



B&G Foods, Inc.

Quality Foods Since 1889

February 2006

Information about Tax Treatment of 2005 EIS Distributions

The following is an explanation of certain aspects of the U.S. federal income tax treatment of B&G Foods' 2005 cash payments on our Enhanced Income Securities (EISs). The following does not discuss all aspects of individual EIS holder circumstances and does not constitute tax advice. EIS holders are urged to consult their own tax advisors regarding their individual circumstances.

Summary

- Each EIS is comprised of one share of Class A common stock and \$7.15 principal amount of 12% senior subordinated notes due 2016.
- In 2005, B&G Foods distributed \$0.8224 per EIS as a distribution on the Class A common stock represented thereby and \$0.8961 per EIS as a distribution of interest on the principal amount of senior subordinated notes represented thereby.
- Based on U.S. federal income tax laws, B&G Foods has determined that of the portion of the 2005 EIS distributions attributable to the Class A common stock, \$0.0300 per EIS will be treated as an ordinary taxable dividend on the Class A common stock and \$0.7924 per EIS will be treated as a return of capital on the Class A common stock.
- With respect to EISs not held by an EIS holder for the entire year, the per EIS tax treatment for each quarterly payment is set forth in the tables below.
- Nuances in U.S. federal income tax laws require this tax treatment, which is based on a complex calculation that cannot be computed until after the end of each year. Therefore the tax treatment of the 2005 quarterly dividends on the Class A common stock was not determined until after the close of the year. Similarly, we will not be able to accurately determine the treatment of any 2006 dividends until after year-end.
- Generally, the portion of the distribution on the Class A common stock that is treated as a nontaxable return of capital should reduce the tax basis in the shares of Class A common stock represented by the EISs.
- EIS holders are urged to check their 2005 tax statements received from brokerage firms in order to ensure that the cash distribution information reported on such statements conforms to the information reported herein.
- B&G Foods provided this information to the appropriate reporting companies. However, we have been made aware that some EIS holders have received incorrect 1099 forms from their brokers. These EIS holders should contact their brokers directly. Brokers can produce a corrected 1099 by accessing the information through the Depository Trust Company's databank.
- See "2005 Cash Distribution Tax Reporting Information Per Enhanced Income Security (EIS)" and "Questions and Answers" below for additional information.

2005 Cash Distribution Tax Reporting Information Per Enhanced Income Security (EIS)

The tables below summarize the tax treatment of B&G Foods' 2005 EIS cash distributions attributable to the Class A common stock and the senior subordinated notes represented thereby:

B&G Foods, Inc.

Class A common stock

CUSIP # 05508R 10 6

Each share of Class A common stock is represented by an EIS (CUSIP # 05508R 20 5)

<u>Declaration Date</u>	<u>Quarterly Dividend Payment Period</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Total Per Share Distribution</u>	<u>2005 Ordinary Taxable Dividend</u>	<u>2005 Return of Capital</u>
12/24/2004	10/14/2004 to 1/1/2005	12/31/2004	1/31/2005	\$0.1864	\$0.0069	\$0.1795
3/8/2005	1/2/2005 to 4/2/2005	3/31/2005	5/2/2005	\$0.2120	\$0.0077	\$0.2043
5/17/2005	4/3/2005 to 7/2/2005	6/30/2005	8/1/2005	\$0.2120	\$0.0077	\$0.2043
8/16/2005	7/3/2005 to 10/1/2005	9/30/2005	10/31/2005	\$0.2120	\$0.0077	\$0.2043
2005 Totals				\$0.8224	\$0.0300	\$0.7924

B&G Foods, Inc.

12% senior subordinated notes due 2016

CUSIP # 05508R AB 2

Each \$7.15 principal amount of senior subordinated notes is represented by an EIS (CUSIP # 05508R 20 5)

<u>Quarterly Interest Payment Period</u>	<u>Record Date</u>	<u>Payment Date</u>	<u>Total Interest Distribution per \$7.15 Principal Amount</u>	<u>2005 Ordinary Interest Income</u>
10/14/2004 to 1/29/2005	12/31/2004	1/31/2005	\$0.2526	\$0.2526
1/30/2005 to 5/1/2005	3/31/2005	5/2/2005	\$0.2145	\$0.2145
5/2/2005 to 7/31/2005	6/30/2005	8/1/2005	\$0.2145	\$0.2145
8/1/2005 to 10/30/2005	9/30/2005	10/31/2005	\$0.2145	\$0.2145
2005 Totals			\$0.8961	\$0.8961

Questions and Answers

How do EIS holders treat EIS distributions for tax purposes?

Distributions paid on the shares of Class A common stock represented by EISs will be taxable to you as dividend income to the extent those distributions are paid out of our current or accumulated earnings and profits. If you are an individual, such dividend income will (through 2008) be subject to tax at long-term capital gains rates provided you meet certain holding period and other requirements. Distributions on our shares of Class A common stock not paid out of our current or accumulated earnings and profits will be treated as a return of capital to the extent of your basis in your shares of Class A common stock and any such payments in excess of your basis will be treated as capital gain from the sale of shares of Class A common stock. Interest income on the senior subordinated notes will be taxable to you at ordinary income rates.

As treatments may vary due to individual status and other considerations, B&G Foods urges EIS holders to consult their own tax advisors for their individual treatment.

What portion of the 2005 “ordinary taxable dividends” are “qualified dividends”?

Assuming that an EIS holder has met the applicable holding periods and certain other requirements, 100% of the 2005 ordinary taxable dividends paid to that EIS holder are “qualified dividends,” subject to tax at long-term capital gains rates. See the Instructions to Recipients explanation to Box 1a and 1b contained in the notes to Form 1099-DIV and IRS Publication 550, Investment Income and Expenses for more information.

What is the tax treatment of the 2005 “return of capital”?

The “nontaxable distribution” language on Box 3 of the 2005 Form 1099-DIV should be read with care in conjunction with the Instructions to Recipients explanation to Box 3 contained in the notes to Form 1099-DIV. These distributions are more commonly referred to as “return of capital” distributions for U.S. federal income tax purposes. If a holder of EISs has a cost or other tax basis in the shares Class A common stock represented by the EISs equal to at least the amount of the return of capital distribution, the distribution does not trigger any tax, but instead merely reduces the holder’s cost or other tax basis in his or her shares of Class A common stock represented by the EISs. If the amount of the “nontaxable distribution” is in excess of the stockholder’s cost or other tax basis, such excess is taxable as capital gain. See the Instructions to Recipients—Box 3 on the 2005 Form 1099-DIV or IRS Publication 550, Investment Income and Expenses.

What if my broker sent me an incorrect 2005 1099-DIV?

Some EIS holders have received incorrect 1099-DIV forms. To ensure that information regarding such accounts is correctly reported to the IRS, these EIS holders should contact their broker directly to request a corrected 1099-DIV. Brokers can access the correct information through the Depository Trust Company's databank. Unfortunately, B&G Foods cannot provide a 1099-DIV to EIS holders who own their EISs through brokers.

How will the 2006 B&G Foods dividends be treated?

It is possible that all or a portion of the dividends paid by B&G Foods during 2006 could represent a return of capital distribution to recipients for U.S. federal income tax purposes. However, the determination of the actual characterization of distributions made during 2006 cannot be determined until after the close of the year, and will be reflected in the 2006 Form 1099-DIV (sent in early 2007).

IRS Circular 230 Disclosure: The discussion contained in this memorandum as to tax matters is not intended or written to be used, and cannot be used, for the purpose of avoiding United States federal income tax penalties. Such discussion is written to support the promotion or marketing of the transactions or matters addressed in this memorandum. Each taxpayer should seek advice based on the taxpayer’s particular circumstances from an independent tax advisor.
