

Pactiv Reports Strong Volume Gains and Overhead Cost Reductions; Announces Stock Buyback

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Lake Forest, Ill. – February 24, 2000 – Pactiv Corporation (NYSE:PTV) today reported fourth quarter 1999 net income from continuing operations, excluding unusual items, of \$19 million, or \$0.11 per share, versus comparable 1998 performance of \$18 million, or \$0.11 per share. Sales in the fourth quarter were \$763 million, up 5.4% from 1998 sales of \$724 million. For the full year, net income from continuing operations, excluding unusual items, was \$93 million, or \$0.55 per share, compared with \$102 million, or \$0.61 per share, in 1998. Total 1999 year sales were \$2,921 million, up 5% from \$2,791 million recorded in 1998.

On November 5, 1999, Pactiv was spun off by Tenneco Inc. to its shareholders. As a result, Pactiv's fourth quarter and full-year reported results include significant costs pertaining to the spin-off of Pactiv, the loss on the sale of Tenneco's containerboard business to Madison Dearborn Partners and charges for the restructuring necessary to reduce Tenneco's overhead and to exit certain underperforming or non-strategic businesses. Including these unusual items, Pactiv recorded a net loss of \$206 million, or \$1.22 per share, in the fourth quarter of 1999 and a net loss of \$344 million, or \$2.05 per share, for the full year. (A detailed discussion of these unusual items appears later in this release).

"We are particularly pleased with our growth during 1999," said Richard L. Wambold, president and chief executive officer. "Since the spin-off we have made great strides in reducing overhead and lowering debt by selling underperforming or non-strategic assets, and we continue to see additional opportunities in these areas to further improve performance."

Since Pactiv's spin-off as a public company from Tenneco the following actions have been completed:

- Exited four non-core businesses, providing the company with approximately \$100 million in cash and tax benefits.

- Reduced overhead costs by \$40 million. Sold most of the administrative service operations as part of an outsourcing arrangement.
- Liquidated 85% of the company's stake in Packaging Corporation of America, generating net proceeds of \$400 million. Pactiv intends to sell its remaining 6.2 million shares at a later date.
- The board of directors of Pactiv has approved a program that authorizes the company to purchase up to \$100 million of the company's stock. Repurchases under this program could total as much as 7% of the company's outstanding shares. The purchases will be made from time to time in the open market, or in private transactions, and may be suspended or discontinued at any time.

Referring to the stock repurchase authorization, Mr. Wambold added: "While we believe that continued investment in our core businesses is the best long-term strategy for creating value, the repurchase of our stock represents a significant opportunity, in view of the depressed market valuations in the packaging sector."

Operating income before unusual items was \$64 million for the fourth quarter, and \$306 million for full year 1999, compared with \$68 million and \$315 million in the comparable 1998 periods. Fourth quarter sales performance was driven by double-digit unit volume growth in consumer and protective packaging, as well as in the key foodservice product segments. Adjusting for the negative impact of foreign currency exchange rates, sales advanced by 7.5%. The strong growth in volume, coupled with significant reductions in overhead expense, were more than offset by the dramatic increase in resin costs experienced in the second half of the year. The market saw polyethylene resin costs increase by 80% from February through August, 1999 as a result of ethylene shortages and rising oil prices. As discussed in the third quarter, margins are expected to improve as the effects of pricing actions are realized and as resin costs decrease. The market price for polyethylene has declined by \$.03 per pound, or 7%, since December.

Polystyrene resin costs also increased by approximately 30% in 1999. Resin cost increases totaling \$.10 per pound have been announced by resin suppliers for implementation through May, 2000. These increases are driven by capacity shortages and oil prices. The company implemented pricing actions to recover these costs in 1999 and is taking additional actions to preclude the future erosion of margins.

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Business Segment Results

Consumer and Foodservice/Food Packaging

Sales for the Consumer and Foodservice/Food Packaging unit were \$546 million for the fourth quarter of 1999 and \$2.1 billion for total-year 1999, representing growth of 5.6% and 4.5%, respectively, over the corresponding prior-year periods. Unit volumes for the quarter and year were very positive. Consumer product volume was up 13% in the quarter reflecting strong growth, especially in Hefty® tableware. In total, Foodservice/Food Packaging product volumes grew at a rate of 5% in the quarter and 9% for the year. Within the group, the strategic growth products, including foam, rigid display packaging and packer processor products grew at low double-digit rates for the year.

Leading Pactiv's growth in rigid display packaging was the company's Smartlock® brand family of food containers. Smartlock® products feature a patented, lock-tight seal that sets the standard for "security-of-closure" in the industry. Pactiv's line of microwaveable packaging is also generating outstanding growth in sales and income. These products are positioned to capture growth in home meal replacement sales at foodservice and grocery outlets. In an effort to expand business in this category, Pactiv launched a line of handled containers unique to the food packaging business in December. Trial programs of these "made for take-out" containers have increased sales for test customers by as much as 50%.

Operating income for the Consumer and Foodservice/Food Packaging segment was \$52 million for the fourth quarter of 1999 and \$258 million for full-year 1999, compared with \$70 million and \$277 million, for the comparable periods in 1998. Despite strong growth in volume, operating income for the quarter and year declined as the spread between selling prices and resin costs decreased during the last two quarters of 1999. Also, additional advertising and promotion spending in support of the Hefty® brand, new business launch expenses and a customer bankruptcy also negatively impacted fourth quarter results.

Protective and Flexible Packaging

Fourth quarter 1999 sales for Protective and Flexible Packaging were \$217 million, up 5.3% from the comparable 1998 period and up 13% before the negative impact of foreign currency exchange rates. Operating income in the fourth quarter of 1999 totaled \$14 million, down \$1 million from the prior year's quarter, as strong volume growth and operating cost reductions were more than offset by raw material cost increases and unfavorable movement in the foreign currency exchange rate.

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Full-year 1999 sales of \$847 million represented growth of 6% over the \$800 million of sales in 1998. Adjusting for the negative impact of foreign currency fluctuations, full year sales grew by 9%. Despite the rise in raw material costs in the second half of 1999, full-year 1999 operating income increased 9% to \$75 million from \$69 million in 1998. Excluding the negative impact of exchange rates, 1999 operating income increased 13% over 1998.

The strong fourth quarter unit volume growth was, to some degree, influenced by Y2K considerations and pre-buying by customers prior to our fourth-quarter 1999 pricing actions. However, the double-digit volume growth for the year clearly shows the strength of this segment, which continues to be fueled by the growth in electronics, automotive, furniture and e-commerce markets. The strength of our position in these rapidly growing segments should continue to foster strong volume gains. In order to meet the changing needs of our customers, we continue to develop new packaging solutions, including the fourth quarter 1999 introduction of the Pactiv Air 3000™ cushion system, which is specifically aimed at the e-commerce market. This compact device produces air cushion, void-fill pillows of any size at the touch of a finger. Also introduced in the quarter was Furniture Guard Lite™, a foam and film protective laminate for the upholstered furniture market.

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Unusual Items

Unusual items that negatively impacted results were as follows:

(\$ in millions, except per-share data)	Fourth Quarter		Year	
	1999	1998	1999	1998
Net income (loss) from continuing operations excluding unusual items	\$ 19	\$ 18	\$ 93	\$ 102
Unusual items, after tax				
Restructuring and other charges	(91)	(20)	(109)	(20)
Spin-off transaction costs	(96)	-	(96)	-
Discontinued operations	(38)	(5)	(193)	57
Extraordinary loss	-	-	(7)	-
Cumulative effect of changes in accounting principles	-	-	(32)	-
Total unusual items	(225)	(25)	(437)	37
Net income loss	\$(206)	\$ (7)	\$ (344)	\$ 139
Earnings (loss) per share				
Continuing operations	\$ 0.11	\$ 0.11	\$ 0.55	\$0.61
Unusual items	(1.33)	(0.15)	(2.60)	0.22
Total	\$(1.22)	\$(0.04)	\$(2.05)	\$0.83

Restructuring and other charges

In 1999, after-tax restructuring and other charges totaled \$109 million (\$0.65 per share) related primarily to the closing of the former Tenneco headquarters, the elimination of positions as a result of the sale of the company's paperboard packaging business, the sale of non-core businesses, and the recognition of asset impairment associated with one of the company's mature businesses.

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Spin-off Transaction Costs

In the fourth quarter of 1999, Pactiv incurred after-tax costs of \$96 million (\$0.57 per share) in connection with the spin-off of the company from Tenneco.

Discontinued Operations

The company recorded a net loss from discontinued operations of \$193 million (\$1.15 per share) in 1999 related primarily to the sale of its former paperboard packaging business.

Note: Attached are schedules which provide details of the company's fourth quarter and full year 1999 performance.

Schedule No. 1

Schedule No. 2

Schedule No. 3

Schedule No. 4

Pactiv Corporation, headquartered in Lake Forest, Ill., is a leading provider of advanced packaging solutions for the consumer, foodservice/food packaging and protective/flexible packaging markets. The specialty packaging leader currently operates 85 facilities in 17 countries around the world. For more information about Pactiv, please log on to the company's web site at www.pactiv.com.

Several statements in this press release are forward looking and are identified by the use of forward-looking words and phrases, such as "intends to", "positioned to", "will", "grow", "expected to", "actions are being taken to", "continues to", "should", "develop", and "increase". These forward-looking statements are based on current expectations of the Company (including its subsidiaries). Because forward looking statements involve risks and uncertainties, the Company's plans, actions and actual results could differ materially. Among the factors that could cause plans, actions and results to differ materially from current expectations are: (i) the general political, economic and competitive conditions in markets and countries where the Company and its subsidiaries operate, including currency fluctuations and other risks associated with operating in foreign countries; (ii) governmental actions, including the ability to receive regulatory approvals and the timing of such approvals; (iii) change in capital availability or costs; (iv) results of analysis regarding plans and strategic alternatives; (v) changes in consumer demand and prices, including decreases in demand for the Company's products and the resulting negative impact on its revenues and margins from such products; (vi) the cost of compliance with changes in regulations, including environmental regulations; (vii) workforce factors such as strikes or labor interruptions; (viii) material substitutions and increases in the costs of raw materials; (ix) the ability of the Company and its subsidiaries to integrate operations of acquired businesses quickly and in a cost-effective manner; (x) new technologies; (xi) changes by the Financing Accounting Standards Board or other accounting regulatory bodies of authoritative generally accepted accounting principles or policies; and (xii) the timing and occurrence (or non-occurrence) of transactions and events which may be subject to circumstances

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Pactiv Corporation
Statement of Profit (Loss)

(In Millions)	Fourth Quarter		Full Year	
	1999	1998	1999	1998
Revenues				
Sales	\$ 763	\$ 724	\$ 2,921	\$ 2,791
Other income, net	(4)	(4)	(8)	(3)
Total Revenues	759	720	2,913	2,788
Cost of sales (excluding depreciation and amortization)	543	481	1,993	1,866
Depreciation and amortization	43	43	184	175
Selling, general & administrative	109	128	430	432
Operating income before unusual items	64	68	306	315
Restructuring and other charges	(154)	(32)	(183)	(32)
Spin-off transaction costs	(136)	-	(136)	-
Operating income	(226)	36	(13)	283
Interest expense, net	40	33	146	133
Income tax expense	(98)	5	(47)	67
Minority interest	-	-	-	1
Net income (loss) from continuing operations	(168)	(2)	(112)	82
Net income (loss) from discontinued operations	(38)	(5)	(193)	57
Net extraordinary loss	-	-	(7)	-
Net cumulative changes in accounting principles	-	-	(32)	-
Net income (loss)	\$ (206)	\$ (7)	\$ (344)	\$ 139
Earning (loss) per share:				
Net income (loss) from continuing operations before unusual items	0.11	0.11	0.55	0.61
Restructuring and other charges	(0.54)	(0.12)	(0.65)	(0.12)
Spin-off transaction costs	(0.57)	-	(0.57)	-
Net income (loss) from continuing operations	(1.00)	(0.01)	(0.67)	0.49
Net income (loss) from discontinued operations	(0.22)	(0.03)	(1.15)	0.34
Net extraordinary loss	-	-	(0.04)	-
Net cumulative changes in accounting principles	-	-	(0.19)	-
Net income (loss)	\$ (1.22)	\$ (0.04)	\$ (2.05)	\$ 0.83
Average common shares outstanding (diluted) (in millions)	168.3	167.5	167.7	168.8

Pactiv Corporation
Statement of Financial Position

(In Millions)	December 31,	
	1999 (Consolidated)	1998 (Combined)
Assets		
Current Assets		
Cash and temporary cash investments	\$ 12	\$ 7
Accounts receivable	351	447
Inventories	429	412
Deferred income taxes	50	6
Prepayments and other	24	45
Total current assets	866	917
Property, plant, and equipment, net	1,396	1,556
Other assets		
Goodwill and intangibles, net	981	1,052
Deferred income taxes	40	-
Pension assets	941	742
Other	169	165
Total other assets	2,131	1,959
Net assets of discontinued operations	195	366
Total assets	\$ 4,588	\$ 4,798
Liabilities and shareowners' equity		
Current liabilities		
Short-term debt, including current maturities of long-term debt	\$ 325 (a)	\$ 595
Accounts payable	265	261
Taxes accrued	30	13
Interest accrued	17	-
Accrued liabilities	188	188
Other	95	85
Total current liabilities	920	1,142
Long-term debt	1,741 (a)	1,312
Deferred income taxes	321	291
Post retirement benefits	140	163
Deferred credits and other liabilities	96	100
Minority interest	20	14
Shareowners equity	1,350	1,776
Total liabilities and shareowners' equity	\$ 4,588	\$ 4,798

(a) In February 2000, Pactiv sold the majority of its equity interest in Packaging Corporation of America for approximately \$400 million, which was used to repay debt.

Pactiv Corporation
Statement of Cash Flows

(In Millions)	Year ended December 31,	
	1999 (Consolidated)	1998 (Combined)
Operating activities		
Income (loss) from continuing operations	\$ (112)	\$ 82
Adjustments to reconcile income (loss) from continuing operations to cash provided by continuing operations		
Depreciation and amortization	184	175
Deferred income taxes	-	77
(Gain) loss on sale of businesses and assets, net	12	9
Restructuring and Other	183	32
Pension Income	(86)	(65)
Allocated interest, net of tax	72	85
Changes in components of working capital		
(Increase) decrease in receivables	17	28
(Increase) decrease in inventories	(30)	8
(Increase) decrease in prepayments and other current assets	(3)	(1)
Decrease in payables	(13)	(13)
Decrease in taxes accrued	(110)	(23)
Increase (decrease) in interest accrued	16	-
Increase (decrease) in other current liabilities	(18)	35
Other	(81)	(57)
Cash provided by continuing operations	31	372
Cash provided (used) by discontinued operations	(62)	205
Cash provided (used) by operating activities	(31)	577
Investing activities		
Net proceeds related to sale of discontinued operations	254	-
Net proceeds from sale of businesses and assets	81	22
Expenditures for property, plant, and equipment	(173)	(194)
Acquisition of businesses and assets	(24)	(101)
Expenditures for property, plant, and equipment and business acquisitions of discontinued operations	(1,129)	(203)
Investments and other	(3)	(38)
Cash used by investing activities	(994)	(514)
Financing activities		
Issuance of long-term debt	2,261	3
Retirement of long-term debt	(30)	(18)
Net increase (decrease) in short-term debt, excluding current maturities of long-term debt	293	4
Cash contributions from (distributions to) former parent	(1,494)	(56)
Net cash provided (used) by financing activities	1,030	(67)
Increase (decrease) in cash and temporary cash investments	5	(4)
Cash and temporary cash investments, January 1	7	11
Cash and temporary cash investments, December 31	\$ 12	\$ 7

Pactiv Corporation
Statement of Profit (Loss)

(In Millions)	Year 1999				
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenues					
Sales	\$ 666	\$ 738	\$ 754	\$ 763	\$2,921
Other income, net	(2)	(3)	1	(4)	(8)
Total Revenues	664	735	755	759	2,913
Cost of sales (excluding depreciation and amortization)	444	480	526	543	1,993
Depreciation and amortization	48	46	47	43	184
Selling, general & administrative	98	110	113	109	430
Operating income before unusual items	74	99	69	64	306
Restructuring and other charges	(29)	-	-	(154)	(183)
Spin-off transaction costs	-	-	-	(136)	(136)
Operating income	45	99	69	(226)	(13)
Interest expense, net	36	32	38	40	146
Income tax expense	3	21	27	(98)	(47)
Minority interest	-	-	-	-	-
Net income (loss) from continuing operations	6	46	4	(168)	(112)
Net income (loss) from discontinued operations	(172)	9	8	(38)	(193)
Net extraordinary loss	(7)	-	-	-	(7)
Net cumulative changes in accounting principles	(32)	-	-	-	(32)
Net income (loss)	\$ (205)	\$ 55	\$ 12	\$ (206)	\$ (344)
Earning (loss) per share:					
Net income (loss) from continuing operations before unusual items	0.14	0.28	0.01	0.11	0.55
Restructuring and other charges	(0.11)	-	-	(0.54)	(0.65)
Spin-off transaction costs	-	-	-	(0.57)	(0.57)
Net income (loss) from continuing operations	0.03	0.28	0.01	(1.00)	(0.67)
Net income (loss) from discontinued operations	(1.03)	0.05	0.05	(0.22)	(1.15)
Net extraordinary loss	(0.04)	-	-	-	(0.04)
Net cumulative changes in accounting principles	(0.19)	-	-	-	(0.19)
Net income (loss)	\$(1.23)	\$ 0.33	\$ 0.06	\$(1.22)	\$(2.05)
Average common shares outstanding (diluted) (in millions)	167.2	167.5	167.7	168.3	167.7