



Press Release

For Immediate Release

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PREGIS ANNOUNCES FIRST QUARTER 2010 FINANCIAL RESULTS

Deerfield, IL, May 11, 2010 – Pregis Corporation, a leading international manufacturer, marketer, and supplier of protective packaging products and specialty packaging solutions, today announced its 2010 first quarter financial results.

For the first quarter of 2010, the Company generated net sales of \$210.0 million, an increase of 13.2% versus net sales of \$185.5 million in the first quarter of 2009. Excluding the impact of favorable foreign currency translation, resulting from the U.S. dollar weakening against the euro and pound sterling on a year-over-year basis, and the sales associated with our recently completed acquisition of IntelliPack, the quarter's net sales were higher by 7.4% compared to the prior year quarter due to increased sales volumes, which were driven by the impact of economic recovery as well as the Company's growth initiatives.

Gross profit margin, as a percent of net sales, was 22.6% in the first quarter of 2010, compared to 24.0% in the first quarter of 2009. The year-over-year decline in gross margin as a percent of net sales was driven by increased key raw material costs and negative price/mix, partially offset by increased volumes and the impact from the Company's cost reduction program. In the first quarter of 2010, the Company implemented selling price increases effective in April 2010, primarily in the Company's Protective Packaging segment, to help mitigate the impact of increased raw material costs.

The Company generated operating loss of \$1.2 million in the first quarter of 2010, which included legal costs of \$4.5 million, acquisition related costs of \$1.0 million, and pre-tax restructuring charges of \$0.6 million relating to the Company's cost reduction programs, partially offset by operating income associated with our recently completed acquisition of IntelliPack of \$0.2 million. This compared to operating loss of \$1.5 million for the first quarter of 2009. The first quarter of 2009 operating loss reflects restructuring activity of \$6.7 million. Adjusted for the amounts discussed above, operating income for the first quarter of 2010 was \$4.7 million compared to \$5.2 million in the first quarter of 2009.

Adjusted EBITDA, or “Consolidated Cash Flow” as defined by our indentures, is a significant operating measure used by the Company to measure its operating performance and liquidity. Adjusted EBITDA was \$18.2 million in the first quarter of 2010 compared to \$18.0 million for the same period in 2009.

Commenting on the Company’s results, Mike McDonnell, President and Chief Executive Officer, stated, “In the first quarter, we benefitted from strong volume growth on a year-over-year basis, particularly in our protective packaging segment, driven both by the economic recovery as well as our growth initiatives in inflatable systems, sustainable products, and emerging markets. Unfortunately, the positive impact of this growth was more than offset by significant increases in our key raw material costs, which were higher by as much as 50% year-over-year. Despite these significant raw materials headwinds, our team worked hard to achieve a flat year-over-year and sequential performance in Adjusted EBITDA. Our continued cost discipline and growth initiatives, together with the stability of our specialty packaging business, all contributed to this effort.”

Mr. McDonnell continued, “We have implemented selling price increases which will be effective beginning in April 2010 to help offset the impact of the significant increases in key raw material costs incurred during the first quarter of 2010. While our price increases were relatively successful in North America, we continue to experience weaker pricing conditions in the European market. As resin costs have continued to increase in the second quarter of 2010, we are currently implementing additional selling price increases in Europe and evaluating additional increases in North America.”

Mr. McDonnell concluded, “We also remain committed to the long-term growth potential of Pregis. This effort is comprised not only of the successful organic growth initiatives already discussed, but is also based on implementing highly accretive, strategic acquisitions. As previously announced, on February 19, 2010, we completed the acquisition of IntelliPack, a supplier of foam-in-place packaging systems. We believe this capability enhances Pregis’ protective packaging product portfolio and, while still early days, the initial reception in the marketplace has been favorable. We continue to evaluate in a disciplined manner similarly attractive acquisition opportunities to enhance our growth potential.”

Segment Performance

Comments on segment net sales and EBITDA performance for the first quarter of 2010 is as follows:

- Net sales of the protective packaging segment increased by \$19.4 million, or 16.8%. The 2010 first quarter sales increase was driven primarily by increased volumes due to improving economic conditions as well as the benefits realized from growth initiatives, the impact of the IntelliPack acquisition, and favorable foreign currency translation, partially offset by unfavorable price/mix. Net sales for the first quarter 2010, excluding IntelliPack and favorable foreign currency translation, increased by 11.4% compared to the same period in 2009.
- EBITDA of the protective packaging segment decreased \$0.6 million. The decrease in EBITDA for the first quarter was due primarily to the impact of

increased key raw material costs and unfavorable price/mix, which were partially offset by improved volumes and the impact of our cost reduction program.

- Net sales of the specialty packaging segment increased \$5.1 million, or 7.2%. This increase was driven primarily by favorable foreign currency translation and increased volumes in our fresh food packaging markets, which offset the impact of unfavorable price/mix. Excluding favorable foreign currency translation, net sales for the first quarter 2010 were relatively flat year-over-year.
- EBITDA of the specialty packaging segment increased \$0.2 million. This increase was due to increased volumes, savings resulting from our cost reduction program, and favorable foreign currency translation, partially offset by increased raw material costs and negative price/mix.

A summary of Adjusted EBITDA, a significant measure required by the Company's indentures and used by the Company to measure its operating performance and liquidity, 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 2010 first quarter results on Wednesday, May 12, 2010 at 10:00 a.m. ET (9:00 p.m. CT). The call can be accessed through the following dial-in numbers: Domestic: 866-770-7129; International: 617-213-8067; Participant Passcode: 67172149. A replay of the conference call will be available through May 26, 2010. The replay may be accessed using the following dial-in information: Domestic: 888-286-8010; International: 617-801-6888; Passcode: 35122774.

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.

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. 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)

| | March 31, 2010 | December 31, 2009 |
|--|-----------------------|--------------------------|
| | (Unaudited) | |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 39,464 | \$ 80,435 |
| Accounts receivable | | |
| Trade, net of allowances of \$5,028 and \$6,015 respectively | 127,444 | 120,812 |
| Other | 6,901 | 12,035 |
| Inventories, net | 87,120 | 81,024 |
| Deferred income taxes | 4,638 | 5,079 |
| Due from Pactiv | 1,164 | 1,169 |
| Prepayments and other current assets | 8,887 | 7,929 |
| Total current assets | 275,618 | 308,483 |
| Property, plant and equipment, net | 223,959 | 226,882 |
| Other assets | | |
| Goodwill | 155,263 | 126,250 |
| Intangible assets, net | 37,238 | 38,054 |
| Deferred financing costs, net | 7,307 | 8,092 |
| Due from Pactiv, long-term | 8,202 | 8,429 |
| Pension and related assets | 13,475 | 13,953 |
| Restricted cash | 3,500 | - |
| Other | 386 | 404 |
| Total other assets | 225,371 | 195,182 |
| Total assets | \$ 724,948 | \$ 730,547 |
| Liabilities and stockholder's equity | | |
| Current liabilities | | |
| Current portion of long-term debt | \$ 360 | \$ 300 |
| Accounts payable | 91,200 | 78,708 |
| Accrued income taxes | 4,458 | 5,236 |
| Accrued payroll and benefits | 14,661 | 14,242 |
| Accrued interest | 12,109 | 7,722 |
| Other | 17,975 | 18,011 |
| Total current liabilities | 140,763 | 124,219 |
| Long-term debt | 486,103 | 502,534 |
| Deferred income taxes | 16,436 | 19,721 |
| Long-term income tax liabilities | 5,380 | 5,463 |
| Pension and related liabilities | 4,135 | 4,451 |
| Other | 21,180 | 15,367 |
| Stockholder's equity: | | |
| Common stock - \$0.01 par value; 1,000 shares authorized, 149.0035 shares issued and outstanding at March 31, 2010 and December 31, 2009 | - | - |
| Additional paid-in capital | 152,627 | 151,963 |
| Accumulated deficit | (94,536) | (82,328) |
| Accumulated other comprehensive income | (7,140) | (10,843) |
| Total stockholder's equity | 50,951 | 58,792 |
| Total liabilities and stockholder's equity | \$ 724,948 | \$ 730,547 |

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

| | Three Months Ended March 31, | |
|--|-------------------------------------|-------------|
| | 2010 | 2009 |
| Net Sales | \$ 210,036 | \$ 185,544 |
| Operating costs and expenses: | | |
| Cost of sales, excluding depreciation and amortization | 162,470 | 141,007 |
| Selling, general and administrative | 36,880 | 27,996 |
| Depreciation and amortization | 11,195 | 11,471 |
| Other operating expense, net | 647 | 6,601 |
| Total operating costs and expenses | 211,192 | 187,075 |
| Operating (loss) | (1,156) | (1,531) |
| Interest expense | 12,004 | 9,398 |
| Interest income | (36) | (27) |
| Foreign exchange loss, net | 1,277 | 3,174 |
| Loss before income taxes | (14,401) | (14,076) |
| Income tax expense (benefit) | (2,193) | (3,668) |
| Net loss | \$ (12,208) | \$ (10,408) |

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

| | Three Months Ended March 31, | |
|---|-------------------------------------|------------------|
| | 2010 | 2009 |
| Operating activities | | |
| Net loss | \$ (12,208) | \$ (10,408) |
| Adjustments to reconcile net loss to cash provided by operating activities: | | |
| Depreciation and amortization | 11,195 | 11,471 |
| Deferred income taxes | (2,873) | (4,056) |
| Unrealized foreign exchange loss | 1,222 | 3,466 |
| Amortization of deferred financing costs | 880 | 594 |
| Gain on disposal of property, plant and equipment | (42) | (211) |
| Stock compensation expense | 664 | 433 |
| Changes in operating assets and liabilities | | |
| Accounts and other receivables, net | (4,738) | 15,908 |
| Due from Pactiv | (64) | - |
| Inventories, net | (8,661) | 1,314 |
| Prepayments and other current assets | (1,001) | 329 |
| Accounts payable | 14,383 | (11,442) |
| Accrued taxes | (510) | (2,127) |
| Accrued interest | 4,598 | 3,936 |
| Other current liabilities | (1,993) | (140) |
| Pension and related assets and liabilities, net | (467) | (926) |
| Other, net | 1,574 | 256 |
| Cash provided by operating activities | 1,959 | 8,397 |
| Investing activities | | |
| Capital expenditures | (6,836) | (5,096) |
| Proceeds from sale of assets | 94 | 266 |
| Acquisition of business, net of cash acquired | (31,385) | - |
| Change in restricted cash | (3,500) | - |
| Cash used in investing activities | (41,627) | (4,830) |
| Financing activities | | |
| Repayment of debt | - | (446) |
| Proceeds from revolving credit facility | 500 | - |
| Other, net | (16) | (119) |
| Cash provided (used in) financing activities | 484 | (565) |
| Effect of exchange rate changes on cash and cash equivalents | (1,787) | (1,825) |
| Increase (decrease) in cash and cash equivalents | (40,971) | 1,177 |
| Cash and cash equivalents, beginning of period | 80,435 | 41,179 |
| Cash and cash equivalents, end of period | \$ 39,464 | \$ 42,356 |

Pregis Holding II Corporation
Supplemental Information
(Unaudited)

Calculation of Adjusted EBITDA (“Consolidated Cash Flow”)

| (unaudited) (dollars in thousands) | Three Months Ended March 31, | |
|---|------------------------------|-------------|
| | 2010 | 2009 |
| Net loss of Pregis Holding II Corporation | \$ (12,208) | \$ (10,408) |
| Interest expense, net of interest income | 11,968 | 9,371 |
| Income tax (benefit) expense | (2,193) | (3,668) |
| Depreciation and amortization | 11,195 | 11,471 |
| EBITDA | 8,762 | 6,766 |
| Other non-cash charges (income): | | |
| Unrealized foreign currency transaction losses (gains), net | 1,222 | 3,466 |
| Non-cash stock based compensation expense | 664 | 443 |
| Net unusual or nonrecurring gains or losses: | | |
| Restructuring, severance and related expenses | 1,196 | 6,730 |
| Other unusual or nonrecurring gains or losses | 4,837 | 116 |
| Other adjustments: | | |
| Amounts paid pursuant to management agreement with Sponsor | 962 | 493 |
| Pro forma adjusted EBITDA of acquired business | 531 | - |
| Adjusted EBITDA (“Consolidated Cash Flow”) | \$ 18,174 | \$ 18,014 |

Note to above:

EBITDA is calculated internally as net income before interest, taxes, depreciation, amortization, restructuring expense and adjusted for other non-cash charges and benefits. 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 and is a significant operating measure used by the Company to measure its operating performance and liquidity.

Pregis Holding II Corporation
Supplemental Information
(Unaudited)

Calculation of Adjusted EBITDA (“Consolidated Cash Flow”)

| (unaudited) (dollars in thousands) | Twelve Months Ended March 31, | |
|---|-------------------------------|-------------|
| | 2010 | 2009 |
| Net loss of Pregis Holding II Corporation | \$ (19,810) | \$ (54,866) |
| Interest expense, net of interest income | 44,805 | 45,713 |
| Income tax (benefit) expense | (1,523) | (8,243) |
| Depreciation and amortization | 44,506 | 50,275 |
| EBITDA | 67,978 | 32,879 |
| Other non-cash charges (income): | | |
| Unrealized foreign currency transaction losses (gains), net | (8,369) | 21,175 |
| Non-cash stock based compensation expense | 1,585 | 1,210 |
| Non-cash asset impairment charge | (59) | 20,354 |
| Other non-cash expenses, primarily fixed asset disposals and write-offs | - | 427 |
| Net unusual or nonrecurring gains or losses: | | |
| Restructuring, severance and related expenses | 10,604 | 17,298 |
| Curtailed gain | - | (3,736) |
| Other unusual or nonrecurring gains or losses | 10,735 | 1,283 |
| Other adjustments: | | |
| Amounts paid pursuant to management agreement with Sponsor | 2,514 | 1,755 |
| Pro forma adjusted EBITDA of acquired business | 2,992 | - |
| Adjusted EBITDA (“Consolidated Cash Flow”) | \$ 87,980 | \$ 92,645 |

Note to above:

EBITDA is calculated internally as net income before interest, taxes, depreciation, amortization, restructuring expense and adjusted for other non-cash charges and benefits. 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 and is a significant operating measure used by the Company to measure its operating performance and liquidity.

Pregis Holding II Corporation
First Quarter 2010
Supplemental Information
(Unaudited)

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

Gross Margin Calculations

| (dollars in thousands) | <u>Three Months Ended March 31,</u> | | |
|---|-------------------------------------|------------------|-----------------|
| | <u>2010</u> | <u>2009</u> | <u>Change</u> |
| Net sales | \$ 210,036 | \$ 185,544 | \$ 24,492 |
| Cost of sales, excluding depreciation and amortization | (162,470) | (141,007) | (21,463) |
| Gross margin | <u>\$ 47,566</u> | <u>\$ 44,537</u> | <u>\$ 3,029</u> |
| Gross margin, as a percent of net sales | <u>22.6%</u> | <u>24.0%</u> | <u>(1.4)%</u> |

Net Sales by Segment

| Segment: | <u>Three Months Ended March 31,</u> | | \$ Change | % Change | <u>Change Attributable to the</u> <u>Following Factors</u> | | | | | | | |
|----------------------|-------------------------------------|-------------------|------------------|---------------|---|---------------|--------------------|--------------------|--------------------|--------------|-----------------|--------------|
| | <u>2010</u> | <u>2009</u> | | | <u>Price /</u> | | <u>Volume</u> | | <u>Acquisition</u> | | <u>Currency</u> | |
| | (dollars in thousands) | | | | <u>Mix</u> | <u>Volume</u> | <u>Acquisition</u> | <u>Translation</u> | | | | |
| Protective Packaging | \$ 134,860 | \$ 115,429 | \$ 19,431 | 16.8 % | \$ (6,851) | (5.9)% | \$ 20,010 | 17.3 % | \$ 1,932 | 1.7 % | \$ 4,340 | 3.7 % |
| Specialty Packaging | 75,176 | 70,115 | 5,061 | 7.2 % | (611) | (1.0)% | 1,107 | 1.6 % | - | - | 4,565 | 6.5 % |
| Total | <u>\$ 210,036</u> | <u>\$ 185,544</u> | <u>\$ 24,492</u> | <u>13.2 %</u> | <u>\$ (7,462)</u> | <u>(4.0)%</u> | <u>\$ 21,117</u> | <u>11.4 %</u> | <u>\$ 1,932</u> | <u>1.0 %</u> | <u>\$ 8,905</u> | <u>4.8 %</u> |

EBITDA by Segment

| Segment: | <u>Three Months Ended March 31,</u> | | \$ Change | % Change |
|----------------------|-------------------------------------|------------------|-----------------|---------------|
| | <u>2010</u> | <u>2009</u> | | |
| Protective Packaging | \$ 10,781 | \$ 11,367 | \$ (586) | (5.2)% |
| Specialty Packaging | 9,544 | 9,311 | 233 | 2.5 % |
| Total segment EBITDA | <u>\$ 20,325</u> | <u>\$ 20,678</u> | <u>\$ (353)</u> | <u>(1.7)%</u> |