

# PACTIV CORPORATION

Longbow Research  
Paper, Packaging & Chemicals Conference  
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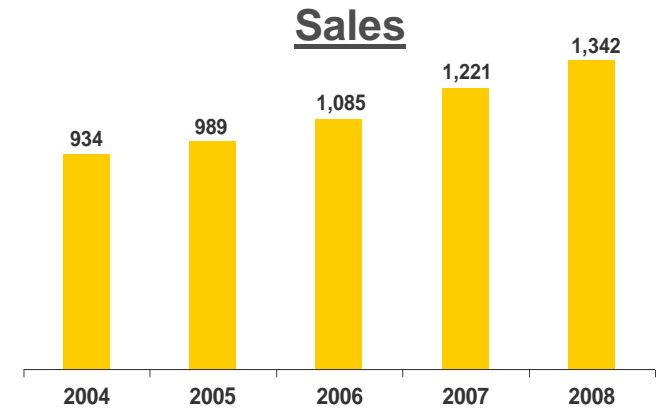


# Overview

- **\$3.6B specialty packaging company**
- **Leader in consumer and foodservice packaging markets we serve**
- **Hold no. 1 or no. 2 position in major product lines**
- **46 manufacturing facilities**
- **12,000 employees**

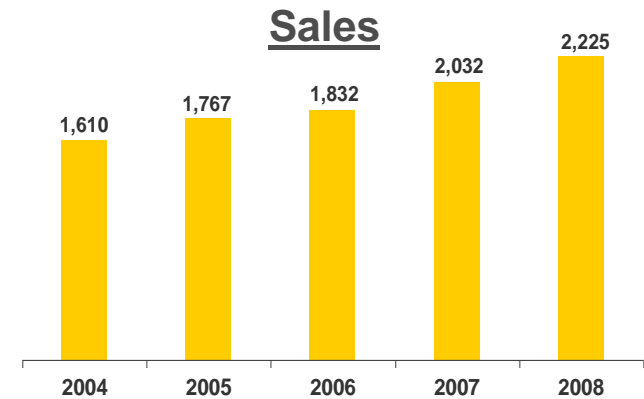
# Hefty® Consumer Products

38% of 2008 Sales



# Foodservice/Food Packaging

62% of 2008 Sales



# Core Strengths

Hefty® Brand

Market Leadership

History of Innovation

Breadth and Depth  
of Product Portfolio

Customer  
Relationships

**Pactiv's  
Leadership  
Position**

Product Quality  
and Reliability

Distribution Network

Superior Supply  
Chain Capabilities

Manufacturing Scale

Financial Strength

# Growth Drivers

- **Reap benefits of Hefty® brand**
  - **Strong brand awareness**
  - **Maintain or grow positions with current customers**
  - **Attract new customers**
  - **Expand private label as complement to branded products**

# Growth Drivers

- **Develop customer partnerships**
  - Offer broadest product line
  - Use advantage of regional manufacturing/distribution
  - Offer outstanding service
  - Utilize supply chain advantage for mutual benefit

# Growth Drivers

- **Expand cup/cutlery production**
  - **Continue to add capacity**
  - **WinCup polypropylene cups acquisition**
    - **Adds specialty coffee, quick service, and convenience store customers**



# Growth Drivers

- **Grow through acquisitions**
  - Strong track record of growth
  - External climate improving
  - Pactiv is well positioned

# Margin Management

- **Manage spread as raw material prices fluctuate**
- **Effectively manage Lean program**
- **Continuation of other cost reduction programs**

# Focus on Value Creation

- **Disciplined use of cash**
  - **Capital allocation**
  - **Acquisition criteria**
  - **Share repurchase**
  - **Debt repayment**
  - **Reduction in pension risk**

# Focus on Value Creation

- **Results oriented culture**
  - **Management compensation**
    - EPS
    - Cash flow
    - Return on investment

# FINANCIAL HIGHLIGHTS

# Results From Continuing Operations\*

(\$ in Millions, Except EPS)

|                               | <u>3Q 2009</u> | <u>3Q 2008</u> |
|-------------------------------|----------------|----------------|
| <b>Sales</b>                  | <b>\$839</b>   | <b>\$925</b>   |
| <b>Gross Margin %</b>         | <b>31.7%</b>   | <b>23.1%</b>   |
| <b>SG&amp;A</b>               | <b>83</b>      | <b>67</b>      |
| <b>Operating Income</b>       | <b>137</b>     | <b>100</b>     |
| <b>Operating Margin</b>       | <b>16.3%</b>   | <b>10.8%</b>   |
| <b>EBITDA</b>                 | <b>184</b>     | <b>151</b>     |
| <b>EBITDA Margin</b>          | <b>21.9%</b>   | <b>16.3%</b>   |
| <b>Interest Expense (net)</b> | <b>23</b>      | <b>25</b>      |
| <b>EPS</b>                    | <b>0.54</b>    | <b>0.39</b>    |
| <b>Capex</b>                  | <b>29</b>      | <b>23</b>      |
| <b>Free Cash Flow</b>         | <b>(31) **</b> | <b>88</b>      |



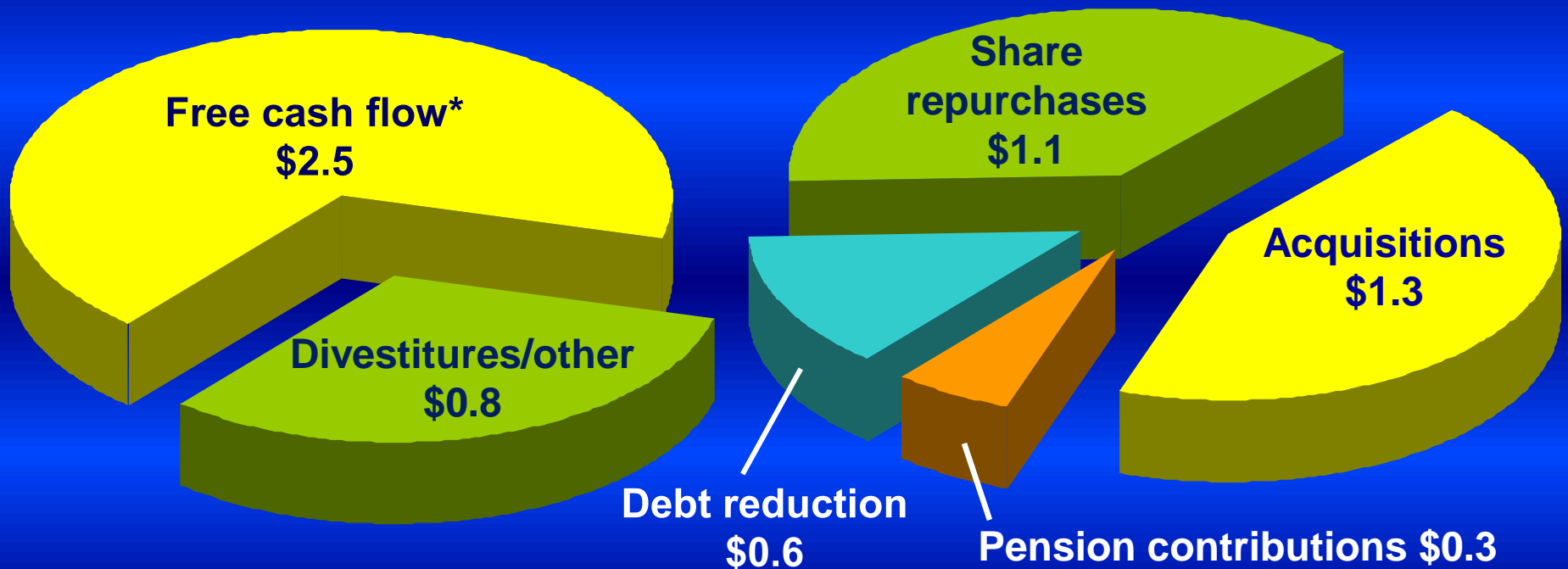
\* Excludes certain items. See attached Schedule 1 Regulation G GAAP reconciliation for details.

\*\* Includes pension contribution of \$200M pretax (\$170M after tax)

# Strong Free Cash Generation

2000 – Sept. 30, 2009

(\$ in Billions)



\* Includes discontinued operations. See attached Schedule 2 for Regulation G GAAP reconciliation.

# Pension Plan Funding

- 2008**
  - **\$1.1B underfunded at year-end**
  - **\$795M equity writedown**
- 2009**
  - **No required contribution**
  - **Voluntary contribution**
    - \$400M pre-tax; \$300M after-tax
  - **Strong YTD investment returns**

# Financial Strength

- **Excellent liquidity**
- **Credit ratings:**    **S+P**                    **BBB**  
                                 **Moody's**            **Baa2**
- **No near-term debt payments required**
- **Strong free cash flow generation track record**

# 2009 Outlook\*

- **Sales** (6)% – (7)%
- **EPS** \$2.44 – \$2.48
- **Free cash flow** <sup>(1)</sup> \$200M – \$210M
- **Capex** \$130M

<sup>(1)</sup> Includes pension contribution of \$280M after-tax

\* Excludes certain items. See attached Schedule 2 Regulation G Reconciliation for details; outlook given October 21, 2009. Nothing in this outlook has been updated to reflect performance since October 21 since it is the Company's policy to update its outlook only at the time of each quarterly earnings release.

# Summary

- **Attractive platform for growth**
  - **Cups / cutlery expansion**
  - **Opportunities for new materials / products**
  - **Strong track record of growth through acquisition**
- **Focus on free cash flow generation**
- **Results oriented culture**

This presentation includes measures not derived in accordance with generally accepted accounting principles (GAAP), such as measures excluding restructuring and other charges, spin-off transaction costs, a gain on the sale of a business, goodwill amortization, or pension income. Such measures should not be considered substitutes for any measures derived in accordance with GAAP, and may be inconsistent with similar measures presented by other companies. A presentation of the most directly comparable financial measures calculated and presented in accordance with GAAP, and a schedule reconciling the differences between the non-GAAP financial measures presented and the most directly comparable financial measures calculated and presented in accordance with GAAP, is included with these materials, and also can be found at [www.pactiv.com](http://www.pactiv.com) under the Investor Relations section, under the Presentations section.

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