



## Consumer and Foodservice / Food Packaging

### HEFTY® CONSUMER

#### HEFTY® WASTE BAGS

Hefty® CinchSak® Trash / Tall Kitchen / Lawn & Leaf / Medium / Recycling Bags  
Hefty® EasyFlaps® Trash / Tall Kitchen Bags  
Hefty® HandleSak™ Trash / Tall Kitchen / Recycling Bags  
Hefty® TwistTie® / Trash / Large Trash / Tall Kitchen / Lawn & Leaf / Medium / Small / Recycling Bags  
Hefty® SteelSak® Drawstring / Twist Tie Heavy Duty Trash Bags  
Hefty® Basics® Trash / Tall Kitchen / Small Bags  
Hefty® Scrap Bags  
Hefty® Compactor Bags  
Hefty® Contractor Bags

#### HEFTY® TABLEWARE

Hefty® EveryDay Foam Plates / Bowls  
Hefty® ElegantWare™ Plates / Bowls  
Hefty® Classic Impressions® Plates  
Holiday Prints Plates / Bowls / Cups  
Hefty® Paper Plates

#### HEFTY® ONEZIP®

Hefty® OneZip® Storage Quart / Gallon Bags  
Hefty® OneZip® Freezer Quart / Gallon Bags  
Hefty® OneZip® Sandwich Bags  
Hefty® OneZip® Jumbo 2.5 Gallon Bags  
Hefty® OneZip® Holiday Bags

#### HEFTY® E-Z FOIL®

E-Z Foil® SuperRoaster / Roaster / Baking / Casserole / Take Along Pans  
EZ Elegance® Baking / Casserole / Roaster / Take Along Pans  
E-Z Foil® Country Cookin'® Baking / Casserole / Take Along Pans

#### BAGGIES®

Baggies® Storage Gallon / 2-Gallon Bags  
Baggies® Sandwich Bags

#### KORDITE®

Kordite® Drawstring Trash / Tall Kitchen / Lawn & Leaf Bags  
Kordite® Twist Tie Trash / Tall Kitchen / Lawn & Leaf Bags  
Kordite® Foam Plates

### FOODSERVICE / FOOD PACKAGING

#### BAKERY

Cakes  
Pies  
Cookies  
Loaf Cakes & Bread  
Pastries  
Breakfast Foods

#### HOME MEAL REPLACEMENT

Cold Ready To Eat  
Hot Ready To Eat  
Ovenable  
Dual-Ovenable  
Microwaveable

#### CARRY-OUT

Cold Ready To Eat  
Hot Ready To Eat  
Ovenable  
Dual-Ovenable  
Microwaveable  
Catering  
Box Lunch  
Handled Containers  
Beverage Cups  
Film / Foil Wraps  
Clear Display Packaging  
Cup Carriers  
Dual Color Containers

#### MEATS & FISH

Plastic Meat Trays  
Molded Fibre Meat Trays  
Foam Meat Trays

#### PACKER / PROCESSOR

Bakery Packaging  
Frozen Foods  
Meat Products  
Egg Packaging  
Agriculture  
Dual-Ovenable  
Slide-Rite® Zipper Bags  
Barrier Trays  
ActiveTech®

#### DELI

Deli Salads  
Home Meal Replacement  
Hot Case Products  
Cold Case Products

#### PRODUCE

Cut Produce  
Whole Produce  
Small Produce One-Piece

#### DINE-IN

Back of Premise  
Table Service  
Quick Service  
Self Service / Cafeteria  
Institutional



## Protective and Flexible Packaging

### HEXACOMB®

Cushion®-Comb  
Hexacomb® Honeycomb Die-Cuts  
Hexacomb® Pallets Honeycomb  
Hexacomb® Glass Protection  
Hexacomb® Void Fill Honeycomb  
Hexacomb® Venting Honeycomb  
Hexacomb® Transportation Structure  
Hexacomb® Structural Honeycomb  
Hexacomb® Edge Protection  
AIRLYTE® GRAPHIC ARTS BOARD

### AIR CUSHIONING

Astro-Cell® Air Cushioning Sheet  
Astro-Cell® Plus Air Cushioning Sheet  
Astro-Suprabubble®  
Anti-Static Air Cushioning  
Pactiv Air 3000™ System  
Pactiv 1000

### BUILDING PRODUCTS

GreenGuard™ Insulation Board  
GreenGuard™ PLYGOOD®  
Ultra Sheathing  
GreenGuard™ Fanfold Underlayment  
GreenGuard™ BACKER-PRO Siding  
GreenGuard™ Housewrap  
GreenGuard™ Waterproofing  
Protection Board  
GreenGuard™ Roofing Recovery Board  
GreenGuard™ Condensation Board  
GreenGuard™ Sill Sealer  
GreenGuard™ Contractor Tape

### MAILERS

Pad-Kraft® Protection  
Air-Kraft® Protection  
Tuff-Kraft® Protection  
Poly Lite® Protection

### MEDICAL & FLEXIBLE

Propyflex Non-PVC IV Bags and Film  
Steriflex Forming Web Films  
Secu-Drape Sterile Drapes and Gowns  
Medipeel Peelable Hospital Pouches  
Medizip Easy Open/Close Medical Bags  
Lineartear Bags w/Linen Tear Opening  
Flexotear Bags w/Tear Line Opening  
Flexopeel Pouches w/Peelable Opening  
Cleerpeel Clear Pouches  
w/Peelable Opening  
Softpeel Films for Peelable Opening  
Flexovac Films for Pouches  
and Forming Webs  
Formpeel Thermoforming Films  
Stand-up Pouches for Retail Packaging  
Barrier Films for Food Packaging  
Printed and Laminated Film for Retail  
Packaging

### ENGINEERED FOAMS

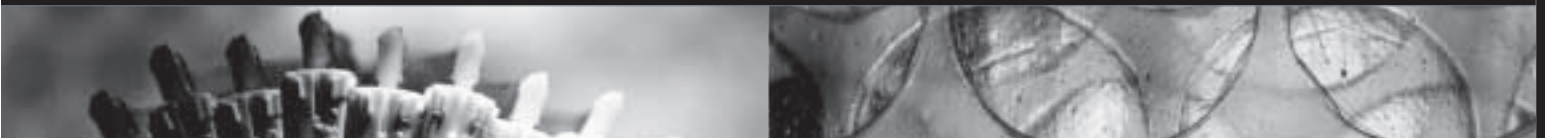
PolyPlank® Protection  
H-Cell Laminated Plank  
MDL Dual-Density Laminated Plank  
PropaFoam Protection  
PROFLEX® PROFILES

### SHEET FOAM

MicroFoam Protection  
AstroFoam Protection  
Edge IT Protection  
Sleevit Protection  
Micro-Tuff Protection  
Cro-nel Plus Protection  
Rhino Bag Protection  
Laminated Product Protection  
Furniture Systems  
Astro-Sheeter System

### CUSTOM THERMOFORMED CONTAINERS

Rigid Plastic, Food Packaging



The business of Pactiv Corporation is providing extraordinary solutions to everyday packaging needs – solutions that come from a broad and innovative product line, strong technology and manufacturing processes, and a unique ability to reach and serve our customers.

To achieve our goals, we must be as innovative, market-focused, and results-oriented as our most successful customers. This, in turn, demands true understanding of our clients' businesses. That is why we operate through two divisions in which we have deep knowledge and expertise: Hefty® Consumer Products and Foodservice/Food Packaging, and Protective and Flexible Packaging.

> **Hefty® Consumer Products and Foodservice/Food Packaging**

This business segment accounted for 73 percent of the company's sales in 2000. Our unique competitive advantages include the group's access to strong and growing markets that fuel growth, and its multiple shared product lines and manufacturing operations that provide distribution, scale, and cost advantages. Dedicated business teams and sales and marketing units serve each market, focusing their resources on meeting each customer's needs. As a result, Pactiv's broad product offering can be delivered quickly as one simple low-cost package anywhere in the United States and Canada.

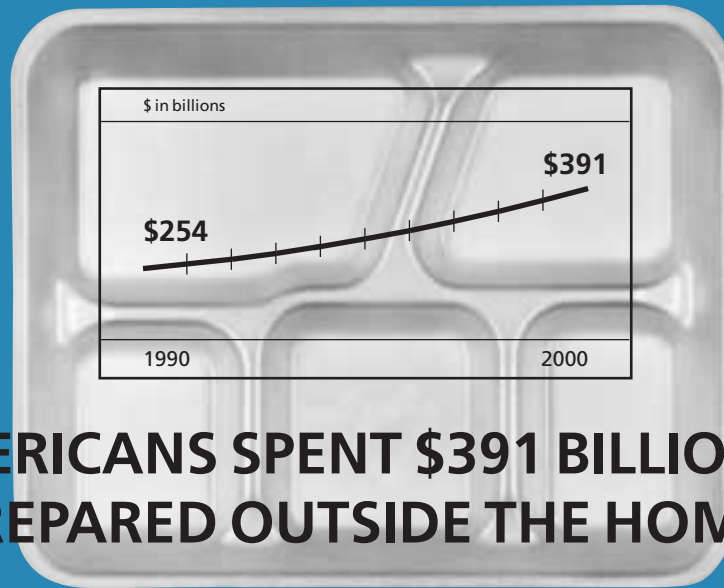
**HEFTY® CONSUMER PRODUCTS** – The Hefty® megabrand is one of Pactiv's highest-value assets. Hefty® is clearly No. 1 with consumers. In 2000, Hefty® waste bags joined Hefty® tableware and Hefty® E-Z Foil® disposable cookware as the leader in category share in the grocery, mass merchant, and drug store channels, while Hefty® OneZip® continued its share leadership in the new slider food bag segment.

Growth in this segment of our business is being driven by one factor above all: the emergence of the convenience economy. As a result of the aging of the U.S. population, changing lifestyle choices, and shifting attitudes about work/life balance, consumers are demanding products and packaging that bring new levels of speed, ease, and convenience to everyday tasks. This demand plays to Hefty® Consumer Products' "sweet spot." Building on our powerful brand equity and our record of product innovation, we extended our market leadership in 2000.



**HEFTY® CONSUMER PRODUCTS  
AND FOODSERVICE/FOOD PACKAGING**





**AMERICANS SPENT \$391 BILLION ON  
FOOD PREPARED OUTSIDE THE HOME IN 2000**



**AWARD-WINNING  
PRODUCT DEVELOPMENT**

Some of these developments are visible on supermarket shelves. We extended our Hefty® OneZip® line of resealable food storage and freezer bags to include sandwich and jumbo sizes. We introduced color to our Hefty® ElegantWare™ line of premium, extra-strong foam plates, targeting the home-entertainment and catering niches. And we are preparing for the rollout of other new products in the Hefty® line in 2001, as well as the redesign of our Hefty® graphics, to drive even greater consumer awareness and increased cross-product sales.

But many of the most important developments took place behind the scenes, as we positioned ourselves for superior performance for years to come. We initiated programs to recover resin-cost increases and improve margins. We embarked on a major productivity improvement initiative to reduce our OneZip® manufacturing costs, and leveraged our category-management expertise to expand distribution and strengthen shelf presence and sales across the Hefty® product offering. As a result of these actions, we are positioned to grow aggressively in Hefty® consumer products.

**FOODSERVICE/FOOD PACKAGING** – Americans spent more than \$391 billion on food outside the home in 2000, and that level of spending grew at a nominal rate of 5.4 percent in 2000. Pactiv is the leading provider to the foodservice packaging market in the segments we serve. We hold leading positions in the fastest-growing lines demanded by restaurants, supermarkets, specialty stores, and other foodservice operators – foam disposables, clear rigid food packaging, microwaveable plastic containers, supermarket trays, ovenable paperboard, and aluminum foil containers – and we expect to grow at above-market rates for the foreseeable future.

The reason is straightforward. Increasing time pressures, shifting family lifestyles, rising household incomes, and changing dietary preferences that emphasize variety, freshness, and nutrition are changing the way Americans eat. And these factors are driving demand for new kinds of specialized food packaging that meet the market's need for differentiation, safety, and efficiency.

At Pactiv, we continue to be a leader in innovation. In 2000, our SmartLock® carry-out containers with handles, Tray Mate™ foam trays with clear plastic domes, Chicken Barn™ carry-out containers, and Black and Gold Classic Carry-Out® aluminum containers captured 4 of the 13 awards announced by the Foodservice & Packaging Institute. These products and

others launched in 2000 – including black impact plates, foam hinged-lid containers for ethnic food carryout, and extensions to our highly successful dual-color product offering – allow our customers to prepare, package, and merchandise an ever-widening range of meals and menu items prepared outside the home, while maintaining food quality throughout the transportation and reheating process.

The results of our commitment to product-development leadership have been outstanding. Beyond driving strong growth in sales and margin, our ability to anticipate changing market requirements and develop new products to meet them has allowed us to extend relationships with existing customers and win important new business.

Our strategy is based on more than products, however. It has a critical customer-service element that we call “One Face to the Customer.” As the name implies, our goal is to deliver Pactiv’s comprehensive product line to our customers in *one simple package* involving one sales representative, one order, one-truck delivery, and one invoice. In other words, one-stop shopping. Over the past few years we have been installing the systems and information management infrastructure to support this integrated approach to servicing customers, allowing us to move from plant-based warehouses for each product to “one face” regional mixing centers where a broad selection of products can be consolidated and shipped on a single truck to customers. Today, 80 percent of the United States and Canada is served out of these centers.

Our “one face” strategy will increasingly provide a unique service to our customers and create the potential for real supply-chain cost savings. It is a superior platform for internal growth and will facilitate the integration of future acquisitions.

Pactiv’s Packer/Processor products – packaging for fresh meat and poultry, frozen food, produce, bakery, and dry goods – serve virtually all sectors of the food industry. We are a leading supplier of packaging for fresh and frozen foods, from egg cartons to dual-ovenable paperboard containers.

In 2000, we advanced on several food packaging fronts. For example, we launched new packaging for grapes – including a clear rigid package and a Hefty® Slide-Rite® bag. And we developed new high-speed manufacturing applications for the Hefty® Slide-Rite® system, including in-line packaging of Sargento® cheese products, as well as for a wide range of lawn and garden products.



**ONE-STOP SHOPPING IN  
ONE SIMPLE PACKAGE**



**TRUSTED FOOD PACKAGING**



**PROTECTIVE AND FLEXIBLE PACKAGING**



**SUPERIOR PROTECTION  
CREATING NEW CHANNELS  
OF DISTRIBUTION**

In case-ready red meat packaging we continued the commercialization of our ActiveTech® low-oxygen barrier packaging system. We also are investing in the development of new technology to produce a low-cost, high-oxygen barrier system. While the case-ready market is promising, we clearly recognize one fact: the rewards in this evolving arena will go not to the companies that simply get there first, but to those that “get it right.” As a result, our efforts are focused on developing products and technologies that meet market needs for effectiveness and productivity.

> **Protective and Flexible Packaging**

With a No. 1 market position in Europe and a No. 2 position in the United States, Protective and Flexible Packaging provides a platform for significant long-term growth, one that is expanding with the demand for electronics, global sourcing, and catalog and Internet shopping. In Protective Packaging, core products include engineered and sheet foam products, Hexacomb® honeycomb blocking and bracing, air cushioning protective films, and padded mailers. New products also play a big role in the growth of this segment. Pactiv’s Air 3000™ system, which provides a cost-efficient, environmentally friendly void-fill and cushioning system, was introduced in the United States in 2000.

Pactiv’s Flexible Packaging business serves the food and retail packaging market as well as the medical industry, with products such as intravenous fluid bags, surgical drapes, and medical product packaging.

The performance of the Protective and Flexible business in 2000 was below our expectations. It, like other businesses, saw a substantial increase in raw material costs and focused throughout the year on improving margins rather than on top-line growth. Profit improvement in this segment will be driven by a strong focus on reducing costs, both structural and operating, and by ensuring that our assets, investments, and efforts are focused squarely on the products and markets that offer the best growth and profit potential.

We took several steps in 2000 to position this business for improved profitability and growth. In this regard, we recently announced a significant realignment of the Protective and Flexible segment, aimed at ensuring that it operates as an integrated unit that can leverage its size and scale. To achieve this focus and integration, we are in the process of consolidating our manufacturing operations to eliminate 6 plants and approximately 400 positions. We plan to exit several small, unattractive product lines in Europe. And we will leverage our own best practices in materials science, technology, and manufacturing to improve our cost position and productivity levels going forward.

To support these programs, our investments will be focused on improving productivity. Capital spending will be allocated to higher-growth, higher-margin product lines. As a result of these actions, we expect this segment's operating margin to double to more than 10 percent over the next 18 to 24 months.

With the realignment of our operations under way today, we are confident that we can profitably grow our leadership positions in the most attractive niches of the protective and flexible packaging market.