Pregis

Earnings Release

For Immediate Release

Contact:
Kevin Corcoran, CFO
Pregis Corporation
(847) 482-2858
kcorcoran@pregis.com

PREGIS CORPORATION ANNOUNCES THIRD QUARTER 2005 RESULTS

Lake Forest, Ill., November 18, 2005 – Pregis Corporation, a leading international manufacturer, marketer, and supplier of protective packaging products and specialty packaging solutions, reported net sales of $223.5 million for the quarter ended September 30, 2005, representing a 4.7% increase over net sales of $213.4 million for the third quarter of 2004. The improvement in sales was the result of unit volume growth in both segments, Global Protective Packaging and European Specialty Packaging, together with the favorable impact of selling price increases that were implemented over the past twelve months in response to higher raw material costs.

Commenting on the third quarter results, James D. Morris, Chief Executive Officer said, "We continue to operate in a challenging environment with plastic resin, fuel and energy prices at or near historic highs. Our focus on offsetting raw material and energy cost increases through both our productivity efforts and pricing actions over the last twelve months are reflected in our operating results this quarter. Over the short term, we expect raw material costs to challenge our industry. We will pursue the same actions that have helped us to successfully offset these costs in the past."

The Company will conduct an investor conference call to review 2005 third quarter results on Monday, November 21 at 9 a.m. EST. The call can be accessed through the following dial-in numbers: Domestic: 877-437-6692; International: 706-679-7280; Conference ID: 2550834. A replay of the conference call will be available through December 2. Please use the following replay dial-in information: Domestic: (800) 642-1687; International: (706) 645-9291; Conference ID: 2550834.

Operating income for the third quarter of 2005 was $14.4 million compared to $11.3 million for the same quarter a year ago. In the year ago quarter, the Company incurred expenses of $4.0 million related to a restructuring program implemented in the first quarter of that year. Operating income for 2005 reflects higher volume and improved gross margins, partly offset by increased selling, general and administrative expenses, higher depreciation and amortization and higher other expenses. The increase in selling, general and administrative expenses in the third quarter of 2005 versus 2004 was due to higher employee related costs as well as higher cost allocations from the Company's former parent, Pactiv Corporation.

Net income for the third quarter of 2005 totaled $9.5 million, an increase of 70.0% or $3.9 million, over net income of $5.6 million for the comparable quarter of 2004. The improvement was primarily due to the $4.0 million restructuring charge in 2004 combined with a $0.7 million decrease in income tax expense.

For the nine months ended September 30, 2005, sales increased 8.0% or $49.2 million, to $667.0 million from $617.8 million for the same period of 2004. Excluding the foreign currency translation impact, sales grew $38.3 million, or 6.2%. Pricing improved 5.0% reflecting the impact of selling price increases implemented in both North America and Europe in response to higher raw material costs. The Company generated an operating loss of $5.6 million for nine month period of 2005, compared to operating income of $21.5 million for the comparable period of 2004. The 2005 operating loss resulted from a $35.7 million goodwill impairment charge recorded in the second quarter, after the Company determined that its goodwill was impaired in certain businesses in relation to the purchase price for the sale transaction to AEA Investors LLC. Operating income for the 2004 nine month period also reflected expenses of $11.8 million related to a restructuring program implemented in that year. The positive impact of higher pricing offset higher raw material and other energy related costs for the first nine months of 2005. However, this improvement was offset by higher selling, general and administrative costs, principally due to higher employee related expenses and cost allocations from the Company's former parent, Pactiv Corporation.

For the nine months ended September 30, 2005, the Company generated a net loss of $6.5 million, compared to net income of $10.4 million for the same period of 2004 due to the items noted above. Additionally, the net loss for the nine-month period of 2005 also reflects a gain of $1.2 million from the Company's sale of its shares in a German recycling company, Duales Systems Deutschland, while net income for the same period of 2004 reflected restructuring costs of $11.8 million. As a result of these items, and the non-deductibility of a portion of the goodwill impairment charge, the Company recorded a tax benefit of $0.1 million for the 2005 nine month period compared to a tax expense of $8.8 million for the same period in 2004.

The Company's EBITDA for the quarter and nine months ended September 30, 2005 was $22.0 million and $55.5 million, respectively, compared to $18.3 million and $44.9 million, respectively, for the comparable periods of 2004. The Company's EBITDA and Adjusted EBITDA for the twelve months ended September 30, 2005 was $77.3 million and $85.3 million, respectively. The Company generated a net loss of $1.6 million and operating income of $4.9 million for the twelve months ended September 30, 2005. The Company is including earnings before interest, taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA, both non-GAAP financial measures, because these measures are used by management and the Company's key stakeholders in evaluating the Company's performance. See the Company's rationale for its use of EBITDA and Adjusted EBITDA and reconciliation of EBITDA and Adjusted EBITDA to net income, a GAAP measure, at the end of this release.

DIVISION RESULTS

Global Protective Packaging

GPP net sales for the 2005 third quarter were $144.0 million. This represented an improvement of 4.6%, or $6.3 million, from a year ago. Contributing to the revenue growth were the accretive impact of selling price increases, 3.3%, and volume growth, 1.0%. Selling prices increased in both North America and Europe in response to higher raw material and energy costs. Volume gains in Europe more than offset slightly lower volume in North America.

For the 2005 third quarter, GPP operating income was $9.1 million compared to $5.0 million in the 2004 quarter. The improvement was primarily due to the absence of $3.7 million in 2004 restructuring expenses and to the positive impact of higher pricing.

For the nine month period ended September 30, 2005, GPP net sales of $431.0 million rose 7.6% from $400.5 million for the comparable period of 2004. Contributing to the improvement were favorable currency translation, 1.4%, and selling price increases, 6.6%, which were partly offset by a decline in volume of 0.4%. Pricing was higher in both North America and Europe in response to higher raw material costs. For the 2005 nine month period, GPP's operating loss was $17.9 million, reflecting the goodwill impairment charge of $35.5 million, compared to operating income of $9.1 million for the 2004 period, which included $9.5 million of restructuring expenses. Excluding the goodwill impairment and restructuring from both years, operating income was $17.3 million compared to $18.6 million in the prior year.

European Specialty Packaging

ESP net sales for the 2005 third quarter were $79.5 million, up 5.0% from $75.7 million a year ago. The improvement is tied to 3.3% sales volume growth and 2.4% higher pricing. Foreign currency translation decreased net sales by 0.7%, principally due to the impact of the pound sterling to the dollar. Higher volumes in Flexibles more than offset lower volumes in Hospital Supplies and Foodservice. Pricing was higher in both Flexibles and Foodservice.

For the 2005 third quarter, ESP operating income was $5.3 million compared with $6.3 million in the 2004 quarter. Higher gross margins were more than offset by increases in selling, general and administrative expenses and higher depreciation. The increase in 2005 selling, general and administrative expenses was attributable to higher overall employee expenses, including $0.5 million of severance costs for certain employees, as well as $0.5 million higher expense allocations from the Company's former parent, Pactiv Corporation.

For the nine months ended September 30, 2005, ESP net sales increased by 8.6%, from $217.3 million in 2004 to $236.0 million in 2005. Contributing to the improvement in 2005 were favorable currency translation, 2.5%, higher pricing, 1.9%, and higher volumes, 4.2%. Pricing was higher in both Foodservice and Flexibles, reflecting selling price increases taken in certain product areas over the past year in response to higher raw material costs over the last twelve months. Sales volumes were higher in both Flexibles and Foodservice. For the 2005 nine month period, operating income was $12.3 million, including a $0.2 million goodwill impairment charge, compared to $12.5 million for the 2004 period. The prior year included restructuring costs of $2.2 million. Excluding the goodwill impairment and restructuring from both years, operating income was $12.5 million compared to $14.7 million in the prior year.

On October 12, 2005, AEA Investors LLC acquired substantially all of Pactiv Corporation's (NYSE: PTV) protective and flexible business units for $523.5 million. Since this time, the acquired businesses have operated as Pregis Corporation, a new entity.

Pregis Corporation is a leading global provider of innovative protective, flexible, and foodservice packaging and hospital supply products. The specialty packaging leader currently operates 39 facilities in 15 countries around the world. For more information about Pregis, visit the company's web site at www.pregis.com.

Safe Harbor Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E in the Securities Exchange Act of 1934, as amended (the "Exchange Act"). You can generally identify forward-looking statements by our use of forward-looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "seek," "should," or "will," or the negative thereof or other variations thereon or comparable terminology. These forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond our control. For a discussion of key risk factors, please see our quarterly report for the quarter ended September 30, 2005, which is available on our website, www.pregis.com. These risks may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included into this press release are made only as of the date hereof. The Company undertakes no duty to update its forward-looking statements.

Pregis Corporation
Combined Statements of Operations *

(In millions)	Three Months Ended September 30, 2005 (UNAUDITED)	Three Months Ended September 30, 2004 (UNAUDITED)	Nine Months Ended September 30, 2005 (UNAUDITED)	Nine Months Ended September 30, 2004 (UNAUDITED)
Sales	$ 223.5	$ 213.4	$ 667.0	$ 617.8
Costs and expenses				
Cost of sales, excluding depreciation and amortization	174.0	167.1	528.8	483.4
Selling, general and administrative	26.9	23.9	84.0	77.5
Depreciation and amortization	7.6	7.0	24.2	23.4
Goodwill impairment	-	-	35.7	-
Other expense, net	0.6	0.1	0.2	0.2
Restructuring and other	-	4.0	(0.3)	11.8
Total costs and expenses	209.1	202.1	672.6	596.3
Operating income (loss)	14.4	11.3	(5.6)	21.5
Gain on sale of securities	-	-	(1.2)	-
Interest expense, net of interest capitalized of \$0.1 and \$0.0 for the three months ended 2005 and 2004, respectively, and \$0.4 and \$0.0 for the nine months ended 2005 and 2004, respectively	0.7	0.8	2.2	2.3
Income tax expense (benefit)	4.2	4.9	(0.1)	8.8
Net income (loss)	$ 9.5	$ 5.6	$ (6.5)	$ 10.4

* The combined statements herein include allocations of certain Pactiv corporate expenses, including legal, human resources, payroll, accounting, employee benefits, real estate, insurance, information technology, telecommunications, treasury and other Pactiv corporate and infrastructure costs. The expense and cost allocations have been determined on bases that Pactiv and Pregis consider to be a reasonable reflection of the utilization of services provided or the benefit received by Pregis during the periods presented. Therefore, the combined financial information included herein may not reflect the combined operating of Pregis in the future or what they would have been had Pregis operated as “stand-alone” during the periods presented.

The following table reconciles net income to EBITDA and Adjusted EBITDA:

(in millions)	Three Months Ended September 30, 2005	Three Months Ended September 30, 2004	Nine Months Ended September 30, 2005	Nine Months Ended September 30, 2004	Pro Forma Twelve Months Ended September 30, 2005
Net income (loss)	$ 9.5	$ 5.6	$ (6.5)	$ 10.4	$ (25.4)
Depreciation and amortization	7.6	7.0	24.2	23.4	33.0
Interest expense, net	0.7	0.8	2.2	2.3	39.6
Income tax expense (benefit)	4.2	4.9	(0.1)	8.8	(5.6)
Goodwill impairment	-	-	35.7	-	35.7
EBITDA	22.0	18.3	55.5	44.9	77.3
Estimated incremental savings (a)					6.7
Management fee (b)					1.5
Restructuring and other (c)					0.6
Gain on sale of securities (d)					(1.2)
Other expense (income) (e)					0.4
Adjusted EBITDA					$ 85.3

(a) Adjustment to reflect the Company's estimated overhead costs on a stand-alone basis. Pactiv charges the Company for legal, finance, human resources and other similar costs incurred directly to support its business operations. The adjustments represent management's best estimate of the savings achievable in providing these support services on a stand-alone basis. There can be no assurance that the Company will be able to achieve these incremental cost savings.
(b) Reflects the annual management fee that the Company will pay to AEA Investors pursuant to a management agreement.
(c) Reflects restructuring charges incurred by the Company in 2004 as the result of a program designed to rationalize manufacturing capacity and reduce overhead costs.
(d) Reflects the gain realized by the Company on the 2005 sale of its shares in Duales Systems Deutschland, a German recycling company.
(e) Reflects other non-recurring expense (income) items, including estimated net additional profit margin on historical intra-company sales with other Pactiv divisions which will be sold to on an arm's length basis after the sale transaction. There can be no assurance that the Company will be able to achieve these additional profit margins.

EBITDA is defined as net income before interest expense, net, income tax expense, depreciation and amortization, and goodwill impairment. Adjusted EBITDA is defined as EBITDA adjusted to exclude the items described above. EBITDA and Adjusted EBITDA are measures used by management to evaluate operating performance. The Company presents EBITDA and Adjusted EBITDA because it considers each an important supplemental measure of the Company’s performance and believes each is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in its industry. The Company believes that issuers of “high yield” securities also present EBITDA and Adjusted EBITDA because investors, analysts and rating agencies consider them useful in measuring the ability of those issuers to meet debt service obligations. However, EBITDA and Adjusted EBITDA do not represent net income or net cash provided by operating activities as defined by GAAP or similar measures in the Company’s bank and high yield covenants.

Accordingly, EBITDA and Adjusted EBITDA should not be construed as alternatives to net income, net cash provided by operating activities or other measures as determined in accordance with GAAP as an indication of the Company’s operating performance or as a measure of the Company’s liquidity. Moreover, EBITDA and Adjusted EBITDA do not necessarily indicate whether cash flows will be sufficient to fund cash needs, including debt service. Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and

Adjusted EBITDA do not reflect any cash requirements for such replacements. The Company's presentation of EBITDA and Adjusted EBITDA may not be in accordance with the rules adopted by the SEC that apply to registration statements under the Securities Act and periodic reports under the Exchange Act. In addition, other companies in its industry may calculate EBITDA and Adjusted EBITDA differently than the Company does, limiting its usefulness as a comparative measure.

Neither EBITDA nor Adjusted EBITDA should be considered as a measure of discretionary cash available to the Company to invest in the growth of its business. The Company compensates for these limitations by relying primarily on its GAAP results and using EBITDA and Adjusted EBITDA only supplementally.