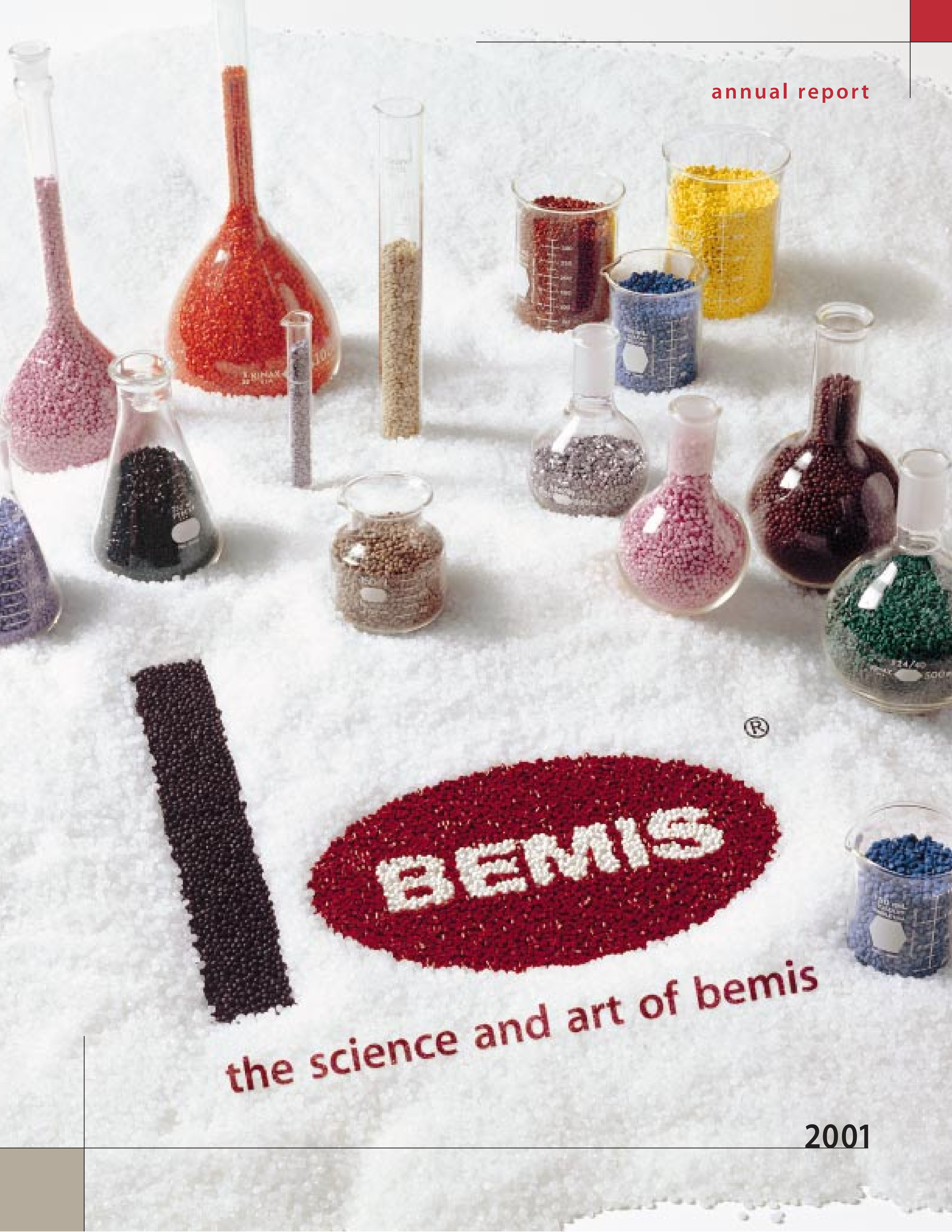
annual report



2001

financial highlights

Years Ended December 31, (dollars in thousands, except per share amounts)	2001	2000	% Change
Sales and Earnings:			
Net sales	**$2,293,104**	$2,164,583	6%
Income before income taxes	**227,425**	211,502	8
Provision for income taxes	**87,100**	80,900	8
Net income	**140,325**	130,602	7
Per Share:			
Basic earnings per share	**$ 2.66**	$ 2.46	8%
Diluted earnings per share	**2.64**	2.44	8
Dividends paid	**1.00**	.96	4
Book value	**16.76**	15.18	10
Ratios:			
Net income to net sales	**6.1%**	6.0%	
Return on average stockholders' equity	**16.7%**	17.1%	
Return on average total capital	**10.0%**	10.8%	
Total debt to total capital	**37.3%**	42.7%	
Additional Information:			
Capital expenditures	**$ 117,481**	$ 100,420	17%
EBITDA*	**$ 381,915**	$ 351,241	9
Stock price/earnings ratio range	**11-20x**	10-16x	
Weighted-average common shares outstanding for computation of diluted earnings per share	**53,121,798**	53,552,703	(1)
Common shares outstanding at year-end	**52,869,929**	52,602,414	1
Number of employees	**11,012**	10,969	

**EBITDA is defined as earnings before interest, income taxes, depreciation, and amortization. It is not a measure of operating results, nor is it presented in our consolidated financial statements. EBITDA is not considered a qualified financial measurement under U.S. generally accepted accounting principles (GAAP).*

Bemis Business Segments

79%

flexible packaging

Bemis is the leading manufacturer of flexible packaging in the Americas. We provide multinational and North American food and consumer products companies with packaging solutions that protect contents during shipment, extend shelf life, and offer attractive, consumer friendly designs. Over 60% of Flexible Packaging sales are printed film materials. The balance are sold as plain film for retail and institutional food as well as a variety of other markets.

***net sales** in millions*

***operating profit** percent of net sales*

***operating profit** percent of average investment*

49%

High Barrier Products

High barrier products include controlled and modified atmosphere packaging for food, medical, personal care and non-food applications consisting of complex barrier, multi-layer polymer film structures and laminates. Value is added through flexographic and rotogravure printing as well as pouch making.

Primary markets are processed and fresh meat, liquids, snacks, cheese, coffee, condiments, candy, pet food, personal care and medical packaging.

21%

Polyethylene Products

Polyethylene products include monolayer and coextruded polymer films that have been converted to bags, roll stock or shrink overwrap. Value is added through flexographic printing.

Primary markets are bakery products, seed, retail, lawn and garden, ice, fresh produce, frozen vegetables, shrink wrap, tissue and sanitary products.

9%

Paper Products

Paper products include multi-wall and single ply paper bags, balers, printed paper roll stock, and bag closing materials.

Primary markets are pet products, seed, chemicals, dairy products, fertilizers, feed, minerals, flour, rice and sugar.

***Note:** Certain products which had been previously included in "polyethylene products" have been moved to "high barrier products" to reflect the increased complexity of the package technology in 2001.*

pressure sensitive materials

Bemis is a major worldwide manufacturer of pressure sensitive adhesive coated materials for a variety of markets. Under the brand name MACtac, Bemis delivers advanced product performance to the pressure sensitive industry. Examples of these products include labeling for cold temperature food packaging, harsh environmental conditions, wet manufacturing processes, miniature electronic components, tamper evident packaging and technologically advanced fastener applications.

21%

***net sales** in millions*

1999	$493
2000	$506
2001	$491

***operating profit** percent of net sales*

1999	9.0%
2000	7.9%
2001	2.5%

***operating profit** percent of average investment*

1999	18.7%
2000	14.6%
2001	4.1%

Printing products include unprinted rolls of pressure sensitive adhesive coated papers and films. Our products are sold to converters who print labels for bar coding, product decoration, identification, safety marking and product instructions.

Primary markets are food packaging, personal care product packaging, inventory control labeling and laser/ink jet printed labels.

Printing Products

11%

Decorative and sheet products include unprinted rolls or sheets of pressure sensitive adhesive coated papers and films. Offset printers, sign makers and photo labs use our products with short-run and/or digital printing technology to create labels, signs, or vehicle graphics.

Primary markets are printed sheets, shipping labels, indoor and outdoor signage, photograph and digital print overlaminates and vehicle graphics.

Decorative and Sheet Products

7%

Technical products include pressure sensitive adhesive coated tapes used for mounting, bonding and fastening. Tapes sold to medical markets feature medical-grade adhesives suitable for direct skin contact.

Primary markets are batteries, electronics, automotive, construction, medical and pharmaceuticals.

Technical Products

3%

Bemis

the **company**

Bemis is a leading manufacturer of flexible packaging and pressure sensitive materials. More than 75 percent of the Company's sales are packaging related.

The primary market for the Company's products is the food industry, which accounts for over sixty-five percent of sales. Other markets include medical, pharmaceutical, chemical, agribusiness, printing and graphic arts, and a variety of other industrial end uses. Bemis holds a strong position in many of its markets and actively seeks new market segments where its technical skill and other capabilities provide a competitive advantage.

The Company has a strong technical base in polymer chemistry, film extrusion, coating and laminating, printing and converting, and pressure sensitive adhesive technologies. These capabilities are being integrated to provide greater innovation and accelerated growth in the Company's core businesses.

Bemis' management philosophy is to emphasize long-term development and profitability and to position the Company in product and market segments where above average revenue growth and profit potential can be realized. Emphasis is placed on market selection, product innovation, and continued efficient and environmentally sound manufacturing processes. The Company's more technically oriented, higher margin, flexible packaging and pressure sensitive materials businesses are being actively expanded through a strong capital investment program and selected strategic acquisitions.

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A Message to Our

We are very pleased to report that 2001 was another record year for Bemis. This strong performance in a difficult economic environment reflects our diligent adherence to a successful long-term business strategy and the resilience of our selected markets.

Highlights of the past year include:

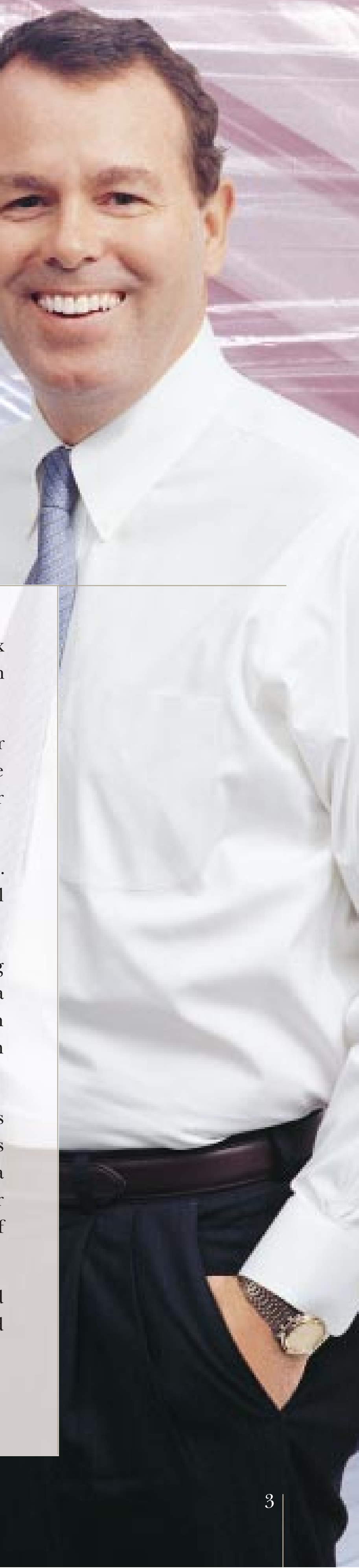
- Record sales of $2.3 billion, an increase of 6% over 2000;
- 8% earnings growth to $2.64 per share;
- 9% increase in earnings before interest, income taxes, depreciation and amortization (EBITDA) to $382 million;
- Strong 9% sales growth and 23% operating profit growth in our largest business segment, Flexible Packaging, representing 79% of company sales;
- Cash flow from operating activities increased to $318 million from $210 in the prior year;
- Our high barrier product line expanded with the purchase of Duralam, Inc.;
- Our Pressure Sensitive Materials business segment was reorganized for improved efficiency.

Flexible Packaging

Our flexible packaging business provides packaging primarily to food and consumer products industries, making it less sensitive to economic cycles than other businesses. Operating profit margins in this business improved to 15% in 2001 compared to about 13% in 2000. Expanded capacity allowing more efficient use of plant facilities, excellent cost management and new product innovation all contributed to this profitability in 2001.

Our high barrier product line continues to be the beneficiary of most of our packaging innovations. New packaging concepts introduced during the year spread quickly through the product categories, prompting more value added consumer convenience features and product line extensions. The division between our high barrier and polyethylene product lines is becoming blurred, as more and more customers are looking to extend shelf life with barrier films and increase the visibility of their products on store shelves by offering consumer convenience features and high quality brand graphics. This gives Bemis additional opportunities

Shareholders



to integrate our proprietary film structures and value-added technologies into the sales mix and drives operating margin growth. At the same time, we continue to see a steady migration of products from rigid into flexible packaging.

Our shrink packaging business, acquired in 2000, has been successfully integrated into our marketing efforts to provide a substantially broader product offering to our meat and cheese customers. We are merging this patented shrink technology with our existing high barrier technology to bring new products to many food, consumer products and industrial markets.

We continue to look for opportunities to profitably expand in international markets. Enhancements of technology at our existing European and South American operations will complement our product lines.

The September, 2001 acquisition of Duralam, a meat, cheese and confectionery packaging company located very near our existing high barrier operations in Wisconsin, brought with it a loyal customer base and efficient but underutilized production facilities. The rapid integration of these facilities allowed us to readily capture synergies and successfully transition the Duralam business.

The polyethylene packaging business continued to deliver strong performance this year. Bemis is the leading supplier of polyethylene packaging for food and consumer products such as bread, ice, frozen foods, tissue products, and sanitary products. Printed shrink film is also a growing market, used primarily for unitizing multipacks of canned food products, bottled water and other beverages. Our emphasis on cost management coupled with the ongoing success of our focused factory approach led to solid profit improvement for the year.

In July of 2001, we purchased a packaging plant in Prattville, Alabama, which had been closed earlier in the year. We have reopened this modern facility with a skilled, local workforce, and plan to establish this as a focused factory for our polyethylene product lines.

Operating profits in the paper packaging product line nearly doubled this year thanks to cost management and improved production efficiency. We continue to focus on pet food products with a focused factory dedicated to that market. Our marketing efforts have effectively integrated our high barrier expertise with that of paper packaging, offering pet product customers a broad array of packaging options from both product lines. In pet food as well as agriculture and chemical products markets, we are bringing innovation to our customers in the form of stronger materials and improved features to increase bag filling speeds and incorporate easy opening features.

Pressure Sensitive Materials Segment

This business is entering 2002 a much stronger business than it was in 2001. During 2001, a weak industrial economy and decreased demand for pressure sensitive materials adversely affected the performance of our pressure sensitive materials business segment. The changes we made in 2001 have positioned this business to successfully meet those market challenges and deliver improving results.

We have realigned the organization, centralizing common functions and reducing overhead. We have identified products and markets where the technologies of our pressure sensitive materials segment can create unique marketing solutions for our customers. Our research and development function was enhanced with experience from our successful flexible packaging business, and is supporting the business with renewed emphasis on product development and innovation.

New plant management at three of our facilities implemented six sigma programs that have improved quality control, manufacturing waste, and customer service. Six sigma programs throughout the pressure sensitive materials facilities (and in several flexible packaging facilities) are leading the drive for increased profitability and product quality.

The Kanzaki product lines that were purchased in 2000 were successfully transitioned to our facilities during the second quarter of 2001. We also qualified for and began production on our first contract for United States Postal Service stamp materials.

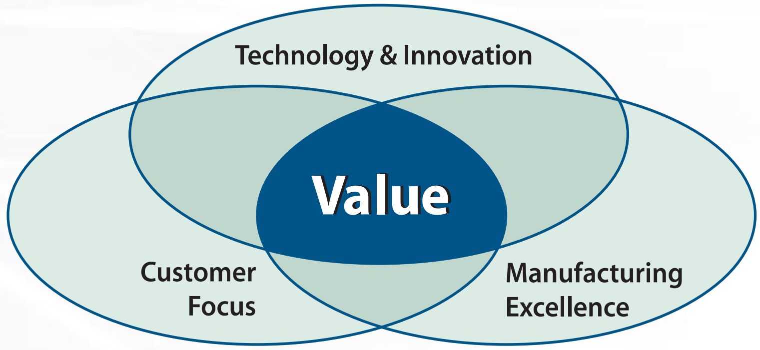
We expect 2002 to benefit from the improving manufacturing performance of this business, better focus and strengthening customer relationships.

Our Formula for Business Excellence

Our leadership position in flexible packaging and in our pressure sensitive materials markets is supported by our dedication to using ***technology and innovation*** to influence the selected markets that we serve. Our technical personnel use the latest technology and state-of-the-art facilities to develop solutions that improve the quality of our products and create growth opportunities for both Bemis and our customers. We are dedicated to being the leading innovator of the packaging industry, and applying our knowledge and expertise to create unique, proprietary solutions for our customers.

Manufacturing excellence represents a goal of continuous improvement in production efficiency and product quality. Capacity expansion in 2001 relieved the scheduling conflicts of 2000 and will allow plants to create additional focused production lines, further improving production and scheduling efficiencies. The plants that we acquired in 2000 and 2001 were effectively integrated into our focused factory blueprint, with production equipment dedicated to specific processes or markets to promote the highest levels of quality and operating efficiency. Our focused factory approach allows us to tailor our state-of-the-art facilities to the specific needs of a particular market, giving us a competitive advantage in that marketplace.

A Formula for Business Excellence



The third important component of our formula is ***customer focus.*** Bemis operates in the marketplace as many decentralized businesses, each with their own market focused expertise and identity. Many of our customers work with more than one of the Bemis businesses. Our "One Bemis" program combines the talents and expertise of each of our decentralized businesses to *"bring the best of what Bemis has to offer to each and every customer."* By dedicating a senior account executive to coordinate all of the resources and products of Bemis, customers are able to find all of their solutions in one place. Our customers work closely with Bemis technicians to develop and test new products, design package graphics, implement electronic exchange of information, and improve efficiency on their packaging lines.

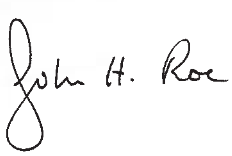
We believe that the combination of these three disciplines will differentiate Bemis in the marketplace, secure our position as the leading supplier of flexible packaging in the Americas, and build strong customer relationships. Using this formula for business excellence, we will continue to deliver value to our customers, our shareholders and our employees.

Business Outlook

We enter 2002 in a strong financial and competitive position, having just achieved record sales, earnings, and cash flow levels for 2001. The acquisitions that we have made over the last two years have been fully integrated, transitions of production facilities are complete, and marketing efforts continue to capitalize on the "One Bemis" philosophy. Cash flow improved considerably during 2001, reflecting our strong operating performance and improved working capital management. Future capital investments will focus on developing new technology and products to support our ongoing commitment to innovation in key markets. The addition of two new facilities purchased in 2001 has provided additional capacity for the future. Strategic acquisitions will continue to be a key part of our growth strategy to add value and strengthen our leadership position in the industry.

Our long-term financial goals remain unchanged: deliver consistent, double-digit growth in earnings per share and cash flow, improve return on capital ratios, and maintain a strong capital structure to maximize our financial flexibility.

We are pleased with the success of the company and the achievements of over 11,000 dedicated and talented employees. We are grateful to all of them for their efforts and would like to express our appreciation for the continued support and confidence of our customers, suppliers and shareholders.



John H. Roe, Chairman

Jeffrey H. Curler, President and Chief Executive Officer

sci·ence (sī′əns) latin: siencia; *n.*

1. Knowledge, especially when gained through experience.

Since 1858, Bemis has used material science and ingenuity to deliver innovation to our customers and maintain our competitive advantage.

technology & innovation

Material science is the foundation of our business. Using our extensive knowledge of plastic and plastic resins, film structure, paper characteristics, adhesive coatings, and extrusion and coating manufacturing processes, we focus our efforts on finding the right combination of materials to maximize product performance.

In our flexible packaging business segment, our high barrier and polyethylene product lines are vertically integrated. We buy a variety of plastic resins from which we create proprietary film structures. This significantly improves our cost structure as well as our ability to provide the market with our own proprietary products. We custom design film packages to meet the special needs of each customer application, protecting the contents of the package and incorporating convenience features that are in high demand from consumers. Our paper packaging products incorporate specialty papers and unique valve features to deliver package characteristics that bring innovation to the market, improve performance and reduce cost.

In our pressure sensitive materials business, we seek out film, paper and adhesive products with specific characteristics that combine with our lamination processes to create unique, superior products in niche markets.

Bemis' market innovation is supported by a talented team of technical personnel, including chemical, process, mechanical and electrical engineers, chemists, and product development experts. These people are problem solvers, working directly with product teams to develop unique film structures that meet the packaging needs of our customers. Development of new products is carried out primarily on our production equipment, not in small-scale pilot plants, so solutions are tested with real production variances and tolerances and can be quickly moved to market. Our technical teams also interact with our customers' technical and manufacturing personnel in their manufacturing plants to provide service and technical support.

We believe that through Bemis' focus on technology and innovation, we can provide unique solutions for our customers and give both Bemis and our customers a competitive advantage in the marketplace.

"Holiday Santas" and "United We Stand" are two of the first postage issues manufactured by MACtac since receiving US Post Office qualification. The material constructions had to meet rigorous performance requirements set by the Postal Service including water removability, repulpability, and phosphor levels consistent in providing a high caliber postage stamp.

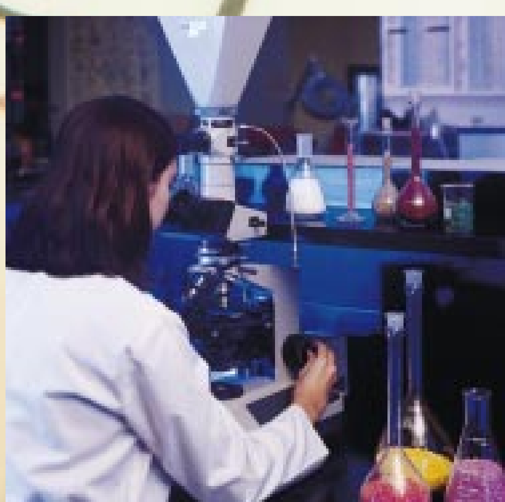
Bemis is bringing innovation to its paper bag product line through the use of high performance papers and unique package design which increases package filling rates, reduces product loss, and improves handling and logistics for customers.

Our proprietary ICE® film coextrusion technology delivers superior memory retention, gloss, and clarity for premium food products. Specialty resins are incorporated into the film to ensure excellent seal integrity on high speed packaging equipment.

Bemis is the leading provider of chunk cheese packaging in North America. We use proprietary film structures designed to provide a reliable seal and extend the product shelf life. Our barrier shrink film is also ideal for chunk cheese sizes that are too large for regular packaging lines.

sci·ence (sī′əns) latin: siencia; *n.*

2. Learning or study concerned with phenomena of physical science.



Understanding the characteristics of the application is key to delivering a high quality, innovative product. At Bemis, we understand the nature of each product application, from filling process to distribution; from shelf life to consumer environment.

science & research

Bemis studies the physical characteristics of both the products we produce and the applications to which our products will be applied. Package contents may be damaged by oxygen, light, heat or moisture. The contents may give off gases. The filling process may require the package to seal through grease, moisture, or product shavings, or withstand the abuse of sharp, frozen objects. The distribution process may cause friction on the outside of the package or subject it to sunlight or weather. The product may be stored under pressure, in a freezer or heated in a microwave oven. The contents may be powdery, greasy or corrosive. All of these factors impact our design of the package or the appropriate label adhesive product.

Understanding the physical nature of an application, Bemis delivers a product that is custom designed to maximize product performance.

As the demand for prepared foods and meal kits grows, the need for sophisticated high barrier film structures increases. This film has been custom designed to protect the shelf life of ground beef and prevent the flavor aromas from escaping the package.

Shredded cheese requires a high tech package to protect its shelf life while incorporating convenience features. This easy open package uses our IntegraScore® opening feature to access a recloseable slider. The barrier film is customized based upon the type of cheese inside. Some cheeses give off gases as they age, and their package is custom designed to allow those gases to be released while preventing oxygen from entering.

This package incorporates a special, breathable barrier that allows the oxygen released by the produce to escape and extends shelf life.

The plastic liners for cereals keep contents fresh and extend shelf life. Fruity cereals require additional barrier film qualities to lock in the aromas and release a burst of flavor when opened.

Our MACmark® brand marking films are used extensively in fleet graphics. Our proprietary adhesives and films are easy to apply and provide exceptional visual appeal, durability and performance.

art (ärt) *n.*

1. To become skilled at doing something through constant repetition or practice.

Bemis uses a "focused factory" manufacturing blueprint to create a level of manufacturing expertise and efficiency that is unmatched in the industry. We dedicate certain production lines and entire manufacturing facilities to production of a particular type of product or process.

focused manufacturing

A machine that is devoted to a specific type of product experiences less downtime, can be tailored to meet industry specific customer needs, and allows the operator to become an expert at its operation. In our focused factories, tailored production equipment improves efficiency and reduces cost, while delivering a customized, value-added product to the customer at a competitive price.

We maintain focused factories in flexible packaging for shrink film, cold seal processes, bakery bags, pet food multiwall paper bags, and medical device packaging. In our pressure sensitive materials business, we dedicate plants to printing, distribution, and decorative products. In our other facilities, we also apply this philosophy on a smaller scale to dedicate certain production lines within a plant to a particular type of packaging.

Our six medical packaging facilities are located in North America, Europe and Asia, and meet the medical device industry's stringent manufacturing quality standards for sterile packaging.

Our packaging plants tailor package graphics for the latest promotions and offer customized package conveniences such as built in handles and easy opening features.

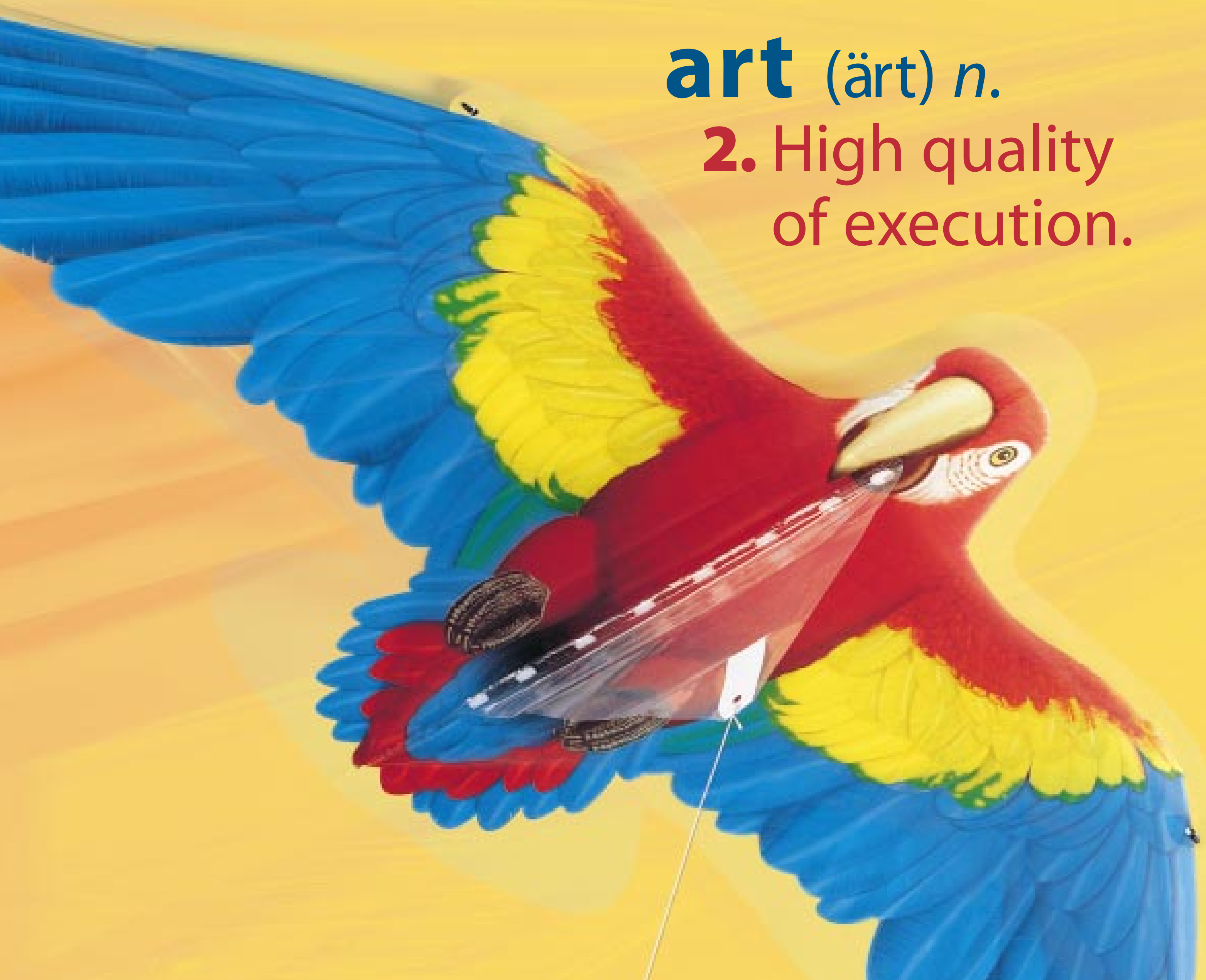
Bakery bags are an important market for Bemis. Our focused polyethylene bakery bag factory produces over 4 billion bags annually.

About fifty percent of our multiwall paper packaging products are used in the pet food industry. Bemis' focused paper bag factory for pet food has improved manufacturing efficiency and customer service.

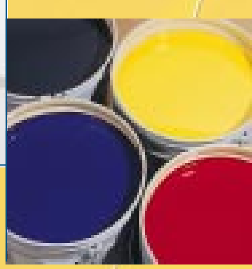
Self-adhesive vinyls are used for interior decoration. This Italian restaurant window display depicts underwater and treasure island themes creating a colorful atmosphere for patrons.

art (ärt) *n.*

2. High quality of execution.



Using premium materials, customized for a particular application, and manufactured in state-of-the-art facilities, Bemis delivers high performance products to our customers.



customer focus

Our customers rely on our products to build their brand recognition and maximize their market share. A high percentage of the packaging that we produce is printed, often with complex, high quality graphics that require experience and skill to reproduce. Bemis operates more color printing presses than any other packaging company in the world. Our highly trained technicians are recognized for their superior quality graphic design and color separation expertise. Reliability is also key to delivering a premium product. Our focused factories meet the special needs of particular industries without sacrificing the needs of other customers. Our engineers focus on understanding the nature of each application, to provide both support and consultation in package and adhesive design and performance. Our pressure sensitive materials optimize the benefits of the latest printing technology to maintain our customers' competitive edge.

At Bemis, we proudly support our customers with practical solutions to the challenges of today and deliver the innovations of tomorrow.

As a leading supplier of packaging to the processed meat industry, Bemis has expanded the market for its superior puncture resistant film to pet treats, pizza and liquid packaging.

Our peelable package system is designed to display a "clean peel" lacquer transfer when opened. This is ideal for tamper evident packages and "Peel & Stop" applications.

These colorful packages incorporate barrier film to protect freshness and a convenient zipper closure. Bemis graphic designers separate these new high quality graphic images into a series of color dots that are precisely reproduced to deliver a brilliant image.

As consumers look for economical bulk packages, our customers want high visibility for their brand name. Our shrink film holds multipacks securely while retaining high quality brand graphics.

Our pressure sensitive marking films and laminates were ideal for this high profile building decoration celebrating the official launch of the Euro. The 2000 square meter decorations were installed on selected buildings in Brussels, Athens, Berlin, Madrid and Vienna in difficult weather conditions including snow, wind and freezing temperatures.

"One Bemis"

CURWOOD®

BEMIS® POLYETHYLENE PACKAGING DIVISION

BANNER OSHKOSH

MILPRINT INCORPORATED

BEMIS PAPER PACKAGING GROUP

MACtac® A Bemis Company

BEMIS® INDUSTRIAL PRODUCTS DIVISION

BEMISTAPE™

Perfecseal® A BEMIS COMPANY

TECHY BEMIS S.A. A Bemis Company

MacKay

LLT™ LASER LABEL TECHNOLOGIES

“We will bring the best of what Bemis has to offer to each and every customer.”

Bemis has been in the packaging business since 1858, but our business today has changed significantly from those early years. Those changes reflect the progress of society and industry, and they have come about through our investment in capital expansion and technology as well as the acquisition of complementary businesses.

Under the Bemis umbrella, our business units go to market and operate as decentralized profit centers, highly focused on the products they make and the markets they serve. We believe strongly that a decentralized business structure promotes margin improvement, focused market targeting, and the development of successful business leaders. These decentralized operations market trademarked products and brand names, patented technologies, and industry recognized expertise, many under different business names (as shown on the opposite page). Bemis has successfully organized these decentralized businesses into an effective marketing and sales effort that brings them together as one cohesive product offering. When a customer uses multiple Bemis products, we present a “One Bemis” approach. A senior account executive coordinates all the necessary resources and products to make working with Bemis easy and productive.

Using this unique business approach, we continue to successfully grow our product offering to meet the needs of this progressive industry.

2001 acquisition

In 2001, Bemis acquired Duralam, Inc., a meat, cheese and confectionery products packaging company with about $55 million in annual sales. Duralam’s two packaging plants, located within a few miles of our existing facilities that serve the same markets, were readily integrated into our operations. This acquisition brought added capacity to our high barrier film product line, offering improved production scheduling and reducing capital expenditure needs in the future. Duralam’s loyal customer base was complementary to our existing business. Their chub package for fresh sausage further strengthens Bemis’ product line for the processed meat industry.

This “chub” package designed for premium fresh sausage products is printed as flat film to maximize printing surface. A sophisticated, multilayer coextruded film provides puncture and abrasion resistance, as well as high barrier for extended shelf-life.

This high barrier film package incorporates our IntegraScore® technology, which allows consumers to easily tear open the package at the middle, opening the pasta side while leaving the shredded cheese side sealed.

Bemis' primary markets have consistently grown, even during times of economic weakness.

With over sixty-five percent of our products used in the food industry, and another ten percent for packaging consumer products like diapers and paper towels, one has only to stroll through the grocery store to witness the continuing growth of our business segments.

Bemis continues to introduce new flexible packaging designs promoting consumer convenience features and improved freshness. Each new package creates a wave of innovation that ripples through the aisles of the grocery store. Single serving sizes to meal kits, easy open and recloseable packages to stand up pouches, each customer's successful new packaging introduction can innovate an entire product category. Even when the package structure remains the same, new promotions and improved graphics catch the consumers' attention. Some products have used flexible packaging for decades, while others have only recently made a change from a rigid container. The scene continues to change.

A small percentage of our business is dependent upon the industrial economy. For example, flexible packaging is used in applications such as mattress bags for the hotel industry, shingle overwrap for the housing industry, and paper packaging for minerals and chemicals. Our pressure sensitive materials business provides labels for all types of consumer products, including computers, tractors and toys. Our adhesive materials are used as fasteners in cell phones, autos and electronics. Our decorative products are used on billboards and for trade show displays. These markets have been depressed during the past year but as economic activity begins to increase, these markets should also provide new growth opportunities for the company.

Global modernization continues to provide opportunities for our operations in South America, Europe and Asia, as the need for improved food packaging increases demand for high barrier film structures. In addition, many of these markets need pressure sensitive materials for multilingual labels and advertising. Our strategic manufacturing operations in each of these regions provide us with excellent platforms from which to expand our marketing reach and, ultimately, our global market share.

market **expansion**

Bemis rotogravure printing and in-line lamination capability provides the premium appearance this product deserves at a value our customers appreciate. The sophisticated three ply lamination construction with Bemis metalized materials adds barrier protection to keep the product tasting fresh.

Working closely with Owens Corning research and development, Bemis used its proven expertise in adhesives to support the design of an innovative new insulation product. Vaporwick® is designed for use in high humidity conditions and utilizes a moisture resistant MACtac tape as a self-sealing feature.

This product is packaged using thermoformable laminates that are produced by our European flexible packaging operations. The package incorporates a seal that can be visually confirmed by its color and includes an easy peel feature that does not deform the thermoformed packaging on opening.

The side gusseted pillow package is quickly becoming the standard for quality in the frozen food section, as are these bright, delicious-looking graphics.

The eye-catching graphics on this diaper package are used to market this product in Europe.

This shuttle train between Malpensa airport and the center of Milan, Italy, is covered with MACtac special protective films to keep the decoration perfect and make graffiti removal easier.

Five-Year Summary

Business Segments (dollars in millions)	**2001**	2000	1999	1998	1997
Flexible Packaging					
Net sales	**$1,801.9**	1,658.6	$1,469.6	$1,399.8	$1,428.6
Operating profit*	**273.2**	221.3	187.2	156.3	142.6
Average investment	**1,331.5**	1,285.1	1,007.4	984.4	912.0
Operating profit as % of net sales	**15.2%**	13.3%	12.7%	11.2%	10.0%
Operating profit as % of average investment	**20.5%**	17.2%	18.6%	15.9%	15.6%
Pressure Sensitive Materials					
Net sales	**$ 491.2**	$ 506.0	$ 493.0	$ 489.6	$ 489.0
Operating profit	**12.1**	40.1	44.3	51.0	67.2
Average investment	**296.4**	274.0	236.6	230.4	222.5
Operating profit as % of net sales	**2.5%**	7.9%	9.0%	10.4%	13.7%
Operating profit as % of average investment	**4.1%**	14.6%	18.7%	22.1%	30.2%
Total Company					
Net sales	**$2,293.1**	$2,164.6	$1,962.6	$1,889.4	$1,917.6
Operating profit*	**285.3**	261.4	231.5	207.3	209.8
Average investment	**1,627.9**	1,559.1	1,244.0	1,214.8	1,134.5
Operating profit as % of net sales	**12.4%**	12.1%	11.8%	11.0%	10.9%
Operating profit as % of average investment	**17.5%**	16.8%	18.6%	17.1%	18.5%

Note: *Operating profit is defined as profit before general corporate expense, interest expense, income taxes, and minority interest.*

**Reflects a gain of $5.8 million realized on the sale of machinery operations and restructuring charges of $7.8 million in 1997.*

Management's Discussion and Analysis

Three-Year Review of Results

	Percent		
	2001	2000	1999
Net sales	**100.0%**	100.0%	100.0%
Cost of products sold	**79.2**	79.3	78.4
Gross margin	**20.8**	20.7	21.6
Selling, general, and administrative expenses	**9.0**	8.9	9.9
All other expenses	**1.9**	2.0	2.2
Income before income taxes	**9.9**	9.8	9.5
Provision for income taxes	**3.8**	3.8	3.7
Net income	**6.1%**	6.0%	5.8%
Effective tax rate	**38.3%**	38.3%	38.3%

Summary

In 2001, the Company continued its history of meeting customer needs through technological innovation, customer intimacy, and manufacturing excellence. Manufacturing capacity expansion continued via internal investment, business unit acquisition, and an internal focus on manufacturing efficiency. Capital expenditures for 2001 were $117.5 million compared to $100.4 million in 2000 and $137.4 million in 1999. This three-year period reflects a continuation of the Company's focus on building and expanding its manufacturing capacity to support its technological strengths. In addition to this capital investment, the Company also invested in strategic business acquisitions. During the past five-years the Company has invested more than $1.0 billion in capacity and capability improvements through capital expenditures and business unit acquisitions.

During 2001, the Company successfully integrated new strategic businesses acquired during 2001 and the latter half of 2000, while maintaining profit margins and customer service levels during the transition. Capacity has been added where growth opportunities are imminent, and manufacturing improvements have been made in the pressure sensitive materials business which are expected to lead to improved results in 2002.

On September 7, 2001, the Company purchased all outstanding stock of Duralam, Inc., which had annual sales of approximately $55.0 million, for a cash purchase price of $68.4 million. Duralam manufactures films for packaging meat, cheese, candy, and other food products at facilities in Appleton and Neenah, Wisconsin. The total cash purchase price has been accounted for under the purchase method of accounting in accordance with Statement of Financial Accounting Standard (SFAS) Nos. 141 and 142 which discusses accounting treatment for acquisitions initiated after June 30, 2001.

On July 19, 2001, the Company purchased the land, building, and manufacturing equipment of the Prattville, Alabama facility of Wright Plastics that had been closed earlier in 2001. The added capacity provided by this modern manufacturing facility is used to produce polyethylene packaging products.

Overall results for 2001 produced net sales of $2.29 billion compared to $2.16 billion and $1.96 billion in 2000 and 1999, respectively. The net sales increase of 5.9 percent in 2001 was led by volume growth in the Flexible Packaging Segment's high barrier products principally due to business unit acquisitions made in the third quarters of 2001 and 2000. Net income for 2001 totaled $140.3 million compared with $130.6 million and $114.8 million for 2000 and 1999 respectively. Diluted earnings per share were $2.64 for 2001, $2.44 for 2000, and $2.18 for 1999. Excluding the effects of business acquisitions and dispositions, 2001 net sales decreased 1.9 percent from 2000.

Net sales for the Flexible Packaging segment increased 8.6 percent with operating profits increasing 23.4 percent from the levels achieved in 2000. Strong sales increases in high barrier products, further supported by polyethylene and paper products, provided the base for improved operating profits. Flexible Packaging operating profits were $273.2 million in 2001, or 15.2 percent of net sales, compared to $221.3 million, or 13.3 percent of net sales in 2000, and $187.2 million, or 12.7 percent of net sales in 1999. A continuing focus on lowering costs and developing unique products to meet customer needs largely account for the improvements in operating profit.

Net sales for the Pressure Sensitive Materials segment decreased 2.9 percent below the 2000 level. The weakened economy and general overcapacity in the pressure sensitive materials industry have impacted sales in this business segment throughout 2001. Operating profit decreased 69.9 percent as this business segment continued to face less favorable economic conditions in North America and increased price competition in certain markets. Pressure Sensitive Materials operating profits were $12.1 million in 2001, or 2.5 percent of net sales, compared to $40.1 million, or 7.9 percent of net sales in 2000, and $44.3 million, or 9.0 percent of net sales in 1999.

Outlook

In 2001, the successful integration of strategic acquisitions made during 2001 and the second half of 2000 further strengthened the Company's core capabilities and capacity to better meet the ever changing needs of our growing customer base. The Company's goal is for sales to rise six to eight percent annually. During the next several years we expect the Flexible Packaging business to benefit from continuing trends such as flexible packaging replacing rigid packaging, enhanced product protection, end-user convenience, product presentation, easy-to-handle features, and the unitization of single-pack to multi-pack as well as from the ongoing consolidation of customers with which the Company has strong relationships. Future acquisitions could further enhance sales growth. In 2002, industrial markets are expected to remain weak. These markets are served primarily by our Pressure Sensitive Materials business and portions of our polyethylene packaging product line. The Company expects, however, that with greater than 65 percent of our products used in the food industry, our exposure to this market limits the adverse impact of any downturn in the economy.

Costs and Expenses

Cost of products sold as a percentage of net sales was 79.2 percent for 2001 compared to 79.3 percent for 2000 and 78.4 percent for 1999. The increase experienced in 2000 was due to increasing material costs which were partially offset by lower product conversion costs and employee benefit costs.

Selling, general, and administrative expenses increased $14.9 million in absolute dollars in 2001 versus 2000 after decreasing $1.5 million in 2000 versus 1999. The 2001 increase is principally due to business unit acquisitions during the third quarters of 2001 and 2000. Expressed as a percent of net sales, selling, general, and administrative expenses were 9.0 percent, 8.9 percent, and 9.9 percent for 2001, 2000, and 1999, respectively. The Company's focus on improved cost control together with lower employee benefit costs largely accounted for the improvements achieved in 2000.

Research and development expense was $10.3 million in 2001, $10.1 million in 2000, and $11.7 million in 1999. This expense for the Flexible Packaging segment increased $1.2 million in 2001 reflecting continued commitment to product development. Within the Pressure Sensitive Materials segment this expense decreased $1.0 million as the primary focus was directed at improving operational efficiency.

Lower interest rates more than offset the impact of higher average debt levels to lower 2001 interest expense to $30.3 million compared to $31.6 million in 2000 and $21.2 million in 1999. Business unit acquisitions and common stock repurchases during 2000 resulted in increased debt levels and associated interest expense compared to 1999.

Other costs reflect expense of $1.9 million for 2001 versus expense of $1.4 million and $6.9 million in 2000 and 1999, respectively. The 1999 expense was principally due to losses from our Brazilian joint venture that included $1.7 million for currency losses and $2.6 million for relocation and reorganization costs. The results in 2000 reflect both improved operating performance and reduced currency effects. The increased expense in 2001 results from a loss attributable to our Brazilian joint venture.

The year 2000 reduction in minority interest is due to the January 2000 purchase of the 13 percent minority interest in MACtac. Upon the acquisition of these minority shares, MACtac became a wholly-owned subsidiary of Bemis Company, Inc.

Return on Investment

Return on average stockholders' equity in 2001 was 16.7 percent compared to 17.1 percent in 2000 and 16.2 percent in 1999. Operating profit as a percent of average investment was 17.5 percent in 2001 compared to 16.8 percent in 2000 and 18.6 percent in 1999.

Operating profit as a percent of average investment for the Flexible Packaging segment was 20.5 percent in 2001 compared to 17.2 percent in 2000 and 18.6 percent in 1999. This same ratio for the Pressure Sensitive Materials segment was 4.1 percent in 2001 compared to 14.6 percent in 2000 and 18.7 percent in 1999.

Return on average total capital was 10.0 percent in 2001, 10.8 percent in 2000, and 10.9 percent in 1999. Total capital is defined as the sum of all short-term and long-term interest-bearing debt, including obligations under capital leases, stockholders' equity, and deferred taxes. Return on total capital is based on net income adjusted for interest expense on an after-tax basis.

Capital Expenditures

Capital expenditures in 2001 were $117.5 million compared to $100.4 million in 2000 and $137.4 million in 1999, including capitalized interest of $0.2 million, $1.7 million, and $1.6 million for 2001, 2000, and 1999, respectively. In 2002, management anticipates expenditures of approximately $105 million. The majority of these expenditures are expected to be made from internally generated funds and will be for continued expansion and enhancement of the Company's growth businesses.

Capital Structure, Liquidity, and Cash Flow

Stockholders' equity increased in 2001 to $886.1 million, up from $798.8 million in 2000 and $725.9 million in 1999, primarily due to earnings reduced by dividend payments and common stock repurchases. In 2001, $1.2 million of common stock was repurchased compared to $42.8 million in 2000 and $4.1 million in 1999. Common stock totaling $7.9 million and $0.48 million was issued in 2001 and 2000, respectively, in connection with the Company's stock-based compensation programs. Additionally, common stock totaling $54.8 million was issued in 2000 in connection with the acquisition of the minority interest of MACtac.

Total debt decreased $70.3 million in 2001 to $600.9 million, resulting in a total debt to total capital ratio of 37.3 percent compared to 42.7 percent in 2000 and 31.7 percent in 1999. The significant debt increase in 2000 is due to business unit acquisitions and common stock repurchases. In 2002, total debt is expected to decrease due to continuing strong cash flow from operations.

On August 10, 2001, the Company completed the placement of $250.0 million of 6.5 percent Notes due August 15, 2008. The total proceeds were used to pay-down outstanding commercial paper.

On September 6, 2001, to obtain greater exposure to short-term floating interest rates, the Company entered into long-term interest rate swap agreements for a total notional amount of $350.0 million with three major U.S. banks. These interest rate swap agreements have been designated as hedges of changes in the fair value of the Company's existing $350.0 million fixed rate long-term debt obligations.

Under these interest rate swap agreements the Company will receive a fixed rate of interest and pay a variable rate of interest over the term without the exchange of the underlying notional amounts. The fixed rate of interest, which the Company will receive, is equal to the interest rate of the Company's long-term notes which is being hedged. The variable rate of interest which the Company will pay is based on the six-months London Interbank Offered Rate (LIBOR), set in arrears, plus a fixed spread which is unique to each agreement. The variable rates are reset semiannually at each net settlement date. At December 31, 2001, the net settlement receivable of $4.0 million was recorded as a reduction in interest expense. This position for the Company would become less favorable as short-term interest rates increase. At December 31, 2001, the fair value of these interest rate swaps was $1.3 million in the banks' favor and is included with other liabilities and deferred credits with a corresponding decrease in long-term debt.

The current ratio was 2.5:1 in 2001 compared to 1.3:1 in 2000 and 2.3:1 in 1999, reflecting the short-term debt increase in 2000 associated with acquisitions, which was refinanced with long-term notes in 2001. Working capital (excluding short-term borrowings and the current portion of long-term debt) decreased by $25.3 million to $354.4 million in 2001 following an increase of $42.6 million to $379.7 million in 2000 and an increase of $29.3 million to $337.1 million in 1999.

The Company's cash flow remained strong in 2001 as cash provided by operating activities was $317.9 million compared to $210.2 million in 2000 and $186.1 million in 1999. The following schedule presents the major sources and uses of cash for the Company in 2001.

Sources and Uses of Cash *(in millions)*

Principal sources	
Net income	$140.3
Depreciation and amortization	124.1
Deferred income taxes	16.5
Decrease in working capital (net of effects of acquisitions)	41.1
Other	(4.1)
Total sources	317.9
Principal uses	
Capital expenditures	117.5
Business acquisitions, net of cash acquired	72.2
Decrease in total debt	70.3
Dividends	52.8
Other	(1.1)
Total Uses	311.7
Net increase in cash	$ 6.2

The Company believes that cash generated by operating activities together with cash available through commercial paper issuance will be more than adequate to fund all of the requirements which are reasonably foreseeable for 2002.

At year-end 2001, the Company had credit lines of $584 million, including a $334 million revolving credit facility and a $250 million short-term 364-day bridge credit facility. These lines are used primarily to support the Company's issuance of commercial paper which carries an A-1, P-1 credit rating. The Company also has the capability of issuing up to approximately $100 million of Extendable Commercial Notes (ECNs) which are short-term instruments whose maturity can be extended to 390 days from the date of issuance. As of December 31, 2001, the Company had $229 million of commercial paper outstanding.

The Company's favorable credit rating is important to its ability to issue commercial paper at favorable rates of interest. While not anticipated, a downgrade in the Company's credit rating would increase the cost of borrowing and could limit the Company's ability to issue commercial paper and require the Company to draw upon existing credit facilities.

Cash required to meet the Company's short-term and long-term debt obligations and operating lease payments is summarized in the following table:

	Debt Payments	Lease Payments	Total
Payments due in 2002	$ 5,663,000	$ 7,155,000	$ 12,818,000
Payments due in 2003	658,000	4,850,000	5,508,000
Payments due in 2004	640,000	3,730,000	4,370,000
Payments due in 2005	100,855,000	2,823,000	103,678,000
Payments due in 2006	229,100,000	2,000,000	231,100,000
Payments due beyond 2006	263,996,000	14,057,000	278,053,000

Commercial paper outstanding at December 31, 2001, has been classified as long-term debt, to the extent of available long-term backup credit agreements which expire in 2006, in accordance with the Company's intention and ability to refinance such obligations on a long-term basis.

The Company's pretax interest coverage was 8.5 times in 2001 compared to 7.7 times in 2000 and 9.8 times in 1999. Pretax income increased to $227.4 million in 2001 from $211.5 million in 2000 and $185.9 million in 1999. Interest expense was $30.3 million in 2001, $31.6 million in 2000, and $21.2 million in 1999. Following are pretax interest coverage ratios for the last five years:

Coverage of Pretax Interest by Pretax Income and Interest

1997	1998	1999	2000	2001
9.7	8.6	9.8	7.7	**8.5**

Market Risks and Foreign Currency Exposures

The Company enters into contractual arrangements (derivatives) in the ordinary course of business to manage foreign currency exposure and interest rate risks. The Company does not enter into derivatives for trading purposes. The Company's use of derivatives is subject to internal policies that provide guidelines for control, counterparty risk, and ongoing reporting and is designed to reduce the income statement volatility associated with movements in foreign exchange rates and to achieve greater exposure to short-term interest rates.

During the third quarter 2001, to obtain greater exposure to short-term floating interest rates the Company entered into long-term interest rate swap agreements for a total notional amount of $350.0 million with three major U.S. banks. Under these interest rate swap agreements the Company will receive a fixed rate of interest and pay a variable rate of interest over the term without the exchange of the underlying notional amounts. At December 31, 2001, the net settlement receivable of

$4.0 million was recorded as a reduction in interest expense. This position for the Company would become less favorable as short-term interest rates increase.

These interest rate swap agreements have been designated as hedges of changes in the fair value of the Company's existing $350.0 million fixed rate long-term debt obligations. The terms of the interest rate swap agreements have been specifically designed to conform with the applicable terms of the hedged items and with the requirements of paragraph 68 of SFAS No. 133 to support the assumption of no ineffectiveness (changes in fair value of the debt and the swaps exactly offset) and to simplify the computations necessary to make the accounting entries. At December 31, 2001, the fair value of these interest rate swaps was $1.3 million in the banks' favor, as determined by the respective bank using discounted cash flow or other appropriate methodologies, and is included with other liabilities and deferred credits with a corresponding decrease in long-term debt.

The Company's international operations enter into forward foreign currency exchange contracts to manage foreign currency exchange rate exposures associated with certain foreign currency denominated receivables and payables, principally for transactions in non-euro zone countries. At December 31, 2001 and 2000, the Company had outstanding forward foreign currency exchange contracts aggregating $3,166,000 and $7,270,000, respectively. The introduction of the "euro" on January 1, 1999, by the European Economic and Monetary Union has reduced the exposure to currency fluctuations among participating countries resulting in reduced volume of forward foreign currency exchange contracts. Forward foreign currency exchange contracts generally have maturities of less than nine months and relate primarily to major Western European currencies. Counterparties to the forward foreign currency exchange contracts are major financial institutions. Credit loss from counterparty nonperformance is not anticipated. On January 1, 2001, SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," was adopted by the Company. SFAS No. 133 requires that the fair value of derivative instruments, such as forward foreign currency exchange contracts, be recorded on the balance sheet with subsequent changes reflected in income or deferred as an element of equity. The Company has not designated these derivative instruments as hedging instruments. The $6,600 net settlement expense (fair value) related to active forward foreign currency exchange contracts is recorded on the balance sheet and as an expense element of other costs (income), net.

The Company has a one-third interest in a Brazilian joint venture, ITAP/Bemis Ltda. The joint venture has foreign denominated debt exposures that are substantially hedged. Net conversion losses or gains on the debt are recorded as an expense.

Income Taxes

The Company's effective tax rate was 38.3 percent in 2001, 2000, and 1999. The difference between the Company's overall tax rate and the U.S. statutory tax rate of 35 percent in 2001, 2000, and 1999 principally relates to state and local income taxes net of the federal income tax benefit.

New Accounting Pronouncements

In July 2001, the Financial Accounting Standards Board (FASB) issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires that the purchase method be used for business combinations initiated after June 30, 2001. SFAS No. 142 requires that goodwill no longer be amortized to earnings, but instead be reviewed for impairment. The provisions of SFAS No. 142 are effective for fiscal years beginning after December 15, 2001, and any business combination initiated after June 30, 2001. In January of 2002, the Company will adopt the reporting requirements of SFAS No. 142 and has already applied its requirements to the purchase of Duralam, Inc. which was completed on September 7, 2001. Based upon the Company's assessment of recorded goodwill and intangible assets, had the standard been in effect January 1, 2001, the Company estimates that the full year 2001 impact would have been approximately $0.17 of additional diluted earnings per share. In lieu of amortization, the Company will be required to perform an initial impairment review of its goodwill in 2002 and an annual impairment review thereafter. The Company expects to complete this initial review by June 30, 2002.

In July 2001, the FASB also issued SFAS No. 143, "Accounting for Asset Retirement Obligations" which provides accounting requirements for retirement obligations associated with tangible long-lived assets. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Management believes the adoption of SFAS No. 143 will not have a material impact on the Company's financial position or results of operations.

In October 2001, the FASB issued SFAS No. 144, "Accounting for Impairment of Long-Lived Assets". SFAS No. 144, effective for financial statements for fiscal years beginning after December 15, 2001, addresses issues relating to the implementation of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", and develops a single accounting model for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. Based on management's assessment, the adoption of SFAS No. 144 will not have a material impact on the Company's financial position or results of operations.

Effective January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS Nos. 137 and 138. This new accounting standard requires that all derivative instruments be recorded on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. The effect of adopting this standard was not material to the Company's consolidated financial statements. Upon adoption, the Company recorded the immaterial impact as interest expense.

Market Prices and Dividends

The Bemis quarterly dividend was increased by 4.2 percent in the first quarter of 2001 to 25 cents per share from 24 cents.

This followed first quarter increases of 4.3 percent in 2000 to 24 cents per share from 23 cents, and 4.5 percent in 1999 to 23 cents per share from 22 cents in 1998.

Common dividends for 2001 were $1.00 per share, up from 96 cents in 2000 and 92 cents in 1999. The 2001 dividend payout ratio was 37.9 percent compared to 39.3 percent in 2000 and 42.2 percent in 1999. Based on the market price of $33.56 per share at the end of 2000, the dividend yield was 3.0 percent.

Stockholders' equity per common share (book value per share) increased to $16.76 per share in 2001, up from $15.18 per share in 2000 and $13.91 per share in 1999. Trading volume in Bemis common stock was 43.8 million shares in 2001.

In January 2002, the Board of Directors increased the quarterly cash dividend on common stock to 26 cents per share from 25 cents, a 4.0 percent increase.

Critical Accounting Policies and Estimates

Management's discussion and analysis of its financial condition and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, management evaluates its estimates and judgements, including those related to customer incentives, product returns, doubtful accounts, inventories, investments, intangible assets, income taxes, financing operations, retirement benefits, and contingencies and litigation. Management bases its estimates and judgements on historical experience and on various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies affect its more significant judgements and estimates used in the preparation of its consolidated financial statements.

- Revenue recognition, including customer based programs and incentives
- Estimating valuation allowances and accrued liabilities, specifically sales returns and allowances, the allowance for doubtful accounts, reserves for old, excess, or potentially obsolete inventory, and litigation and environmental accruals
- The determination of actuarially determined liabilities related to pension plans, other postretirement benefit obligations, and self-insurance reserves
- Accounting for income taxes
- Valuation and useful lives of long-lived and intangible assets and goodwill
- Determining functional currencies for the purpose of consolidating our international operations

The Company recognizes sales and costs of sales at the time title transfers to the customer which is generally when product is shipped. Approximately one percent of sales may be recognized prior to shipment as a result of customers' request necessitated by the customers' changing business conditions. The Company records estimated reductions to revenue for customer programs and incentive offerings including special pricing agreements, promotions, and other volume-based incentives. If market conditions were to decline, the Company may take actions to increase customer incentive offerings, possibly resulting in a reduction of gross profit margins at the time the incentive is offered.

Management estimates sales returns and allowances by analyzing historical returns and credits and known problems to calculate appropriate reserves for future credits. Management estimates the allowance for doubtful accounts by analyzing accounts receivable balances by age, applying historical trend rates to the most recent 12 months' sales, less actual write-offs to date. When it is deemed probable that a customer account is uncollectible, that balance is added to the calculated reserve. Actual results could differ from these estimates under different assumptions.

Management's current estimated ranges of liabilities related to the pending litigation and environmental claims are based on management's best estimate of future costs. While the final resolution of the litigation and environmental contingencies could result in amounts different than current accruals, and therefore have an impact on the Company's consolidated financial results in a future reporting period, management believes the ultimate outcome will not have a significant effect on the Company's consolidated results of operations, financial position or cash flows.

Pension and other postretirement benefit obligations are actuarially determined. This calculation includes assumptions related to the discount rate, projected salary increases, and the expected return on assets. The Company is self-insured in North America for most workers compensation, general liability and automotive liability losses subject to per occurrence and aggregate annual liability limitations. The Company is also self-insured for health care claims for eligible participating employees subject to certain deductibles and limitations. The Company determines its liabilities for claims incurred but not reported on an actuarial basis. A change in these assumptions could cause actual results to differ from those reported.

Judgment by management is required in determining the provision for income taxes and deferred tax assets and liabilities. As part of the process of preparing the Company's consolidated financial statements, management is required to estimate income taxes in each of the jurisdictions in which the Company operates. This process involves estimating actual current tax exposure together with assessing temporary differences resulting from differing treatment of items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are included within the Company's consolidated balance sheet. Management must then assess the likelihood that deferred tax assets will be recovered from future taxable income and to the extent management believes that recovery is not likely, a valuation allowance must be established.

Management periodically reviews its long-lived assets, intangible assets, and goodwill for impairment and assesses whether significant events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds the anticipated future cash flows expected to result from the use of the asset and its eventual disposition. The amount of the impairment loss to be recorded, if any, is calculated by the excess of the asset's carrying value over its fair value. Management also periodically reassesses the estimated remaining useful lives of its long-lived assets. Changes to estimated useful lives would impact the amount of depreciation and amortization expense recorded in earnings.

In 2002, SFAS No. 142, "Goodwill and Other Intangible Assets" became effective and as a result, the Company will cease to amortize goodwill in 2002. Had this standard been in effect on January 1, 2001, the Company estimates the impact of not amortizing historical goodwill to be an after-tax benefit of approximately $9.3 million, or $0.17 per diluted share for the year ended December 31, 2001. In lieu of amortization, the Company will be required to perform an initial impairment review of its goodwill in 2002 and an annual impairment review thereafter. The Company expects to complete this initial review by June 30, 2002.

In preparing the consolidated financial statements, the Company is required to translate the financial statements of its foreign subsidiaries from the currency in which they keep their accounting records, generally the local currency, into United States dollars. Assets and liabilities of these operations are translated at the exchange rates in effect at each fiscal year end. The translation adjustments related to assets and liabilities that arise from the use of differing exchange rates from period to period are included in accumulated other comprehensive income in shareholders' equity. Income statement accounts are translated at the average rates of exchange prevailing during the year. The different exchange rates from period to period impact the amount of reported income from the Company's international operations.

Forward-Looking Statements

This Annual Report contains certain estimates, predictions, and other "forward-looking statements" (as defined in the Private Securities Litigation Reform Act of 1995, and within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934). The words "believe," "expect," "anticipate," "intend," "estimate," "target," "may," "will," "plan," "project," "should," "continue," or the negative thereof or other similar expressions, or discussion of future goals or aspirations, which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements. Such statements are based on information available to management as of the time of such statements and relate to, among other things, expectations of the business environment in which the Company operates, projections of future performance, perceived opportunities in the market, and statements regarding the Company's mission and vision. Forward-looking statements involve known and unknown risks, uncertainties, and other factors, which may cause the actual results, performance, or achievements of the Company to differ materially from anticipated future results, performance, or achievements expressed or implied by such forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Factors that could cause actual results to differ from those expected include, but are not limited to, general economic conditions such as inflation, interest rates, and foreign currency exchange rates; results from acquisitions may differ from what the Company anticipates; competitive conditions within the Company's markets, including the acceptance of new and existing products offered by the Company; price changes for raw materials and the ability of the Company to pass these price changes on to its customers or otherwise manage commodity price fluctuation risks; the presence of adequate cash available for investment in the Company's business in order to maintain desired debt levels; unanticipated consequences of the European Monetary Union's conversion to the euro; changes in governmental regulation, especially in the areas of environmental, health and safety matters, and foreign investment; unexpected outcomes in the Company's current and future litigation proceedings; and changes in the Company's labor relations. These and other risks, uncertainties, and assumptions identified from time to time in the Company's filings with the Securities and Exchange Commission, including without limitation, its Annual Report on Form 10-K and its quarterly reports on Form 10-Q, could cause the Company's actual future results to differ materially from those projected in the forward-looking statements. In addition, the Company's actual future results could differ materially from those projected in the forward-looking statement as a result of changes in the assumptions used in making such forward-looking statements.

BEMIS COMMON STOCK PERFORMANCE *

	2001			2000			1999		
	High	Low	Dividend Paid	High	Low	Dividend Paid	High	Low	Dividend Paid
First Quarter	**$35.99**	**$28.69**	**$.25**	$36.88	$27.50	$.24	$38.69	$31.06	$.23
Second Quarter	**40.65**	**31.60**	**.25**	38.50	33.13	.24	39.94	30.44	.23
Third Quarter	**44.99**	**35.85**	**.25**	37.13	31.19	.24	39.88	32.81	.23
Fourth Quarter	**52.47**	**39.34**	**.25**	34.50	24.06	.24	34.94	30.94	.23

**New York Stock Exchange: BMS*

Five-Year Consolidated Review

Bemis Company, Inc. and Subsidiaries

(*dollars in millions, except per share amounts*)	Years Ended December 31, 2001	2000	1999	1998	1997
Operating Data					
Net sales	**$ 2,293.1**	$ 2,164.6	$ 1,962.6	$ 1,889.4	$ 1,917.6
Cost of products sold and other expenses	**2,035.4**	1,921.5	1,755.5	1,702.5	1,733.8
Interest expense	**30.3**	31.6	21.2	21.9	18.9
Income before income taxes	**227.4**	211.5	185.9	165.0	164.9
Provision for income taxes	**87.1**	80.9	71.1	63.9	63.5
Net income	**140.3**	130.6	114.8	101.1	101.4
Net income as a percent of net sales	**6.1%**	6.0%	5.8%	5.4%	5.3%
Common Share Data					
Basic earnings per share	**$ 2.66**	$ 2.46	$ 2.19	$ 1.91	$ 1.91
Diluted earnings per share	**2.64**	2.44	2.18	1.90	1.88
Dividends per share	**1.00**	.96	.92	.88	.80
Book value per share	**16.76**	15.18	13.91	13.16	12.60
Stock price/earnings ratio range	**11-20x**	10-16x	14-18x	18-25x	19-25x
Weighted-average shares outstanding for computation of diluted earnings per share	**53,121,798**	53,552,703	52,657,068	53,323,704	53,879,948
Common shares outstanding at December 31,	**52,869,929**	52,602,414	52,188,715	52,269,158	52,967,511
Capital Structure and Other Data					
Current ratio	**2.5**	1.3	2.3	2.2	2.2
Working capital	**348.7**	144.9	330.3	301.3	311.0
Total assets	**1,923.0**	1,888.6	1,532.1	1,482.0	1,408.4
Short-term debt	**5.7**	234.8	6.8	6.5	4.3
Long-term debt	**595.2**	438.0	372.3	371.4	316.8
Stockholders' equity	**886.1**	798.8	725.9	687.9	667.2
Return on average stockholders' equity	**16.7%**	17.1%	16.2%	14.9%	16.0%
Return on average total capital	**10.0%**	10.8%	10.9%	10.3%	11.3%
Depreciation and amortization	**124.1**	108.1	97.7	88.9	78.9
Capital expenditures	**117.5**	100.4	137.4	139.8	167.5
Number of common stockholders	**4,747**	5,005	5,316	5,721	5,874
Number of employees	**11,012**	10,969	9,534	9,364	9,275

Management's Responsibility Statement

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

Management is also responsible for maintaining a system of internal accounting controls and procedures designed to provide reasonable assurance that the books and records reflect the transactions of the Company, and that assets are protected against loss from unauthorized use or disposition. Such a system is maintained through written accounting policies and procedures, administered by trained Company personnel and updated on a continuing basis to ensure their adequacy to meet the changing requirements of our business. The Company also maintains an internal audit department that evaluates the adequacy of and investigates adherence to these controls and procedures. In addition, the Company requires that all of its affairs, as reflected by the actions of its employees, will be conducted on a high ethical plane.

PricewaterhouseCoopers LLP, independent accountants, are retained to audit the financial statements. Their audit is conducted in accordance with auditing standards generally accepted in the United States of America and includes selective reviews of internal accounting controls.

The Audit Committee of the Board of Directors, which is composed solely of outside directors, meets quarterly with management, the internal audit manager, and independent accountants to review the work of each and to satisfy itself that the respective parties are properly discharging their responsibilities. Both PricewaterhouseCoopers LLP and the internal audit manager have had and continue to have unrestricted access to the Audit Committee, without the presence of Company management, for the purpose of discussing the results of their examination and their opinions on the adequacy of internal accounting controls and the quality of financial reporting.

John H. Roe
Chairman

Jeffrey H. Curler
President and
Chief Executive Officer

Benjamin R. Field, III
Senior Vice President
Chief Financial Officer
and Treasurer

Gene C. Wulf
Vice President and Controller

Report of **Independent Accountants**

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

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, of stockholders' equity, and of cash flows present fairly, in all material respects, the financial position of Bemis Company, Inc., and its subsidiaries at December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
January 23, 2002

Consolidated Statement of **Income**

Bemis Company, Inc. and Subsidiaries

(in thousands, except per share amounts)	Years Ended December 31, 2001	2000	1999
Net sales	**$2,293,104**	$2,164,583	$1,962,628
Costs and expenses:			
Cost of products sold	**1,815,442**	1,717,259	1,538,957
Selling, general, and administrative expenses	**207,158**	192,275	193,793
Research and development	**10,313**	10,080	11,684
Interest expense	**30,343**	31,609	21,218
Other costs (income), net	**1,869**	1,362	6,877
Minority interest in net income	**554**	496	4,224
Income before income taxes	**227,425**	211,502	185,875
Provision for income taxes	**87,100**	80,900	71,100
Net income	**$ 140,325**	$ 130,602	$ 114,775
Basic earnings per share	**$ 2.66**	$ 2.46	$ 2.19
Diluted earnings per share	**$ 2.64**	$ 2.44	$ 2.18

See accompanying notes to consolidated financial statements.

Consolidated **Balance Sheet**

Bemis Company, Inc. and Subsidiaries

(dollars in thousands, except per share amounts)

Assets	December 31, 2001	2000
Current assets:		
Cash	$ 35,101	$ 28,910
Accounts receivable, less $14,434 and $13,189		
for doubtful accounts and allowances	258,397	301,974
Inventories, less reserves of $14,494 and $8,331	259,755	274,323
Prepaid expenses	33,644	34,752
Total current assets	586,897	639,959
Property and equipment:		
Land and land improvements	20,369	17,258
Buildings and leasehold improvements	268,470	247,965
Machinery and equipment	1,108,275	1,046,998
Total property and equipment	1,397,114	1,312,221
Less - accumulated depreciation	544,394	486,467
Net property and equipment	852,720	825,754
Other long-term assets:		
Goodwill, less accumulated		
amortization of $41,059 and $29,938	333,275	297,898
Other intangible assets, less accumulated		
amortization of $10,231 and $3,905	88,614	95,913
Deferred charges and other assets	61,468	29,119
Total other long-term assets	483,357	422,930
Total assets	$1,922,974	$1,888,643

See accompanying notes to consolidated financial statements.

continued

Liabilities and Stockholders' Equity

	December 31, 2001	December 31, 2000
Current liabilities:		
Current portion of long-term debt	$ 3,572	$ 227,459
Short-term borrowings	2,091	7,353
Accounts payable	173,766	207,115
Accrued liabilities:		
Salaries and wages	45,241	43,661
Income taxes	4,151	471
Other taxes	9,361	9,038
Total current liabilities	238,182	495,097
Long-term debt, less current portion	595,249	437,952
Deferred taxes	121,979	103,621
Other liabilities and deferred credits	79,288	51,646
Total liabilities	1,034,698	1,088,316
Minority interest	2,128	1,570
Commitments and contingencies		
Stockholders' equity:		
Common stock, $.10 par value:		
Authorized - 248,000,000 shares		
Issued - 61,270,317 and 60,972,802 shares	6,127	6,097
Capital in excess of par value	244,978	237,100
Retained earnings	942,019	854,506
Accumulated other comprehensive income (loss)	(56,659)	(49,855)
Common stock held in treasury,		
8,400,388 and 8,370,388 shares, at cost	(250,317)	(249,091)
Total stockholders' equity	886,148	798,757
Total liabilities and stockholders' equity	$1,922,974	$1,888,643

See accompanying notes to consolidated financial statements.

Consolidated Statement of **Cash Flows**

(in thousands)	Years Ended December 31,		
	2001	2000	1999
Cash flows from operating activities:			
Net income	**$ 140,325**	$ 130,602	$ 114,775
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**124,147**	108,130	97,717
Minority interest in net income	**554**	496	4,224
Deferred income taxes, noncurrent portion	**16,499**	14,783	5,478
Losses of unconsolidated affiliated companies	**2,320**	2,732	7,874
Tax benefits related to stock incentive programs	**2,023**	2,725	960
Loss (gain) on sale of property and equipment	**1,221**	234	624
Changes in operating assets and liabilities, net of acquisitions:			
Accounts receivable	**48,973**	(50,915)	(22,064)
Inventories	**19,403**	19,525	(36,554)
Prepaid expenses	**2,142**	1,034	1,362
Accounts payable	**(42,989)**	(6,790)	1,333
Accrued salaries and wages	**7,565**	5,233	9,045
Accrued income taxes	**5,759**	(4,173)	2,831
Accrued other taxes	**257**	(145)	752
Changes in other liabilities and deferred credits	**26,182**	33	(3,250)
Changes in deferred charges and other investments	**(36,442)**	(13,320)	992
Net cash provided by operating activities	**317,939**	210,184	186,099
Cash flows from investing activities:			
Additions to property and equipment	**(117,481)**	(100,420)	(137,382)
Business acquisitions, net of cash acquired	**(72,155)**	(295,075)	(1,424)
Proceeds from sale of property and equipment	**867**	1,943	2,201
Other		(1,082)	61
Net cash used by investing activities	**$(188,769)**	$(394,634)	$(136,544)

See accompanying notes to consolidated financial statements.

continued

	Years Ended December 31,		
	2001	2000	1999
Cash flows from financing activities:			
Proceeds from long-term debt	**$ 160,001**	$ 66,713	$ 3,130
Repayment of long-term debt	**(1,295)**	(973)	(2,204)
Change in short-term borrowings	**(5,135)**	2,034	2,520
Change in current portion of long-term debt	**(223,889)**	226,410	(1,897)
Cash dividends paid	**(52,812)**	(51,158)	(48,126)
Purchase of common stock for the treasury	**(1,226)**	(42,752)	(4,133)
Stock incentive programs	**687**	(2,726)	(957)
Net cash provided (used) by financing activities	**(123,669)**	197,548	(51,667)
Effect of exchange rates on cash	**690**	(2,375)	(3,439)
Net increase (decrease) in cash	**6,191**	10,723	(5,551)
Cash balance at beginning of year	**28,910**	18,187	23,738
Cash balance at end of year	**$ 35,101**	$ 28,910	$ 18,187
Supplemental disclosure of cash flow information:			
Fair value of assets acquired	**$ 80,684**	$ 339,144	
Less liabilities assumed	**8,529**	27,608	
Minority interest acquired		38,388	$ 1,424
Net value acquired	**72,155**	349,924	1,424
Common stock issued		54,849	
Cash used for acquisition	**$ 72,155**	$ 295,075	$ 1,424
Interest paid during the year	**$ 23,209**	$ 33,275	$ 22,941
Income taxes paid during the year	**$ 63,632**	$ 70,638	$ 62,504

See accompanying notes to consolidated financial statements.

Consolidated Statement of **Stockholders' Equity**

Bemis Company, Inc. and Subsidiaries

(dollars in thousands, except per share amounts)	Common Stock	Capital In Excess Of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock Held In Treasury	Total Stockholders' Equity
Balance at December 31, 1998	**$ 5,906**	**$181,908**	**$708,362**	**$ (6,116)**	**$(202,206)**	**$687,854**
Net income for 1999			114,775			114,775
Translation adjustment for 1999				(24,353)		(24,353)
Pension liability adjustment, net of $(536) tax benefit				(175)		(175)
Total comprehensive income						90,247
Cash dividends paid on common stock $.92 per share			(48,126)			(48,126)
Stock incentive programs and related tax effects	4	49				53
Purchase of 122,599 shares of common stock					(4,133)	(4,133)
Balance at December 31, 1999	**5,910**	**181,957**	**775,011**	**(30,644)**	**(206,339)**	**725,895**
Net income for 2000			130,602			130,602
Translation adjustment for 2000				(19,178)		(19,178)
Pension liability adjustment, net of $(642) tax benefit				(33)		(33)
Total comprehensive income						111,391
Cash dividends paid on common stock $.96 per share			(51,107)			(51,107)
1,730,952 shares of common stock issued in acquisition of minority interest	173	54,676				54,849
Stock incentive programs and related tax effects	14	467				481
Purchase of 1,460,900 shares of common stock					(42,752)	(42,752)
Balance at December 31, 2000	**6,097**	**237,100**	**854,506**	**(49,855)**	**(249,091)**	**798,757**
Net income for 2001			140,325			140,325
Translation adjustment for 2001				(6,634)		(6,634)
Pension liability adjustment, net of $(108) tax benefit				(170)		(170)
Total comprehensive income						133,521
Cash dividends paid on common stock $1.00 per share			(52,812)			(52,812)
Stock incentive programs and related tax effects	30	7,878				7,908
Purchase of 30,000 shares of common stock					(1,226)	(1,226)
Balance at December 31, 2001	**$ 6,127**	**$244,978**	**$942,019**	**$(56,659)**	**$(250,317)**	**$886,148**

See accompanying notes to consolidated financial statements.

Notes to Consolidated **Financial Statements**

Note 1 - Description of the Business

Bemis Company, Inc., a Missouri corporation, was founded in 1858 and incorporated in 1885 as Bemis Bro. Bag Company. In 1965 the name was changed to Bemis Company, Inc. The Company is a principal manufacturer of flexible packaging products and pressure sensitive materials selling to customers throughout the United States, Canada, and Europe with a growing presence in Asia Pacific, South America, and Mexico.

The Company's business activities are organized around its two business segments, Flexible Packaging, which accounted for approximately 79 percent of 2001 net sales, and Pressure Sensitive Materials, which accounted for the remaining net sales. The primary market for its products is the food industry which accounted for approximately 65 percent of 2001 net sales. Other markets include chemical, agribusiness, medical, pharmaceutical, personal care products, batteries, electronics, automotive, construction, graphic industries, and other consumer goods. All markets are considered to be highly competitive as to price, innovation, quality, and service.

Note 2 - Significant Accounting Policies

Principles of consolidation: The consolidated financial statements include the accounts of the Company and its majority owned subsidiaries. All significant intercompany transactions and accounts have been eliminated in consolidation.

Revenue recognition: Sales and related cost of sales are recognized primarily upon shipment of products. Approximately one percent of sales were recognized prior to shipment as a result of customers' request necessitated by the customers' changing business conditions. In all such instances the Company has accounted for these transactions in accordance with U.S. generally accepted accounting principles as well as the Securities and Exchange Commission's Staff Accounting Bulletin No. 101.

Research and development: Research and development expenditures are expensed as incurred.

Earnings per share: Basic earnings per common share are computed by dividing net income by the weighted-average number of common shares outstanding during the year. Diluted earnings per share are computed by dividing net income by the weighted-average number of common shares outstanding during the year including common stock equivalents, if dilutive.

Inventory valuation: Inventories are valued at the lower of cost, determined by the first-in, first-out (FIFO) method, or market.

Property and equipment: Property and equipment are stated at cost. Plant and equipment are depreciated for financial reporting purposes principally using the straight-line method over the estimated useful lives of assets as follows: land improvements, 15-30 years; buildings, 15-45 years; leasehold and building improvements, 8-20 years; and machinery and equipment, 3-16 years. For tax purposes, the Company generally uses accelerated methods of depreciation. The tax effect of the difference between book and tax depreciation has been provided as deferred income taxes. On sale or retirement, the asset cost and related accumulated depreciation are removed from the accounts and any related gain or loss is reflected in income. Maintenance and repairs that do not improve efficiency or extend economic life are expensed currently. Interest costs are capitalized for major capital expenditures during construction.

Goodwill: Goodwill represents the excess of cost over net assets of businesses acquired. Goodwill acquired prior to 1971 is not amortized against income unless a loss of value becomes evident. Goodwill resulting from investments made subsequent to 1970 is amortized against income using the straight line method over various periods ranging from 20 to 40 years. The Company periodically reviews goodwill for impairment and assesses whether significant events or changes in business circumstances indicate that the carrying value of the assets may not be fully recoverable. Recoverability is assessed by comparing anticipated undiscounted future cash flows from operations to net book value.

In January of 2002, the Company will adopt the reporting requirements of Statement of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets" and, as required for acquisitions after June 30, 2001, has already applied its requirements to the purchase of Duralam, Inc. which was completed on September 7, 2001.

Intangible assets: Intangible assets are being amortized against income using the straight line method over their estimated useful lives, with periods ranging up to 20 years. The Company periodically reviews intangible assets for impairment and assesses whether significant events or changes in business circumstances indicate that the carrying value of the assets may not be fully recoverable. Recoverability is assessed by comparing anticipated undiscounted future cash flows from operations to net book value.

Taxes on undistributed earnings: No provision is made for U.S. income taxes on earnings of non-U.S. subsidiary companies which the Company controls but does not include in the consolidated federal income tax return since it is management's practice and intent to permanently reinvest the earnings.

Translation of foreign currencies: Assets and liabilities are translated at the exchange rate as of the balance sheet date. All revenue and expense accounts are translated at average exchange rates in effect during the year. Translation adjustments are recorded as a separate component of equity.

Accumulated other comprehensive income (loss): The components of accumulated other comprehensive income (loss) are as follows as of December 31:

(in thousands)	2001	2000	1999
Foreign currency translation	$(54,758)	$(48,124)	$(28,946)
Minimum pension liability	(1,901)	(1,731)	(1,698)
Accumulated other comprehensive income (loss)	$(56,659)	$(49,855)	$(30,644)

Statement of Cash Flows: For purposes of reporting cash flows, cash includes cash on hand and demand deposit accounts.

Preferred Stock Purchase Rights: On July 29, 1999, the Company's Board of Directors adopted a Shareholder Rights Plan by declaring a dividend of one preferred share purchase right for each outstanding share of common stock. Under certain circumstances, a right may be exercised to purchase one two-hundredth of a share of Series A Junior Preferred Stock for $120, subject to adjustment. The rights become exercisable if, subject to certain exceptions, a person or group acquires beneficial ownership of 15 percent or more of the Company's outstanding common stock or announces an offer which would result in such person acquiring beneficial ownership of 15 percent or more of the Company's outstanding common stock. If a person or group acquires beneficial ownership of 15 percent or more of the Company's outstanding common stock, subject to certain exceptions, each right will entitle its holder to buy common stock of the Company having a market value of twice the exercise price of the right. The rights expire August 23, 2009, and may be redeemed by the Company for $.001 per right at any time before a person becomes a beneficial owner of 15 percent or more of the Company's outstanding common stock. The Company's Board of Directors has designated 600,000 shares of Series A Junior Preferred Stock with a par value of $1 per share that relate to the Shareholder Rights Plan. At December 31, 2001, none of these shares were issued or outstanding.

Financial Instruments: In June 1998, the Financial Accounting Standards Board (FASB) issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement, as amended, establishes standards for recognition and measurement of derivatives and hedging activities and requires that all derivative instruments be recorded on the balance sheet at fair value. The fair value of all derivative instruments, such as forward foreign currency exchange contracts and interest rate swap arrangements are recorded. Implementation of this standard as required on January 1, 2001, did not have a material effect on the Company's financial position or results of operation.

Environmental cost: The Company is involved in a number of environmental related disputes and claims. The Company accrues for environmental costs when it is probable that these costs will be incurred and can be reasonably estimated. At December 31, 2001 and 2000, reserves were $778,000 and $401,000, respectively. Adjustments to the reserve accounts and costs which were directly expensed for environmental remediation matters resulted in charges to the income statements for 2001, 2000, and 1999 of $406,000, $183,000, and $2,046,000, net of third party reimbursements totaling $5,000, $150,000, and $442,000, for 2001, 2000, and 1999, respectively.

Estimates and assumptions required: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Changes in Accounting Principles

In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 requires that the purchase method be used for business combinations initiated after June 30, 2001. SFAS No. 142 requires that goodwill no longer be amortized to earnings, but instead be reviewed for impairment. The provisions of SFAS No. 142 are effective for fiscal years beginning after December 15, 2001, and any business combination initiated after June 30, 2001. In January of 2002, the Company will adopt the reporting requirements of SFAS No. 142 and has already applied its requirements to the purchase of Duralam, Inc. which was completed on September 7, 2001. Based upon the Company's assessment of recorded goodwill and intangible assets, had the standard been in effect January 1, 2001, the Company estimates that the full year 2001 impact would have been approximately $0.17 of additional diluted earnings per share. In lieu of amortization, the Company will be required to perform an initial impairment review of its goodwill in 2002 and an annual impairment review thereafter. The Company expects to complete this initial review by June 30, 2002.

In July 2001, the FASB also issued SFAS No. 143, "Accounting for Asset Retirement Obligations" which provides accounting requirements for retirement obligations associated with tangible long-lived assets. SFAS No. 143 is effective for fiscal years beginning after June 15, 2002. Management believes the adoption of SFAS No. 143 will not have a material impact on the Company's financial position or results of operations.

In October 2001, the FASB issued SFAS No. 144, "Accounting for Impairment of Long-Lived Assets". SFAS No. 144, effective for financial statements for fiscal years beginning after December 15, 2001, addresses issues relating to the implementation of SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of", and develops a single accounting model for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired. Based on management's assessment, the adoption of SFAS No. 144 will not have a material impact on the Company's financial position or results of operations.

Effective January 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS Nos. 137 and 138. This new accounting standard requires that all derivative instruments be recorded on the balance sheet at fair value and establishes criteria for designation and effectiveness of hedging relationships. The effect of adopting this standard was not material to the Company's consolidated financial statements. Upon adoption, the Company recorded the immaterial impact as interest expense.

Note 4 - Business Acquisitions and Dispositions

On September 7, 2001, the Company purchased all of the outstanding stock of Duralam, Inc., which had annual sales of approximately $55.0 million, for a cash purchase price of $68.4 million. Duralam manufactures films for packaging meat, cheese, candy, and other food products at facilities in Appleton and Neenah, Wisconsin. The total cash purchase price has been accounted for under the purchase method of accounting reflecting the provision of SFAS No. 141 and SFAS No. 142 regarding such acquisitions initiated after June 30, 2001. In a preliminary allocation of the purchase price, $20.0 million was allocated to tangible assets and $48.4 million to goodwill, of which approximately $15.8 million is tax deductible goodwill. This preliminary purchase price allocation will be finalized in early 2002 when the valuation of assets acquired is completed. Results of operations subsequent to September 7, 2001, are included in these financial statements.

On September 8, 2000, the Company purchased the pressure sensitive materials product line of Kanzaki Specialty Papers, Inc. which had approximately $78.0 million in sales in 1999. This business supplies direct thermal pressure sensitive products to printers for labels used for bar coding, shipping and inventory labeling, and a variety of other end uses. Assets acquired with this business include a long-term supply agreement to purchase Kanzaki's high quality face paper to which adhesive will be applied using already available state-of-the-art equipment. No equipment or facilities were acquired with this business. The total cash purchase price of $45.2 million has been accounted for under the purchase method of accounting, and results of operations subsequent to September 7, 2000, are included in these financial statements.

On August 31, 2000, the Company purchased the specialty plastic films business of Viskase Companies, Inc., which supplies a variety of shrinkable barrier bags, films, and cook-in bags to beef, pork, poultry, and cheese processors. It had net sales of approximately $150.0 million in 1999. This acquisition has strong and complex technologies that both complement and extend the technologies employed in the Company's very successful flexible packaging business. In addition, this acquisition brings to the Company immediate access to important fresh meat markets and is a natural extension of the strong position and relationships already established in the processed meat, cheese, and poultry markets. Included in the acquisition are manufacturing facilities in Centerville, Iowa; Pauls Valley, Oklahoma; Swansea, Wales; and São Paulo, Brazil. The total cash purchase price of $226.2 million has been accounted for under the purchase method of accounting, and results of operations subsequent to August 30, 2000, are included in these financial statements.

Effective August 1, 2000, the Company purchased the assets of the flexible packaging business of Arrow Industries, which had net sales of approximately $33.0 million during the preceding twelve months. Equipment acquired with this business has been strategically deployed into existing facilities to provide additional capacity. The total cash purchase price of $18.8 million has been accounted for under the purchase method of accounting, and results of operations subsequent to July 31, 2000, are included in these financial statements.

On January 6, 2000, the Company purchased the remaining 13 percent minority interest in Morgan Adhesives Company (MACtac). The Company issued 1,730,952 shares of its common stock, valued at $54.8 million, and paid $3.4 million in cash. Upon the acquisition of these minority shares, MACtac became a wholly owned subsidiary of Bemis Company, Inc.

On January 13, 1999, the Company purchased the remaining minority interest in voting preference shares of Perfecseal Limited in accordance with an agreement dated April 29, 1996, relating to the acquisition of Perfecseal Healthcare Packaging Division (Perfecseal) of Paper Manufacturers Company, Inc. A cash payment of $1.4 million was made to acquire the remaining outstanding minority interest.

Supplemental pro forma results of operations giving effect to the acquisitions are not presented because they are not material.

Note 5 - Inventories

The Company's inventories are valued at the lower of cost, determined by the first-in, first-out (FIFO) method, or market. Inventories are summarized at December 31, as follows:

(in thousands)	2001	2000
Raw materials and supplies	**$ 82,210**	$ 86,345
Work in process and finished goods	**192,039**	196,309
Total inventories, gross	**274,249**	282,654
Less inventory reserves	**(14,494)**	(8,331)
Total inventories, net	**$259,755**	$274,323

Note 6 - Pension Plans

Defined contribution plans cover employees at eight different manufacturing or administrative locations and provide for contributions ranging from 2 percent to 6 percent of covered employees' salaries or wages and totaled $841,000 in 2001, $845,000 in 2000, and $695,000 in 1999. Multiemployer plans cover employees at two different manufacturing locations and provide for contributions to a union administered defined benefit pension plan. Amounts charged to pension cost and contributed to the plans in 2001, 2000, and 1999 totaled $667,000, $771,000, and $1,136,000, respectively.

The Company has defined benefit pension plans covering the majority of U.S. employees. The benefits under the plans are based on years of service and salary levels. Certain plans covering hourly employees provide benefits of stated amounts for each year of service. In addition, the Company also sponsors an unfunded supplemental retirement plan to provide senior management with benefits in excess of limits under the federal tax law and increased benefits to reflect a service adjustment factor. Net periodic pension cost for defined benefit plans included the following components for the years ended December 31, 2001, 2000, and 1999.

(in thousands)	2001	2000	1999
Service cost - benefits earned during the year	**$ 11,447**	$ 9,271	$ 8,992
Interest cost on projected benefit obligation	**23,557**	20,915	19,157
Expected return on plan assets	**(43,247)**	(38,223)	(31,434)
Amortization of unrecognized transition obligation	**1,118**	992	1,019
Amortization of prior service cost	**1,532**	1,248	810
Recognized net (gain) or loss	**(6,927)**	(5,750)	(2,328)
Net periodic pension (income) cost	**$ (12,520)**	$ (11,547)	$ (3,784)

Changes in benefit obligation and plan assets, and a reconciliation of the funded status at December 31, 2001 and 2000, are as follows:

(in thousands)	2001	2000
Change in Benefit Obligation		
Benefit obligation at the beginning of the year	**$343,109**	$313,932
Service cost	**11,447**	9,271
Interest cost	**23,557**	20,915
Plan participants' contributions	**324**	65
Plan amendments	**1,662**	5,621
Actuarial (gain) or loss	**4,958**	781
Acquisition	**6,132**	11,349
Benefits paid	**(20,252)**	(18,995)
Foreign currency exchange rate changes	**(1,021)**	170
Benefit obligation at the end of the year	**$369,916**	$343,109
Change in Plan Assets		
Fair value of plan assets at the beginning of the year	**$427,672**	$439,263
Actual return on plan assets	**(53,922)**	(6,904)
Acquisition	**3,736**	12,130
Employer contributions	**2,301**	1,937
Plan participants' contributions	**324**	65
Benefits paid	**(20,252)**	(18,995)
Foreign currency exchange rate changes	**(906)**	176
Fair value of plan assets at the end of the year	**$358,953**	$ 427,672

(in thousands)	2001	2000
Reconciliation of Funded Status		
Funded status	**$ (10,964)**	$ 84,563
Unrecognized net (gain) or loss	**12,622**	(96,852)
Unrecognized transition (asset) or obligation	**3,372**	2,172
Unrecognized prior service cost	**14,580**	14,414
Prepaid (accrued) pension liability	**$ 19,610**	$ 4,297

The Company has recorded the following amounts pursuant to SFAS No. 87, "Employers' Accounting for Pensions," to reflect the minimum pension obligation at December 31:

(in thousands)	2001	2000
Intangible asset	**$ 19,066**	
Prepaid tax	**1,180**	$ 1,072
Pension liability	**(22,147)**	(2,803)
Reduction in stockholders' equity	**$ (1,901)**	$ (1,731)

Presented below are the projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets at December 31:

(in thousands)	2001	2000
Projected benefit obligation	**$ 20,288**	$ 17,997
Accumulated benefit obligation	**$ 14,465**	$ 14,213
Fair value of assets	**$ 2,637**	$ 1,835

The weighted-average discount rate and rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation together with the expected long-term rate of return on assets is presented below.

	2001	2000
Weighted-average discount rate	**7.00%**	7.00%
Rate of increase in future compensation levels	**5.50%**	5.50%
Expected long-term rate of return on assets	**10.00%**	10.00%

Total pension (income) expense in 2001, 2000, and 1999 was $(10,613,000), $(9,234,000), and $(1,214,000), respectively.

Note 7 - Postretirement Benefits other than Pensions

The Company sponsors several defined benefit postretirement plans that cover a majority of salaried and a portion of nonunion hourly employees. These plans provide health care benefits and, in some instances, provide life insurance benefits. Except for one closed-group plan, which is noncontributory, postretirement health care plans are contributory, with retiree contributions adjusted annually; life insurance plans are noncontributory.

Net periodic postretirement benefit costs included the following components for the years ended December 31, 2001, 2000, and 1999.

(in thousands)	2001	2000	1999
Service cost - benefits earned during the year	**$ 291**	$ 292	$ 217
Interest cost on accumulated postretirement benefit obligation	**1,012**	924	794
Amortization of prior service cost	**48**	48	11
Recognized net (gain) or loss	**(31)**	(60)	(266)
Net periodic postretirement benefit cost	**$ 1,320**	$ 1,204	$ 756

Changes in benefit obligation and plan assets, and a reconciliation of the funded status at December 31, 2001 and 2000, are as follows:

(in thousands)	2001	2000
Change in Benefit Obligation		
Benefit obligation at the beginning of the year	**$ 15,038**	$ 14,222
Service cost	**291**	292
Interest cost	**1,012**	924
Plan amendments		
Actuarial (gain) or loss	**312**	285
Benefits paid	**(915)**	(685)
Benefit obligation at the end of the year	**$ 15,738**	$ 15,038
Change in Plan Assets		
Fair value of plan assets at the beginning of the year	**$ 0**	$ 0
Employer contribution	**915**	685
Benefits paid	**(915)**	(685)
Fair value of plan assets at the end of the year	**$ 0**	$ 0
Reconciliation of Funded Status		
Funded status	**$ (15,738)**	$ (15,038)
Unrecognized net actuarial (gain) or loss	**(1,555)**	(1,898)
Unrecognized prior service cost	**391**	439
Accrued postretirement benefit liability	**$ (16,902)**	$ (16,497)

The health care cost trend rate assumption has a significant effect on the amounts reported. A one-percentage point change in assumed health care trends would have the following effects:

(in thousands)	1 Percentage Point Increase	1 Percentage Point Decrease
Effect on total of service and interest cost components	$ 138	$ (119)
Effect on postretirement benefit obligation	$ 1,327	$ (1,164)

For measurement purposes, a 7.0 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 2001; the rate was assumed to decrease gradually to 5.5 percent by the year 2003 and remain at that level thereafter. The weighted-average discount rate used in determining the accumulated postretirement benefit obligation was 7.0 percent in 2001 and 7.0 percent in 2000.

Note 8 - Stock Option and Incentive Plans

Since 1987, the Company's stock option and stock award plans have provided for the issuance of up to 6,900,000 shares of common stock to key employees. As of December 31, 2001, 2000, and 1999, respectively, 1,921,364, 199,535, and 711,194 shares were available for future grants under these plans.

Options are granted at prices equal to fair market value on the date of the grant and are exercisable over varying periods up to ten years from the date of grant. Shares subject to options granted but not exercised become available for future grants.

At December 31, 2001, nineteen participants held options with expiration dates ranging from 2003 to 2011 with a weighted-average remaining contractual life of 6.3 years and at option prices ranging from $20.38 to $45.03 per share with a weighted-average price of $34.74 per share.

Details of the stock option plans at December 31, 2001, 2000, and 1999, are:

	Number of Shares	Per Share Option Price Range	Weighted-Average Price Per Share
Outstanding at December 31, 1998	1,140,127	$12.63 - $45.03	$24.32
Granted in 1999	168,346	35.56 - 37.63	37.26
Exercised in 1999	(100,000)	12.63	12.63
Outstanding at December 31, 1999	1,208,473	$14.94 - $45.03	$27.09
Exercisable at December 31, 1999	990,127	$14.94 - $45.03	$24.45
Granted in 2000	412,349	31.72 - 37.63	35.46
Exercised in 2000	(380,000)	14.94	14.94
Outstanding at December 31, 2000	1,240,822	$18.72 - $45.03	$33.59
Exercisable at December 31, 2000	1,005,968	$18.72 - $45.03	$32.85
Granted in 2001	142,052	33.56 - 44.07	34.96
Exercised in 2001	(134,363)	18.72 - 32.31	24.38
Outstanding at December 31, 2001	1,248,511	$20.38 - $45.03	$34.74
Exercisable at December 31, 2001	942,705	$20.38 - $45.03	$34.44

The Company has adopted the disclosure-only provisions of SFAS No. 123, "Accounting for Stock-Based Compensation." Accordingly, no compensation cost has been recognized for the stock option plan. Had compensation cost for the Company's stock-based compensation plans been determined based on the fair value at the grant date for stock options in 2001, 2000, and 1999 consistent with the provisions of SFAS No. 123, the Company's net earnings and earnings per share would have been reduced to the pro forma amounts indicated below:

(dollars in thousands, except per share amounts)	2001	2000	1999
Net earnings - as reported	**$ 140,325**	$ 130,602	$114,775
Net earnings - pro forma	**$ 139,090**	$ 126,659	$112,426
Diluted earnings per share - as reported	**$ 2.64**	$ 2.44	$ 2.18
Diluted earnings per share - pro forma	**$ 2.62**	$ 2.37	$ 2.14
Dividend yield	**2.9%**	2.7%	2.4%
Expected volatility	**29.5%**	28.3%	27.6%
Risk-free interest rate	**7.0%**	7.0%	7.0%
Expected lives *(in years)*	**10.0**	8.0	8.1

The fair value of each grant made in 2001, 2000, and 1999 is estimated on the date of grant using the Black-Scholes option-pricing model using the above indicated weighted-average assumptions for dividend yield, expected volatility, risk-free interest rate, and expected lives. The weighted-average fair value of stock options granted during 2001, 2000, and 1999 used in computing pro forma compensation expense was $12.92, $11.82, and $13.10 per share, respectively.

In 1994 and in 2001, the Company adopted a Stock Incentive Plan for certain key executive employees. The 1994 and 2001 Plans provide for the issuance of up to 2,000,000 and 2,500,000 grants, respectively. Each Plan expires 10 years after its inception, at which point no further stock options or performance units may be granted. Since 1994, 1,972,636 and 606,000 grants of either stock options or performance units (commonly referred to as restricted stock) have been made under the 1994 and 2001 plans, respectively. Distribution of the performance units is normally made in the form of shares of the Company's common stock on a one for one basis. Distribution of the shares will normally be made not less than three years nor more than six years from the date of the performance unit grant. All performance units granted under the plan are subject to restrictions as to continuous employment, except in the case of death, permanent disability, or retirement. In addition, cash payments are made during the grant period on outstanding performance units equal to the dividend on Bemis common stock. The cost of the awards is charged to income over the period of the grant: $11,332,000 was expensed in 2001, $6,339,000 in 2000, and $7,548,000 in 1999.

Details of the stock award plan at December 31, 2001, 2000, and 1999, are:

	Number of Shares
Outstanding at December 31, 1998	1,052,157
Granted	103,558
Canceled	(60,919)
Outstanding at December 31, 1999	1,094,796
Granted	244,492
Paid	(14,000)
Canceled	(145,182)
Outstanding at December 31, 2000	1,180,106
Granted	676,869
Paid	(320,170)
Canceled	(40,750)
Outstanding at December 31, 2001	1,496,055

Note 9 - Leases

All noncancelable leases have been categorized as capital or operating leases. The Company has leases for manufacturing plants, warehouses, machinery and equipment, and administrative offices with terms (including renewal options) ranging from one to 42 years. Under most leasing arrangements, the Company pays the property taxes, insurance, maintenance, and expenses related to the leased property. Total rental expense under operating leases was $12,476,000 in 2001, $9,296,000 in 2000, and $11,281,000 in 1999.

The present values of minimum future obligations shown in the following chart are calculated based on an interest rate of 11 percent determined to be applicable at the inception of the lease. Interest expense on the outstanding obligations under capital leases was $1,000 in 2001, $0 in 2000, and $13,000 in 1999.

Minimum future obligations on leases in effect at December 31, 2001, are:

(in thousands)	Capital Leases	Operating Leases
2002	$ 29	$ 7,155
2003	20	4,850
2004	0	3,730
2005	0	2,823
2006	0	2,000
Thereafter	0	14,057
Total minimum obligations	49	$34,615
Less amount representing interest	7	
Present value of net minimum obligations	42	
Less current portion	25	
Long-term obligations	$ 17	

Note 10 - Long Term Debt

Long-term debt maturing in years 2002 through 2006 is $3,572,000, $658,000, $640,000, $100,855,000, and $229,100,000, respectively.

Under the terms of a revolving credit agreement with five banks, the Company may borrow up to $334 million through

August 1, 2006. The Company currently pays a facility fee of .12 percent annually on the entire amount of the commitment. In addition to the revolving long-term credit agreement, the Company has a 364-day bridge credit agreement with six banks under which it may borrow up to $250 million. The Company pays a facility fee of .10 percent annually on the entire amount of the commitment. There were no borrowings outstanding under these agreements at December 31, 2001. These credit facilities are used primarily to support the Company's issuance of commercial paper.

During the third quarter 2001, to obtain greater exposure to short-term floating interest rates, the Company entered into long-term interest rate swap agreements for a total notional amount of $350.0 million with three major U.S. banks. These interest rate swap agreements have been designated as hedges of changes in the fair value of the Company's $350.0 million fixed rate long-term debt obligations ($100.0 million, 6.7 percent notes due July 1, 2005, and $250.0 million, 6.5 percent notes due August 15, 2008). Counterparties to these agreements are major U.S. banks who also participate in the Company's bank credit facilities. Credit loss from counterparty nonperformance is not anticipated.

Debt consisted of the following at December 31,

(dollars in thousands)	2001	2000
Commercial paper payable through 2002 at an interest rate of 1.9% (1)	**$229,100**	$ 545,037
Note payable in 2008 at an interest rate of 6.5%	**250,000**	
Note payable in 2005 at an interest rate of 6.7%	**100,000**	100,000
Interest rate swap agreement	**(1,290)**	
Industrial revenue bonds payable through 2015 at interest rates of 1.8% to 1.9% (2)	**15,500**	15,500
Debt of subsidiary companies payable through 2005 at interest rates of 4.75% to 9.25%	**5,469**	4,874
Obligations under capital leases	**42**	
Total debt	**598,821**	665,411
Less current portion	**3,572**	227,459
Total long-term debt	**$595,249**	$ 437,952

(1) The commercial paper has been classified as long-term debt, to the extent of available long-term backup credit agreements, in accordance with the Company's intention and ability to refinance such obligations on a long-term basis. The interest rate of commercial paper outstanding at December 31, 2001, was 1.9 percent. The maximum outstanding during 2001 was $561,439,000, and the average outstanding during 2001 was $418,026,000. The weighted-average interest rate during 2001 was 4.3 percent.

(2) Two industrial revenue bonds for which the variable interest rate is determined weekly by a "Remarketing Agent" based on similar debt then available. The weighted-average interest rate at December 31, 2001 was 1.8 percent. The weighted-average interest rate during 2001 was 2.9 percent.

Under these interest rate swap agreements the Company will receive a fixed rate of interest and pay a variable rate of interest over the term without the exchange of the underlying notional amounts. The fixed rate of interest, which the Company will receive, is equal to the interest rate of the Company's long-term debt which is being hedged. The variable rate of interest which the Company will pay is based on the six-months London Interbank Offered Rate (LIBOR), set in arrears, plus a fixed spread which is unique to each agreement. The variable rates are reset semiannually at each net settlement date. At December 31, 2001, the net settlement receivable of $4.0 million was recorded as a reduction in interest expense.

The terms of the interest rate swap agreements have been specifically designed to conform with the applicable terms of the hedged items and with the requirements of paragraph 68 of SFAS No. 133 to support the assumption of no ineffectiveness (changes in fair value of the debt and the swaps exactly offset) and to simplify the computations necessary to make the accounting entries. At December 31, 2001, the fair value of these interest rate swaps was $1.3 million in the banks' favor, as determined by the respective bank using discounted cash flow or other appropriate methodologies, and is included with other liabilities and deferred credits with a corresponding decrease in long-term debt.

Note 11 - Income Taxes

(in thousands)	2001	2000	1999
U.S. income before income taxes	**$ 196,652**	$ 183,037	$169,210
Non-U.S. income before income taxes	**31,101**	31,204	26,068
Consolidating eliminations	**(328)**	(2,739)	(9,403)
Income before income taxes	**$ 227,425**	$ 211,502	$185,875
Income tax expense consists of the following components:			
Current tax expense:			
U.S. federal	**$ 54,861**	$ 44,294	$ 50,032
Foreign	**7,864**	11,354	7,095
State and local	**10,272**	8,716	8,442
Total current tax expense	**$ 72,997**	64,364	$ 65,569
Deferred (prepaid) tax expense:			
U.S. federal	**$ 11,545**	13,876	$ 3,375
Foreign	**(53)**	150	1,556
State	**2,611**	2,510	600
Total deferred (prepaid) tax expense	**14,103**	16,536	5,531
Total income tax expense	**$ 87,100**	$ 80,900	$ 71,100

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below.

(in thousands)	2001	2000	1999
Deferred tax assets:			
Accounts receivable, principally due to allowances for returns and doubtful accounts	**$ 4,798**	$ 4,742	$ 4,589
Inventories, principally due to additional costs inventoried for tax purposes	**4,470**	3,291	3,593
Employee compensation and benefits accrued for financial reporting purposes	**12,507**	13,892	14,404
Other	**3,843**	4,099	1,149
Total deferred tax assets (included in prepaid expenses and deferred charges)	**$ 25,618**	$ 26,024	$ 23,735
Deferred tax liabilities:			
Plant and equipment, principally due to differences in depreciation, capitalized interest, and capitalized overhead	**$ 132,479**	$ 112,282	$102,262
Noncurrent employee compensation and benefits accrued for financial reporting purposes	**(12,269)**	(11,413)	(17,424)
Other	**1,769**	2,752	4,797
Total deferred tax liabilities	**$ 121,979**	$ 103,621	$ 89,635

The Company's federal income tax returns for the years prior to 1998 have been audited and completely settled. Provision has not been made for U.S. or additional foreign taxes on $172,209,000 of undistributed earnings of foreign subsidiaries because those earnings are considered to be permanently reinvested in the operations of those subsidiaries. It is not practicable to estimate the amount of tax that might be payable on the eventual remittance of such earnings.

Note 12- Segments of Business

The Company's business activities are organized around its two principal business segments, Flexible Packaging and Pressure Sensitive Materials. Both internal and external reporting conform to this organizational structure with no significant differences in accounting policies applied. Minor intersegment sales are generally priced to reflect nominal markups. The Company evaluates the performance of its segments and allocates resources to them based on operating profit which is defined as profit before general corporate expense, interest expense, income taxes, and minority interest. While there are similarities in selected technology and manufacturing processes utilized, notable differences exist in products, application and distribution of products, and customer base.

Products produced within the Flexible Packaging business segment include high barrier, polyethylene, and paper products for food, medical, personal care, agribusiness, chemicals, pet food, and sanitary products. Products produced within the Pressure Sensitive Materials business segment include film, paper, and metalized plastic film printing stocks used for primary package labeling, promotional decoration, bar code inventory control labels, and laser printing for administrative office and promotional applications. This segment also includes micro-thin film adhesives used in delicate electronic parts assembly and graphic films for decorative signage.

A summary of the Company's business activities reported by its two business segments follows:

The Company's effective tax rate differs from the federal statutory rate due to the following items:

(dollars in thousands)	2001		2000		1999	
	Amount	% of Income Before Tax	Amount	% of Income Before Tax	Amount	% of Income Before Tax
Computed "expected" tax expense on income before taxes at statutory rate	**$79,599**	**35.0%**	$74,026	35.0%	$65,056	35.0%
Increase (decrease) in taxes resulting from:						
State and local income taxes net of federal income tax benefit	**8,374**	**3.7**	7,297	3.5	5,877	3.2
Foreign tax rate differential	**(2,955)**	**(1.3)**	144	0.1	(776)	(0.4)
Minority interest	**194**	**0.1**	174	0.1	1,478	0.8
Other	**1,888**	**0.8**	(741)	(0.4)	(535)	(0.3)
Actual income tax expense	**$87,100**	**38.3%**	$80,900	38.3%	$71,100	38.3%

BUSINESS SEGMENTS

(in millions)	2001	2000	1999
Net Sales to Unaffiliated Customers:			
Flexible Packaging	**$ 1,802.3**	$ 1,660.2	$1,469.9
Pressure Sensitive Materials	**491.2**	506.0	493.2
Intersegment Sales:			
Flexible Packaging	**(0.4)**	(1.6)	(0.3)
Pressure Sensitive Materials			(0.2)
Total	**$ 2,293.1**	$ 2,164.6	$1,962.6
Operating Profit and Pretax Profit:			
Flexible Packaging	**$ 273.2**	$ 221.3	$ 187.2
Pressure Sensitive Materials	**12.1**	40.1	44.3
Total operating profit (1)	**285.3**	261.4	231.5
General corporate expenses	**(27.0)**	(17.8)	(20.2)
Interest expense	**(30.3)**	(31.6)	(21.2)
Minority interest in net income	**(0.6)**	(0.5)	(4.2)
Income before income taxes	**$ 227.4**	$ 211.5	$ 185.9
Identifiable Assets:			
Flexible Packaging	**$ 1,486.7**	$ 1,481.3	$1,180.8
Pressure Sensitive Materials	**347.6**	352.4	310.5
Total identifiable assets (2)	**1,834.3**	1,833.7	1,491.3
Corporate assets (3)	**88.7**	54.9	40.8
Total	**$ 1,923.0**	$ 1,888.6	$1,532.1
Depreciation and Amortization:			
Flexible Packaging	**$ 102.0**	$ 86.6	$ 76.1
Pressure Sensitive Materials	**20.2**	19.9	20.1
Corporate	**1.9**	1.6	1.5
Total	**$ 124.1**	$ 108.1	$ 97.7
Expenditures for Property and Equipment:			
Flexible Packaging	**$ 106.4**	$ 86.5	$ 101.4
Pressure Sensitive Materials	**9.7**	13.1	34.9
Corporate	**1.4**	0.8	1.1
Total	**$ 117.5**	$ 100.4	$ 137.4

OPERATIONS BY GEOGRAPHIC AREAS

(in millions)	2001	2000	1999
Net Sales to Unaffiliated Customers: (4)			
United States	**$ 1,920.8**	$ 1,821.5	$1,653.9
Canada	**85.9**	77.6	72.6
Europe	**239.4**	229.3	211.3
Other	**47.0**	36.2	24.8
Total	**$ 2,293.1**	$ 2,164.6	$1,962.6
Identifiable Assets:			
United States	**$ 1,532.2**	$ 1,542.2	$1,237.8
Canada	**33.4**	34.8	31.0
Europe	**210.4**	195.9	196.3
Other	**58.3**	60.8	26.2
Total	**$ 1,834.3**	$ 1,833.7	$1,491.3

(1) Operating profit is defined as profit before general corporate expense, interest expense, income taxes, and minority interest.
(2) Identifiable assets by business segment include only those assets that are specifically identified with each segment's operations.
(3) Corporate assets are principally cash and short-term investments, prepaid expenses, and corporate property.
(4) Net sales are attributed to countries based on location of the Company's manufacturing or selling operation.

Note 13 - Contingencies

The Company is a defendant in lawsuits incidental to its business. The management of the Company believes, however, that the disposition of these lawsuits will not have any material impact on the financial position or operating results of the Company.

During 2000, the Company settled a lawsuit brought by the United States Environmental Protection Agency in Federal District Court for the District of Connecticut in relation to the disposal of liquid industrial wastes at the Yaworski Lagoon site in Canterbury, Connecticut. The settlement involved the Company's payment of $3,160,000 in 2000 which was fully provided for in prior years.

Note 14 - Foreign Operations

The foreign countries in which the Company conducts operations generally impose no significant restrictions on transfers of funds. Amounts attributable to foreign operations included in the consolidated statements are as follows:

(in thousands)	2001	2000	1999
Net sales of consolidated foreign subsidiaries	**$ 372,326**	$ 343,079	$308,681
Net income of consolidated foreign subsidiaries	**22,190**	20,090	16,336
Foreign earnings in excess of dividends received	**21,861**	17,351	6,931
Equity in net assets	**228,084**	193,318	135,034
Equity in total assets	**302,029**	278,712	214,792

Note 15 - Financial Instruments

The Company enters into forward foreign currency exchange contracts to manage foreign currency exchange rate exposures associated with certain foreign currency denominated receivables and payables. At December 31, 2001 and 2000, the Company had outstanding forward foreign currency exchange contracts aggregating $3,166,000 and $7,270,000, respectively. Forward foreign currency exchange contracts generally have maturities of less than nine months and relate primarily to major Western European currencies. Counterparties to the forward foreign currency exchange contracts are major financial institutions. Credit loss from counterparty nonperformance is not anticipated. On January 1, 2001, SFAS No. 133, "Accounting for Derivative Instruments," was adopted by the Company. SFAS No. 133 requires that the fair value of derivative instruments, such as forward foreign currency exchange contracts, be recorded on the balance sheet with subsequent changes reflected in income or deferred as an element of equity. The Company has not designated these derivative instruments as hedging instruments. The $6,600 net settlement expense (fair value) related to active forward foreign currency exchange contracts is recorded on the balance sheet and as an expense element of other costs (income), net.

During the third quarter 2001, to obtain greater exposure to short-term floating interest rates the Company entered into long-term interest rate swap agreements for a total notional amount of $350.0 million with three major U.S. banks. These interest rate swap agreements have been designated as hedges of changes in the fair value of the Company's existing $350.0 million fixed rate long-term debt obligations ($100.0 million, 6.7 percent note due July 1, 2005, and $250.0 million, 6.5 percent note due August 15, 2008). Counterparties to these agreements are major financial institutions who also participate in the Company's bank credit facilities. Credit loss from counterparty nonperformance is not anticipated.

Under these interest rate swap agreements the Company will receive a fixed rate of interest and pay a variable rate of interest over the term without the exchange of the underlying notional amounts. The fixed rate of interest, which the Company will receive, is equal to the interest rate of the Company's long-term debt which is being hedged. The variable rate of interest which the Company will pay is based on the six-months London Interbank Offered Rate (LIBOR), set in arrears, plus a fixed spread which is unique to each agreement. The variable rates are reset semiannually at each net settlement date. At December 31, 2001, the net settlement receivable of $4.0 million was recorded as a reduction in interest expense. This position for the Company would become less favorable as short-term interest rates increase.

The terms of the interest rate swap agreements have been specifically designed to conform with the applicable terms of the hedged items and with the requirements of paragraph 68 of SFAS No. 133 to support the assumption of no ineffectiveness (changes in fair value of the debt and the swaps exactly offset) and to simplify the computations necessary to make the accounting entries. At December 31, 2001, the fair value of these interest rate swaps was $1.3 million in the banks' favor, as determined by the respective bank using discounted cash flow or other appropriate methodologies, and is included with other liabilities and deferred credits with a corresponding decrease in long-term debt.

At December 31, 2001 and 2000, the carrying value approximates the fair value of financial instruments such as cash, trade receivables and payables, and short-term debt because of the short-term maturities of these instruments. The fair value of the Company's long-term debt, including current maturities but excluding capitalized leases, is estimated to be $599,097,000 and $665,448,000 at December 31, 2001 and 2000, respectively, using discounted cash flow analyses, based on the incremental borrowing rates currently available to the Company for similar debt with similar terms and maturity.

Concentrations of credit risk with respect to trade accounts receivable are limited due to the large number of entities comprising the Company's customer base and their dispersion across many different industries and countries. As of December 31, 2001 and 2000, the Company had no significant concentrations of credit risk.

Note 16 – Earnings Per Share Computations *(in thousands, except per share amounts)*

	2001			2000			1999		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
Basic EPS									
Income available to common stockholders	**$140,325**	**52,816**	**$2.66**	$130,602	53,178	$2.46	$114,775	52,307	$2.19
Dilutive effects of stock option and stock award plans		**306**			375			350	
Diluted EPS									
Income available to common stockholders	**$140,325**	**53,122**	**$2.64**	$130,602	53,553	$2.44	$114,775	52,657	$2.18

Note 17 - Quarterly Financial Information – Unaudited *(dollars in millions, except per share amounts)*

	Net Sales			Gross Profits			Net Income			Diluted Earnings Per Share		
Quarter	2001	2000	% Change	2001	2000	% Change	2001	2000	% Change	2001	2000	% Change
First	**$ 577.4**	$ 512.6	13%	**$ 117.2**	$107.6	9%	**$ 29.7**	$ 29.6		**$ .56**	$ .55	2%
Second	**581.6**	537.3	8	**122.3**	114.1	7	**35.5**	35.4		**.67**	.66	2
Third	**575.6**	542.8	6	**117.6**	108.9	8	**36.1**	32.2	12%	**.68**	.60	13
Fourth	**558.5**	571.9	(2)	**120.6**	116.7	3	**39.0**	33.4	17	**.73**	.63	16
Total	**$2,293.1**	$2,164.6	6%	**$477.7**	$447.3	7%	**$140.3**	$130.6	7%	**$2.64**	$2.44	8%

Global Company Operations

Flexible Packaging

High Barrier Products

Curwood
Oshkosh,Wisconsin
New London, Wisconsin
Murphysboro, Illinois
Fremont, Ohio
Appleton, Wisconsin
Neenah, Wisconsin
Centerville, Iowa
Pauls Valley, Oklahoma
Georgetown, Ontario, Canada
Swansea, Wales
São Paulo, Brazil

Milprint
Oshkosh, Wisconsin
Denmark, Wisconsin
Lancaster, Wisconsin
New London, Wisconsin
Lebanon, Pennsylvania

Banner Packaging
Oshkosh, Wisconsin

Perfecseal
Philadelphia, Pennsylvania
Oshkosh, Wisconsin
Mankato, Minnesota
Londonderry, Northern Ireland
Carolina, Puerto Rico
Selangor, Malaysia

MacKay
Florence, Kentucky
Omaha, Nebraska
New London, Wisconsin
Murfreesboro, Tennessee

Techy Bemis, S.A.
Charleroi, Belgium

ITAP/Bemis Ltda. (affiliate)
São Paulo, Brazil
Londrina, Brazil

Polyethylene Products

Polyethylene Packaging
Terre Haute, Indiana
Hazleton, Pennsylvania
Flemington, New Jersey
Union City, California
Prattville, Alabama

Bemis Custom Products
Oshkosh, Wisconsin
Longview, Texas
Shelbyville, Tennessee
Brigg, North Lincolnshire, England

Paper Products

Paper Packaging
Crossett, Arkansas
Peoria, Illinois
Omaha, Nebraska
Vancouver, Washington
San Luis Potosi, Mexico

Bemistape
Minneapolis, Minnesota

Pressure Sensitive Materials

MACtac Americas
Stow, Ohio
Columbus, Indiana
Nellis, Nevada
Scranton, Pennsylvania
Hopkins, Minnesota
Dallas, Texas
Green, Ohio
Kansas City, Missouri
Lawrenceville, Georgia
Vancouver, Washington
Brampton, Ontario, Canada
San Luis Potosi, Mexico

MACtac Europe
Soignies, Belgium
Northampton, England
Paris, France
Köln, Germany
Milan, Italy
Barcelona, Spain
Malmo, Sweden
Frauenfeld, Switzerland
Warsaw, Poland

MACtac Asia Pacific
Singapore

Directors, Officers and Operations **Management**

Board of Directors *(year elected)*

John H. Roe (1978)
Chairman,
Bemis Company, Inc. 1*

Nancy P. McDonald (1982)
Director,
Hillcrest Corp. 2, 4*, 5

Edward N. Perry (1992)
Partner,
Perkins, Smith & Cohen, LLP
2, 4, 5

Jeffrey H. Curler (1992)
President and Chief Executive Officer,
Bemis Company, Inc. 1

Loring W. Knoblauch (1993)
President and Chief Executive Officer,
Underwriters Laboratories, Inc. 2, 5

Winslow H. Buxton (1993)
Chairman,
Pentair, Inc. 1, 3* 5

C. Angus Wurtele (1994)
Retired Chairman,
Valspar Corporation 1, 3, 5*

Roger D. O'Shaughnessy (1997)
President and Chief Executive Officer,
Cardinal Glass Industries, Inc. 1, 3, 5

John G. Bollinger (1999)
John Bascom Professor of Industrial Engineering, Emeritus,
Emeritus Dean, College of Engineering,
University of Wisconsin-Madison 4, 5

William J. Bolton (2000)
Consultant, Food Industry,
formerly Executive Vice President,
SuperValu, Inc. 2, 5

William J. Scholle (2001)
Chairman and Chief Executive Officer,
Scholle Corporation 5

Barbara L. Johnson (elected 2002)
Vice President and Treasurer,
Carleton College 2, 5

1. Executive and Finance Committee
2. Audit Committee
3. Compensation Committee
4. Community Relations Committee
5. Nominating Committee

*Chairperson

Corporate Officers

Jeffrey H. Curler
President, Chief Executive Officer and Director

John H. Roe
Chairman and Director

Scott W. Johnson
Senior Vice President, General Counsel and Secretary

Benjamin R. Field, III
Senior Vice President, Chief Financial Officer and Treasurer

Thomas L. Sall
Vice President, Operations

Gene C. Wulf
Vice President and Controller

Eugene H. Seashore, Jr.
Vice President, Human Resources

Stanley A. Jaffy
Vice President, Tax and Assistant Controller

Operations Management

Flexible Packaging
Thomas L. Sall, President

High Barrier Products

Curwood
Henry J. Theisen, President

Milprint
Don E. Nimis, President

Banner Packaging
James A. Russler, President

Perfecseal
Paul R. Verbeten, President, North America
Alan D. McClure, President, International

MacKay
James A. Elliott, President

Flexible Packaging–Europe
Marc Dussart, President

Techy Bemis, S.A.
Maurice Dangotte, President and General Manager

Polyethylene Products

Polyethylene Packaging
Gary V. Stone, President

Bemis Custom Products
Christopher C. Martin, President

Paper Products

Paper Packaging
Neal J. Ganly, President

Bemistape
William M. Zenner, Vice President and General Manager

Pressure Sensitive Materials
William F. Austen, President and CEO

MACtac Americas
William F. Austen, President

MACtac Mexico
Jose Martin Alba, President

Electronic Printing Products
Jodi A. Westphal, General Manager

MACtac Europe
Marc Dussart, President

Shareholder Information

Financial Information

Upon written request, the Company will, at no charge, provide a copy of its most recent Form 10-K filed with the Securities and Exchange Commission. Additional financial information is available on the Bemis web site (www.bemis.com) or by contacting:

Melanie E.R. Miller
Director of Investor Relations
Bemis Company, Inc.
222 South Ninth Street
Suite 2300
Minneapolis, MN 55402-4099
612-376-3000
E-mail: mermiller@bemis.com

Dividend Reinvestment Plan

Information on the Company's Dividend Reinvestment Plan is available by contacting:

Wells Fargo Bank Minnesota
Dividend Reinvestment Department
161 North Concord Exchange
South St. Paul, MN 55075
651-450-4064 or 1-800-468-9716

Transfer Agent and Registrar

Wells Fargo Bank Minnesota
Wells Fargo Shareowner Services
161 North Concord Exchange
South St. Paul, MN 55075
651-450-4064 or 1-800-468-9716

Bemis Common Stock

Bemis stock is traded on the New York Stock Exchange under the symbol BMS, and is a component of the S&P 500 index.

Annual Meeting

May 2, 2002, at 9:00 a.m. in the Main Lounge of the Minneapolis Club, 729 2nd Avenue South, Minneapolis, Minnesota.

www.bemis.com

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Minneapolis, MN 55402