

Pactiv Corporation
Consolidated Statement of Income
Unaudited

(In millions, except per-share data)

	NEW BASIS									
	Three months ended March 31,			Six months ended June 30,			Nine months ended September 30,		Twelve months ended December 31,	
	2005	2004	2003	2005	2004	2003	2004	2003	2004	2003
Sales	\$ 613	\$ 575	\$ 529	\$ 1,320	\$ 1,229	\$ 1,151	\$ 1,881	\$ 1,754	\$ 2,544	\$ 2,379
Costs and expenses										
Cost of sales (excluding depreciation and amortization)	463	395	363	988	848	786	1,312	1,188	1,795	1,615
Depreciation and amortization	35	37	33	71	69	68	105	101	139	135
Selling, general, and administrative	57	56	49	123	118	104	173	159	229	204
Other (income) expense	(1)	1	-	1	2	(2)	2	(1)	(1)	1
Operating income before restructuring and other	59	86	84	137	192	195	289	307	382	424
Restructuring and other	6	64	-	6	75	-	73	-	79	-
Operating income	53	22	84	131	117	195	216	307	303	424
Tenneco Packaging litigation settlement and other	-	-	-	-	-	-	-	56	-	56
Interest expense, net	20	21	20	40	42	40	64	61	85	82
Income tax expense	12	1	24	33	28	59	56	72	80	107
Minority interest	-	-	-	-	-	1	-	1	-	1
Income from continuing operations	21	-	40	58	47	95	96	117	138	178
Income (loss) from discontinued operations, net of income taxes	1	-	4	(78)	5	8	12	12	17	17
Cumulative effect of change in accounting principle, net of income taxes	-	-	-	-	-	-	-	-	-	(12)
Net income (loss)	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 44</u>	<u>\$ (20)</u>	<u>\$ 52</u>	<u>\$ 103</u>	<u>\$ 108</u>	<u>\$ 129</u>	<u>\$ 155</u>	<u>\$ 183</u>
Average common shares outstanding (diluted)	151.1	157.3	161.3	151.2	155.9	160.9	154.6	160.3	153.8	160.1
Earnings per share										
Income from continuing operations before restructuring and other	\$ 0.16	\$ 0.26	\$ 0.24	\$ 0.40	\$ 0.60	\$ 0.59	\$ 0.92	\$ 0.94	\$ 1.22	\$ 1.32
Tenneco Packaging litigation settlement and other	-	-	-	-	-	-	-	(0.22)	-	(0.22)
Restructuring and other	(0.02)	(0.26)	-	(0.02)	(0.30)	-	(0.30)	-	(0.32)	-
Income from continuing operations	0.14	-	0.24	0.38	0.30	0.59	0.62	0.72	0.90	1.10
Income (loss) from discontinued operations	0.01	-	0.03	(0.52)	0.03	0.05	0.08	0.08	0.11	0.11
Cumulative effect of change in accounting principle	-	-	-	-	-	-	-	-	-	(0.07)
Net	<u>\$ 0.15</u>	<u>\$ -</u>	<u>\$ 0.27</u>	<u>\$ (0.14)</u>	<u>\$ 0.33</u>	<u>\$ 0.64</u>	<u>\$ 0.70</u>	<u>\$ 0.80</u>	<u>\$ 1.01</u>	<u>\$ 1.14</u>
Gross margin (before deprec. & amort.)	24.5%	31.3%	31.4%	25.2%	31.0%	31.7%	30.2%	32.3%	29.4%	32.1%
Operating margin										
Excluding restructuring and other	9.6%	15.0%	15.9%	10.4%	15.6%	16.9%	15.4%	17.5%	15.0%	17.8%
Restructuring & other	-1.0%	-11.2%	0.0%	-0.5%	-6.1%	0.0%	-3.9%	0.0%	-3.1%	0.0%
Including restructuring and other	8.6%	3.8%	15.9%	9.9%	9.5%	16.9%	11.5%	17.5%	11.9%	17.8%

Pactiv Corporation
Summary of Operating Results
Unaudited

		NEW BASIS											
<i>Dollars in millions</i>		Consumer Products			Foodservice / Food Packaging			Other			Continuing operations		
		2005	2004	2003	2005	2004	2003	2005	2004	2003	2005	2004	2003
First quarter	Sales	\$ 214	\$ 200	\$ 189	\$ 399	\$ 375	\$ 340	\$ -	\$ -	\$ -	\$ 613	\$ 575	\$ 529
	Operating income before restructuring & other charges	21	41	41	33	39	35	5	6	8	59	86	84
	Restructuring & other charges	1	4	-	5	60	-	-	-	-	6	64	-
	Operating income	\$ 20	\$ 37	\$ 41	\$ 28	\$ (21)	\$ 35	\$ 5	\$ 6	\$ 8	\$ 53	\$ 22	\$ 84
Second quarter	Sales	\$ 251	\$ 237	\$ 232	\$ 456	\$ 417	\$ 390	\$ -	\$ -	\$ -	\$ 707	\$ 654	\$ 622
	Operating income before restructuring & other charges	31	48	49	45	55	54	2	3	8	78	106	111
	Restructuring & other charges	1	-	-	(1)	10	-	-	1	-	-	11	-
	Operating income	\$ 30	\$ 48	\$ 49	\$ 46	\$ 45	\$ 54	\$ 2	\$ 2	\$ 8	\$ 78	\$ 95	\$ 111
June YTD	Sales	\$ 465	\$ 437	\$ 421	\$ 855	\$ 792	\$ 730	\$ -	\$ -	\$ -	\$ 1,320	\$ 1,229	\$ 1,151
	Operating income before restructuring & other charges	52	89	90	78	94	89	7	9	16	137	192	195
	Restructuring & other charges	2	4	-	4	70	-	-	1	-	6	75	-
	Operating income	\$ 50	\$ 85	\$ 90	\$ 74	\$ 24	\$ 89	\$ 7	\$ 8	\$ 16	\$ 131	\$ 117	\$ 195
Third quarter	Sales		\$ 238	\$ 224		\$ 414	\$ 379		\$ -	\$ -		\$ 652	\$ 603
	Operating income before restructuring & other charges		44	48		50	58		3	6		97	112
	Restructuring & other charges		-	-		(3)	-		1	-		(2)	-
	Operating income		\$ 44	\$ 48		\$ 53	\$ 58		\$ 2	\$ 6		\$ 99	\$ 112
September YTD	Sales		\$ 675	\$ 645		\$ 1,206	\$ 1,109		\$ -	\$ -		\$ 1,881	\$ 1,754
	Operating income before restructuring & other charges		133	138		144	147		12	22		289	307
	Restructuring & other charges		4	-		67	-		2	-		73	-
	Operating income		\$ 129	\$ 138		\$ 77	\$ 147		\$ 10	\$ 22		\$ 216	\$ 307
Fourth quarter	Sales		\$ 259	\$ 243		\$ 404	\$ 382		\$ -	\$ -		\$ 663	\$ 625
	Operating income before restructuring & other charges		46	57		44	47		3	13		93	117
	Restructuring & other charges		-	-		5	-		1	-		6	-
	Operating income		\$ 46	\$ 57		\$ 39	\$ 47		\$ 2	\$ 13		\$ 87	\$ 117
Full year	Sales		\$ 934	\$ 888		\$ 1,610	\$ 1,491		\$ -	\$ -		\$ 2,544	\$ 2,379
	Operating income before restructuring & other charges		179	195		188	194		15	35		382	424
	Restructuring & other charges		4	-		72	-		3	-		79	-
	Operating income		\$ 175	\$ 195		\$ 116	\$ 194		\$ 12	\$ 35		\$ 303	\$ 424

Pactiv Corporation
Consolidated Statement of Financial Position
Unaudited

(In millions)

	NEW BASIS						
	<u>June 30, 2005</u>	<u>March 31, 2005</u>	<u>December 31, 2004</u>	<u>September 30, 2004</u>	<u>June 30, 2004</u>	<u>March 31, 2004</u>	<u>December 31, 2003</u>
Assets							
Current assets							
Cash and temporary cash investments	\$ 71	\$ 55	\$ 222	\$ 181	\$ 119	\$ 126	\$ 140
Accounts and notes receivable	215	197	278	281	279	259	264
Inventories	360	361	311	321	309	337	314
Other	43	44	42	59	61	65	63
Assets of discontinued operations held for sale	<u>652</u>	<u>727</u>	<u>735</u>	<u>704</u>	<u>693</u>	<u>695</u>	<u>702</u>
Total current assets	<u>1,341</u>	<u>1,384</u>	<u>1,588</u>	<u>1,546</u>	<u>1,461</u>	<u>1,482</u>	<u>1,483</u>
Property, plant, and equipment, net	<u>1,154</u>	<u>1,157</u>	<u>1,137</u>	<u>1,143</u>	<u>1,162</u>	<u>1,178</u>	<u>1,217</u>
Other assets							
Goodwill	529	528	466	463	453	460	460
Intangible assets, net	270	273	270	277	280	283	287
Pension assets, net	10	10	214	208	203	199	195
Other	<u>65</u>	<u>66</u>	<u>66</u>	<u>65</u>	<u>66</u>	<u>64</u>	<u>64</u>
Total other assets	<u>874</u>	<u>877</u>	<u>1,016</u>	<u>1,013</u>	<u>1,002</u>	<u>1,006</u>	<u>1,006</u>
Total assets	<u>\$ 3,369</u>	<u>\$ 3,418</u>	<u>\$ 3,741</u>	<u>\$ 3,702</u>	<u>\$ 3,625</u>	<u>\$ 3,666</u>	<u>\$ 3,706</u>
Liabilities and shareholders' equity							
Current liabilities							
Short-term debt, including current maturities of long-term debt	\$ 303	\$ 303	\$ 471	\$ 5	\$ 3	\$ 3	\$ 4
Accounts payable	175	206	182	181	161	161	147
Other	265	251	226	274	241	276	239
Liabilities related to assets of discontinued operations held for sale	<u>179</u>	<u>147</u>	<u>145</u>	<u>142</u>	<u>136</u>	<u>131</u>	<u>124</u>
Total current liabilities	<u>922</u>	<u>907</u>	<u>1,024</u>	<u>602</u>	<u>541</u>	<u>571</u>	<u>514</u>
Long-term debt	880	869	869	1,336	1,336	1,335	1,335
Pension and postretirement benefits	358	371	473	521	532	541	550
Other liabilities	237	243	283	268	258	235	238
Minority interest	9	9	9	9	9	8	8
Shareholders' equity	<u>963</u>	<u>1,019</u>	<u>1,083</u>	<u>966</u>	<u>949</u>	<u>976</u>	<u>1,061</u>
Total liabilities and shareholders' equity	<u>\$ 3,369</u>	<u>\$ 3,418</u>	<u>\$ 3,741</u>	<u>\$ 3,702</u>	<u>\$ 3,625</u>	<u>\$ 3,666</u>	<u>\$ 3,706</u>

Pactiv Corporation
Consolidated Statement of Cash Flows
Unaudited

NEW BASIS

(In millions)

	Three months ended March 31,		Six months ended June 30,		Nine months ended	Twelve months ended
	2005	2004	2005	2004	September 30,	December 31,
					2004	2004
Operating activities						
Income from continuing operations	\$ 21	\$ -	\$ 58	\$ 47	\$ 96	\$ 138
Adjustments to reconcile income from continuing operations to cash provided by continuing operations						
Depreciation and amortization	35	37	71	69	105	139
Deferred income taxes	3	(2)	17	20	31	39
Restructuring and other	2	55	-	47	35	32
Noncash retirement benefits, net	(12)	(12)	(27)	(28)	(43)	(56)
Working capital	70	(11)	23	(16)	42	28
Other	(2)	3	(6)	1	4	4
Cash provided by operating activities - continuing operations	117	70	136	140	270	324
Cash provided by operating activities - discontinued operations	9	13	28	29	43	43
Cash provided by operating activities	126	83	164	169	313	367
Investing activities						
Expenditures for property, plant, and equipment - continuing operations	(31)	(14)	(61)	(29)	(55)	(78)
Acquisitions of businesses and assets	(98)	-	(98)	-	-	-
Other continuing operations investing activities	-	-	(1)	-	2	2
Cash used by investing activities - continuing operations	(129)	(14)	(160)	(29)	(53)	(76)
Expenditures for property, plant, and equipment - discontinued operations	(8)	(4)	(14)	(8)	(13)	(22)
Other discontinued operations investing activities	-	-	-	1	-	7
Cash used by investing activities	(137)	(18)	(174)	(36)	(66)	(91)
Financing activities						
Issuance of common stock	4	6	11	19	24	33
Purchase of common stock	-	(83)	-	(171)	(230)	(230)
Retirement of long-term debt	(169)	-	(169)	-	-	-
Issuance of long-term debt	11	-	11	-	-	-
Other	-	(1)	10	-	-	-
Cash used by financing activities - continuing operations	(154)	(78)	(137)	(152)	(206)	(197)
Cash used by financing activities - discontinued operations	-	-	-	(1)	-	-
Cash used by financing activities	(154)	(78)	(137)	(153)	(206)	(197)
Effect of foreign-currency exchange rate changes on cash and temporary cash investments	(2)	(1)	(4)	(1)	-	3
Increase (decrease) in cash and temporary cash investments	(167)	(14)	(151)	(21)	41	82
Cash and temporary cash investments, January 1	222	140	222	140	140	140
Cash and temporary cash investments, June 30	\$ 55	\$ 126	\$ 71	\$ 119	\$ 181	\$ 222