



## Press Release

### For Immediate Release

**Contacts:**

Keith LaVanway  
847-597-9353

[klavanway@pregis.com](mailto:klavanway@pregis.com)

Leslie Braun  
847-597-9328

[lbrown@pregis.com](mailto:lbrown@pregis.com)

### **PREGIS ANNOUNCES FOURTH QUARTER AND FULL YEAR 2007 FINANCIAL RESULTS**

Deerfield, IL, March 19, 2008 – Pregis Corporation, a leading international manufacturer, marketer, and supplier of protective packaging products and specialty packaging solutions, today announced its 2007 fourth quarter and full year financial results.

For the fourth quarter of 2007, the Company generated net sales of \$253.7 million, an increase of 7.8% versus net sales of \$235.3 million in the fourth quarter of 2006. Excluding the impact of favorable foreign currency translation, the quarter's net sales were relatively flat compared to the prior year quarter. Gross profit margin, as a percent of net sales, increased to 23.9% in the fourth quarter of 2007 compared to 23.3% for the same period of 2006.

For the full year 2007, net sales increased 5.8% to \$979.4 million as compared to \$925.5 million in 2006. Excluding the impact of favorable foreign currency translation, net sales for the full year were also relatively flat compared to the prior year. Gross profit margin, as a percent of net sales, increased to 24.4% for the year 2007 compared to 22.9% for 2006.

Commenting on the Company's results, Mike McDonnell, President and Chief Executive Officer, stated, "We concluded 2007 with solid results and with a strong platform to drive our performance in 2008. We successfully grew volumes through new product introductions and both internal and acquisitive geographic expansion, and we made significant investments in new manufacturing capabilities to position ourselves for future growth. This volume growth helped to offset volume declines experienced by our North American protective packaging businesses, resulting from a weakened North American economic environment as well as the impact of our product and customer mix rationalization efforts carrying over from the prior year."

"In 2007 we increased our gross margin percentage by 150-basis points, despite the challenging market conditions and unprecedented raw material cost increases," continued Mr. McDonnell. "This reflects our significant progress in driving productivity improvements throughout our operations as well as our efforts to price for value."

For the 2007 fourth quarter, operating income was \$4.9 million compared to \$6.2 million in the fourth quarter of 2006. For the full year 2007, operating income increased to \$46.0 million compared to \$32.6 million in 2006. Both the 2007 fourth quarter and full year were impacted by the write-off of approximately \$3.1 million of third party due diligence and legal costs related to a potential acquisition that was ultimately not consummated.

### Segment Performance

Comments on segment net sales performance for the fourth quarter of 2007 are as follows:

- Net sales of the protective packaging segment increased by \$11.6 million, or 7.4%. The increase resulted from product volume growth across the segment's U.S. and European operations relative to the prior year and favorable foreign currency effects. Excluding the impact of favorable foreign currency effects, the segment's 2007 fourth quarter net sales would have increased 2.3%.
- Net sales of the flexible packaging segment increased \$3.9 million, or 9.6%. The growth was driven by favorable foreign currency effects, offset in part by unfavorable pricing due to customer mix. Volumes were relatively flat compared to the prior year quarter. Excluding the impact of favorable foreign currency effects, 2007 fourth quarter net sales would have decreased 1.9%.
- Net sales of the hospital supplies segment increased \$2.5 million, or 16.0%. The increase was due to higher volumes in disposable medical products and surgical procedure packs as well as favorable foreign currency effects, offset in part by unfavorable pricing due to competitive pricing pressures. Excluding the impact of favorable foreign currency effects, 2007 fourth quarter net sales would have increased 3.8%.
- Net sales of the rigid packaging segment increased \$1.5 million, or 6.2%. The increase resulted primarily from favorable foreign currency effects and sales volume improvement. Excluding the favorable foreign currency effects, the segment's fourth quarter net sales were relatively flat compared to the prior year.

A summary of a significant measure required by the Company's indentures is presented in the supplemental information at the end of this release.

**Conference Call:**

The Company will conduct an investor conference call to review its 2007 fourth quarter and full year results on Thursday, March 20, 2008 at 10:00 a.m. ET (9:00 a.m. CT). The call can be accessed through the following dial-in numbers: Domestic: 866-202-4367; International: 617-213-8845; Conference Passcode: 19710045. A replay of the conference call will be available through April 3, 2008. The replay may be accessed using the following dial-in information: Domestic: 888-286-8010; International: 617-801-6888; Conference Passcode: 83163494.

**About Pregis:**

Pregis Corporation is a leading global provider of innovative protective, flexible, and foodservice packaging and hospital supply products. The specialty-packaging leader currently operates 47 facilities in 18 countries around the world. Pregis Corporation is a wholly owned subsidiary of Pregis Holding II Corporation. For more information about Pregis, visit the Company's web site at [www.pregis.com](http://www.pregis.com).

**Safe Harbor Statement:**

*This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. You can generally identify forward-looking statements by the Company's use of forward-looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "plan," "potential," "predict," "seek," "should," or "will," or the negative thereof or other variations thereon or comparable terminology. These forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond the Company's control. For a discussion of key risk factors, please see the risk factors disclosed in the Company's annual report, which is available on its website, [www.pregis.com](http://www.pregis.com). These risks may cause actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Given these risk and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements included in this press release are made only as of the date hereof. The Company undertakes no duty to update its forward-looking statements.*

**Pregis Holding II Corporation**  
**Consolidated Balance Sheets**  
**Unaudited**  
*(dollars in thousands)*

|  | <b>December 31,</b> |                   |
|--|---------------------|-------------------|
|  | <b>2007</b>         | <b>2006</b>       |
| <b>Assets</b>  |                     |                   |
| Current assets   |                     |                   |
| Cash and cash equivalents  | \$ 34,989           | \$ 45,667         |
| Accounts receivable  |                     |                   |
| Trade, net of allowances of \$5,313 and \$4,055, respectively  | 148,045             | 142,472           |
| Other  | 18,532              | 2,535             |
| Inventories, net   | 108,914             | 92,196            |
| Deferred income taxes  | 2,991               | 3,951             |
| Due from Pactiv  | 7,072               | 14,735            |
| Prepayments and other current assets   | 9,187               | 8,221             |
| Total current assets   | 329,730             | 309,777           |
| Property, plant and equipment, net   | 277,398             | 270,646           |
| Other assets   |                     |                   |
| Goodwill   | 150,000             | 135,232           |
| Intangible assets, net   | 47,910              | 47,139            |
| Deferred financing costs, net  | 10,080              | 11,271            |
| Due from Pactiv, long-term   | 12,229              | 10,922            |
| Pension and related assets   | 25,659              | 10,089            |
| Other  | 2,313               | 1,956             |
| Total other assets   | 248,191             | 216,609           |
| <b>Total assets</b>  | <b>\$ 855,319</b>   | <b>\$ 797,032</b> |
| <b>Liabilities and stockholder's equity</b>  |                     |                   |
| Current liabilities  |                     |                   |
| Current portion of long-term debt  | \$ 2,120            | \$ 1,854          |
| Accounts payable   | 100,326             | 78,557            |
| Accrued income taxes   | 13,900              | 16,091            |
| Accrued payroll and benefits   | 19,814              | 19,356            |
| Accrued interest   | 6,775               | 6,308             |
| Other  | 22,436              | 20,093            |
| Total current liabilities  | 165,371             | 142,259           |
| Long-term debt   | 475,604             | 453,463           |
| Deferred income taxes  | 34,589              | 34,717            |
| Long-term income tax liabilities   | 9,585               | 6,939             |
| Pension and related liabilities  | 9,389               | 9,039             |
| Other  | 7,124               | 6,355             |
| <b>Stockholder's equity:</b>   |                     |                   |
| Common stock - \$0.01 par value; 1,000 shares authorized,<br>149.0035 shares issued and outstanding at<br>December 31, 2007 and 2006 | -                   | -                 |
| Additional paid-in capital   | 149,659             | 149,101           |
| Accumulated deficit  | (16,588)            | (11,809)          |
| Accumulated other comprehensive income   | 20,586              | 6,968             |
| Total stockholder's equity   | 153,657             | 144,260           |
| <b>Total liabilities and stockholder's equity</b>  | <b>\$ 855,319</b>   | <b>\$ 797,032</b> |

**Pregis Holding II Corporation**  
**Consolidated Statements of Operations**  
**Unaudited**  
*(dollars in thousands)*

|  | <b>Three Months Ended December 31,</b> |                   | <b>Year Ended December 31,</b> |                   |
|--|--|-------------------|--------------------------------|-------------------|
|  | <b>2007</b>                            | <b>2006</b>       | <b>2007</b>                    | <b>2006</b>       |
| <b>Net sales</b>                                       | \$ 253,689                             | \$ 235,341        | \$ 979,399                     | \$ 925,499        |
| <b>Operating costs and expenses:</b>                   |  |                   |                                |                   |
| Cost of sales, excluding depreciation and amortization | 192,933                                | 180,445           | 740,235                        | 713,550           |
| Selling, general and administrative                    | 39,691                                 | 34,346            | 137,180                        | 125,944           |
| Depreciation and amortization                          | 15,063                                 | 13,981            | 55,799                         | 53,179            |
| Other operating expense, net                           | 1,074                                  | 363               | 190                            | 234               |
| Total operating costs and expenses                     | <u>248,761</u>                         | <u>229,135</u>    | <u>933,404</u>                 | <u>892,907</u>    |
| <b>Operating income</b>                                | 4,928                                  | 6,206             | 45,995                         | 32,592            |
| Interest expense                                       | 11,953                                 | 10,944            | 46,730                         | 42,535            |
| Interest income  | (428)                                  | (6)               | (1,325)                        | (246)             |
| Foreign exchange loss (gain), net                      | 1,188                                  | (2,266)           | (2,339)                        | (6,139)           |
| <b>Income (loss) before income taxes</b>               | <u>(7,785)</u>                         | <u>(2,466)</u>    | <u>2,929</u>                   | <u>(3,558)</u>    |
| Income tax expense (benefit)                           | (496)                                  | 3,597             | 7,708                          | 4,842             |
| <b>Net loss</b>  | <u>\$ (7,289)</u>                      | <u>\$ (6,063)</u> | <u>\$ (4,779)</u>              | <u>\$ (8,400)</u> |

**Pregis Holding II Corporation**  
**Consolidated Statements of Cash Flows**  
**Unaudited**  
*(dollars in thousands)*

|  | <b>Year ended December 31,</b> |                  |
|--|--------------------------------|------------------|
|  | <b>2007</b>                    | <b>2006</b>      |
| <b>Operating activities</b>  |                                |                  |
| Net loss   | \$ (4,779)                     | \$ (8,400)       |
| Adjustments to reconcile net loss to cash provided by operating activities:  |                                |                  |
| Depreciation and amortization  | 55,799                         | 53,179           |
| Deferred income taxes  | (2,110)                        | (796)            |
| Unrealized foreign exchange gain, net  | (2,692)                        | (6,323)          |
| Amortization of deferred financing costs                                     | 2,194                          | 2,144            |
| Stock compensation expense   | 558                            | 97               |
| Gain on insurance settlement   | (2,873)                        | -                |
| Trademark impairment   | 403                            | -                |
| Changes in operating assets and liabilities, net of effects of acquisitions: |                                |                  |
| Accounts receivable, net   | (5,444)                        | (13,437)         |
| Due from Pactiv  | 11,542                         | -                |
| Inventories, net   | (8,186)                        | 3,503            |
| Prepayments and other current assets   | (279)                          | (988)            |
| Accounts payable   | 12,269                         | (10,465)         |
| Accrued taxes  | (5,695)                        | 2,365            |
| Accrued interest   | 467                            | (1,767)          |
| Other current liabilities  | (382)                          | 4,015            |
| Pension and related assets and liabilities, net                              | (470)                          | 650              |
| Other, net   | 853                            | (1,136)          |
| <b>Cash provided by operating activities</b>                                 | <b>51,175</b>                  | <b>22,641</b>    |
| <b>Investing activities</b>  |                                |                  |
| Capital expenditures   | (34,626)                       | (28,063)         |
| Proceeds from sale of assets   | 775                            | 723              |
| Purchase price adjustments on Pregis acquisition                             | -                              | (451)            |
| Other business acquisitions, net of cash acquired                            | (28,785)                       | (4,886)          |
| Other, net   | 658                            | (289)            |
| <b>Cash used in investing activities</b>                                     | <b>(61,978)</b>                | <b>(32,966)</b>  |
| <b>Financing activities</b>  |                                |                  |
| Proceeds from issuance of long-term debt                                     | 218                            | -                |
| Repayment of long-term debt  | (1,828)                        | (1,732)          |
| Deferred financing costs   | (1,237)                        | -                |
| <b>Cash used in financing activities</b>                                     | <b>(2,847)</b>                 | <b>(1,732)</b>   |
| Effect of exchange rate changes on cash and cash equivalents                 | 2,972                          | 3,583            |
| <b>Decrease in cash and cash equivalents</b>                                 | <b>(10,678)</b>                | <b>(8,474)</b>   |
| Cash and cash equivalents, beginning of period                               | 45,667                         | 54,141           |
| <b>Cash and cash equivalents, end of period</b>                              | <b>\$ 34,989</b>               | <b>\$ 45,667</b> |

**Pregis Holding II Corporation**  
**Supplemental Information**  
(Unaudited)

**Calculation of Adjusted EBITDA (“Consolidated Cash Flow”)**

| (dollars in thousands)  | Year Ended December 31, |            |
|---|-------------------------|------------|
|   | 2007                    | 2006       |
| Net loss of Pregis Holding II Corporation                                 | \$ (4,779)              | \$ (8,400) |
| Interest expense, net of interest income                                  | 45,405                  | 42,289     |
| Income tax expense  | 7,708                   | 4,842      |
| Depreciation and amortization   | 55,799                  | 53,179     |
| EBITDA  | 104,133                 | 91,910     |
| Other non-cash charges (income):  |                         |            |
| Unrealized foreign currency transaction gains, net                        | (2,692)                 | (6,323)    |
| Non-cash stock based compensation expense                                 | 558                     | 97         |
| Non-cash asset impairment charge  | 403                     | -          |
| Impact attributable to application of purchase accounting                 | -                       | 1,000      |
| Net unusual or nonrecurring gains or losses:                              |                         |            |
| Nonrecurring charges related to acquisitions and dispositions             | 5,582                   | 7,480      |
| Other, principally executive management severance and recruiting expenses | 4,325                   | 6,139      |
| Other adjustments:  |                         |            |
| Amounts paid pursuant to management agreement with Sponsor                | 1,894                   | 1,777      |
| Pro forma earnings and costs savings                                      | 3,547                   | -          |
| Adjusted EBITDA (“Consolidated Cash Flow”)                                | \$ 117,750              | \$ 102,080 |

**Note to above:**

EBITDA is defined as net income before interest expense, interest income, income tax expense, depreciation and amortization. Adjusted EBITDA, referred to as Consolidated Cash Flow within the context of the Company’s indentures, is presented herein because it is a material element of the fixed charge coverage ratio and secured indebtedness leverage ratio included in the Company’s indentures.

**Pregis Holding II Corporation**  
**Fourth Quarter 2007**  
**Supplemental Information**  
**(Unaudited)**

(Amounts and percentage changes are approximations due to rounding.)

**Gross Margin Calculations**

| (dollars in millions)                                     | Three Months Ended December 31, |              |             | Year Ended December 31, |              |             |
|---|---------------------------------|--------------|-------------|-------------------------|--------------|-------------|
|   | 2007                            | 2006         | Change      | 2007                    | 2006         | Change      |
| Net sales   | \$ 253.7                        | \$ 235.3     | \$ 18.4     | \$ 979.4                | \$ 925.5     | \$ 53.9     |
| Cost of sales, excluding<br>depreciation and amortization | (192.9)                         | (180.4)      | (12.5)      | (740.2)                 | (713.6)      | (26.6)      |
| Gross margin  | \$ 60.8                         | \$ 54.9      | \$ 5.9      | \$ 239.2                | \$ 211.9     | \$ 27.3     |
| Gross margin, as a percent of net sales                   | <b>23.9%</b>                    | <b>23.3%</b> | <b>0.6%</b> | <b>24.4%</b>            | <b>22.9%</b> | <b>1.5%</b> |

**Net Sales Analysis by Segment**

| Segment:                  | Three Months Ended December 31, |          | \$ Change | % Change | Change Attributable to the<br>Following Factors |        |                         |
|---------------------------|---------------------------------|----------|-----------|----------|---|--------|-------------------------|
|                           | 2007                            | 2006     |           |          | Price/<br>Mix                                   | Volume | Currency<br>Translation |
|                           | (dollars in millions)           |          |           |          |   |        |                         |
| Protective Packaging      | \$ 167.3                        | \$ 155.7 | \$ 11.6   | 7.4 %    | (0.3)%  | 2.6 %  | 5.1 %                   |
| Flexible Packaging        | 44.2                            | 40.3     | 3.9       | 9.6 %    | (2.2)%  | 0.3 %  | 11.5 %                  |
| Hospital Supplies         | 18.3                            | 15.8     | 2.5       | 16.0 %   | (4.1)%  | 7.9 %  | 12.2 %                  |
| Rigid Packaging           | 25.8                            | 24.3     | 1.5       | 6.2 %    | (0.8)%  | 1.0 %  | 6.0 %                   |
| Intersegment eliminations | (1.9)                           | (0.8)    | (1.1)     | 135.2 %  |   |        |                         |
| Total                     | \$ 253.7                        | \$ 235.3 | \$ 18.4   | 7.8 %    | (1.0)%  | 2.1 %  | 6.7 %                   |

| Segment:                  | Year Ended December 31, |          | \$ Change | % Change | Change Attributable to the<br>Following Factors |        |                         |
|---------------------------|-------------------------|----------|-----------|----------|---|--------|-------------------------|
|                           | 2007                    | 2006     |           |          | Price/<br>Mix                                   | Volume | Currency<br>Translation |
|                           | (dollars in millions)   |          |           |          |   |        |                         |
| Protective Packaging      | \$ 637.1                | \$ 617.5 | \$ 19.6   | 3.2 %    | 1.0 %   | (1.4)% | 3.6 %                   |
| Flexible Packaging        | 175.4                   | 154.7    | 20.7      | 13.4 %   | (1.2)%  | 5.6 %  | 9.0 %                   |
| Hospital Supplies         | 74.2                    | 64.7     | 9.5       | 14.7 %   | (2.8)%  | 8.3 %  | 9.2 %                   |
| Rigid Packaging           | 98.2                    | 93.9     | 4.3       | 4.6 %    | (1.0)%  | (2.4)% | 8.0 %                   |
| Intersegment eliminations | (5.5)                   | (5.3)    | (0.2)     | 8.8 %    |   |        |                         |
| Total                     | \$ 979.4                | \$ 925.5 | \$ 53.9   | 5.8 %    | 0.1 %   | 0.3 %  | 5.4 %                   |