As filed with the Securities and Exchange Commission on July 26, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark one)

x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the quarterly period ended June 30, 2012

or

o **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from to .

Commission file number 001-32316

B&G FOODS, INC.

(Exact name of Registrant as specified in its charter)

Delaware	**13-3918742**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
4 Gatehall Drive, Parsippany, New Jersey	**07054**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: **(973) 401-6500**

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

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

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

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

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

As of July 26, 2012, the registrant had 48,387,225 shares of common stock, par value $0.01 per share, issued and outstanding.

Table of Contents

B&G Foods, Inc. and Subsidiaries
Index

Table of Contents

PART I

FINANCIAL INFORMATION

Item 1. Financial Statements (Unaudited)

B&G Foods, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share data)

(Unaudited)

	June 30, 2012		December 31, 2011	
Assets				
Current assets:				
Cash and cash equivalents	$	21,441	$	16,738
Trade accounts receivable, net		34,650		39,476
Inventories		100,882		85,234
Prepaid expenses		2,093		4,551
Income tax receivable		6,009		2,529
Deferred income taxes		1,717		1,696
Total current assets		166,792		150,224
Property, plant and equipment, net of accumulated depreciation of $94,715 and $89,856		62,384		61,930
Goodwill		262,977		262,827
Other intangibles, net		630,477		634,522
Other assets		21,438		23,420
Total assets	$	1,144,068	$	1,132,923
Liabilities and Stockholders Equity				
Current liabilities:				
Trade accounts payable	$	28,533	$	24,427
Accrued expenses		24,137		26,719
Current portion of long-term debt		13,500		9,750
Dividends payable		13,065		10,971
Total current liabilities		79,235		71,867
Long-term debt		702,131		710,357
Other liabilities		8,323		9,409
Deferred income taxes		112,604		105,743
Total liabilities		902,293		897,376
Commitments and contingencies (Note 10)				
Stockholders equity:				
Preferred stock, $0.01 par value per share. Authorized 1,000,000 shares; no shares issued or outstanding				

Common stock, $0.01 par value per share. Authorized 125,000,000 shares; 48,387,225 and 47,700,132 shares issued and outstanding as of June 30, 2012 and December 31, 2011		484		477
Additional paid-in capital		133,104		159,916
Accumulated other comprehensive loss		(10,201)		(10,430)
Retained earnings		118,388		85,584
Total stockholders equity		241,775		235,547
Total liabilities and stockholders equity	$	1,144,068	$	1,132,923

See Notes to Consolidated Financial Statements.

Table of Contents

B&G Foods, Inc. and Subsidiaries

Consolidated Statements of Operations

(In thousands, except per share data)

(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011
Net sales	$ 148,612	$ 129,453	$ 305,951	$ 260,858
Cost of goods sold	96,856	87,284	197,370	173,822
Gross profit	51,756	42,169	108,581	87,036
Operating expenses:				
Selling, general and administrative expenses	14,629	14,194	31,269	28,344
Amortization expense	2,023	1,637	4,045	3,276
Operating income	35,104	26,338	73,267	55,416
Other expenses:				
Interest expense, net	11,862	8,341	23,851	16,531
Income before income tax expense	23,242	17,997	49,416	38,885
Income tax expense	7,216	5,398	16,612	12,981
Net income	$ 16,026	$ 12,599	32,804	25,904
Weighted average shares outstanding:				
Basic	48,376	47,906	48,207	47,944
Diluted	48,724	48,637	48,523	48,668
Earnings per share:				
Basic	$ 0.33	$ 0.26	$ 0.68	$ 0.54
Diluted	$ 0.33	$ 0.26	$ 0.68	$ 0.53
Cash dividends declared per share	$ 0.27	$ 0.21	$ 0.54	$ 0.38

See Notes to Consolidated Financial Statements.

Table of Contents

B&G Foods, Inc. and Subsidiaries

Consolidated Statements of Comprehensive Income

(In thousands)

(Unaudited)

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011
Net income	$ 16,026	$ 12,599	$ 32,804	$ 25,904
Other comprehensive income:				
Foreign currency translation adjustments	(22)	11	(10)	(75)
Amortization of unrecognized prior service cost and pension deferrals, net of tax	95	21	239	72
Reclassification to net interest expense for interest rate swap, net of tax		265		530
Other comprehensive income	73	297	229	527
Comprehensive income	$ 16,099	$ 12,896	$ 33,033	$ 26,431

See Notes to Consolidated Financial Statements.

Table of Contents

B&G Foods, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Twenty-six Weeks Ended June 30, 2012	Twenty-six Weeks Ended July 2, 2011
Cash flows from operating activities:		
Net income	$ 32,804	$ 25,904
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	8,914	7,926
Amortization of deferred debt financing costs and bond discount	2,514	1,000
Deferred income taxes	6,622	10,120
Share-based compensation expense	2,029	1,872
Excess tax benefits from share-based compensation	(7,988)	(1,117)
Realized gain on interest rate swap		(612)
Reclassification to net interest expense for interest rate swap		847
Changes in assets and liabilities:		
Trade accounts receivable	4,826	4,375
Inventories	(15,648)	(15,342)
Prepaid expenses	2,458	(9)
Income tax receivable	4,508	(3,122)
Other assets	(85)	(114)
Trade accounts payable	4,106	8,004
Accrued expenses	(2,582)	149
Interest rate swap		(11,400)
Other liabilities	(678)	(2,300)
Net cash provided by operating activities	41,800	26,181
Cash flows from investing activities:		
Capital expenditures	(5,325)	(4,009)
Payment for acquisition of business	(150)	
Net cash used in investing activities	(5,475)	(4,009)
Cash flows from financing activities:		
Payments of long-term debt	(4,875)	
Dividends paid	(24,031)	(18,158)
Excess tax benefits from share-based compensation	7,988	1,117
Payments of tax withholding on behalf of employees for net share settlement of share-based compensation	(10,696)	(2,236)
Net cash used in financing activities	(31,614)	(19,277)
Effect of exchange rate fluctuations on cash and cash equivalents	(8)	(102)
Net increase in cash and cash equivalents	4,703	2,793
Cash and cash equivalents at beginning of period	16,738	98,738
Cash and cash equivalents at end of period	$ 21,441	$ 101,531
Supplemental disclosures of cash flow information:		

Cash interest payments	$	21,404	$	15,851
Cash income tax payments	$	5,484	$	5,984
Cash income tax refunds	$	(3)	$	
Non-cash transactions:				
Dividends declared and not yet paid	$	13,065	$	10,063

See Notes to Consolidated Financial Statements.

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(Unaudited)

(1) Nature of Operations

B&G Foods, Inc. is a holding company, the principal assets of which are the shares of capital stock of its subsidiaries. Unless the context requires otherwise, references in this report to B&G Foods, our company, we, us and our refer to B&G Foods, Inc. and its subsidiaries. Our financial statements are presented on a consolidated basis.

We operate in a single industry segment and manufacture, sell and distribute a diverse portfolio of high-quality shelf-stable foods across the United States, Canada and Puerto Rico. Our products include hot cereals, fruit spreads, canned meats and beans, spices, seasonings, hot sauces, wine vinegar, maple syrup, molasses, salad dressings, Mexican-style sauces, taco shells and kits, salsas, pickles, peppers, tomato-based products and other specialty products. Our products are marketed under many recognized brands, including *Ac cent, B&G, B&M, Baker s Joy, Brer Rabbit, Cream of Rice, Cream of Wheat, Don Pepino, Emeril s, Grandma s Molasses, Joan of Arc, Las Palmas, Maple Grove Farms of Vermont, Molly McButter, Mrs. Dash, Ortega, Polaner, Red Devil, Regina, Sa- són, Sclafani, Sugar Twin, Trappey s, Underwood, Vermont Maid* and *Wright s.* We also sell and distribute two branded household products, *Static Guard* and *Kleen Guard*. We compete in the retail grocery, food service, specialty, private label, club and mass merchandiser channels of distribution. We distribute our products via a network of independent brokers and distributors to supermarket chains, food service outlets, mass merchants, warehouse clubs, non-food outlets and specialty distributors.

Acquisition

On November 30, 2011, we completed the acquisition of the *Mrs. Dash*, *Sugar Twin*, *Baker s Joy*, *Molly McButter*, *Static Guard* and *Kleen Guard* brands from Conopco, Inc. (dba Unilever United States, Inc.) for $326.0 million in cash. We refer to this acquisition as the Culver Specialty Brands acquisition. We have accounted for the Culver Specialty Brands acquisition using the acquisition method of accounting and, accordingly, have included the assets acquired and results of operations in our consolidated financial statements from the date of acquisition. The excess of the purchase price over the fair value of identifiable net assets acquired represents goodwill. Trademarks are deemed to have an indefinite useful life and are not amortized. Customer relationship intangibles are amortized over 20 years. Goodwill and other intangible assets are deductible for income tax purposes. Inventory has been recorded at estimated selling price less costs of disposal and a reasonable profit and the property, plant and equipment and other intangible assets (including trademarks and customer relationships) acquired have been recorded at fair value as determined by our management with the assistance of a third-party valuation specialist. See Note 4, Goodwill and Other Intangible Assets.

The following table sets forth the allocation of the Culver Specialty Brands acquisition purchase price to the estimated fair value of the net assets acquired at the date of acquisition.

Culver Specialty Brands Acquisition (dollars in thousands):

Deferred taxes	$	87
Equipment		129
Inventory		7,501
Goodwill		9,083
Customer relationship intangibles amortizable intangible assets		30,800
Trademarks indefinite life intangible assets		278,400
Total	$	326,000

Unaudited Pro Forma Summary of Operations

The following pro forma summary of operations for the second quarter and first two quarters of fiscal 2011 presents our operations as if the Culver Specialty Brands acquisition had occurred as of the beginning of

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(1) Nature of Operations (Continued)

the first quarter of 2011. In addition to including the results of operations of the Culver Specialty Brands acquisition, the pro forma information gives effect to interest on additional borrowings and amortization of customer relationship intangibles.

	Thirteen Weeks Ended July 2, 2011		Twenty-six Weeks Ended July 2, 2011	
	(dollars in thousands)			
Net sales	$	149,850	$	305,808
Net income		14,696		31,698
Basic earnings per share	$	0.31	$	0.66
Diluted earnings per share	$	0.30	$	0.65

The pro forma information presented above does not purport to be indicative of the results that actually would have been attained if the Culver Specialty Brands acquisition had occurred as of the beginning of the first quarter of fiscal 2011 and is not intended to be a projection of future results.

(2) Summary of Significant Accounting Policies

Fiscal Year

Typically, our fiscal quarters and fiscal year consist of 13 and 52 weeks, respectively, ending on the Saturday closest to December 31 in the case of our fiscal year and fourth fiscal quarter, and on the Saturday closest to the end of the corresponding calendar quarter in the case of our fiscal quarters. As a result, a 53rd week is added to our fiscal year every five or six years. In a 53-week fiscal year our fourth fiscal quarter contains 14 weeks. Our fiscal years ending December 29, 2012 (fiscal 2012) and December 31, 2011 (fiscal 2011) each contain 52 weeks. Each quarter of fiscal 2012 and 2011 contains 13 weeks.

Basis of Presentation

The accompanying unaudited consolidated interim financial statements for the thirteen and twenty-six week periods ended June 30, 2012 (second quarter and first two quarters of 2012) and July 2, 2011 (second quarter and first two quarters of 2011) have been prepared by our company in accordance with accounting principles generally accepted in the United States of America pursuant to the rules and regulations of the Securities and Exchange Commission (SEC), and include the accounts of B&G Foods, Inc. and its subsidiaries. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. However, our management believes, to the best of their knowledge, that the disclosures herein are adequate to make the information presented not misleading. All intercompany balances and transactions have been eliminated. The accompanying unaudited consolidated interim financial statements contain all adjustments (consisting only of normal and recurring adjustments) that are, in the opinion of management, necessary to present fairly our consolidated financial position as of June 30, 2012, the results of our operations and comprehensive income for the second quarter and first two quarters of 2012 and 2011, and cash flows for the first two quarters of 2012 and 2011. Our results of operations for the second quarter and first two quarters of 2012 are not necessarily indicative of the results to be expected for the full year. We have evaluated subsequent events for disclosure through the date of issuance of the accompanying unaudited

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(2) Summary of Significant Accounting Policies (Continued)

consolidated interim financial statements. The accompanying unaudited consolidated interim financial statements should be read in conjunction with the audited consolidated financial statements and notes for fiscal 2011 included in our Annual Report on Form 10-K for fiscal 2011 filed with the SEC on February 28, 2012.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires our management to make a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the more significant estimates and assumptions made by management involve trade and consumer promotion expenses; allowances for excess, obsolete and unsaleable inventories; pension benefits; acquisition accounting allocations; the recoverability of goodwill, other intangible assets, property, plant and equipment and deferred tax assets; the determination of the useful life of customer relationship intangibles; and the accounting for share-based compensation expense. Actual results could differ significantly from these estimates and assumptions.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors that management believes to be reasonable under the circumstances, including the current economic environment. We adjust such estimates and assumptions when facts and circumstances dictate. Volatility in the credit and equity markets can increase the uncertainty inherent in such estimates and assumptions.

Recently Issued Accounting Standards

There have been no significant developments to recently issued accounting standards, including the expected dates of adoption and estimated effects on our consolidated financial statements, from those disclosed in our 2011 Annual Report on Form 10-K.

(3) Inventories

Inventories are stated at the lower of cost or market and include direct material, direct labor, overhead, warehousing and product transfer costs. Cost is determined using the first-in, first-out and average cost methods. Inventories have been reduced by an allowance for excess, obsolete and unsaleable inventories. The allowance is an estimate based on our management s review of inventories on hand compared to estimated future usage and sales.

Inventories consist of the following, as of the dates indicated (in thousands):

	June 30, 2012	December 31, 2011
Raw materials and packaging	$ 35,956	$ 22,822
Work in process	66	347
Finished goods	64,860	62,065
Total	$ 100,882	$ 85,234

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(4) Goodwill and Other Intangible Assets

The carrying amounts of goodwill and other intangible assets, as of the dates indicated, consist of the following (in thousands):

		June 30, 2012		December 31, 2012
Goodwill beginning balance	$	262,827	$	262,827
Acquisition of business		150		
Goodwill	$	262,977	$	262,827
Non-amortizable intangible assets:				
Trademarks	$	506,400	$	506,400
Amortizable intangible assets:				
Customer relationships	$	160,240	$	160,240
Other intangible assets		150		150
		160,390		160,390
Less: accumulated amortization		(36,313)		(32,268)
Amortizable intangible assets, net		124,077		128,122
Total other intangible assets, net	$	630,477	$	634,522

Customer relationship intangibles are presented at cost, net of accumulated amortization, and are amortized on a straight-line basis over their estimated useful lives of 18 to 20 years. Other intangible assets are presented at cost, net of accumulated amortization, and are amortized on a straight-line basis over their estimated useful lives of two years. Amortization expense associated with customer relationships and other intangible assets for the second quarter and first two quarters of 2012 was $2.0 million and $4.0 million, respectively, and is recorded in operating expenses. Amortization expense associated with customer relationships and other intangible assets for the second quarter and first two quarters of 2011 was $1.6 million and $3.3 million, respectively, and is recorded in operating expenses. We expect to recognize an additional $4.0 million of amortization expense associated with our customer relationships and other intangible assets during the remainder of fiscal 2012, and thereafter $8.0 million per year for each of the next four fiscal years.

(5) Long-term Debt

Long-term debt consists of the following, as of the dates indicated (in thousands):

	June 30, 2012	December 31, 2011

Senior secured credit agreement:		
Tranche A term loan due 2016	$ 146,250	$ 150,000
Tranche B term loan due 2018	223,875	225,000
7.625% senior notes due 2018	350,000	350,000
Unamortized discount	(4,494)	(4,893)
Total long-term debt, net of unamortized discount	715,631	720,107
Current portion of long-term debt	(13,500)	(9,750)
Long-term debt, net of unamortized discount and excluding current portion	$ 702,131	$ 710,357

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(5) Long-term Debt (Continued)

As of June 30, 2012, the aggregate contractual maturities of long-term debt are as follows (in thousands):

Years ending December:		
2012	$	4,875
2013		17,250
2014		24,750
2015		24,750
2016		84,750
Thereafter		563,750
Total	$	720,125

Senior Secured Credit Agreement. On November 30, 2011, in connection with the Culver Specialty Brands acquisition, we entered into a new senior secured credit agreement, which includes a $200.0 million revolving credit facility, $150.0 million of tranche A term loans and $225.0 million of tranche B term loans. The proceeds of the term loan borrowings, $25.0 million of revolving loans and cash on hand were used to repay all $130.0 million of outstanding borrowings under our prior credit agreement, fund the acquisition purchase price and pay related transaction fees and expenses.

At June 30, 2012, there were no outstanding loans under our revolving credit facility and the available borrowing capacity under the facility, net of outstanding letters of credit, was $199.5 million. Proceeds of the revolving credit facility are restricted for use solely for general corporate purposes and acquisitions of targets in the same or a similar line of business as our company, subject to specified criteria. We are required to pay a commitment fee of 0.50% per annum on the unused portion of the revolving credit facility. The maximum letter of credit capacity under the revolving credit facility is $50.0 million, with a fronting fee of 0.25% per annum for all outstanding letters of credit and a letter of credit fee equal to the applicable margin for revolving loans that are LIBOR loans.

The tranche A term loans are subject to principal amortization at the following rates: 5% in the first year, 10% in the second year and 15% in each of the third and fourth years. The balance of all borrowings under the tranche A term loan facility are due and payable at maturity on November 30, 2016. The tranche B term loans are subject to principal amortization at the rate of 1% annually with the balance due at maturity on November 30, 2018. The revolving credit facility matures on November 30, 2016.

Interest under the revolving credit facility, including any outstanding letters of credit, and under the tranche A term loan facility, is determined based on alternative rates that we may choose in accordance with the credit agreement, including a base rate per annum plus an applicable margin ranging from 1.50% to 2.00%, and LIBOR plus an applicable margin ranging from 2.50% to 3.00%, in each case depending on our consolidated leverage ratio. As of June 30, 2012, the tranche A term loan interest rate was 3.245%. Interest under the tranche B term loan facility is determined based on alternative rates that we may choose in accordance with the credit agreement, including a base rate per annum plus an applicable margin of 2.50%, and LIBOR plus an applicable margin of 3.50%, in each case subject to a 1.0% LIBOR floor. At June 30, 2012, the tranche B term loan interest rate was 4.50%.

We may prepay the term loans or permanently reduce the revolving credit facility commitment under the credit agreement at any time without premium or penalty (other than customary breakage costs with respect to the early termination of LIBOR loans, and only in the case of the tranche B term loans, a 1% prepayment penalty to be paid in the event of a repricing transaction (as defined in the credit agreement) that occurs within

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(5) Long-term Debt (Continued)

the first year of the credit agreement). Subject to certain exceptions, the credit agreement provides for mandatory prepayment upon certain asset dispositions and issuances of securities. The credit agreement is also subject to mandatory annual prepayments commencing in April 2013 if our senior secured leverage (defined as the ratio of our consolidated senior secured debt, as of the last day of any period of four consecutive fiscal quarters to our adjusted EBITDA for such period) exceeds certain ratios as follows: 50% of our adjusted excess cash flow (as defined in the credit agreement and which takes into account certain dividend payments and other adjustments) if our senior secured leverage ratio is greater than or equal to 3.00 to 1.00 (with step-downs to 25% and 0% if our senior secured leverage ratio is less than 3.00 to 1.00 and 2.50 to 1.00, respectively).

Our obligations under the credit agreement are jointly and severally and fully and unconditionally guaranteed on a senior basis by all of our existing and certain future domestic subsidiaries. The credit agreement is secured by substantially all of our and our domestic subsidiaries assets except our and our domestic subsidiaries real property. The credit agreement contains customary restrictive covenants, subject to certain permitted amounts and exceptions, including covenants limiting our ability to incur additional indebtedness, pay dividends and make other restricted payments, repurchase shares of our outstanding stock and create certain liens.

The credit agreement also contains certain financial maintenance covenants, which, among other things, specify maximum capital expenditure limits, a maximum consolidated leverage ratio and a minimum interest coverage ratio, each ratio as defined in the credit agreement. Our consolidated leverage ratio (defined as the ratio of our consolidated total debt, as of the last day of any period of four consecutive fiscal quarters to our adjusted EBITDA for such period), commencing with the period ending March 31, 2012, may not exceed the ratios indicated below:

Fiscal Quarters Ending In	Consolidated Leverage Ratio
2012	6.25 to 1.00
2013	6.00 to 1.00
2014	5.50 to 1.00
2015	5.00 to 1.00
2016	4.50 to 1.00
2017	4.00 to 1.00
2018	4.00 to 1.00

We are also required to maintain a consolidated interest coverage ratio of at least 1.75 to 1.00 for any four quarter period, commencing with the four quarter period ending with the first quarter of 2012. As of June 30, 2012, we were in compliance with all of the covenants in the credit agreement.

The credit agreement also provides for an incremental term loan facility, pursuant to which we may request that the lenders under the credit agreement, and potentially other lenders, provide an additional $200.0 million of term loans on terms substantially consistent with those provided under the credit agreement. Among other things, the utilization of the incremental facility is conditioned on our ability to meet a senior secured leverage ratio of 3.50 to 1.00, and a sufficient number of lenders or new lenders agreeing to participate in the facility.

7.625% Senior Notes due 2018. In January 2010, we issued $350.0 million aggregate principal amount of 7.625% senior notes due 2018 at a public offering price of 99.271% of face value. The original

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(5) Long-term Debt (Continued)

issue discount of $2.6 million and debt financing costs are being amortized over the life of the senior notes as interest expense. Interest on the senior notes is payable on January 15 and July 15 of each year. The senior notes will mature on January 15, 2018, unless earlier retired or redeemed as described below.

Beginning January 15, 2014, we may redeem some or all of the senior notes at a redemption price of 103.813%, and thereafter at prices declining annually to 100% on or after January 15, 2017, plus accrued and unpaid interest to the date of redemption. We may redeem up to 35% of the aggregate principal amount of the notes prior to January 15, 2013 with the net proceeds from certain equity offerings at a redemption price of 107.625% plus accrued and unpaid interest to the date of redemption. We may also redeem some or all of the notes at any time prior to January 15, 2014 at a redemption price equal to a specified make-whole amount plus accrued and unpaid interest to the date of redemption. In addition, if we undergo a change of control, we may be required to offer to repurchase the notes at the repurchase price of 101% plus accrued and unpaid interest to the date of redemption.

We may also, from time to time, seek to retire senior notes through cash repurchases of senior notes and/or exchanges of senior notes for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material.

Our obligations under the senior notes are jointly and severally and fully and unconditionally guaranteed on a senior basis by all of our existing and certain future domestic subsidiaries. The senior notes and the subsidiary guarantees are our and the guarantors general unsecured obligations and are effectively junior in right of payment to all of our and the guarantors secured indebtedness and to the indebtedness and other liabilities of our non-guarantor subsidiaries; are *pari passu* in right of payment to all of our and the guarantors existing and future unsecured senior debt; and are senior in right of payment to all of our and the guarantors future subordinated debt. Our foreign subsidiaries are not guarantors, and any future foreign or partially owned domestic subsidiaries will not be guarantors, of our senior notes.

Our senior notes indenture contains covenants with respect to us and the guarantors and restricts the incurrence of additional indebtedness and the issuance of capital stock; the payment of dividends or distributions on, and redemption of, capital stock; a number of other restricted payments, including certain investments; specified creation of liens, certain sale-leaseback transactions and sale of certain specified assets; fundamental changes, including consolidation, mergers and transfers of all or substantially all of our assets; and specified transactions with affiliates. Each of the covenants is subject to a number of important exceptions and qualifications. As of June 30, 2012, we were in compliance with all of the covenants in the senior notes indenture.

Subsidiary Guarantees. We have no assets or operations independent of our direct and indirect subsidiaries. All of our present domestic subsidiaries jointly and severally and fully and unconditionally guarantee our long-term debt, and management has determined that our Canadian subsidiaries, which are our only subsidiaries that are not guarantors of our long-term debt, are minor subsidiaries as that term is used in Rule 3-10 of Regulation S-X promulgated by the SEC. There are no significant restrictions on our ability and the ability of our subsidiaries to obtain funds from our respective subsidiaries by dividend or loan. Consequently, separate financial statements have not been presented for our subsidiaries because management has determined that they would not be material to investors.

Deferred Debt Financing Costs. During the fourth quarter of fiscal 2011, we capitalized approximately $16.3 million of debt financing costs, which will be amortized over the five year term of our revolving credit facility and the tranche A term loans and the seven year term of the tranche B term loans. As

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(5) Long-term Debt (Continued)

of June 30, 2012 and December 31, 2011 we had net deferred debt financing costs of $21.0 million and $23.1 million, respectively.

Accrued Interest. At June 30, 2012 and December 31, 2011 accrued interest of $13.1 million and $13.2 million, respectively, is included in accrued expenses in the accompanying consolidated balance sheets.

(6) Fair Value Measurements

The authoritative accounting literature relating to fair value measurements defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). The accounting literature outlines a valuation framework and creates a fair value hierarchy in order to increase the consistency and comparability of fair value measurements and the related disclosures. Under generally accepted accounting principles, certain assets and liabilities must be measured at fair value, and the accounting literature details the disclosures that are required for items measured at fair value.

Financial assets and liabilities are measured using inputs from the three levels of the fair value hierarchy under the accounting literature. The three levels are as follows:

Level 1 Inputs are unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2 Inputs, other than quoted market prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs that reflect our assumptions about the assumptions that market participants would use in pricing the asset or liability.

Cash and cash equivalents, trade accounts receivable, income tax receivable, trade accounts payable, accrued expenses and dividends payable are reflected in the consolidated balance sheets at carrying value, which approximates fair value due to the short-term nature of these instruments.

The carrying values and fair values of our term loan borrowings and senior notes as of June 30, 2012 and December 31, 2011 are as follows (in thousands):

	June 30, 2012		December 31, 2011	
	Carrying Value	Fair Value(1)	Carrying Value	Fair Value(1)
Tranche A Term Loan due 2016	145,611(2)	146,250	149,266(2)	150,000
Tranche B Term Loan due 2018	221,792(2)	224,994	222,773(2)	226,125
7.625% Senior Notes due 2018	348,228(2)	378,000	348,068(2)	372,750

(1) Fair values are estimated based on quoted market prices.

(2) The carrying values of the tranche A term loan, tranche B term loan and 7.625% senior notes are net of discount. The outstanding principal amounts of the tranche A term loan, tranche B term loan and senior notes as of June 30, 2012 are $146.3 million, $223.9 million and $350.0 million, respectively. The outstanding principal amounts of the tranche A term loan, tranche B term loan and senior notes as of December 31, 2011 were $150.0 million, $225.0 million and $350.0 million, respectively.

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(7) Disclosures about Derivative Instruments and Hedging Activities

As of June 30, 2012, we did not have any derivatives designated as a hedging instrument. From February 2007 until January 2011, we maintained an interest rate swap that was designated as a hedging instrument. The following table presents the impact of that interest rate swap and its location within our consolidated statement of operations (in thousands):

Derivatives not designated as hedging instruments	Thirteen Weeks Ended July 2, 2011	Twenty-six Weeks Ended July 2, 2011	Location of Gain Recognized in Income on Derivatives
	Amount of Gain Recognized in Income on Derivatives		
Interest rate swap	$ 424*	$ 235*	Interest expense, net

* The amount included in net interest expense for the second quarter and first two quarters of 2011 consists of $0 and $612 realized gain on the interest rate swap, and $424 and $847 (pre-tax) reclassified to net interest expense from accumulated other comprehensive loss, respectively.

(8) Stock and Debt Repurchase Program

We did not repurchase any shares of common stock or senior notes during the first two quarters of 2012 or 2011. Our stock and debt repurchase program expired pursuant to its terms at the end of the first quarter of 2012.

(9) Pension Benefits

Company Sponsored Defined Benefit Pension Plans. Net periodic pension costs for company sponsored defined benefit plans for the second quarter and first two quarters of 2012 and 2011 include the following components (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	**July 2, 2011**	**June 30, 2012**	**July 2, 2011**
Service cost benefits earned during the period	$ 594	$ 456	$ 1,188	$ 893
Interest cost on projected benefit obligation	506	488	1,012	975
Expected return on plan assets	(725)	(627)	(1,450)	(1,253)
Amortization of unrecognized prior service cost	11	11	22	22
Amortization of loss	217	70	434	140
Net periodic pension cost	$ 603	$ 398	$ 1,206	$ 777

During the first two quarters of 2012, we made $1.8 million of defined benefit pension plan contributions to company sponsored plans. We plan to make approximately $2.4 million of additional contributions during the remainder of fiscal 2012.

Multi-Employer Defined Benefit Pension Plan. In connection with the collective bargaining agreement for our Portland, Maine facility, we also make contributions to the Bakery and Confectionary Union and Industry International Pension Fund (EIN 52-6118572, Plan No. 001), a multi-employer defined benefit pension plan, sponsored by the Bakery, Confectionary, Tobacco Workers and Grain Millers International Union (BCTGM). The plan provides multiple plan benefits with corresponding contribution rates that are collectively bargained between participating employers and their affiliated BCTGM local unions. As previously reported in our 2011 Annual Report, the plan was not in endangered nor in critical status as of the most recent annual period, no surcharge was imposed, and it was classified in the Green Zone for both plan years ending December 31, 2010 and December 31, 2009. There were no significant changes in

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(9) Pension Benefits (Continued)

the contractual employer contribution rate or number of employees for 2010 or 2009. B&G Foods made contributions to the plan of $1.0 million, $1.1 million and $1.1 million for fiscal 2011, 2010 and 2009, respectively. These contributions represented less than five percent of total contributions made to the plan.

In April 2012, we were notified that for the plan year ended December 31, 2011, the plan was not in endangered nor in critical status as the most recent annual period, no surcharge was imposed, and it was classified in the Green Zone. We were also notified that for the plan year beginning January 1, 2012, the plan is in critical status and classified in the Red Zone. The law requires that all contributing employers pay to the plan a surcharge to help correct the plan s financial situation. The amount of the surcharge is equal to a percentage of the amount an employer is otherwise required to contribute to the plan under the applicable collective bargaining agreement. A 5% surcharge payable on hours worked on and after June 1, 2012 until December 31, 2012 will be applicable for plan year 2012, the initial critical year. A 10% surcharge payable on hours worked on and after January 1, 2013 will be applicable for each succeeding plan year that the plan is in critical status until we agree to a collective bargaining agreement that implements a rehabilitation plan.

(10) Commitments and Contingencies

Operating Leases. As of June 30, 2012, future minimum lease payments under non-cancelable operating leases in effect at quarter-end (with initial lease terms in excess of one year) were as follows (in thousands):

Fiscal year ending:		
2012	$	2,797
2013		4,437
2014		3,360
2015		2,998
2016		3,038
Thereafter		2,310
Total	$	18,940

Legal Proceedings. We are from time to time involved in various claims and legal actions arising in the ordinary course of business, including proceedings involving product liability claims, worker s compensation and other employee claims, and tort and other general liability claims, as well as trademark, copyright, patent infringement and related claims and legal actions. In the opinion of our management, the ultimate disposition of any currently pending claims or actions will not have a material adverse effect on our consolidated financial position, results of operations or liquidity.

Environmental. We are subject to environmental laws and regulations in the normal course of business. We did not make any material expenditures during the first two quarters of 2012 or 2011 in order to comply with environmental laws and regulations. Based on our experience to date, management believes that the future cost of compliance with existing environmental laws and regulations (and liability for any known environmental conditions) will not have a material adverse effect on our consolidated financial position, results of operations or liquidity. However, we cannot predict what environmental or health and safety legislation or regulations will be enacted in the future or how existing or future laws or regulations will be enforced, administered or interpreted, nor can we predict the amount of future expenditures that may be required in order to comply with such environmental or health and safety laws or regulations or to respond to such environmental claims.

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(10) Commitments and Contingencies (Continued)

Collective Bargaining Agreements. As of June 30, 2012, approximately 341 of our 750 employees, or 45.5%, were covered by collective bargaining agreements. None of our collective bargaining agreements is scheduled to expire within one year. During the second quarter of 2012, we reached an agreement with the Bakery, Confectionery, Tobacco Workers and Grain Millers International Union, AFL-CIO (Local No. 334), for a new collective bargaining agreement covering our Portland, Maine facility for the period April 29, 2012 through April 25, 2015.

Severance and Change of Control Agreements. We have employment agreements with each of our six executive officers. The agreements generally continue until terminated by the executive or by us, and provide for severance payments under certain circumstances, including termination by us without cause (as defined in the agreements) or as a result of the employees death or disability, or termination by us or a deemed termination upon a change of control (as defined in the agreements). Severance benefits include payments for salary continuation, continuation of health care and insurance benefits, present value of additional pension credits and, in the case of a change of control, accelerated vesting under compensation plans and potential excise tax liability and gross up payments.

(11) Earnings per Share

Basic earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding. Diluted earnings per share is calculated by dividing net income by the weighted average number of shares of common stock outstanding plus all additional shares of common stock that would have been outstanding if potentially dilutive shares of common stock related to performance shares that may be earned under long-term incentive awards had been issued as of the beginning of the period using the treasury stock method.

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011
Weighted average shares outstanding:				
Basic	48,375,537	47,906,495	48,207,089	47,944,256
Net effect of potentially dilutive share-based compensation awards	348,300	730,344	315,515	723,375
Diluted	48,723,837	48,636,839	48,522,604	48,667,631

(12) Business and Credit Concentrations and Geographic Information

Our exposure to credit loss in the event of non-payment of accounts receivable by customers is estimated in the amount of the allowance for doubtful accounts. We perform ongoing credit evaluations of our customers financial condition. Our top ten customers accounted for approximately 51.1% and 50.7% of consolidated net sales for the first two quarters of 2012 and 2011, respectively. Our top ten customers accounted for approximately 54.2% and 53.2% of our receivables as of June 30, 2012 and December 31, 2011, respectively. Other than Wal-Mart, which accounted for 19.9% and 16.5% of our consolidated net sales for the first two quarters of 2012 and 2011, no single customer accounted for more than 10.0% of our consolidated net sales for the first two quarters of 2012 or 2011. Other than Wal-Mart, which accounted for 19.2% and 14.4% of our consolidated receivables as of June 30, 2012 and December 31, 2011, respectively, no single customer accounted for more than 10.0% of our consolidated receivables. As of June 30, 2012, we do not believe we have any significant concentration of credit risk with respect to our trade accounts receivable.

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(12) Business and Credit Concentrations and Geographic Information (Continued)

During the first two quarters of 2012 and 2011, our sales to foreign countries represented approximately 3.4% and less than 1.0%, respectively, of net sales. Our foreign sales are primarily to customers in Canada.

(13) Share-Based Payments

Our company makes annual grants of performance share long-term incentive awards to our executive officers and certain other members of senior management. The performance share long-term incentive awards entitle the participants to earn shares of common stock upon the attainment of certain performance goals. In addition, our non-employee directors receive annual equity grants as part of their non-employee director compensation.

The following table sets forth the compensation expense recognized for share-based payments (performance share long-term incentive awards, non-employee director stock grants and other share based compensation) during the second quarter and first two quarters of 2012 and 2011 and where that expense is reflected in our consolidated statements of operations (in thousands):

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
Consolidated Statements of Operations Location	**June 30, 2012**	**July 2, 2011**	**June 30, 2012**	**July 2, 2011**
Compensation expense included in cost of goods sold	$ 203	$ 200	$ 368	$ 374
Compensation expense included in selling, general and administrative expenses	1,086	957	1,661	1,498
Total compensation expense for share-based payments	$ 1,289	$ 1,157	$ 2,029	$ 1,872

As of June 30, 2012, there was $4.6 million of unrecognized compensation expense related to performance share long-term incentive awards, which is expected to be recognized over the next 2.5 years.

The following table details the activity in our non-vested performance share long-term incentive awards for the first two quarters of 2012:

	Number of Performance Shares		Weighted Average Grant Date Fair Value (per share)(2)
Beginning of fiscal 2012	1,985,697(1)	$	5.25
Granted	159,722(1)	$	20.34
Vested	(1,124,205)	$	2.30
Forfeited			
End of first two quarters of 2012	1,021,214(1)	$	10.86

(1) Solely for purposes of this table, the number of performance shares is based on the participants earning the maximum number of performance shares (i.e., 200% or 300% of the target number of performance shares).

(2) The fair value of the awards was determined based upon the closing price of our common stock on the applicable measurement dates (i.e., the deemed grant dates for accounting purposes) reduced by the present value of expected dividends using the risk-free interest-rate as the award holders are not entitled to dividends or dividend equivalents during the vesting period.

Table of Contents

B&G Foods, Inc. and Subsidiaries

Notes to Consolidated Financial Statements (Continued)

(Unaudited)

(13) Share-Based Payments (Continued)

The following table details the number of shares of common stock issued by our company during the second quarter and first two quarters of 2012 and 2011 upon the vesting of performance share long-term incentive awards and for non-employee director annual equity grants and other share based compensation:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011
Number of performance shares vested			1,124,205	403,431
Shares withheld to fund statutory minimum tax withholding			463,942	152,126
Shares of common stock issued for performance share long-term incentive awards			660,263	251,305
Shares of common stock issued to non-employee directors for annual equity grants	17,436	17,796	17,436	17,796
Shares of common stock issued for other share based compensation, net of shares withheld to fund statutory minimum tax withholding			9,394	9,008
Total shares of common stock issued	17,436	17,796	687,093	278,109
Excess tax benefit recorded to additional paid in capital	$ (130)	$	$ 7,988	$ 1,117

(14) Income Taxes

During the second quarter of 2012, a change in the group of states in which we are subject to state income taxes caused a decrease in our blended state tax rate, resulting in a deferred tax benefit of $0.9 million. During the second quarter of 2011, changes in state tax laws impacting apportionment rates resulted in a decrease in our blended state tax rate, resulting in a deferred tax benefit of $1.1 million.

Table of Contents

Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following Management s Discussion and Analysis of Financial Condition and Results of Operations contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including those set forth under the heading Forward-Looking Statements below and elsewhere in this report. The following discussion should be read in conjunction with the unaudited consolidated interim financial statements and related notes for the thirteen and twenty-six weeks ended June 30, 2012 (second quarter and first two quarters of 2012) included elsewhere in this report and the audited consolidated financial statements and related notes for the fiscal year ended December 31, 2011 (fiscal 2011) included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) on February 28, 2012 (which we refer to as our 2011 Annual Report on Form 10-K).

General

We manufacture, sell and distribute a diverse portfolio of branded, high quality, shelf-stable foods and household products, many of which have leading regional or national market shares. In general, we position our branded products to appeal to the consumer desiring a high quality and reasonably priced product. We complement our branded product retail sales with institutional and food service sales and limited private label sales.

Our goal is to continue to increase sales, profitability and cash flows by enhancing our existing portfolio of branded shelf stable products and by capitalizing on our competitive strengths. We intend to implement our growth strategy through the following initiatives: expanding our brand portfolio with disciplined acquisitions of complementary branded businesses, continuing to develop new products and delivering them to market quickly, leveraging our multiple channel sales and distribution system and continuing to focus on higher growth customers and distribution channels.

On November 30, 2011, we completed the acquisition of the *Mrs. Dash, Sugar Twin, Baker s Joy, Molly McButter, Static Guard* and *Kleen Guard* brands from Conopco, Inc. dba Unilever United States, Inc., which we refer to in this report as the Culver Specialty Brands acquisition. The Culver Specialty Brands acquisition has been accounted for using the acquisition method of accounting and, accordingly, the assets acquired and results of operations of the acquired business is included in our consolidated financial statements from the date of acquisition. This acquisition and the application of the acquisition method of accounting affect comparability between periods.

We are subject to a number of challenges that may adversely affect our businesses. These challenges, which are discussed below and under the heading Forward-Looking Statements, include:

Fluctuations in Commodity Prices and Production and Distribution Costs. We purchase raw materials, including agricultural products, meat, poultry, ingredients and packaging materials from growers, commodity processors, other food companies and packaging suppliers located in U.S. and foreign locations. Raw materials and other input costs, such as fuel and transportation, are subject to fluctuations in price attributable to a number of factors. Fluctuations in commodity prices can lead to retail price volatility and intensive price competition, and can influence consumer and trade buying patterns. The cost of raw materials, fuel, labor, distribution and other costs related to our operations can increase from time to time significantly and unexpectedly.

We attempt to manage cost inflation risks by locking in prices through short-term supply contracts and advance commodities purchase agreements and by implementing cost saving measures. We also attempt to offset rising input costs by raising sales prices to our customers. However, increases in the prices we charge our customers may lag behind rising input costs. Competitive pressures also may limit our ability to quickly raise prices in response to rising costs.

Table of Contents

We are currently locked into our supply and prices for a majority of our most significant commodities (excluding, among others, maple syrup) through 2012 at cost increase of less than 2.0% of projected 2012 cost of goods sold. During fiscal 2011, our sales price increases and our cost saving measures more than offset our cost increases. To the extent we are unable to avoid or offset present and future cost increases by locking in our costs, implementing cost saving measures or increasing prices to our customers, our operating results could be materially adversely affected. In addition, should input costs begin to decline, customers may look for price reductions in situations where we have locked into purchases at higher costs.

Consolidation in the Retail Trade and Consequent Inventory Reductions. As the retail grocery trade continues to consolidate and our retail customers grow larger and become more sophisticated, our retail customers may demand lower pricing and increased promotional programs. These customers are also reducing their inventories and increasing their emphasis on private label products.

Changing Customer Preferences. Consumers in the market categories in which we compete frequently change their taste preferences, dietary habits and product packaging preferences.

Consumer Concern Regarding Food Safety, Quality and Health. The food industry is subject to consumer concerns regarding the safety and quality of certain food products. If consumers in our principal markets lose confidence in the safety and quality of our food products, even as a result of a product liability claim or a product recall by a food industry competitor, our business could be adversely affected.

Fluctuations in Currency Exchange Rates. We purchase the majority of our maple syrup requirements from suppliers located in Québec, Canada. Any weakening of the U.S. dollar against the Canadian dollar, could significantly increase our costs relating to the production of our maple syrup products to the extent we have not purchased Canadian dollars in advance of any such weakening of the U.S. dollar.

To confront these challenges, we continue to take steps to build the value of our brands, to improve our existing portfolio of products with new product and marketing initiatives, to reduce costs through improved productivity, to address consumer concerns about food safety, quality and health and to favorably manage currency fluctuations.

Critical Accounting Policies; Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires our management to make a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Some of the more significant estimates and assumptions made by management involve trade and consumer promotion expenses; allowances for excess, obsolete and unsaleable inventories; pension benefits; acquisition accounting allocations; the recoverability of goodwill, other intangible assets, property, plant and equipment, and deferred tax assets; the determination of the useful life of customer relationship intangibles; and the accounting for share-based compensation expense. Actual results could differ significantly from these estimates and assumptions.

In our 2011 Annual Report on Form 10-K, we identified the critical accounting policies which affect our more significant estimates and assumptions used in preparing our consolidated financial statements. There have been no significant changes to these policies from those disclosed in our 2011 Annual Report on Form 10-K.

Table of Contents

Results of Operations

The following table sets forth the percentages of net sales represented by selected items for the second quarter and first two quarters of 2012 and 2011 reflected in our consolidated statements of operations. The comparisons of financial results are not necessarily indicative of future results:

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011
Statement of Operations:				
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	65.2%	67.4%	64.5%	66.6%
Gross profit	34.8%	32.6%	35.5%	33.4%
Selling, general and administrative expenses	9.8%	11.0%	10.2%	10.9%
Amortization expense	1.4%	1.3%	1.4%	1.3%
Operating income	23.6%	20.3%	23.9%	21.2%
Interest expense, net	8.0%	6.4%	7.8%	6.3%
Income before income tax expense	15.6%	13.9%	16.1%	14.9%
Income tax expense	4.8%	4.2%	5.4%	5.0%
Net income	10.8%	9.7%	10.7%	9.9%

As used in this section the terms listed below have the following meanings:

Net Sales. Our net sales represents gross sales of products shipped to customers plus amounts charged to customers for shipping and handling, less cash discounts, coupon redemptions, slotting fees and trade promotional spending.

Gross Profit. Our gross profit is equal to our net sales less cost of goods sold. The primary components of our cost of goods sold are cost of internally manufactured products, purchases of finished goods from co-packers plus freight costs to our distribution centers and to our customers.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses include costs related to selling our products, as well as all other general and administrative expenses. Some of these costs include administrative, marketing and internal sales force employee compensation and benefits costs, consumer advertising programs, brokerage costs, warehouse facility and distribution costs, information technology and communication costs, office rent, utilities, supplies, professional services and other general corporate expenses.

Amortization Expense. Amortization expense includes the amortization expense associated with customer relationship and other intangibles.

Net Interest Expense. Net interest expense includes interest relating to our outstanding indebtedness, amortization of bond discount and amortization of deferred debt financing costs, net of interest income and realized gain relating to a prior interest rate swap and the reclassification of amounts recorded in accumulated other comprehensive loss related to the swap.

Loss on Extinguishment of Debt. Loss on extinguishment of debt includes costs relating to the retirement of indebtedness, including repurchase premium and write-off of deferred debt financing costs.

Table of Contents

Non-GAAP Financial Measures

Certain disclosures in this report include non-GAAP financial measures. A non-GAAP financial measure is defined as a numerical measure of our financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in our consolidated balance sheets and related consolidated statements of operations, comprehensive income, changes in stockholders equity and cash flows.

EBITDA is a measure used by management to measure operating performance. We define EBITDA as net income before net interest expense (as defined above), income taxes, depreciation and amortization and loss on extinguishment of debt (as defined above). Management believes that it is useful to eliminate net interest expense, income taxes, depreciation and amortization and loss on extinguishment of debt because it allows management to focus on what it deems to be a more reliable indicator of ongoing operating performance and our ability to generate cash flow from operations. We use EBITDA in our business operations, among other things, to evaluate our operating performance, develop budgets and measure our performance against those budgets, determine employee bonuses and evaluate our cash flows in terms of cash needs. We also present EBITDA because we believe it is a useful indicator of our historical debt capacity and ability to service debt and because covenants in our credit facility and our senior notes indenture contain ratios based on this measure. As a result, internal management reports used during monthly operating reviews feature the EBITDA metric. However, management uses this metric in conjunction with traditional GAAP operating performance and liquidity measures as part of its overall assessment of company performance and liquidity and therefore does not place undue reliance on this measure as its only measure of operating performance and liquidity.

EBITDA is not a recognized term under GAAP and does not purport to be an alternative to operating income or net income as an indicator of operating performance or any other GAAP measure. EBITDA is not a complete net cash flow measure because EBITDA is a measure of liquidity that does not include reductions for cash payments for an entity s obligation to service its debt, fund its working capital, capital expenditures and acquisitions and pay its income taxes and dividends. Rather, EBITDA is a potential indicator of an entity s ability to fund these cash requirements. EBITDA is not a complete measure of an entity s profitability because it does not include costs and expenses for depreciation and amortization, interest and related expenses, loss on extinguishment of debt and income taxes. Because not all companies use identical calculations, this presentation of EBITDA may not be comparable to other similarly titled measures of other companies. However, EBITDA can still be useful in evaluating our performance against our peer companies because management believes this measure provides users with valuable insight into key components of GAAP amounts.

A reconciliation of EBITDA to net income and to net cash provided by operating activities for the second quarter and first two quarters of 2012 and 2011 along with the components of EBITDA follows (in thousands):

Table of Contents

	Thirteen Weeks Ended		Twenty-six Weeks Ended	
	June 30, 2012	July 2, 2011	June 30, 2012	July 2, 2011
Net income	$ 16,026	$ 12,599	$ 32,804	$ 25,904
Income tax expense	7,216	5,398	16,612	12,981
Interest expense, net	11,862	8,341	23,851	16,531
Depreciation and amortization	4,473	3,972	8,914	7,926
Loss on extinguishment of debt				
EBITDA	39,577	30,310	82,181	63,342
Income tax expense	(7,216)	(5,398)	(16,612)	(12,981)
Interest expense, net	(11,862)	(8,341)	(23,851)	(16,531)
Deferred income taxes	2,469	1,724	6,622	10,120
Amortization of deferred financing costs and bond discount	1,257	500	2,514	1,000
Realized gain on interest rate swap				(612)
Reclassification to net interest expense for interest rate swap		424		847
Share-based compensation expense	1,289	1,157	2,029	1,872
Excess tax benefits from share-based compensation	130		(7,988)	(1,117)
Changes in assets and liabilities	(4,829)	(5,861)	(3,095)	(19,759)
Net cash provided by operating activities	$ 20,815	$ 14,515	$ 41,800	$ 26,181

Second quarter of 2012 compared to the second quarter of 2011.

Net Sales. Net sales increased $19.2 million or 14.8% to $148.6 million for the second quarter of 2012 from $129.4 million for the second quarter of 2011. The Culver Specialty Brands, which we acquired at the end of November 2011, contributed $19.5 million to our net sales for the quarter. For our base business, a sales price increase of $4.3 million offset by a $4.6 million unit volume decrease resulted in a $0.3 million net sales decline.

Net sales of our *Ortega* and *Cream of Wheat* products increased by $1.5 million and $0.6 million or 4.7% and 4.9%, respectively. These increases were offset by a reduction in net sales of *B&G, Las Palmas* and *Underwood* products of $1.2 million, $0.6 million and $0.5 million or 12.5%, 7.1% and 8.1%, respectively. In the aggregate, net sales for all other brands decreased $0.1 million or 0.1%.

Gross Profit. Gross profit increased $9.6 million or 22.7% to $51.8 million for the second quarter of 2012 from $42.2 million for the second quarter of 2011. Gross profit expressed as a percentage of net sales increased 2.2 percentage points to 34.8% in the second quarter of 2012 from 32.6% in the second quarter of 2011. The increase in gross profit expressed as a percentage of net sales was primarily attributable to pricing gains of $4.3 million and a sales mix shift to higher margin products (primarily due to the Culver Specialty Brands acquisition), partially offset by commodity cost increases.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $0.4 million or 3.1% to $14.6 million for the second quarter of 2012 from $14.2 million for the second quarter of 2011. This increase is primarily due to increases in brokerage expenses of $0.4 million, professional fees of $0.2 million and all other expenses of $0.3 million, offset by a decrease in consumer marketing and trade spending of $0.5 million. Expressed as a percentage of net sales, our selling, general and administrative expenses decreased 1.2 percentage points to 9.8% for the second quarter of 2012 from 11.0% for the second quarter of 2011.

Amortization Expense. Amortization expense increased $0.4 million or 23.6% to $2.0 million for the second quarter of 2012 from $1.6 million for the second quarter of 2011. The increase is due to the Culver Specialty Brands acquisition.

Table of Contents

Operating Income. As a result of the foregoing, operating income increased $8.8 million or 33.3% to $35.1 million for the second quarter of 2012 from $26.3 million for the second quarter of 2011. Operating income expressed as a percentage of net sales increased to 23.6% in the second quarter of 2012 from 20.3% in the second quarter of 2011.

Net Interest Expense. Net interest expense increased $3.6 million or 42.2% to $11.9 million for the second quarter of 2012 from $8.3 million in the second quarter of 2011. The increase in net interest expense in the second quarter of 2012 was primarily attributable to an increase in our indebtedness to finance the Culver Specialty Brands acquisition, and an additional $0.9 million of amortization of deferred debt financing costs and bond discount relating to the acquisition financing. See Liquidity and Capital Resources Debt below.

Income Tax Expense. Income tax expense increased $1.8 million to $7.2 million for the second quarter of 2012 from $5.4 million for the second quarter of 2011. Our effective tax rate was 31.0% for the second quarter of 2012 and 30.0% for the second quarter of 2011. The effective tax rate has been impacted in 2012 and 2011 by decreases in our blended state tax rate. During the second quarter of 2012, a change in the group of states in which we are subject to state income taxes caused a decrease in our blended state tax rate, resulting in a deferred tax benefit of $0.9 million. During the second quarter of 2011, changes in state tax laws impacting apportionment rates caused a decrease in our blended state tax rate, resulting in a deferred tax benefit of $1.1 million.

First two quarters of 2012 compared to first two quarters of 2011.

Net Sales. Net sales increased $45.1 million or 17.3% to $306.0 million for the first two quarters of 2012 from $260.9 million for the first two quarters of 2011. Net sales of the Culver Specialty Brands, which we acquired at the end of November 2011, contributed $45.1 million to our net sales for the first two quarters of 2012. Net sales for our base business were flat, with a sales price increase of $6.8 million offset by a $6.8 million unit volume decline for our base business.

Net sales of our lines of *Ortega* and *Maple Grove Farms of Vermont* products increased in the amounts of $3.2 million and $1.5 million or 5.0% and 4.4%, respectively. These increases were offset by a reduction in net sales of our *B&G, Cream of Wheat, Underwood* and *Don Pepino* products of $1.9 million, $0.9 million, $0.7 million and $0.6 million or 10.9%, 3.0%, 6.7% and 7.9%. In the aggregate, net sales for all other brands decreased $0.6 million, or 0.6%.

Gross Profit. Gross profit increased $21.6 million or 24.8% to $108.6 million for the first two quarters of 2012 from $87.0 million for the first two quarters of 2011. Gross profit expressed as a percentage of net sales increased 2.1 percentage points to 35.5% in the first two quarters of 2012 from 33.4% in the first two quarters of 2011. This increase in gross profit expressed as a percentage of net sales was primarily attributable to pricing gains of $6.8 million and a sales mix shift to higher margin products (primarily due to the Culver Specialty Brands acquisition), partially offset by commodity cost increases.

Selling, General and Administrative Expenses. Selling, general and administrative expenses increased $3.0 million or 10.3% to $31.3 million for the first two quarters of 2012 from $28.3 million for the first two quarters of 2011. The increase is primarily due to increases in consumer marketing and trade spending of $1.3 million (primarily attributable to our acquisition of the Culver Specialty Brands), brokerage expense of $0.9 million, warehousing of $0.3 million, professional fees of $0.2 million and all other expenses of $0.3 million. Expressed as a percentage of net sales, our selling, general and administrative expenses decreased to 10.2% for the first two quarters of 2012 from 10.9% for the first two quarters of 2011.

Amortization Expense. Amortization expense increased $0.7 million to $4.0 million for the first two quarters of 2012 from $3.3 million for the first two quarters of 2011. The increase is due to the Culver Specialty Brands acquisition.

Operating Income. As a result of the foregoing, operating income increased $17.9 million or 32.2% to $73.3 million for the first two quarters of 2012 from $55.4 million for the first two quarters of 2011. Operating income expressed as a percentage of net sales increased to 23.9% in the first two quarters of 2012 from 21.2% in the first two quarters of 2011.

Net Interest Expense. Net interest expense increased $7.4 million or 44.3% to $23.9 million for the first two quarters of 2012 from $16.5 million in the first two quarters of 2011. The increase in net interest expense in the first two quarters of 2012 was primarily attributable to an increase in our indebtedness to finance the Culver Specialty Brands acquisition, and an additional $1.8 million of amortization of deferred debt financing costs and bond discount relating to the acquisition financing. See Liquidity and Capital Resources Debt below.

Income Tax Expense. Income tax expense increased $3.6 million to $16.6 million for the first two quarters of 2012 from $13.0 million for the first two quarters of 2011. Our effective tax rate was 33.6% for the first two quarters of 2012 and 33.4% for the first two quarters of 2011. The effective tax rate has been impacted in 2012 and 2011 by decreases in our blended state tax rate. During the second quarter of 2012, a change in the group of states in which we are subject to state income taxes caused a decrease in our blended state tax rate, resulting in a deferred tax benefit of $0.9 million. During the second quarter of 2011, changes in state tax laws impacting apportionment rates caused a decrease in our blended state tax rate, resulting in a deferred tax benefit of $1.1 million.

Liquidity and Capital Resources

Our primary liquidity requirements include debt service, capital expenditures and working capital needs. See also, Dividend Policy and Commitments and Contractual Obligations below. We fund our liquidity requirements, as well as our dividend payments and financing for acquisitions, primarily through cash generated from operations and external sources of financing, including our revolving credit facility.

Cash Flows. Net cash provided by operating activities increased $15.6 million to $41.8 million for the first two quarters of 2012 from $26.2 million for the first two quarters of 2011. The increase in net cash provided by operating activities in the first two quarters of 2012 as compared to the first two quarters of 2011 was due to an increase in working capital primarily due to our payment in January 2011 of $12.4 million, including $1.0 million of accrued interest, to terminate our interest rate swap and an increase in net income of $6.9 million, primarily attributable to the Culver Specialty Brands acquisition.

Net cash used in investing activities for the first two quarters of 2012 increased $1.5 million to $5.5 million from $4.0 million for the first two quarters of 2011. During the first two quarters of 2012, our net cash used in investing activities included $5.3 million of capital expenditures and $0.2 million for the acquisition of a business. Net cash used in investing activities for the first two quarters of 2011 consisted entirely of capital spending. Capital expenditures in the first two quarters of 2012 and 2011 included expenditures for building improvements, purchases of manufacturing and computer equipment and capitalized interest.

Net cash used in financing activities for the first two quarters of 2012 increased $12.3 million to $31.6 million from $19.3 million for the first two quarters of 2011. The increase was attributable to an increase in payments of tax withholding on behalf of employees for net share settlement of share-based compensation of $8.5 million, an increase in dividend payments of $5.8 million and scheduled principal payments of tranche A and tranche B term loans of $4.9 million, partially offset by an increase in excess tax benefits from share-based compensation of $6.9 million.

Based on a number of factors, including our trademark, goodwill and other intangible assets amortization for tax purposes from our prior acquisitions, we realized a significant reduction in cash taxes in fiscal 2011 and 2010 as compared to our tax expense for financial reporting purposes. We believe that we will realize a benefit to our cash taxes payable from amortization of our trademarks, goodwill and other intangible

Table of Contents

assets for the taxable years 2012 through 2026. If there is a change in U.S. federal tax policy that reduces any of these available deductions or results in an increase in our corporate tax rate, our cash taxes payable may increase further, which could significantly reduce our future cash and impact our ability to make interest and dividend payments.

Dividend Policy

Our dividend policy reflects a basic judgment that our stockholders would be better served if we distributed a substantial portion of our cash available to pay dividends to them instead of retaining it in our business. Under this policy, a substantial portion of the cash generated by our company in excess of operating needs, interest and principal payments on indebtedness, capital expenditures sufficient to maintain our properties and other assets is in general distributed as regular quarterly cash dividends (up to the intended dividend rate as determined by our board of directors) to the holders of our common stock and not retained by us. We have paid dividends every quarter since our initial public offering in October 2004.

Beginning with the quarterly dividend declared during the first quarter of 2012 and paid on April 30, 2012, our board of directors has increased the current dividend rate to $0.27 per share per quarter (or $1.08 per share per annum). Our board of directors declared quarterly dividends of $0.23 per share of common stock during the fourth quarter of fiscal 2011 and $0.21 per share of common stock during each of the first three quarters of fiscal 2011.

Dividend payments, however, are not mandatory or guaranteed and holders of our common stock do not have any legal right to receive, or require us to pay, dividends. Furthermore, our board of directors may, in its sole discretion, amend or repeal this dividend policy. Our board of directors may decrease the level of dividends below the intended dividend rate or discontinue entirely the payment of dividends. Future dividends with respect to shares of our common stock depend on, among other things, our results of operations, cash requirements, financial condition, contractual restrictions, business opportunities, acquisition opportunities, the condition of the debt and equity financing markets, provisions of applicable law and other factors that our board of directors may deem relevant. Our board of directors is free to depart from or change our dividend policy at any time and could do so, for example, if it was to determine that we have insufficient cash to take advantage of growth opportunities. In addition, over time, our EBITDA and capital expenditure, working capital and other cash needs will be subject to uncertainties, which could impact the level of dividends, if any, we pay in the future. Our senior notes indenture and the terms of our credit agreement contain significant restrictions on our ability to make dividend payments. In addition, certain provisions of the Delaware General Corporation Law may limit our ability to pay dividends.

As a result of our dividend policy, we may not retain a sufficient amount of cash to finance growth opportunities or unanticipated capital expenditure needs or to fund our operations in the event of a significant business downturn. We may have to forego growth opportunities or capital expenditures that would otherwise be necessary or desirable if we do not find alternative sources of financing. If we do not have sufficient cash for these purposes, our financial condition and our business will suffer.

For the first two quarters of 2012 and 2011, we had cash flows provided by operating activities of $41.8 million and $26.2 million, and distributed $24.0 million and $18.2 million, respectively, as dividends. At our current intended dividend rate of $1.08 per share per annum, we expect our aggregate dividend payments in fiscal 2012 to be approximately $50.2 million. If our cash flows from operating activities for future periods were to fall below our minimum expectations (or if our assumptions as to capital expenditures or interest expense were too low or our assumptions as to the sufficiency of our revolving credit facility to finance our working capital needs were to prove incorrect), we would need either to further reduce or eliminate dividends or, to the extent permitted under our senior notes indenture and the terms of our credit agreement, fund a portion of our dividends with borrowings or from other sources. If we were to use working capital or permanent borrowings to fund dividends, we would have less cash and/or borrowing capacity available for

Table of Contents

future dividends and other purposes, which could negatively impact our financial position, our results of operations, our liquidity and our ability to maintain or expand our business.

Acquisitions

Our liquidity and capital resources have been significantly impacted by acquisitions and may be impacted in the foreseeable future by additional acquisitions. As discussed elsewhere in this report, as part of our growth strategy we plan to expand our brand portfolio with disciplined acquisitions of complementary brands. We have historically financed acquisitions with borrowings and cash flows from operating activities. As a result, our interest expense has in the past increased as a result of additional indebtedness we have incurred in connection with acquisitions, including in connection with the Culver Specialty Brands acquisition, and will increase with any additional indebtedness we may incur to finance future acquisitions. The impact of future acquisitions, whether financed with additional indebtedness or otherwise, may have a material impact on our liquidity.

Debt

Senior Secured Credit Agreement. On November 30, 2011, in connection with the Culver Specialty Brands acquisition, we entered into a new senior secured credit agreement, which includes a $200.0 million revolving credit facility, $150.0 million of tranche A term loans and $225.0 million of tranche B term loans. The proceeds of the term loan borrowings, $25.0 million of revolving loans, and cash on hand were used to repay all $130.0 million of outstanding borrowings under our prior credit agreement, fund the acquisition purchase price and pay related transaction fees and expenses. At June 30, 2012, there were no outstanding loans under our revolving credit facility and the available borrowing capacity under the facility, net of outstanding letters of credit, was $199.5 million. The credit agreement is secured by substantially all of our and our domestic subsidiaries assets except our and our domestic subsidiaries real property.

The tranche A term loans are subject to principal amortization at the following rates: 5% in the first year, 10% in the second year and 15% in each of the third and fourth years. The balance of all borrowings under the tranche A term loan facility are due and payable at maturity on November 30, 2016. The tranche B term loans are subject to principal amortization at the rate of 1% annually with the balance due at maturity on November 30, 2018. The revolving credit facility matures on November 30, 2016.

Interest under the revolving credit facility, including any outstanding letters of credit, and under the tranche A term loan facility, is determined based on alternative rates that we may choose in accordance with the credit agreement, including a base rate per annum plus an applicable margin ranging from 1.50% to 2.00%, and LIBOR plus an applicable margin ranging from 2.50% to 3.00%, in each case depending on our consolidated leverage ratio. Interest under the tranche B term loan facility is determined based on alternative rates that we may choose in accordance with the credit agreement, including a base rate per annum plus an applicable margin of 2.50%, and LIBOR plus an applicable margin of 3.50%, in each case subject to a 1.0% LIBOR floor.

For further information regarding our senior secured credit agreement, including a description of optional and mandatory prepayment terms and financial and restrictive covenants, see Note 5, Long-term Debt, to our consolidated financial statements in Part I, Item 1 of this report.

7.625% Senior Notes due 2018. In January 2010, we issued $350.0 million aggregate principal amount of 7.625% senior notes due 2018 at a public offering price of 99.271% of face value. The original issue discount of $2.6 million and debt financing costs are being amortized over the life of the senior notes as interest expense. Interest on the senior notes is payable on January 15 and July 15 of each year. The senior notes will mature on January 15, 2018, unless earlier retired or redeemed as permitted or required by the terms of the indenture governing the senior notes as described in Note 5 to our consolidated financial statements in Part I, Item 1 of this report. We may also, from time to time, seek to retire senior notes through cash

Table of Contents

repurchases of senior notes and/or exchanges of senior notes for equity securities, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions and other factors. The amounts involved may be material. See Note 5 to our consolidated financial statements for a more detailed description of the senior notes.

Future Capital Needs

We are highly leveraged. On June 30, 2012, our total long-term debt of $715.6 million, net of our cash and cash equivalents of $21.4 million, was $694.2 million. Stockholders equity as of that date was $241.8 million.

Our ability to generate sufficient cash to fund our operations depends generally on our results of operations and the availability of financing. Our management believes that our cash and cash equivalents on hand, cash flow from operating activities and available borrowing capacity under our revolving credit facility will be sufficient for the foreseeable future to fund operations, meet debt service requirements, fund capital expenditures, make future acquisitions, if any, and pay our anticipated quarterly dividends on our common stock.

We expect to make capital expenditures of approximately $11.0 million to 12.0 million in the aggregate during fiscal 2012, $5.3 million of which have already been made during the first two quarters.

Seasonality

Sales of a number of our products tend to be seasonal and may be influenced by holidays, changes in seasons or other annual events. In the aggregate, however, sales of our products are not heavily weighted to any particular quarter due to the offsetting nature of demands for our diversified product portfolio. Sales during the fourth quarter are generally greater than those of the preceding three quarters.

We purchase most of the produce used to make our shelf-stable pickles, relishes, peppers, tomatoes and other related specialty items during the months of July through October, and we generally purchase substantially all of our maple syrup requirements during the months of April through August. Consequently, our liquidity needs are greatest during these periods.

Inflation

We have seen during the first half of 2012 and may continue to see during the second half of 2012 cost increases for raw materials in the marketplace. We manage this risk by entering into short-term supply contracts and advance commodities purchase agreements from time to time, and if necessary, by raising prices. We are currently locked into pricing and supply for substantially all of our major commodities (other than maple syrup) through 2012 at a cost increase of less than 2.0% of projected 2012 cost of goods sold. During 2010 and 2011, through sales price increases and cost saving efforts we have been more than able to offset the impact of recent commodity and transportation cost increases. We expect to be able to do the same during fiscal 2012. However, to the extent we are unable to offset present and future cost increases, our operating results will be negatively impacted.

Contingencies

See Note 10, Commitments and Contingencies, to our consolidated financial statements in Part I, Item 1 of this report.

Table of Contents

Recent Accounting Pronouncements

See Note 2, Summary of Significant Accounting Policies *Recently Issued Accounting Standards*, to our consolidated financial statements in Part I, Item 1 of this report.

Off-balance Sheet Arrangements

As of June 30, 2012, we did not have any off-balance sheet arrangements as defined in Item 303(a)(4)(ii) of Regulation S-K.

Commitments and Contractual Obligations

Our contractual obligations and commitments principally include obligations associated with our outstanding indebtedness, future minimum operating lease obligations and future pension obligations. During the first two quarters of 2012, there were no material changes outside the ordinary course of business in the specified contractual obligations set forth in the Commitments and Contractual Obligations table in our 2011 Annual Report on Form 10-K.

Forward-Looking Statements

This report includes forward-looking statements, including without limitation the statements under Management s Discussion and Analysis of Financial Condition and Results of Operations. The words believes, anticipates, plans, expects, intends, estimates, projects and simil expressions are intended to identify forward-looking statements. These forward looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance, or achievements expressed or implied by any forward-looking statements. We believe important factors that could cause actual results to differ materially from our expectations include the following:

- our substantial leverage;
- the effects of rising costs for our raw materials, packaging and ingredients;
- crude oil prices and their impact on distribution, packaging and energy costs;

- our ability to successfully implement sales price increases and cost saving measures to offset any cost increases;

- intense competition, changes in consumer preferences, demand for our products and local economic and market conditions;

- our continued ability to promote brand equity successfully, to anticipate and respond to new consumer trends, to develop new products and markets, to broaden brand portfolios in order to compete effectively with lower priced products and in markets that are consolidating at the retail and manufacturing levels and to improve productivity;

- the risks associated with the expansion of our business;

- our possible inability to integrate any businesses we acquire;

- our ability to access the credit markets and our borrowing costs and credit ratings, which may be influenced by credit markets generally and the credit ratings of our competitors;

- the effects of currency movements of the Canadian dollar as compared to the U.S. dollar;

- other factors that affect the food industry generally, including:

Table of Contents

- recalls if products become adulterated or misbranded, liability if product consumption causes injury, ingredient disclosure and labeling laws and regulations and the possibility that consumers could lose confidence in the safety and quality of certain food products;

- competitors pricing practices and promotional spending levels;

- fluctuations in the level of our customers inventories and credit and other business risks related to our customers operating in a challenging economic and competitive environment; and

- the risks associated with third-party suppliers and co-packers, including the risk that any failure by one or more of our third-party suppliers or co-packers to comply with food safety or other laws and regulations may disrupt our supply of raw materials or certain finished goods products or injure our reputation; and

- other factors discussed elsewhere in this report and in our other public filings with the SEC, including under Item 1A, Risk Factors, in our 2011 Annual Report on Form 10-K.

Developments in any of these areas could cause our results to differ materially from results that have been or may be projected by or on our behalf.

All forward-looking statements included in this report are based on information available to us on the date of this report. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained in this report.

We caution that the foregoing list of important factors is not exclusive. We urge investors not to unduly rely on forward-looking statements contained in this report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our principal market risks are exposure to changes in commodity prices, interest rates on borrowings and foreign currency exchange rates.

Commodity Prices and Inflation. The information under the heading Inflation in Item 2, Management s Discussion and Analysis of Financial Condition and Results of Operations is incorporated herein by reference.

Interest Rate Risk. In the normal course of operations, we are exposed to market risks relating to our long-term debt arising from adverse changes in interest rates. Market risk is defined for these purposes as the potential change in the fair value of a financial asset or liability resulting from an adverse movement in interest rates.

Changes in interest rates impact our fixed and variable rate debt differently. For fixed rate debt, a change in interest rates will only impact the fair value of the debt, whereas for variable rate debt, a change in the interest rates will impact interest expense and cash flows. At June 30, 2012, we had $350.0 million of fixed rate debt and $370.1 million of variable rate debt.

Based upon our principal amount of long-term debt outstanding at June 30, 2012, a hypothetical 1.0% increase in interest rates would have affected our annual interest expense by approximately $2.0 million and a 1.0% decrease in interest rates would have affected our annual interest expense by approximately $1.5 million.

Table of Contents

The carrying values and fair values of our term loan borrowings and senior notes as of June 30, 2012 and December 31, 2011 are as follows (in thousands):

	June 30, 2012		December 31, 2011	
	Carrying Value	**Fair Value(1)**	**Carrying Value**	**Fair Value(1)**
Tranche A Term Loan due 2016	145,611(2)	146,250	149,266(2)	150,000
Tranche B Term Loan due 2018	221,792(2)	224,994	222,773(2)	226,125
7.625% Senior Notes due 2018	348,228(2)	378,000	348,068(2)	372,750

(1) Fair values are estimated based on quoted market prices.

(2) The carrying values of the tranche A term loan, tranche B term loan and 7.625% senior notes are net of discount. The outstanding principal amounts of the tranche A term loan, tranche B term loan and senior notes as of June 30, 2012 are $146.3 million, $223.9 million and $350.0 million, respectively. The outstanding principal amounts of the tranche A term loan, tranche B term loan and senior notes as of December 31, 2011 were $150.0 million, $225.0 million and $350.0 million, respectively.

The information under the heading Inflation in Item 2, Management s Discussion and Analysis of Financial Condition and Results of Operations, is incorporated herein by reference.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As required by Rule 13a-15(b) under the Securities Exchange Act of 1934, as amended, our management, including our chief executive officer and our chief financial officer, conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this report. As defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, disclosure controls and procedures are controls and other procedures that we use that are designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Based on that evaluation, our chief executive officer and our chief financial officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control Over Financial Reporting. As required by Rule 13a-15(d) under the Exchange Act, our management, including our chief executive officer and our chief financial officer, also conducted an evaluation of our internal control over financial reporting to determine whether any change occurred during the quarter covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, our chief executive officer and our chief financial officer concluded that there has been no change during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations on Effectiveness of Controls. Our company s management, including the chief executive officer and chief financial officer, does not expect that our disclosure controls or our internal control over financial reporting will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system s objectives will be met. The design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Further, because of the inherent

Table of Contents

limitations in all control systems, no evaluation of controls can provide absolute assurance that misstatements due to error or fraud will not occur or that all control issues and instances of fraud, if any, within our company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with policies or procedures.

Table of Contents

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

The information set forth under the heading *Legal Proceedings* in Note 10 of Notes to Consolidated Financial Statements in Part I, Item 1 of this quarterly report on Form 10-Q is incorporated herein by reference.

Item 1A. Risk Factors

We do not believe there have been any material changes in our risk factors as previously disclosed in our 2011 Annual Report on Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 3. Defaults Upon Senior Securities

Not applicable.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Not applicable.

Item 6. Exhibits

EXHIBIT NO.	DESCRIPTION
31.1	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Chief Executive Officer.
31.2	Certification pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934 of the Chief Financial Officer.
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of the Chief Executive Officer and Chief Financial Officer.
101.1	The following financial information from B&G Foods Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets, (ii) the Consolidated Statements of Operations, (iii) the Consolidated Statements of Comprehensive Income, (iv) the Consolidated Statements of Cash Flows, (v) Notes to Consolidated Financial Statements, and (vi) document and entity information.

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: July 26, 2012	B&G FOODS, INC.	
	By:	/s/ Robert C. Cantwell Robert C. Cantwell Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer and Authorized Officer)