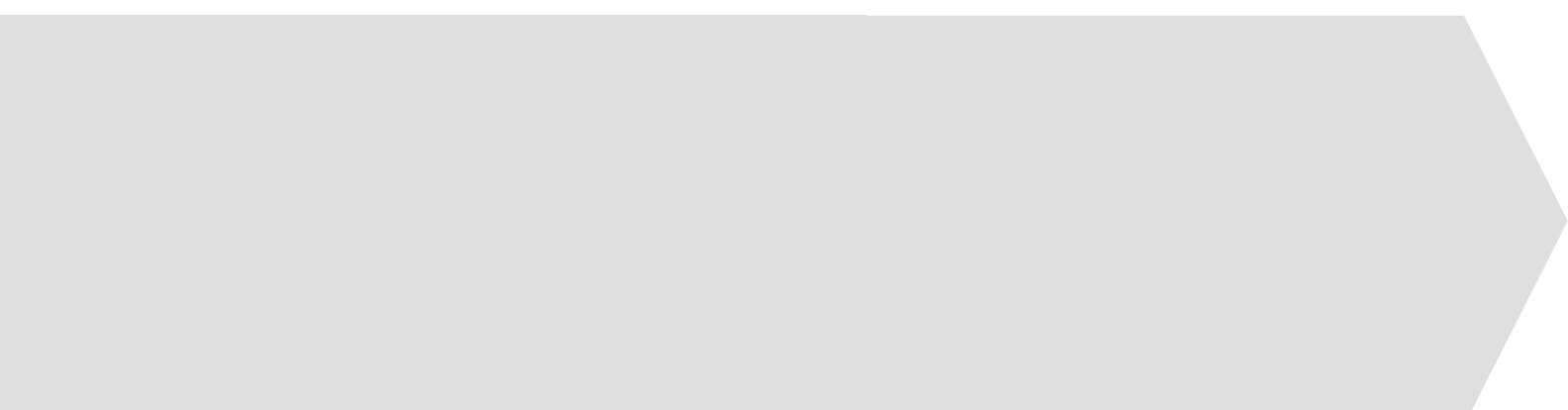


SINCE GOING PUBLIC THREE YEARS AGO, PACTIV HAS MET THE CHALLENGES OF CHANGE AND HAS EMERGED AS AN EFFICIENT, FOCUSED, AND FAST-GROWING INDUSTRY LEADER. IN THIS REPORT, WE DISCUSS OUR PROGRESS AND PROSPECTS, LOOKING AT THE DRIVERS BEHIND OUR GAINS IN SALES, PRODUCTIVITY, AND PROFITS, AND THE ATTITUDE THAT CONNECTS THEM: THE DETERMINATION OF OUR EMPLOYEES TO ANTICIPATE THE NEEDS OF OUR CUSTOMERS AND DELIVER SOLUTIONS BETTER, FASTER, AND MORE EFFICIENTLY EVERY DAY.



our goal »

**PACTIV HAS DELIVERED SUBSTANTIAL PROFIT GROWTH
SINCE ITS SPIN-OFF IN 1999, AND IS SETTING ITS SIGHTS
HIGHER GOING FORWARD. OUR GOAL: TO DRIVE STRONG GAINS IN EARNINGS
BY COMBINING SALES GROWTH WITH CONTINUOUS PRODUCTIVITY IMPROVEMENTS.**



GROWTH



EARNINGS PER SHARE*

*from continuing operations

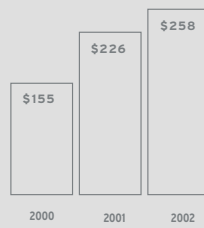


WE ARE GENERATING STRONG FREE CASH FLOW,
WHICH WE ARE USING TO FUND GROWTH, NEW PRODUCTS, AND ACQUISITIONS.

the key »



FREE CASH FLOW



FREE CASH FLOW*

*cash from operating activities
less capital expenditures
(in millions)



PACTIV IS RECOGNIZED AS A COMPANY CUSTOMERS
CAN COUNT ON FOR INNOVATIVE, EFFECTIVE SOLUTIONS TO
CHANGING PACKAGING NEEDS. NEW PRODUCTS, NEW MATERIALS, AND
ACQUISITIONS ARE PROVIDING SOLUTIONS AND DRIVING GROWTH IN OUR BUSINESS.

our means »



NEW PRODUCTS, NEW MATERIALS, ACQUISITIONS

VOLUME GROWTH	2001	2002
CONSUMER PRODUCTS AND FOODSERVICE /FOOD PACKAGING	-	9%
PROTECTIVE AND FLEXIBLE PACKAGING	(3%)	5%

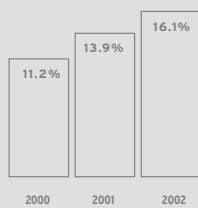


AT PACTIV, PRODUCTIVITY DOESN'T MEAN SAVING
OUR WAY TO PROFITABILITY. IT MEANS PAVING THE WAY
TO GROWTH, BY CONTINUOUSLY MEASURING AND IMPROVING
MANUFACTURING PERFORMANCE, STRIVING FOR "WORLD-CLASS" QUALITY, AND
IMPLEMENTING BEST PRACTICES COMPANYWIDE. THE RESULTS CAN BE SEEN
IN OUR EXPANDING MARGIN, INCREASING CASH FLOW, AND STRONG BALANCE SHEET.

the driver »



PRODUCTIVITY



OPERATING MARGIN*

*Income before interest, income taxes, and minority interest divided by sales



AT PACTIV,

THE ATTITUDE OUR EMPLOYEES BRING TO THEIR

JOB AND THEIR DETERMINATION TO DELIVER ON THE

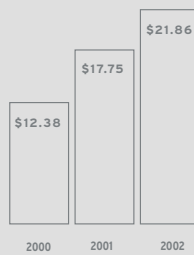
COMMITMENTS THEY MAKE ARE PRODUCING RESULTS. TO SHAREHOLDERS

THIS MEANS STEADILY INCREASING RETURNS ON THEIR INVESTMENT IN OUR COMPANY.

our foundation »



FOCUS ON VALUES



YEAR-END PACTIV STOCK PRICE - NYSE

