two different locations in the United States were successfully negotiated. Four domestic labor agreements covering approximately 1,000 employees are scheduled to expire in 2008. 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 and single-ply 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 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.

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, Smurfit-Stone Container Corporation, Sonoco Products Company, and Wihuri OY. In the Pressure Sensitive Materials segment major competitors include 3M, Acucote, Inc., Avery Dennison Corporation, Flexcon Co., Inc., 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, as demonstrated during the 2005 hurricane season. Currently, raw materials are readily available.

Research and Development Expense

Research and development expenditures were as follows:

(in thousands)		2007		2006		2005
Flexible Packaging	$	19,477	$	20,036	$	18,920
Pressure Sensitive Materials		6,506		4,988		4,608
Total	$	25,983	$	25,024	$	23,528

Environmental Control

Compliance with federal, state, and local provisions 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.

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 glue 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 chemicals into a multilayered plastic package. These products protect the contents from such things as moisture, light, odor, or other elements.

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

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 or moisture, into or out of the package.

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

Flexible polymer film A non-rigid plastic film.

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 overlaminating capability 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.

Modified atmosphere packaging A package in which the atmosphere inside the package has been modified by a gas such as nitrogen.

Monolayer film A single layer extruded plastic film.

Multiwall paper bag A package made from two or more layers of paper that have not been laminated.

Polyolefin shrink film A packaging film consisting of polyethylene and/or polypropylene resins extruded via the blown process. The film can be irradiated in a second process to cross link the molecules for added strength, durability, and toughness. The product is characterized by thin gauge, high gloss, sparkle, transparency, and good sealing properties.

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

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.

Stretch film A plastic film used to wrap pallets in the shipping process, which has significant ability to stretch.

Technical products Technically engineered pressure sensitive materials used primarily for fastening and mounting functions.

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

UV inhibitors Chemicals which protect against ultraviolet rays.

ITEM 1A RISK FACTORS

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 earnings. It would be recorded directly as a decrease in the Accumulated 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 annual 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 North America, South America, Europe, and Asia. In 2007, 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, 2007, our variable rate borrowings approximated $533.9 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 $5.3 million on the $533.9 million of variable rate debt outstanding as of December 31, 2007.

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. For example, operating profit during the first quarter of 2005 was negatively impacted as our selling prices did not keep pace with the rapidly increasing cost of polymer resins, adhesives, and coatings that occurred during the latter part of the fourth quarter of 2004 and the early part of the first quarter of 2005. 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 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.

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 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, 2007, were as follows:

Flexible Packaging Segment

This segment has 49 manufacturing plants located in 13 states and nine non-USA countries, of which 45 are owned directly by the Company or its subsidiaries and four 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, 2007, expire between 2008 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.

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) in twelve superfund sites around the United States. 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, disagree and contend 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 $61.9 million at the date the Company acquired Dixie Toga, translated to U.S. dollars at the 2007 year end exchange rate. Dixie Toga challenged the assessments and ultimately litigated the issue. A lower court decision in 2002 cancelled all of the assessments for 1991-1995. The City of São Paulo, the State of São Paulo, and Dixie Toga have each appealed parts of the lower court decision. The City continues to assert the applicability of the city services tax and has issued assessments for the subsequent years 1996-2001. The assessments for those years for tax and penalties (exclusive of interest) are estimated to be approximately $39.4 million at the date of acquisition, translated to U.S. dollars at the 2007 year end exchange rate. In the event of an adverse resolution, these estimated amounts for all assessments could be substantially increased for interest, monetary adjustments, and corrections.

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.

In 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. 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. Defendants have petitioned the Third Circuit Court of Appeals to hear an appeal of the district court s decision granting class certification. At this time, a discovery cut-off and a trial date have not been set. The Company has 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 alleged 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 intends to vigorously defend these lawsuits.

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 2007.

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, 2007, there were 4,111 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, 2007. As of December 31, 2007, under authority granted by the Board of Directors, the Company may repurchase an additional 5,074,896 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**
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
2005				
Dividend paid per common share	$ 0.18	$ 0.18	$ 0.18	$ 0.18
Common stock price per share				
High	$ 32.50	$ 31.99	$ 28.34	$ 28.20
Low	$ 27.98	$ 25.99	$ 24.01	$ 23.20

Equity compensation plans as of December 31, 2007, 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	4,970,665(1)	$	19.49(2)	6,146,961(3)
Equity compensation plans not approved by security holders	-0-		N/A	-0-
Total	4,970,665(1)	$	19.49(2)	6,146,961(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.

ITEM 6 SELECTED FINANCIAL DATA

FIVE-YEAR CONSOLIDATED REVIEW

(dollars in millions, except per share amounts)

Years Ended December 31,		2007		2006		2005		2004		2003
Operating Data										
Net sales	$	3,649.3	$	3,639.4	$	3,474.0	$	2,834.4	$	2,635.0
Cost of products sold and other expenses		3,313.1		3,304.3		3,158.9		2,525.2		2,383.2
Interest expense		50.3		49.3		38.7		15.5		12.6
Income before income taxes		285.9		285.8		276.4		293.7		239.2
Provision for income taxes		104.3		109.5		113.9		113.7		92.1
Net income		181.6		176.3		162.5		180.0		147.1
Net income as a percent of net sales		5.0%		4.8%		4.7%		6.3%		5.6%
Common Share Data										
Basic earnings per share	$	1.76	$	1.68	$	1.53	$	1.68	$	1.39
Diluted earnings per share		1.74		1.65		1.51		1.67		1.37
Dividends per share		0.84		0.76		0.72		0.64		0.56
Book value per share		15.40		14.04		12.81		12.23		10.72
Stock price/earnings ratio range		15-21x		17-21x		16-21x		14-18x		15-19x
Weighted-average shares outstanding for computation of diluted earnings per share		104,114,043		106,767,114		107,818,708		107,941,738		107,733,383
Common shares outstanding at December 31,		100,518,355		104,841,576		105,305,975		106,947,128		106,242,046

Capital Structure and Other Data										
Current ratio		2.1x		2.0x		2.1x		2.3x		2.4x
Working capital	$	602.4	$	538.3	$	513.5	$	498.9	$	436.3
Total assets		3,191.4		3,039.0		2,964.6		2,486.7		2,292.9
Short-term debt		67.8		67.6		54.0		5.7		6.5
Long-term debt		775.5		722.2		790.1		533.9		583.4
Stockholders equity		1,562.3		1,472.0		1,349.4		1,307.9		1,138.7
Return on average stockholders equity		12.0%		12.5%		12.2%		14.7%		14.0%
Return on average total capital		8.6%		8.7%		8.5%		9.7%		8.4%
Depreciation and amortization	$	158.5	$	152.4	$	150.8	$	130.8	$	128.2
Capital expenditures		178.9		158.8		187.0		134.5		106.5
Number of common stockholders		4,111		4,192		4,359		4,465		4,484
Number of employees		15,678		15,736		15,903		11,907		11,505

ITEM 7 MANAGEMENT S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management s Discussion and Analysis

Three Years Ended December 31, 2007

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)	2007		2006		2005	
Net sales	$ 3,649.3	100.0%	$ 3,639.4	100.0%	$ 3,474.0	100.0%
Cost of products sold	2,973.3	81.5	2,942.7	80.9	2,798.3	80.6
Gross margin	676.0	18.5	696.7	19.1	675.7	19.4
Selling, general, and administrative expenses	341.6	9.4	336.4	9.2	330.9	9.5
All other expenses	48.5	1.3	74.5	2.0	68.4	1.9
Income before income taxes	285.9	7.8	285.8	7.9	276.4	8.0
Provision for income taxes	104.3	2.9	109.5	3.1	113.9	3.3
Net income	$ 181.6	5.0%	$ 176.3	4.8%	162.5	4.7%
Effective income tax rate		36.5%		38.3%		41.2%

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 82 percent of our net sales. The remaining 18 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.

Market Conditions

The markets into which our products are sold are highly competitive. Our leading flexible packaging market positions in North and South America reflect our focus on expanding our offering of value-added, proprietary products. We also manufacture products 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, and adhesives, the cost of which has increased in recent years with higher petrochemical prices. In this environment, cost management has become a critical element of our competitive position.

During 2007, consumer budgets were strained by higher energy costs, higher food prices, and in some cases, increased housing-related costs associated with mortgage market issues. These pressures appear to have negatively impacted consumer demand in food and consumer product markets resulting in reduced customer orders for related packaging.

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 January 2005, we acquired majority ownership of Dixie Toga S.A., one of the largest packaging companies in South America. The acquisition included the outstanding voting common stock of Dixie Toga in addition to 43 percent of the outstanding nonvoting preferred stock. The initial cash purchase price, paid in 2005, was approximately $235 million increased by $4.2 million in 2006 related to post close adjustments. Subsequently, our South American subsidiary has repurchased additional shares of its outstanding preferred stock in the open market, reducing the total minority interest in our subsidiary to 14 percent as of December 31, 2005. In April 2006, we also 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)	2007	2006	2005
Net sales	$ 3,649.3	$ 3,639.4	$ 3,474.0
Net income	181.6	176.3	162.5
Diluted earnings per share	1.74	1.65	1.51

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.

2006 versus 2005

For the year ended December 31, 2006, net sales increased 4.8 percent. Currency translation was a benefit to net sales growth of 1.8 percent. The remaining 3.0 percent increase in net sales reflects increased sales of higher priced, value-added products in each of the two business segments.

Diluted earnings per share were $1.65 for 2006, including $0.18 per share of restructuring and related charges. For 2005, diluted earnings per share totaled $1.51, including approximately $0.06 per share of tax charges related to the repatriation of international subsidiary earnings under the American Jobs Creation Act of 2004. The improvement in 2006 resulted from a more profitable sales mix, a moderating raw material cost environment, and successful cost management efforts.

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. During 2007, consumer demand for products in many of the food markets appeared to be negatively impacted by the increased budget pressure imposed by higher costs for food, energy, and sub-prime mortgage-related debt service. The resulting lower order volume for related packaging had a negative impact on capacity utilization and production efficiencies in our manufacturing plants during the year.

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 generally lag behind changes in our raw material costs. During 2005, resin costs dramatically increased resulting in double-digit percentage increases for the year. The magnitude and frequency of these cost increases negatively impacted operating profit. Compared to 2005, the impact of raw material cost changes in 2006 and 2007 was more moderate.

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. The disposal of facilities closed during the 2003 restructuring program resulted in a charge of $0.6 million in 2005.

(dollars in millions)	**2007**	**2006**	**2005**
Net sales	$ 3,001.8	$ 3,000.1	$ 2,855.8
Operating profit (See Note 12 to the Consolidated Financial Statements)	346.6	335.1	332.7
Operating profit as a percentage of net sales	11.5%	11.2%	11.7%

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. New business awarded in 2007 is expected to begin shipping in 2008, and we believe the 2007 growth markets will experience strong sales growth again in 2008. We also expect general food and consumer product markets to provide the stability and defensive characteristics during 2008 that we have historically associated with those markets.

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. Raw material costs are expected to continue to rise throughout 2008. Our method of passing these costs on to customers through increased selling prices normally occurs with a several month lag, adding pressure to operating profit levels during that period. Cost management initiatives are expected to help offset the impact of inflation during 2008.

2006 versus 2005

Our flexible packaging business segment recorded a 5.1 percent increase in net sales in 2006. Currency translation represented a benefit of 2.1 percent. The remaining 3.0 percent increase is attributable to increased net sales for packaging in markets such as meat and cheese, health and hygiene, coffee, unitizing films for cans and bottles, and medical devices. This was partially offset by lower net sales for markets such as confectionery, snack and frozen foods.

Operating profit as a percentage of net sales decreased to 11.2 percent in 2006 from 11.7 percent in 2005. During 2006, restructuring and related charges totaling $29.0 million were recorded as a reduction of operating profit. Operating profit in 2006 benefited from stronger sales of value-added flexible packaging products. During 2005, operating profit includes the impact of restructuring and related charges totaling $0.6 million.

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.

During 2005, a net gain of $1.5 million was recorded for the sale of previously closed facilities and property.

During 2005, we changed the year-end of our pressure sensitive materials European subsidiary from November 30 to December 31. This resulted in a 13-month reporting period in 2005 for this subsidiary, increasing 2005 net sales by $17.2 million. The impact on operating profit was insignificant.

(dollars in millions)		**2007**		**2006**		**2005**
Net sales	$	647.5	$	639.3	$	618.1
Operating profit (See Note 12 to the Consolidated Financial Statements)		40.3		50.1		41.3
Operating profit as a percentage of net sales		6.2%		7.8%		6.7%

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.

2006 versus 2005

Our pressure sensitive materials business segment reported a net sales increase of 3.4 percent in 2006. Net sales in 2005 include the impact of the thirteenth month of net sales from the European subsidiary. The increase in net sales in 2006 was driven by unit sales volume growth in each of the pressure sensitive materials product lines during the year. Currency benefits provided less than one percent net sales growth in 2006.

Operating profit as a percent of sales improved in 2006 compared to 2005, reflecting increased sales of value-added graphic and technical products. In addition, the profitability of the label product line increased with continued improvements in cost management and production efficiency. Currency translation did not impact operating profit in 2006.

Consolidated Gross Margin

(dollars in millions)	2007	2006	2005
Gross margin	$ 676.0	$ 696.7	$ 675.6
Gross margin as a percentage of net sales	18.5%	19.1%	19.4%

Restructuring and related charges reduced gross margins by $0.3 million in 2007 and $12.9 million in 2006. 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. The impact of these cost pressures was partially offset by ongoing initiatives to improve production efficiency and cost management during the same timeframe. Management expects increased sales volume in 2008 to improve gross margin as a percentage of net sales by providing increased opportunities to recognize the benefits of capacity improvements and process improvements completed during 2007.

Consolidated Selling, General and Administrative Expenses

(dollars in millions)		2007		2006		2005
Selling, general and administrative expenses (SG&A)	$	341.6	$	336.4	$	330.9
SG&A as a percentage of net sales		9.4%		9.2%		9.5%

Other Expenses

(dollars in millions)	2007	2006	2005
Research and development (R&D)	$ 26.0	$ 25.0	$ 23.5
R&D as a percentage of net sales	0.7%	0.7%	0.7%
Interest expense	$ 50.3	$ 49.3	$ 38.7
Other costs (income), net	(31.5)	(3.3)	0.1
Minority interest in net income	3.7	3.5	5.9
Income taxes	104.3	109.5	113.9
Effective tax rate	36.5%	38.3%	41.2%

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 increased modestly during 2007 with slightly higher debt levels. The increase in interest expense in 2006 reflects higher interest rates in 2006 compared to 2005. The percentage of variable rate debt included in total debt is about 64 percent in 2007, 59 percent in 2006, and 62 percent in 2005. The effective interest rate was 5.9 percent in 2007, 5.9 percent in 2006, and 4.9 percent in 2005.

Other Costs (Income), Net

In 2007, other costs (income) included $28.3 million of financial income, about half of which relates to interest income on cash held at non-U.S. locations. 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. 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. In 2005, net other costs primarily reflect interest income offset by currency exchange losses.

Minority Interest in Net Income

Minority interest in net income is primarily associated with the accounting for the outstanding preferred shares of Dixie Toga that were not acquired in connection with the January 2005 business acquisition. Our ownership in Dixie Toga had increased from approximately 80 percent to approximately 86 percent as of December 31, 2005. In April 2006, we acquired the remaining minority interest in our three Mexican joint ventures which further reduced minority interest in net income. There were no ownership changes in 2007.

Income Taxes

The difference between our overall tax rate 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. Our effective tax rate was 36.5 percent for 2007, a decrease from our effective tax rate of 38.3 percent for 2006 and 41.2 percent in 2005. This lower tax rate reflects 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. During 2005, an additional $6.0 million of tax expense was recorded as a result of the repatriation of international subsidiary earnings under the American Jobs Creation Act of 2004, increasing the effective tax rate for 2005 from 39.0 percent to 41.2 percent.

Liquidity and Capital Resources

Debt to Total Capitalization

Debt to total capitalization (which includes total debt, long-term deferred tax liabilities and equity) was 32.9 percent at December 31, 2007, compared to 33.0 percent at December 31, 2006 and 35.7 percent at December 31, 2005. Total debt was $843.3 million, $789.8 million, and $844.1 million at year-end 2007, 2006 and 2005, 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. Our strong financial positions and credit ratings are important to our ability to issue commercial paper at favorable rates of interest.

Sources of Liquidity

Cash provided by operations was $406.2 million for the year ended December 31, 2007, compared to $349.0 million in 2006 and $280.4 million in 2005. Cash provided by operations in each of the years ended December 31, 2006 and 2005 was reduced by voluntary pension contributions to our U.S. pension plans of $24.0 million and $35.0 million, respectively. While no contributions were required for our U.S. pension plans in 2007, we continue to monitor the funded status of all pension plans and will evaluate the benefits of future voluntary contributions subject to available liquidity.

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 $161.5 million. Based upon our current credit rating, we enjoy ready access to the commercial paper markets. 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. In September 2004, we renegotiated our back-up credit facility to extend the term to September 2009. This credit facility provides $500 million of available financing supported by a group of major U.S. and international banks. Covenants imposed by this bank credit facility include limits on the sale of businesses, minimum net worth calculations, and a maximum ratio of debt to total capitalization. In addition to funds available under this credit facility, we also have the capability of issuing up to approximately $100 million of Extendable Commercial Notes (ECNs), which are short-term instruments whose maturity can be extended to 390 days from the date of issuance. If these 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.

The $500 million credit facility includes a $100 million multicurrency limit to support the financing needs of our international subsidiaries. As of December 31, 2007, outstanding multicurrency borrowings under the credit facility totaled $43.8 million. Borrowings from the credit agreement mature in September 2009 and are subject to a variable interest rate.

As of December 31, 2007, available capacity on the credit agreement which matures in September 2009 was $286.7 million.

Long-term Debt

Commercial paper outstanding at December 31, 2007, 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 September 2, 2009. In August 2008, public bonds totaling $250 million will mature. These bonds have also been classified as long-term debt in accordance with our intention and ability to refinance this debt in the public bond market or with commercial paper.

Uses of Liquidity

Capital Expenditures

Capital expenditures were $178.9 million during 2007, compared to $158.8 million in 2006, and $187.0 million in 2005. 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, and proprietary film production capacity for European markets. With these projects substantially completed, capital expenditures for 2008 are estimated to be approximately $125 million. Over the long-term, we expect average annual capital expenditures to be approximately equivalent to total annual depreciation and amortization expenses.

Dividends

We increased our quarterly cash dividend by 10.5 percent during the first quarter of 2007 to 21 cents per share from 19 cents per share. This follows increases of 5.6 percent in 2006 and 12.5 percent in 2005. In February 2008, the Board of Directors approved the 25th consecutive annual increase in the quarterly cash dividend on common stock to 22 cents per share, a 4.8 percent increase.

Share Repurchases

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 and 2005, we purchased 0.6 million and 1.9 million shares of common stock in the open market, respectively. As of December 31, 2007, we were authorized to purchase up to 5.1 million shares of additional 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, 2007.

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)	$ 839.8	$ 67.7	$ 463.1	$ 309.0	$ 0.0
Interest expense (2)	120.0	45.2	55.8	19.0	0.0
Capital leases (3)	0.1	0.1	0.0	0.0	0.0
Operating leases (4)	20.5	5.2	6.6	3.5	5.2
Purchase obligations (5)	131.3	130.3	0.1	0.0	0.9
Postretirement obligations (6)	53.9	3.0	9.6	17.2	24.1

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 September 2, 2009. Public bonds totaling $250 million that mature in August 2008 are assumed to be refinanced with commercial paper upon maturity.

(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, 2007.

(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 payments 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 7 to the Consolidated Financial Statements for additional information about our postretirement benefit obligations.

Interest Rate Swaps

Our long-term unsecured notes include $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 expire in 2008, reduced the interest cost of the $250 million of long-term debt from 6.5 percent to about 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 United States of America require that the fair value of these swaps, which have been 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, and an asset of $2.5 million at December 31, 2006. For each period, an offsetting increase is recorded in the fair value of the related long-term notes outstanding. These fair value adjustments do not impact the actual balance of outstanding principal on the notes, nor do they impact the income statement or related cash flows. Credit loss from counterparty nonperformance is not anticipated.

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 bonds, and to achieve greater exposure to variable interest rates.

Interest expense calculated 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 $533.9 million of variable rate debt outstanding would increase by $5.3 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, 2007 and 2006, we had outstanding forward exchange contracts with notional amounts aggregating $5.0 million and $3.5 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 contacts 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.

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 $123.2 million in 2007 and $63.3 million in 2006. Operating profit improved by approximately $9.6 million in 2007 and $7.0 million in 2006 as a result of the positive effect of foreign currency translation.

Long-term Compensation

Our practice of awarding long-term compensation has relied primarily on restricted stock unit programs that are valued at the time of the award and expensed over the vesting period. Beginning in 2004, we discontinued the awarding of stock options. Stock options granted prior to 2004 were granted at prices equal to the fair market value on the date of grant and exercisable, upon vesting, over varying periods up to ten years from the date of grant. Stock options for Directors vested immediately, while options for Company employees generally become vested over three years (one-third per year). Beginning January 1, 2006, accounting rules require us to follow a fair value based method of recognizing expense for stock options. The impact to diluted earnings per share for stock options expense in 2006 was insignificant. If we had followed this fair value method prior to 2006, the negative impact on diluted earnings per share would have been one cent for the year ended 2005.

Critical Accounting Estimates and Judgments

Our discussion and analysis of our financial condition and results of operations is based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. 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 annual 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 2007 was $15.2 million, compared to pension cost of $17.6 million in 2006 and $28.4 million in 2005. 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 have reduced our expected long-term rate of return on plan assets to 8.50 percent. For the years 2005, 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 and 20 years, our pension plan assets have earned rates of return of 6.3 percent, 9.0 percent and 9.8 percent, respectively. Considering these long-term results, we selected an 8.50 percent long-term rate of return on assets assumption as of January 1, 2008. 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, 2007, for our U.S. defined benefit pension plans we determined this rate to be 6.25 percent, an increase of one half of one percent from the 5.75 percent rate used at December 31, 2006.

Pension assumptions sensitivity analysis

Based upon current assumptions of 6.25 percent for the discount rate and 8.50 percent for the expected rate of return on pension plan assets, we expect pension expense before the effect of income taxes for 2008 to be in a range of $10 million to $15 million. The following charts depict the sensitivity of estimated 2008 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**		
5.50 percent		$3.5	7.75 percent		$3.6
5.75 percent		2.3	8.00 percent		2.4
6.00 percent		1.1	8.25 percent		1.2
6.25 percent	**Current Assumption**	**0.0**	**8.50 percent**	**Current Assumption**	**0.0**
6.50 percent		(1.1)	8.75 percent		(1.2)
6.75 percent		(2.11)	9.00 percent		(2.4)
7.00 percent		(2.9)	9.25 percent		(3.6)

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	
5.50 percent	$(26.6)
5.75 percent	(17.3)
6.00 percent	(8.5)
6.25 percent Current Assumption	**0.0**
6.50 percent	8.1
6.75 percent	15.8
7.00 percent	23.2

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 $642.5 million as of December 31, 2007.

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 2007, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (FAS) No. 160, *Noncontrolling Interest in Consolidated Financial Statements, an amendment of ARB No. 51* (FAS No. 160), which amends ARB 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 No. 160 on our consolidated financial position and results of operations.

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. 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 after December 31, 2008 will be subject to this new standard.

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 No. 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 is effective for the Company on January 1, 2008, and its adoption then is not expected to have a material effect on its consolidated financial position and results of operations.

In September 2006, the FASB issued FAS No. 157, *Fair Value Measurements* (FAS No. 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 No. 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, and is effective for the Company on January 1, 2008. In early 2008, the FASB issued Staff Position (FSP) FAS157-2, which delays by one year, the effective date of FAS No. 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. We do not expect the adoption of FAS No. 157 in 2008 to have a material effect on the measurement of the Company s financial assets and liabilities. 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.

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, availability, and terms, particularly for polymer resins and adhesives; price changes for raw materials and our ability to pass these price changes on to our customers 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 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, 2007. 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**

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 flows present fairly, in all material respects, the financial position of Bemis Company, Inc. and its subsidiaries at December 31, 2007 and 2006, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 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, 2007, 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, as 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 10, 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 28, 2008

BEMIS COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF INCOME

(in thousands, except per share amounts)

For the years ended December 31,	2007	2006	2005
Net sales	$ 3,649,281	$ 3,639,363	$ 3,473,950
Costs and expenses:			
Cost of products sold	2,973,329	2,942,650	2,798,326
Selling, general, and administrative expenses	341,551	336,409	330,881
Research and development	25,983	25,024	23,528
Interest expense	50,268	49,252	38,737
Other costs (income), net	(31,455)	(3,308)	112
Minority interest in net income	3,751	3,540	5,937
Income before income taxes	285,854	285,796	276,429
Provision for income taxes	104,300	109,500	113,900
Net income	$ 181,554	$ 176,296	$ 162,529
Basic earnings per share of common stock	$ 1.76	$ 1.68	$ 1.53
Diluted earnings per share of common stock	$ 1.74	$ 1.65	$ 1.51

See accompanying notes to consolidated financial statements.

BEMIS COMPANY, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(dollars in thousands, except per share amounts)

As of December 31,	**2007**	**2006**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 147,409	$ 112,160
Accounts receivable, net	448,200	448,382
Inventories	478,727	467,853
Prepaid expenses	62,607	65,317
Total current assets	1,136,943	1,093,712
Property and equipment:		