
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K/A

**CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): July 4, 2007

PREGIS HOLDING II CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

333-130353-04
Commission File Number)

20-3321581
(I.R.S. employer
Identification Number)

**1650 Lake Cook Road
Deerfield, Illinois 60015**
(Address of principal executive offices)

Registrant's telephone number, including area code: **(847) 597-2200**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

TABLE OF CONTENTS

[Item 2.01 Completion of Acquisition or Disposition of Assets](#)

[Item 9.01 Financial Statements and Exhibits](#)

[SIGNATURES](#)

[EXHIBIT INDEX](#)

[Balance Sheet](#)

[Balance Sheet](#)

[Unaudited Pro Forma](#)

Item 2.01 Completion of Acquisition or Disposition of Assets.

On July 5, 2007, Pregis Corporation filed a Current Report on Form 8-K (the "Initial Form 8-K") reporting the acquisition of all of the outstanding share capital of Petroflax S.A. The Initial Form 8-K was amended on September 17, 2007 ("Amendment No. 1") to include financial statements and pro forma financial information permitted to be filed by amendment to the Initial Form 8-K not later than 71 calendar days after the date that the Initial Form 8-K was required to be filed. This Amendment No. 2 amends and supplements the Amendment No. 1 to include the Report of Independent Auditors covering the balance sheet of Petroflax S.A. as of December 31, 2006 and the related statements of income, changes in stockholders' equity and cash flows for the year then ended.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

1. Balance sheet of Petroflax S.A. as of December 31, 2006 and related statements of income, changes in stockholders' equity and cash flows for the year then ended.
2. Balance sheet of Petroflax S.A. as of June 30, 2007 and related statements of income and cash flows for the six months ended June 30, 2007 and 2006 (unaudited).

(b) Pro forma Financial Information.

1. Unaudited pro forma combined condensed balance sheet of Pregis Corporation as of June 30, 2007 and unaudited pro forma combined condensed statements of operations for the six months ended June 30, 2007 and the year ended December 31, 2006.

(d) Exhibits.

- Exhibit 99.1 Balance sheet of Petroflax S.A. as of December 31, 2006 and related statements of income, changes in stockholders' equity and cash flows for the year then ended.
- Exhibit 99.2 Balance sheet of Petroflax S.A. as of June 30, 2007 and related statements of income and cash flows for the six months ended June 30, 2007 and 2006 (unaudited).
- Exhibit 99.3 Unaudited pro forma combined condensed balance sheet of Pregis Corporation as of June 30, 2007 and unaudited pro forma combined condensed statements of operations for the six months ended June 30, 2007 and the year ended December 31, 2006.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: October 9, 2007

PREGIS HOLDING II CORPORATION

By: /s/ Steven C. Huston

Name: Steven C. Huston

Title: Vice President, General Counsel
and Secretary

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
Exhibit 99.1	Balance sheet of Petroflax S.A. as of December 31, 2006 and related statements of income, changes in stockholders' equity and cash flows for the year then ended.
Exhibit 99.2	Balance sheet of Petroflax S.A. as of June 30, 2007 and related statements of income and cash flows for the six months ended June 30, 2007 and 2006 (unaudited).
Exhibit 99.3	Unaudited pro forma combined condensed balance sheet of Pregis Corporation as of June 30, 2007 and unaudited pro forma combined condensed statements of operations for the six months ended June 30, 2007 and the year ended December 31, 2006.

Petroflax S.A.

**Financial Statements as of December 31, 2006
and for the Year Then Ended**

Petroflax S.A.
Financial Statements as of December 31, 2006
and for the Year Then Ended

	<u>Page</u>
<i>Report of Independent Auditors</i>	3
<i>Financial Statements</i>	
Balance Sheet as of December 31, 2006	4
Income Statement for the Year Ended December 31, 2006	5
Statement of Shareholders' Equity	6
Statement of Cash Flows	7
Notes to Financial Statements	8-14

Report of Independent Auditors

To the Board of Directors and Shareholders of Petroflax S.A., Piatra-Neamt, Romania

We have audited the accompanying balance sheet of Petroflax S.A. (the Company) as of December 31, 2006, and the related statement of income, shareholders' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Petroflax S.A. at December 31, 2006, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young SRL

Bucharest, August 31, 2007

Petroflax S.A.
Balance Sheet as of December 31, 2006
(amounts in USD, except share data)

<i>Current Assets</i>	
Cash & equivalents	\$ 415,503
Accounts receivable, net of \$18,995 allowance	957,732
Inventory	717,069
Recoverable taxes	144,320
Other	210,525
Total current assets	<u>2,445,149</u>
<i>Property, Plant & Equipment, net</i>	<u>2,795,362</u>
Total assets	<u><u>\$5,240,511</u></u>
<i>Current Liabilities</i>	
Short term debt	\$1,658,304
Trade accounts payable	963,643
Due to shareholder	682,560
Other	199,509
Total current liabilities	<u>3,504,016</u>
<i>Non-Current Liabilities</i>	
Deferred tax liabilities	91,901
Other	94,331
Total liabilities	<u>3,690,248</u>
<i>Shareholders' Equity</i>	
Share capital, RON 50 (\$19.50) par value, 20,000 shares authorized and 18,000 shares outstanding	320,616
Treasury stock	(682,560)
Retained earnings	1,510,192
Restricted retained earnings	67,336
Accumulated other comprehensive income	334,679
Total equity	<u>1,550,263</u>
Total liabilities & equity	<u><u>\$5,240,511</u></u>

Petroflax S.A.
Income Statement
For the Year Ended December 31, 2006
(amounts in USD)

Revenues	\$8,560,880
Operating costs and expenses:	
Cost of sales	6,609,975
Depreciation	159,538
Selling, general & administrative expense	<u>376,101</u>
Total operating costs	<u>7,145,614</u>
Operating income	1,415,266
Interest expense	<u>74,380</u>
Income before income taxes	1,340,886
Income taxes	<u>189,029</u>
Net income	<u><u>\$1,151,857</u></u>

Petroflax S.A.
Statement of Shareholders' Equity
For the Year ended December 31, 2006
(amounts in USD)

	Share Capital	Treasury Stock	Retained Earnings	Restricted Retained Earnings	Accumulated Other Comprehensive Income	Total Shareholders' Equity
January 1, 2006	\$320,616	\$ —	\$ 918,193	\$49,269	\$ —	\$1,288,078
Net income			1,151,857			1,151,857
Transfer to legal reserves			(18,067)	18,067		—
Dividends			(541,791)			(541,791)
Repurchase of stock		(682,560)				(682,560)
Translation	—	—			334,679	334,679
December 31, 2006	<u>\$320,616</u>	<u>\$(682,560)</u>	<u>\$1,510,192</u>	<u>\$67,336</u>	<u>\$334,679</u>	<u>\$1,550,263</u>

Petroflax S.A.
Statement of Cash Flows
For the Year ended December 31, 2006
(amounts in USD)

<i>Operating activities</i>	
Net income	\$ 1,151,857
Adjustments to reconcile net income to cash provided by operating activities:	
Depreciation expense	159,538
Asset write-offs	55,521
Gain/loss on disposal of property, plant & equipment	40,199
Deferred tax	(5,352)
Changes in operating assets and liabilities:	
Accounts receivable	(174,357)
Inventory	(37,395)
Other current assets	(121,969)
Trade accounts payable	347,137
Other liabilities	54,562
Other non-current liabilities	42,974
Other	(39,236)
Cash provided by operating activities	<u>\$ 1,473,479</u>
<i>Investing activities</i>	
Cash paid for property, plant & equipment	(1,719,164)
Proceeds from disposals	107,323
Cash used in investing activities	<u>\$(1,611,841)</u>
<i>Financing activities</i>	
Payment of dividends	(541,791)
Bank borrowings	906,243
Payments of debt	(56,632)
Payments on shareholder loans	(62,547)
Cash provided by financing activities	<u>\$ 245,273</u>
Effect of exchange rates on cash & equivalents	62,889
Change in cash	<u>\$ 169,800</u>
Cash & equivalents, January 1, 2006	245,703
Cash & equivalents, December 31, 2006	<u><u>\$ 415,503</u></u>
Cash paid for interest	<u>\$ 71,753</u>
Cash paid for income taxes	<u><u>\$ 203,329</u></u>

Petroflax S.A.
Notes to Financial Statements
(amounts in USD)

1. DESCRIPTION OF THE BUSINESS

Established in 1994, Petroflax S.A. (“Petroflax” or the “Company”) is a joint-stock company with 100% Romanian capital. The Company’s primary operations are located in Peatra Neamt, Romania.

The Company principally manufactures rolls and sheets of foil and expanded polyethylene-based products, which are used as construction applications, sports and leisure products, and wrapping materials.

Approximately 50% of the Company’s sales are generated outside of Romania.

The Company maintains the books in new Romanian Lei (RON) according to Romanian accounting standards. For US GAAP, reconciliation was made from the statutory accounting, starting with January 1, 2006.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue when the risks and rewards of ownership have transferred to the customer, which generally occurs when products are shipped. In arriving at net sales, the Company estimates the amount of deductions from revenues that are likely to be earned or taken by customers, such as rebates or discounts, and records such estimates as revenue is recorded.

Freight

The Company records amounts billed to customers for shipping and handling as sales, and records shipping and handling expense as cost of sales.

Currency Translation

The functional currency of Petroflax is Romanian Lei. The financial statements and notes to the financial statements as presented herein have been translated to United States dollars using the end-of-period exchange rate for assets and liabilities and the period's average exchange rate for revenue and expense components, with any resulting translation adjustments included in shareholders' equity as the only component of accumulated other comprehensive income. Foreign currency transaction gains and losses resulting from transactions executed in currencies other than the Company's functional currency are included in the results of operations.

Cash and Cash Equivalents

The Company defines cash and cash equivalents as checking accounts, money-market accounts, certificates of deposit and treasury notes having an original maturity date of 90 days or less when purchased.

Accounts Receivable

Trade accounts receivable are classified as current assets and are reported net of allowances for doubtful accounts. Petroflax reserves for amounts deemed to be uncollectible based on a number of factors, including historical trends and specific customer liquidity. The determination of the amount of allowance for doubtful accounts is subject to significant judgment and estimation by management. If circumstances change or economic conditions deteriorate or improve, the allowance for doubtful accounts could increase or decrease.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed using the straight-line method over the remaining estimated useful lives of assets. Remaining useful lives range from 14 to 24 years for buildings and improvements and from 1 to 12 years for machinery and equipment. Depreciation expense totaled \$159,538 for the year ended December 31, 2006.

Minor repairs and maintenance that do not extend the assets original useful lives are expensed as incurred.

Impairment of Long Lived Assets

The Company periodically evaluates the carrying values and estimated useful lives of long-lived assets whenever events or changes in circumstances indicate that the carrying value of the related asset may not be recoverable. Petroflax uses estimates of undiscounted cash flows from long-lived assets to determine whether the book value of such an assets is recoverable over the assets' remaining useful lives. If the asset is determined to be impaired, the impairment is measured by the amount by which the carrying value of the asset exceeds its fair value.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes, which requires that deferred tax assets and liabilities be recorded to reflect the future tax consequences of temporary differences between the book and tax basis of various assets and liabilities. A valuation allowance is established to offset any deferred tax assets if, based upon available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized.

3. INVENTORIES

The major components of inventories as of December 31, 2006 are as follows:

Finished goods	\$152,487
Raw materials	541,111
Other	23,471
	<u>\$717,069</u>

4. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment at December 31, 2006 consists of the following:

Land, buildings and improvements	\$1,362,336
Machinery and equipment	1,823,903
Other, including construction-in-progress	154,411
	<u>3,340,650</u>
Less: Accumulated depreciation	(545,288)
	<u>\$2,795,362</u>

5. DEBT

The Company's debt as of December 31, 2006 consists of the following:

OTP Bank	\$ 820,802
BRD-Groupe Societe Generale	763,687
Credit Europe Bank	44,230
Other	29,585
Total debt	<u>\$1,658,304</u>

In October 2006, the Company entered into a long term loan agreement with OTP Bank to fund the purchase of land and buildings. The loan bears interest at LIBOR (CHF) + 2.7% per annum and has required equal monthly payments of approximately \$8,000 through its maturity date of October 2016. Both extruder lines and the land in 31, Petro Morvila were pledged as security. Interest expense on this debt was approximately \$6,862 for the year ended December 31, 2006.

The Company has a credit facility with BRD-Groupe Societe Generale. The maximum borrowings under the facility total 2.2 million new Romanian Lei and 100,000 Euro. This credit facility has a maturity date of November 11, 2007 and bears interest at BUBOR 1m +1.5% for the Leu borrowings, and EURIBOR 1m + 2.5% for the Euro borrowings. Interest expense on this debt was approximately \$5,660 for the year ended December 31, 2006.

Alpha Bank has granted a loan facility to the Company amounting to RON 2,059,267 (\$803,184), which was not used as of December 31, 2006. The Company has mortgaged a plot of land located in Piatra Neamt, 1, Dumbravei street in favor of Alpha Bank Romania as security.

The Company's debt instruments are subject to various covenants the Company is required to comply with. As of December 31, 2006 the Company had not complied with certain of these covenants. Breach of such covenants may expose the Company to penalties and interest, or in some cases cause the debt to be callable by the banks. As a result, all debt has been classified as current. These covenant violations did not cause the debt to be called and all debt was settled in connection with the sale of the Company in July 2007 (see footnote 9).

6. INCOME TAXES

Components of the Company's income tax expense for the year ended December 31, 2006 are as follows:

Current tax expense	\$207,589
Deferred tax benefit	<u>(18,560)</u>
Income tax expense	<u>\$189,029</u>

Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement basis and tax basis of assets and liabilities using enacted tax rates applicable to future years. The Company's net deferred tax assets and liabilities are as follows:

Current deferred tax assets

Inventory revaluation	\$ (3,755)
Bad debt reserve	5,101
Rebates	14,143
Other liabilities	<u>8,878</u>
	<u>\$ 24,367</u>

Non-current deferred tax liabilities

Fixed assets	\$ 138,471
Revaluation reserves	(231,173)
Intangible assets	<u>801</u>
	<u>\$ (91,901)</u>

These deferred tax assets and liabilities are classified in the balance sheet based on the balance sheet classification of the related underlying assets and liabilities.

Reconciliation of the difference between the effective rate of tax expense and the statutory rate is as follows:

Statutory Rate	16.00%
Sponsorship Deduction	-1.89%
Other	<u>-0.01%</u>
Net Tax Expense	<u>14.10%</u>

7. RELATED PARTIES

As of December 31, 2006, the Company has \$682,560 payable to a shareholder for the repurchase of his shares by the Company.

During the year ended December 31, 2006, the Company had purchases from related parties, primarily parties under common ownership, for transportation services, vehicle rentals, inventory and sales promotion. Total purchases from related parties totaled approximately \$650,000. As of December 31, 2006 the Company had \$28,350 payable to related parties for such activities. Such amounts are recorded as a component of trade accounts payable in the December 31, 2006 balance sheet.

8. COMMITMENTS AND CONTINGENCIES

In Romania, legislation and fiscal environment and their implementation into practice change frequently and are subject to different interpretations by various Ministries of the Government. The Romanian government has a number of agencies that are authorized to conduct audits ("controls") of Romanian companies. These controls are similar in nature to tax audits performed by taxing authorities in many countries, but may extend not only to tax matters but to other legal or regulatory matters in which the applicable agency may be interested. In addition, the agencies conducting these controls appear to be subject to significantly less regulation than is customary in many countries.

Profit tax returns are subject to review and correction by the tax authorities for a period generally of five years subsequent to their filing.

Management believes that it has adequately provided for tax liabilities in the accompanying financial statements. However, there is a risk that various authorities can take differing positions with regard to the interpretation of these issues and the effect could be significant in relation to possible additional taxes and/or penalties.

9. SUBSEQUENT EVENTS

On July 4, 2007, Pregis GmbH acquired all of the Company's outstanding share capital for approximately \$12 million, including estimated direct costs of the acquisition. Pregis GmbH is a subsidiary of Pregis Corporation, an international manufacturer, marketer and supplier of protective packaging products and specialty packaging products.

The rubber and recycling business and certain other assets were sold or transferred and thus carved out of the Company prior to its acquisition by Pregis GmbH. In 2006, the rubber and recycling business generated sales amounting to \$395,000.

Petroflax S.A.
Balance Sheet as of June 30, 2007,
Statements of Income and Cash Flows for the Six Month Periods Ended June 30, 2007 and 2006

Petroflax S.A.
Financial Statements (unaudited)

	Page
<i>Financial Statements</i>	
Balance Sheet as of June 30, 2007 (unaudited)	3
Income Statements for the Six Month Periods Ended June 30, 2007 and 2006 (unaudited)	4
Statements of Cash Flows for the Six Month Periods Ended June 30, 2007 and 2006 (unaudited)	5
Notes to Financial Statements (unaudited)	6-7

Petroflax S.A.
Balance Sheet as of June 30, 2007 (Unaudited)
(amounts in USD, except share data)

	2007
<i>Current Assets</i>	
Cash & equivalents	\$ 606,251
Accounts receivable, net of \$18,995 allowance	1,708,323
Inventory	571,218
Other	229,342
Total current Assets	3,115,134
<i>Property, Plant & Equipment, net</i>	
Total assets	3,547,357
<i>Current Liabilities</i>	
Short term debt	\$2,711,570
Trade accounts payable	1,014,545
Due to shareholder	746,827
Other	280,569
Total current liabilities	4,753,511
<i>Non-Current Liabilities</i>	
Deferred tax liabilities	\$ 100,554
Other	93,527
Total liabilities	4,947,592
<i>Shareholders' Equity</i>	
Share capital, \$19.50 par value, 20,000 shares authorized and 18,000 shares outstanding	320,616
Treasury stock	(682,560)
Retained earnings	1,617,714
Restricted retained earnings	67,336
Accumulated other comprehensive income	391,793
Total equity	1,714,899
Total liabilities & equity	\$6,662,491

Petroflax S.A.
Income Statements (Unaudited)
For the Six Month Periods Ended June 30
(amounts in USD)

	2007	2006
Revenues	\$5,344,186	\$4,043,433
Operating costs and expenses:		
Cost of sales	4,065,846	2,929,027
Depreciation	116,913	90,997
Selling, general & administrative expense	404,339	216,654
Total operating costs	4,587,098	3,236,678
Operating income	757,088	806,755
Interest expense	71,718	27,170
Income before income taxes	685,370	779,585
Income taxes	90,400	123,021
Net income	\$ 594,970	\$ 656,564

Petroflax S.A.
Statements of Cash Flows (Unaudited)
For the Six Month Periods Ended June 30
(amounts in USD)

	<u>2007</u>	<u>2006</u>
<i>Operating activities</i>		
Net income	\$ 594,970	\$ 656,564
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation expense	116,913	90,997
Asset write-offs	—	49,600
Changes in operating assets and liabilities:		
Accounts receivable	(619,660)	(342,366)
Inventory	200,201	82,985
Other current assets	149,106	22,020
Trade accounts payable	(37,373)	140,825
Other liabilities	26,311	69,972
Other non-current liabilities	(55,502)	8,834
Other	—	(3,856)
Cash provided by operating activities	<u>\$ 374,966</u>	<u>\$ 775,575</u>
<i>Investing activities</i>		
Cash paid for property, plant & equipment	(907,054)	(186,657)
Proceeds from disposals	331,536	—
Cash used in investing activities	<u>\$(575,518)</u>	<u>\$(186,657)</u>
<i>Financing activities</i>		
Payment of dividends	(577,208)	(527,666)
Bank borrowings	929,519	174,224
Payments on shareholder loans	(9,333)	(55,634)
Cash provided by financing activities	<u>\$ 342,978</u>	<u>\$(409,076)</u>
Effect of exchange rates on cash & equivalents	48,322	24,453
Change in cash	\$ 190,748	\$ 204,295
Cash & equivalents, January 1,	415,503	245,703
Cash & equivalents, June 30,	<u>\$ 606,251</u>	<u>\$ 449,998</u>

Petroflax S.A.
Notes to Financial Statements (Unaudited)
(amounts in USD)

1. DESCRIPTION OF THE BUSINESS

Established in 1994, Petroflax S.A. (“Petroflax” or the “Company”) is a joint-stock company with 100% Romanian capital. The Company’s primary operations are located in Peatra Neamt, Romania.

The Company principally manufactures rolls and sheets of foil and expanded polyethylene-based products, which are used as construction applications, sports and leisure products, and wrapping materials.

Approximately 50% of the Company’s sales are generated outside of Romania.

The Company maintains the books in new Romanian Lei (RON) according to Romanian accounting standards. For US GAAP, reconciliation was made from the statutory accounting, starting with January 1, 2006.

Currency Translation

The functional currency of Petroflax is Romanian Lei. The financial statements and notes to the financial statements as presented herein have been translated to United States dollars using the end-of-period exchange rate for assets and liabilities and the period’s average exchange rate for revenue and expense components, with any resulting translation adjustments included in shareholders’ equity as the only component of accumulated other comprehensive income. Foreign currency transaction gains and losses resulting from transactions executed in currencies other than the Company’s functional currency are included in the results of operations.

2. INVENTORIES

The major components of inventories as of June 30, 2007 are as follows:

	<u>2007</u>
Finished goods	\$405,145
Raw materials	166,073
	<u>\$571,218</u>

3. PROPERTY, PLANT & EQUIPMENT

Property, plant and equipment at June 30, 2007 consists of the following:

	<u>2007</u>
Land, buildings and improvements	\$1,459,023
Machinery and equipment	1,914,365
Other, including construction-in-progress	796,886
	4,170,274
Less: Accumulated depreciation	<u>(622,917)</u>
	<u>\$3,547,357</u>

4. DEBT

The Company's debt as of June 30, 2007 consists of the following:

OTP Bank	\$ 898,070
BRD-Groupe Societe Generale	1,040,268
Alpha Bank	760,742
Other	<u>12,490</u>
Total debt	<u>\$2,711,570</u>

The Company's debt instruments are subject to various covenants the Company is required to comply with. As of June 30, 2007 the Company had not complied with certain of these covenants. Breach of such covenants may expose the Company to penalties and interest, or in some cases cause the debt to be callable by the banks. As a result, all debt is classified as current. These covenant violations did not cause the debt to be called and all debt was settled in connection with the sale of the Company in July 2007 (see footnote 6).

5. RELATED PARTIES

As of June 30, 2007, the Company has \$746,827 payable to a shareholder for the repurchase of his shares by the Company.

During the six month periods ended June 30, 2007 and 2006, the Company had purchases from related parties, primarily parties under common ownership, for transportation services, vehicle rentals, inventory and sales promotion. Total purchases from related parties totaled approximately \$325,000 and \$255,000 for the six months ended June 30, 2007 and 2006, respectively. As of June 30, 2007 the Company had approximately \$11,500 payable to related parties for such activities. Such amount is recorded as a component of trade accounts payable.

6. SUBSEQUENT EVENTS

On July 4, 2007, Pregis GmbH acquired all of the Company's outstanding share capital for approximately \$12 million, including estimated direct costs of the acquisition. Pregis GmbH is a subsidiary of Pregis Corporation, an international manufacturer, marketer and supplier of protective packaging products and specialty packaging products.

The rubber and recycling business and certain other assets were sold or transferred and thus carved out of the Company prior to its acquisition by Pregis GmbH. In 2006, the rubber and recycling business generated sales amounting to \$395,000.

Pregis Corporation
Unaudited Pro Forma Combined Condensed Financial Information

The following unaudited pro forma combined condensed financial information of Pregis Corporation (the “Company” or “Pregis”) has been prepared to illustrate the effects of the acquisition of Petroflax S.A. (“Petroflax”) on the historical financial position and results of operations of the Company. On July 4, 2007, Pregis, through its wholly owned subsidiary Pregis GmbH, entered into a sale and purchase agreement (the “Agreement”) with Mirto Trading LTD (the “Seller”) and Mr. Birliba Mihai, Ms. Olariu Angela, Mr. Mitrea Florin and Pro Logistics S.R.L. (collectively, the “Former Shareholders”) pursuant to which the Company acquired all of the outstanding share capital of Petroflax (the “Acquisition”).

The unaudited pro forma combined condensed balance sheet as of June 30, 2007 gives effect to the Acquisition as if it had occurred on June 30, 2007. The unaudited pro forma combined condensed statements of operations for the six months ended June 30, 2007 and the year ended December 31, 2006 give effect to the Acquisition as if it had occurred on January 1, 2006.

The unaudited pro forma combined condensed financial information is presented for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized had the Acquisition been consummated at the beginning of the periods presented, nor is it necessarily indicative of future operating results. The pro forma adjustments, and the assumptions on which they are based, are described in the accompanying notes. The pro forma adjustments are based on preliminary estimates, available information and certain assumptions that management believes are reasonable and may be revised as additional information becomes available. These pro forma adjustments do not include any cost savings from synergies or costs of integration that may occur as a result of the Acquisition.

The unaudited pro forma combined condensed financial information should be read in conjunction with 1) the Company’s audited historical consolidated financial statements as of and for the year ended December 31, 2006 included in its registration statement on Form S-4 as filed with the SEC, 2) the Company’s historical unaudited financial statements as of and for the six-months ended June 30, 2007 included in its Quarterly Report on Form 10-Q for the period ended June 30, 2007, and 3) the Petroflax financial statements included elsewhere herein.

Pregis Corporation
Unaudited Pro Forma Combined Condensed Balance Sheet
As of June 30, 2007
(in thousands)

	<u>Pregis Corporation</u>	<u>Petroflax</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
Assets				
Current assets				
Cash and temporary cash investments	\$ 60,447	\$ 606	\$ (12,520) ⁽¹⁾	\$ 48,533
Trade and other receivables	163,552	1,708	—	165,260
Inventories	105,876	571	—	106,447
Other current assets	18,471	229	—	18,700
Total current assets	<u>348,346</u>	<u>3,114</u>	<u>(12,520)</u>	<u>338,940</u>
Property, plant and equipment, net	264,475	3,548	(1,500) ⁽²⁾	267,923
			1,400 ⁽³⁾	
Other assets				
Goodwill	134,786	—	6,447 ⁽³⁾	141,233
Intangible assets, net	45,141	—	1,000 ⁽³⁾	46,141
Other assets	37,764	—	—	37,764
Total assets	<u>\$ 830,512</u>	<u>\$ 6,662</u>	<u>\$ (5,173)</u>	<u>\$ 832,001</u>
Liabilities and stockholders' equity				
Current liabilities				
Current portion of long-term debt	\$ 2,018	\$ 2,711	\$ (2,711) ⁽⁴⁾	\$ 2,018
Accounts payable	103,846	1,015	—	104,861
Accrued expenses and other	54,416	1,028	(747) ⁽⁴⁾	54,697
Total current liabilities	<u>160,280</u>	<u>4,754</u>	<u>(3,458)</u>	<u>161,576</u>
Long-term debt	458,398	—	—	458,398
Deferred income taxes	36,005	100	—	36,105
Other liabilities	26,280	93	—	26,373
Total liabilities	<u>680,963</u>	<u>4,947</u>	<u>(3,458)</u>	<u>682,452</u>
Stockholders' equity	149,549	1,715	(1,500) ⁽²⁾	149,549
			(215) ⁽⁵⁾	
Total liabilities and stockholders' equity	<u>\$ 830,512</u>	<u>\$ 6,662</u>	<u>\$ (5,173)</u>	<u>\$ 832,001</u>

Pregis Corporation
Unaudited Pro Forma Combined Condensed Statement of Operations
For the Six Months Ended June 30, 2007
(in thousands)

	Pregis Corporation	Petroflax	Pro Forma Adjustments	Pro Forma
Net sales	\$ 480,547	\$ 5,344	\$ —	\$ 485,891
Operating costs and expenses:				
Cost of sales, excluding depreciation and amortization	358,648	4,066	—	362,714
Selling, general and administrative	64,696	404	—	65,100
Depreciation and amortization	26,494	117	55 ⁽⁶⁾	26,666
Total operating costs and expenses	<u>449,838</u>	<u>4,587</u>	<u>55</u>	<u>454,480</u>
Operating income	30,709	757	(55)	31,411
Interest expense, net	22,689	72	(72) ⁽⁷⁾	22,689
Foreign exchange gain	(1,722)	—	—	(1,722)
Income before income taxes	9,742	685	17	10,444
Income tax expense (benefit)	6,669	90	3 ⁽⁸⁾	6,762
Net income	<u>\$ 3,073</u>	<u>\$ 595</u>	<u>\$ 14</u>	<u>\$ 3,682</u>

Pregis Corporation
Unaudited Pro Forma Combined Condensed Statement of Operations
For the Year Ended December 31, 2006
(in thousands)

	<u>Pregis Corporation</u>	<u>Petroflax</u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
Net sales	\$ 925,499	\$ 8,561	\$ —	\$ 934,060
Operating costs and expenses:				
Cost of sales, excluding depreciation and amortization	713,784	6,610	—	720,394
Selling, general and administrative	125,944	376	—	126,320
Depreciation and amortization	53,179	160	110 ⁽⁶⁾	53,449
Total operating costs and expenses	<u>892,907</u>	<u>7,146</u>	<u>110</u>	<u>900,163</u>
Operating income	32,592	1,415	(110)	33,897
Interest expense, net	42,289	74	(74) ⁽⁷⁾	42,289
Foreign exchange gain	(6,139)	—	—	(6,139)
Income (loss) before income taxes	(3,558)	1,341	(36)	(2,253)
Income tax expense (benefit)	4,842	189	(6) ⁽⁸⁾	5,025
Net income (loss)	<u>\$ (8,400)</u>	<u>\$ 1,152</u>	<u>\$ (30)</u>	<u>\$ (7,278)</u>

Notes to Unaudited Pro Forma Combined Condensed Financial Statements
(amounts in thousands, unless otherwise noted)

- (1) According to the terms of the Agreement, the purchase price for all of the outstanding share capital of Petroflax was defined as €8.2 million, less indebtedness. The Agreement allows adjustments to the purchase price for Petroflax's cash on hand at the date of acquisition, certain defined capital investments made by Petroflax, and customary working capital adjustments (which are expected to be minimal). The adjusted purchase price is calculated as follows (based on a U.S. dollar/Euro exchange rate at June 30, 2007 of 1.3535 to 1.00):

Original purchase price	\$ 11,082
Estimated adjustments to purchase price:	
Petroflax cash on hand	606
Capital investments, as defined	426
Direct fees and expenses	406
Adjusted purchase price	<u>\$ 12,520</u>

The purchase price for the Acquisition was funded by the Company's cash on hand. Set forth below are the estimated sources and uses of funds pertaining to the Acquisition, assuming it took place as of June 30, 2007.

Sources		Uses	
Cash on hand	\$ 12,520	Purchase outstanding capital stock	\$ 8,656
		Repay Petroflax bank debt	2,711
		Repay Petroflax shareholder loan	747
		Cash to fund direct fees / expenses	406
Total sources	<u>\$ 12,520</u>	Total uses	<u>\$ 12,520</u>

- (2) Reflects the balance sheet adjustment for Petroflax assets which were not acquired by the Company. In accordance with the terms of the Agreement, certain property and equipment having a net book value of approximately \$1,500 was retained by a former shareholder.
- (3) Reflects the allocation of purchase price in excess of net assets acquired, as if the Acquisition took place on June 30, 2007.

Aggregate purchase price (per (1) above)	\$ 12,520
Less: Net book value of assets acquired (a)	3,673
Excess	8,847
Allocable to:	
Property, plant and equipment	1,400
Customer relationships	1,000
Goodwill	<u>\$ 6,447</u>

The purchase price has been allocated to net assets acquired based on preliminary valuation analyses prepared by Company management. Based on management's current estimates, the historical value of property, plant and equipment is expected to increase by approximately \$1,400 to reflect it at fair value, and a customer relationship intangible asset with a value of approximately \$1,000 is expected to be established. The Company's management believes that the historical carrying value of Petroflax's remaining assets and liabilities is a reasonable estimate of fair value given their short-term

nature. This allocation of purchase price is preliminary and may change once the Company's management has finalized its valuation analyses.

(a) The net book value of assets acquired has been determined as follows:

Total assets	\$ 6,662
Less assets not acquired (see (2) above)	(1,500)
Less historical liabilities	(4,947)
Add: Debt not assumed (see (1) above)	3,458
Net book value of assets acquired	<u>\$ 3,673</u>

(4) Reflects the payment of Petroflax's historical bank debt and shareholder loan as of the Acquisition date, per Note (1) above.

(5) Reflects elimination of the remainder of Petroflax's historical stockholders' equity, after taking into account the adjustment for assets retained by a former shareholder, as outlined in Note (2) above.

(6) Reflects adjustment to historical depreciation and amortization expense, as noted below:

	Six months ended June 30, 2007	Year ended December 31, 2006
Historical depreciation on assets not acquired	\$ (65)	\$ (130)
Additional depreciation on property, plant and equipment step-up (assuming 10-year average remaining useful life)	70	140
Amortization expense on customer relationship intangible (assuming 10-year estimated life)	<u>50</u>	<u>100</u>
Net adjustment — depreciation and amortization	<u>\$ 55</u>	<u>\$ 110</u>

(7) Reflects elimination of Petroflax's historical interest expense, since the related debt was paid off in connection with the Acquisition.

(8) Reflects the tax effect of the pro forma depreciation and amortization and interest expense adjustments, at the estimated statutory rate of 16%.