
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

March 27, 2007
(Date of Report/Date of earliest event reported)

SOLO CUP COMPANY

(Exact name of registrant as specified in its charter)

Commission file number 333-116843

Delaware
(State or other jurisdiction of
incorporation or organization)
1700 Old Deerfield Road, Highland Park, Illinois
(Address of principal executive offices)

47-0938234
(I.R.S. Employer
Identification No.)
60035
(Zip Code)

Registrant's telephone number, including area code: **847/831-4800**

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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ITEM 2.02 Results of Operations and Financial Condition.

On March 30, 2007, Solo Cup Company (Company) issued a press release announcing financial results for the fiscal year ended December 31, 2006. A copy of the press release is furnished as Exhibit 99.1 to this report.

The press release contains non-GAAP financial measures as defined in Item 10 of Regulation S-K of the Securities Exchange Act of 1934, as amended. Management reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP performance measures utilized for analysis by the Company and our debt holders provide financial statement users meaningful comparisons between current and prior period results, as well as important information regarding performance trends. Those non-GAAP financial measures may be inconsistent with similar measures presented by other companies. Non-GAAP financial measures should be viewed in addition to, and not as a substitute for the Company's financial results reported in accordance with GAAP.

ITEM 5.02 Departure of Directors or Principal Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(c) Effective April 2, 2007, the Company's Board of Directors appointed Robert D. Koney, Jr. as executive vice president and chief financial officer. Mr. Koney, 50, joins Solo Cup's executive management team from Russell Corporation, where he served as chief financial officer and senior vice president from 2004–2006. Prior to his tenure at Russell, Mr. Koney spent 18 years with Goodrich Corporation in a variety of finance positions, most recently serving as its vice president, corporate controller and chief accounting officer from 1998–2004. Previously, he was vice president and controller of the aircraft wheel and brake operations for BF Goodrich Aerospace. Mr. Koney joined Goodrich as controller and general accounting manager for its specialty chemicals group in 1986.

(d) Effective April 2, 2007, Norman W. Alpert, a director of the Company designated by Vestar Capital Partners (Vestar), resigned his position as a director of the Company. Mr. Alpert was replaced by Neil Harrison. Pursuant to the Stockholders Agreement dated February 27, 2004 by and among the Company, Solo Cup Investment Corporation (SCIC), Vestar and other parties (filed as exhibit 10.18 to the Company's Registration Statement on Form S-4 dated as of June 24, 2004 and filed June 25, 2004 [SEC File No. 333-116843]), Vestar may designate six directors of the Company. In addition to Mr. Harrison, Vestar's other designated directors are Kevin A. Mundt, Chairman of the Company's Board of Directors, Peter W. Calamari, Daniel S. O'Connell, Stephen E. Macadam and Jeffrey W. Long. Pursuant to the Management Agreement dated February

27, 2004 by and among the Company, SCIC and Vestar (filed as exhibit 10.16 to the Company's Registration Statement on Form S-4 dated as of June 24, 2004 and filed June 25, 2004 [SEC File No. 333-116843]), the Company pays Vestar an \$800,000 annual advisory and management fee, plus reimbursement of its expenses. Total management and other fees or expenses paid by the Company to Vestar for the fiscal year ended December 31, 2006 was \$901,438. Pursuant to amendments the Company entered into on December 22, 2006 under its Credit Agreement dated February 27, 2004, (filed as Exhibit 10.15 to the Form S-4 dated as of June 24, 2004 and filed June 25, 2004 [SEC File No. 333-116843]), and its Second Lien Credit Agreement dated March 31, 2006, (filed as Exhibit 99.1 to the Form 8-K dated as of March 31, 2006 and filed April 6, 2006 [SEC File No. 333-116843]), payment to Vestar for annual advisory and management services it performs during and after fiscal year 2007, may only be made when the Company's Consolidated Leverage Ratio (as defined in the credit agreements, as amended) is equal to or less than 4.50:1.00. The December 22, 2006 credit amendments were disclosed and are qualified in their entirety by reference to the complete text of each amendment filed as Exhibits 99.1 and 99.2 in the Company's Form 8-K dated December 22, 2006 and filed December 29, 2006, [SEC File No. 333-116843].

A copy of the press release announcing these events is attached hereto as Exhibit 99.2.

ITEM 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
Exhibit 99.1	Press release issued by Solo Cup Company dated March 30, 2007.
Exhibit 99.2	Press release issued by Solo Cup Company dated March 27, 2007.

SIGNATURES

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

SOLO CUP COMPANY

By: /s/ ROBERT M. KORZENSKI
Robert M. Korzenski
Chief Executive Officer and President

Date: March 30, 2007



For Immediate Release

SOLO CUP ANNOUNCES FISCAL YEAR 2006 FINANCIAL RESULTS

HIGHLAND PARK, Ill., March 30, 2007—Solo Cup Company (the “Company”), a leading provider of disposable foodservice products, today announced its fiscal year 2006 financial results.

For the fiscal year ended December 31, 2006, the Company reported net sales of \$2,489.9 million, versus \$2,431.6 million for the fiscal year ended January 1, 2006. This increase in net sales reflects an increase in average realized sales price, partially offset by lower sales volumes. The increase in average realized sales price reflects price increases implemented over the past year in response to higher raw material costs for resin and paper. The volume decrease reflects general industry trends and shifts in the Company’s product mix as well as the effects of competitive pressure in the marketplace.

Gross profit was \$265.1 million for the fiscal year ended December 31, 2006, a decrease of \$44.1 million from the comparable period in 2005. This decrease primarily reflects the Company’s inability to fully recover raw material costs, higher energy and transportation costs and, to a lesser extent, the volume and product mix issues discussed above.

Selling, general and administrative expenses were \$265.9 million for the fiscal year ended December 31, 2006, versus \$267.3 million for the fiscal year ended January 1, 2006. This modest decrease is a result of lower integration expenses partially offset by increases in various professional expenses related to the new order management system, the development and implementation of the Company’s Performance Improvement Program, and the accounting restatement and related bank amendment process.

Depreciation and amortization expense was \$100.8 million, net interest expense was \$90.7 million and capital expenditures were \$65.1 million for the fiscal year ended December 31, 2006.

Commenting on the Company’s fiscal year 2006 results, Robert M. Korzenski, Chief Executive Officer, said: “Our results were impacted by a continued challenging industry environment and increased raw material costs as well as certain customer and product mix issues. However, we have taken steps to improve our manufacturing and supply chain efficiencies, decrease our selling, general and administrative expenses, reduce our debt burden, and optimize our sales and marketing organization. We have also launched an integrated Performance Improvement Program designed to address all key value drivers, accelerate our turnaround, leverage our strengths, and achieve meaningful and sustainable improvements in our results. Through these efforts, coupled with the significant recent additions to our senior management team, we expect to better position the Company to meet our competitive challenges, improve our operational and financial performance, and create value for our investors in 2007 and beyond.”

The Company's Performance Improvement Program, which it launched at the end of 2006, is aimed at achieving significant and sustainable increases in the Company's operating results and cash flow. It is organized into three major components: Supply Chain; Selling, General and Administrative Expenses ("SG&A"); and Commercial Optimization. The Supply Chain component targets improvements in purchasing, manufacturing and inventory management. The SG&A component focuses on corporate costs. The Commercial Optimization component focuses on marketing and sales activities.

In December 2006, the Company entered into amendments to its first and second lien facilities which increased its borrowing capacity by \$50 million, from \$80 million to \$130 million, under the term loan of its second lien facility, and which modified the financial covenants the Company is required to meet.

The Company will host a conference call beginning at 12:00 p.m. Central time (1:00 p.m. Eastern time) on Friday, March 30, 2007, to discuss its 2006 financial results. The conference call may be accessed by dialing 1-888-499-7814. A replay will be available for one week after the call by dialing 1-800-633-8284 and passcode 21333756.

Solo Cup Company is a \$2.5 billion company exclusively focused on the manufacture of disposable foodservice products for the consumer/retail, foodservice, packaging, and international markets. Solo Cup has broad expertise in paper, plastic, and foam disposables and creates brand name products under the Solo, Sweetheart, Fonda, and Hoffmaster names. The Company was established in 1936 and has a global presence with facilities in Asia, Canada, Europe, Mexico, Panama and the United States. To learn more about the Company, visit www.solocup.com.

This press release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 that involve risks and uncertainties, which could cause actual results to differ materially from the forward-looking statements. Such statements are based on management's current reasonable and good faith expectations. A number of risks and uncertainties could cause results to differ from forward-looking statements. These risks and uncertainties include, among others, the impact of our significant debt on our financial health and operating flexibility, the ability of the Company to effectively implement the integrated performance improvement program and other initiatives designed to reduce cost and improve operating efficiencies, any material weaknesses in our internal control over financial reporting that are not remedied effectively, the impact of any legal or regulatory proceedings as a result of our restatement of our consolidated financial statements, the effect of general economic and competitive business conditions, increases in energy, raw material and other manufacturing costs, and fluctuations in demand for the Company's products. For further details of these and other risks and uncertainties that may impact forward-looking statements and the Company's business and financial results, see information set forth under the heading "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2006 and in our other filings made from time to time with the SEC. The Company does not undertake any obligation to update or revise any forward-looking statements as a result of new information, future events, changed assumptions or otherwise; and all forward-looking statements speak only as of the time when made.

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Schedule A

SOLO CUP COMPANY
Consolidated Statements of Operations
(in thousands)

	Fifty-two weeks ended December 31, 2006	Fifty-two weeks ended January 1, 2006
Net sales	\$ 2,489,919	\$ 2,431,557
Cost of goods sold ⁽¹⁾	2,224,867	2,122,452
Gross profit	265,052	309,105
Selling, general and administrative expenses	265,873	267,301
Impairment of goodwill	228,537	—
Loss (gain) on sale of property, plant and equipment	5,017	(6,069)
Operating income (loss)	(234,375)	47,873
Interest expense, net	90,705	72,550
Foreign currency exchange (gain) loss, net	(6,806)	4,262
Other income, net	(141)	(193)
(Loss) income before income taxes and minority interest	(318,133)	(28,746)
Income tax (benefit) provision	55,117	(8,960)
Minority interest	—	(409)
Net loss	<u>\$ (373,250)</u>	<u>\$ (19,377)</u>

⁽¹⁾ Cost of goods sold for the fifty-two weeks ended December 31, 2006 includes a \$9.8 million charge for excess and obsolete spare parts and finished goods inventory that resulted from changes in the Company's accounting estimates, offset by a \$22.1 million credit for the curtailment gains related to negotiated changes in postretirement benefits for certain active employees.

The following table reconciles adjusted EBITDA (non-GAAP measure) to net loss (GAAP measure):

(in thousands)

	Fifty-two weeks ended December 31, 2006	Fifty-two weeks ended January 1, 2006
Net loss (GAAP measure)	\$ (373,250)	\$ (19,377)
Interest expense, net	90,705	72,550
Income tax (benefit) provision	55,117	(8,960)
Depreciation and amortization	100,789	104,091
EBITDA (non-GAAP measure)	<u>(126,639)</u>	<u>148,304</u>
Goodwill impairment charge	228,537	—
Asset impairment	8,581	2,405
Loss (gain) on sale of property, plant and equipment	5,017	(6,069)
Spare parts and finished goods inventory valuation ⁽¹⁾	9,766	—
Postretirement benefit curtailment	(22,067)	—
Restructuring and integration expense, including severance	12,196	23,505
Other expenses ⁽²⁾	17,512	2,454
Other non-cash expenses	304	—
Minority interest	—	(409)
Foreign currency exchange (gain) loss	(6,806)	4,262
Other expense, net	(91)	(193)
Adjusted EBITDA (non-GAAP measure)	<u>\$ 126,310</u>	<u>\$ 174,259</u>

⁽¹⁾ Includes a \$9.8 million charge for excess and obsolete spare parts and finished goods inventory that resulted from changes in the Company's accounting estimates.

⁽²⁾ Includes expenses related to the implementation of an order management system, legal expenses related to resolution of contractual disputes arising from the Sweetheart acquisition, expenses related to the accounting restatement and certain other professional fees.

EBITDA and adjusted EBITDA are not measures of financial performance under GAAP and should not be considered alternatives to net loss, or any other performance measure derived in accordance with GAAP or as an alternative measure of liquidity. EBITDA and adjusted EBITDA are presented to provide a view to measures similar to those used for pricing under the terms of our First and Second Lien Credit Facilities and to those used in evaluating our compliance with certain covenants under our First and Second Lien Credit Facilities and the indenture governing our 8.5% Senior Subordinated Notes. They are also used as a metric to determine certain components of management compensation.



SOLO CUP COMPANY NAMES ROBERT KONEY CHIEF FINANCIAL OFFICER

Company Also Names Two Additional Key Members to its Executive Management Team in Manufacturing and Foodservice Sales and Marketing

Company Elects New Director to Board

HIGHLAND PARK, Ill., March 27, 2007—Solo Cup Company (the “Company”), a leading provider of disposable foodservice products, today announced that it has appointed Robert D. Koney, Jr. as executive vice president and chief financial officer, effective April 2, 2007. The Company also named Peter J. Mendola, senior vice president of manufacturing and Malcolm S. Simmonds, senior vice president of foodservice sales and marketing. Solo Cup also announced the election of Neil Harrison to its Board of Directors, effective as of April 2, 2007. Harrison replaces Norman W. Alpert on the 11-member board and the board’s Audit Committee.

Mr. Koney, 50, joins Solo Cup’s executive management team from Russell Corporation, a leading branded athletic and sporting goods company. Mr. Koney served as Russell’s chief financial officer and senior vice president from 2004 - 2006, where he was responsible for the corporation’s finance functions, including financial planning, treasury, accounting, tax, internal audit and investor relations.

Prior to his tenure at Russell, Mr. Koney spent 18 years with Goodrich Corporation in a variety of finance positions, most recently serving as its vice president, corporate controller and chief accounting officer from 1998 - 2004. Previously, he was vice president and controller of the aircraft wheel and brake operations for BF Goodrich Aerospace. Mr. Koney joined Goodrich as controller and general accounting manager for its specialty chemicals group in 1986. Before joining Goodrich, Mr. Koney’s early career included four years with Arthur Andersen in auditing and tax, as well as four years in tax with Picker International, a subsidiary of GEC, now part of Philips Medical.

“We are delighted to welcome Bob to our executive management team,” said Robert M. Korzenski, chief executive officer of Solo. “His breadth of experience in a variety of financial positions will bring significant leadership and talent to our finance and accounting team.”

Solo Cup also announced today the appointment of Peter Mendola, 51, as senior vice president of manufacturing. Mr. Mendola will be responsible for overseeing all of the company’s operations. Mr. Mendola spent the past 19 years with Georgia-Pacific/Dixie®, most recently as vice president of paper operations. Previously, Mr. Mendola held a number of positions within the Dixie organization, including vice president support operations, director product supply, planning and deployment and resident manager. Mr. Mendola also worked for St. Regis/Champion International/Fonda Group and James River Corporation in several management level positions for the nine years prior to joining Dixie.

Malcolm Simmonds, 45, Solo Cup’s new senior vice president of foodservice sales and marketing, brings more than 20 years of sales and marketing foodservice experience to Solo. He most recently served as senior vice president and general manager of foodservice for The Schwan Food Company™, where he joined in 2005 as vice president and general manager of foodservice bakery. From 2001 - 2005, Mr. Simmonds held the positions of vice president of marketing for the Foodservice and Specialty Brands divisions of Sara Lee

Foods. He began his career at Kraft in 1983, and held a number of roles across the company's Canadian sales and marketing departments and U.S. foodservice divisions.

"The collective talents of Pete and Malcolm will positively impact our business," stated Korzenski. "Both bring a wealth of industry experience to Solo that will help contribute to the success of our Performance Improvement Program. We continue to attract top-notch talent such as Bob, Pete and Malcolm, and we expect that they will play a key role in our management team's efforts to advance the Company and build on our future."

The newest member of Solo Cup's Board of Directors, Neil Harrison, 54, is the chairman, president and chief executive officer of Birds Eye Foods, a leading U.S. frozen food processor. He brings more than 30 years of domestic and international food industry marketing, sales and finance experience to his role with Solo. Prior to joining Bird's Eye in 2005, Mr. Harrison held senior positions with Unilever, General Foods, PepsiCo, Miller Brewing Co. and H. J. Heinz Co.

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