

## **Beverage Packaging Holdings (Luxembourg) II S.A.**

*Société anonyme*

Registered office: 6C, Parc d'Activités Syrdall,

L-5365, Munsbach

R.C.S. Luxembourg : B 128.914

### **HOLDER NOTIFICATION**

20 April 2010

#### **Beverage Packaging Holdings (Luxembourg) II S.A. (“the Company”)**

**Re: €480,000,000 8% Senior Notes due 2016 (ISIN XSO307398502) (“Senior Notes”)**  
**€420,000,000 9½% Senior Subordinated Notes due 2017 (ISIN XSO307399062) (“Senior Subordinated Notes” and, together with the Senior Notes, the “Notes”)**

#### **REPORT ON MATERIAL EVENT**

##### **Pursuant to Section 4.02(a)(iii) of the Indentures (as defined below)**

We refer to Section 4.02(a)(iii) (*Reports and other Information*) of Senior Notes Indenture dated June 29, 2007 for the issuance of €480 million 8% Senior Notes due 2016 (the “Senior Notes”) among Beverage Packaging Holdings (Luxembourg) II S.A. (“BP II” or the “Issuer”), Rank Group Holdings Limited (“Rank”) as an Initial Guarantor, the other Senior Note Guarantors (as defined therein), The Bank of New York as Trustee and the other parties thereto and the Senior Subordinated Notes Indenture dated June 29, 2007 for the issuance of €420 million 9½% Senior Subordinated Notes due 2017 (the “Senior Subordinated Notes” and, together with the Senior Notes, the “Notes”) among BP II, Rank, the other Subordinated Guarantors (as defined therein), The Bank of New York as Trustee and the other parties thereto (together, the “Indentures”) pursuant to which BP II is required to produce a report to the Trustee after the occurrence of a material event that Issuer, Beverage Packaging Holdings (Luxembourg) I S.A. or any Restricted Subsidiary announces publicly.

Words used but not defined in this report have the meaning they are given in the Indentures.

The Issuer has previously announced the intention of its parent company, Reynolds Group Holdings Limited (formerly know as Rank Group Holdings Limited) (“RGHL”) to acquire, directly or through its wholly owned subsidiaries, the Evergreen group of companies (the “Evergreen Group”) and the Whakatane Mill from Carter Holt Harvey Limited, a New Zealand company which is ultimately owned by the owner of RGHL, Mr. Graeme Hart (the “Acquisition”).

Further information in respect of the Acquisition is detailed in the annexure to this notice.

This Company notification is not an offer to sell or a solicitation of an offer to purchase any indebtedness raised in respect of the Acquisition (“Acquisition”).

Indebtedness”) in the United States and shall not constitute an offer, solicitation or sale in any state or jurisdiction in which, or to any person to whom such an offer, solicitation or sale would be unlawful. The Acquisition Indebtedness has not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to U.S. persons absent registration or an applicable exemption from registration requirements. Any public offering of the Acquisition Indebtedness to be made in the United States will be made by means of a prospectus that may be obtained from any issuer of the Acquisition Indebtedness (a “New Issuer”) and that will contain detailed information about management, RGHL, its consolidated subsidiaries and the Issuer, any New Issuer and the Evergreen Group as well as applicable financial statements.

This report is available for inspection on the Issuer’s website at [www.reynoldsgroupholdings.com](http://www.reynoldsgroupholdings.com)

#### **Forward-Looking Statements:**

This notification may contain “forward-looking statements.” Forward-looking statements include statements regarding the goals, beliefs, plans or current expectations of RGHL, taking into account the information currently available to our management, and include statements about the intended acquisition of the Evergreen Group and the Whakatane Mill and the related financing thereof. Forward-looking statements are not statements of historical fact. For example, when we use words such as “believe,” “anticipate,” “expect,” “estimate,” “intend,” “should,” “would,” “could,” “may,” “will” or other words that convey uncertainty of future events or outcomes, we are making forward-looking statements. While management has based any forward-looking statements contained herein on its current expectations, the information on which such expectations were based may change. These forward-looking statements rely on a number of assumptions concerning future events and are subject to a number of risks, uncertainties, and other factors, many of which are outside of our control that could cause actual results to materially differ from such statements. Such uncertainties, risks and assumptions, include, but are not limited to: risks related to the cost of raw materials, our suppliers for raw materials and any interruption to our supply of raw materials; risks related to our substantial indebtedness and our ability to service our indebtedness; risks related to our aluminium hedging activities and other hedging activities may result in significant losses and in period-to-period earnings volatility; risks related to our material weaknesses in our internal controls over financial reporting within our Reynolds Consumer and Closures segments; risks related to downturns in our target markets; risks related to increases in interest rates which would increase the cost of servicing our debt; risks related to dependence on the protection of our intellectual property and the development of new products; risks related to exchange rate fluctuations; risks related to the consolidation of our customer base, competition and pricing pressure; risks related to the impact of a loss of one of our manufacturing facilities; risks related to our exposure to environmental liabilities and potential changes in legislation or regulation; and risks related to our dependence on key management and other highly skilled personnel.

Given these risks and uncertainties, you are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. Except as required by law, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above.

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Name: Allen Hugli  
Title: Authorised Signatory



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Name: Helen Golding  
Title: Authorised Signatory

This report contains forward-looking statements that involve subjective judgment and analysis and are subject to significant uncertainties, risks and contingencies. Forward-looking statements can generally be identified the use of forward-looking words such as “may”, “will”, “expect”, “intend”, “estimate” or similar words. The information contained in this report is for information purposes only and does not constitute an offer to issue, arrange to issue, securities or other financial products. The information contained in this report is not investment or financial product advice and is not intended to be used as the basis for making an investment decision. The report has been prepared without taking into account the investment objectives, financial situation or particular need of any particular person.

## Executive summary

*The following executive summary highlights information contained elsewhere in this Confidential Information Memorandum and is qualified in its entirety by the more detailed information, financial data and related notes appearing elsewhere in this Confidential Information Memorandum. Unless the context otherwise requires, in this Confidential Information Memorandum references to "SIG", "Reynolds Consumer" and "Closures" each means, SIG Combibloc Group A.G., Reynolds Consumer Products (Luxembourg) S.à.r.l., and Closures Systems International (Luxembourg) S.à.r.l., respectively. References to "Evergreen" shall mean prior to the Evergreen Acquisition, "Evergreen Packaging Group". References to "Whakatane" shall mean "Whakatane Mill." In addition, "RGHL" means Reynolds Group Holdings Limited ("Reynolds" or the "Company"), the parent company of SIG, Reynolds Consumer, Closures and Evergreen. The Company's fiscal year end occurs December 31. Throughout this Confidential Information Memorandum, certain tables may not add due to rounding. Evergreen, Reynolds Consumer and Closures have historically reported financial statements in U.S. Dollars. For the fiscal year ended December 31, 2009, Reynolds Consumer and Closures have reported financial statements in Euros.*

### A. Acquisition overview

On April 16, 2010, Reynolds Group Holdings Limited ("Reynolds"), a portfolio company of Graeme Hart ("Rank" or the "Sponsor"), announced its intention to acquire Evergreen Packaging Group ("Evergreen") and Whakatane Mill ("Whakatane") from Carter Holt Harvey ("CHH") for \$1,498 million or 7.9x 2009 Pro Forma Adjusted EBITDA (the "Evergreen Acquisition"). CHH is another portfolio company of Graeme Hart. The combined entity generated Pro Forma revenue and Pro Forma Adjusted EBITDA of €3,918 million and €804 million, respectively, for the fiscal year ended December 31, 2009.

Evergreen is a vertically integrated, leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk end markets. Fresh carton packaging, most predominant in North America, is designed for beverages that require a constantly refrigerated distribution chain, or a cold-chain distribution system, and therefore have a more limited shelf life than aseptic carton packaging. Evergreen holds the number one market position in the global fresh beverage carton market. Evergreen supplied its customers with approximately 15 billion fresh carton sleeves in 2009 and has approximately 1,400 fresh filling machines in the market, which represents the largest installed base globally. In addition, Evergreen produces 100% of its internal bleached liquid packaging board ("LPB") requirements at Evergreen's mills in Pine Bluff, AR and Canton, NC. For the fiscal year ended December 31, 2009, Evergreen generated revenue and Pro Forma Adjusted EBITDA of \$1,429 million and \$183 million, respectively.

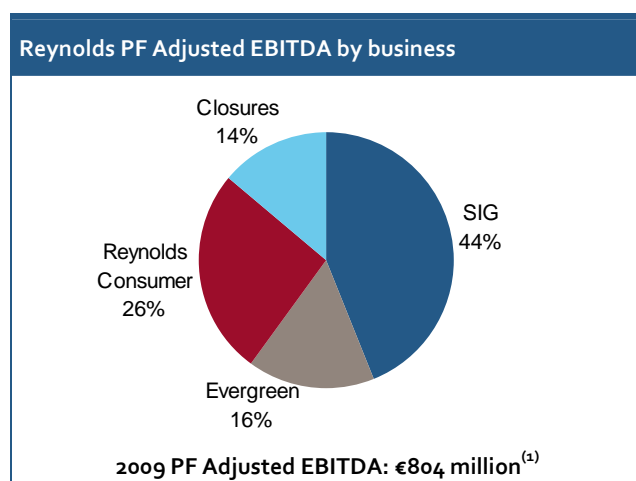
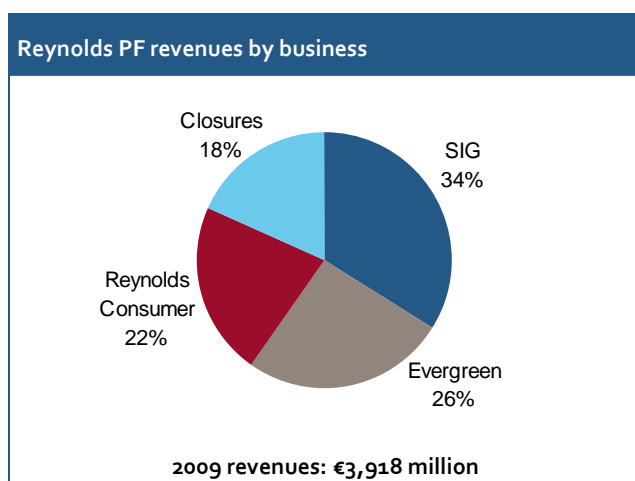
The Whakatane mill is located on the Bay of Plenty in New Zealand and has a capacity of approximately 148,000 gross tons liquid packaging board. Whakatane manufactures cartonboard for sale to converting factories for folded box cartons and to third parties mainly in the Asian cartonboard market. After the Evergreen Acquisition, Whakatane will be a part of the SIG division and is expected to provide Reynolds with strategic vertical integration benefits by supplying the majority of SIG's liquid packaging board needs in Asia. In 2009, Whakatane generated Pro Forma Adjusted EBITDA of NZ\$9 million.

Reynolds is a leading global manufacturer and supplier of food and beverage consumer products currently operating through three divisions – SIG, Reynolds Consumer and Closures. Pro forma for the Evergreen Acquisition, Evergreen will be a standalone division while Whakatane will be part of the SIG division. SIG manufactures a broad range of innovative, high-quality aseptic beverage carton packaging primarily for the non-carbonated soft drinks (e.g., juices) and the liquid dairy (e.g., milk) segments. Aseptic carton packaging, most predominant in Europe and Asia, is designed to allow beverages or liquid food to be stored for extended periods without refrigeration. SIG supplies complete aseptic carton packaging systems, which include aseptic filling machines, aseptic cartons, spouts and closures and related services. Evergreen manufactures a broad range of innovative fresh carton packaging, most predominant in North America. In addition, Reynolds offers a comprehensive line of consumer foil, wraps and bags under its well-recognized Reynolds brand and its store branded offerings. Furthermore, Closures supplies a broad range of innovative, high-

quality caps and closures, primarily for the carbonated soft drinks (e.g., cola), non-carbonated soft drinks (e.g., sports and isotonic drinks) and bottled water segments. In February 2010, Reynolds' Closures division acquired the U.S. business of Global Closures Systems ("GCS-US"). Each of the Company's four divisions derives a majority of its sales from products where it has market leading positions.

Reynolds' acquisition of Evergreen and Whakatane strengthens the Company's leading market positions in fresh and aseptic carton packaging for beverage products, enhances its manufacturing capabilities and provides substantial vertical integration opportunities.

The following charts show revenue and Pro forma Adjusted EBITDA broken down by division for the fiscal year ended December 31, 2009.



Note: Assumed weighted average exchange rates for the relevant periods.  
 (1) Pro forma for the acquisition of GCS-US operations in February 2010.

The increased scale of the Company's global footprint with operations at 67 facilities spanning four continents will enable Reynolds to reduce costs by continuing to increase purchasing power, rationalizing manufacturing operations, optimizing technology platforms, capitalizing on functional expertise such as research and development and sharing best practices.

The combined Company has many leading market positions across its product portfolio as evidenced in the table below.

	Market	Market position	Market share
	Global aseptic carton packaging	#2	19%
	European aseptic carton packaging	#2	27%
	Global fresh carton packaging	#1	28%
	North American fresh carton packaging	#1	70%
	U.S. branded consumer foil	#1	100%
	U.S. store branded bags and wraps	#1	42%
	Global plastic beverage closures	#1	17%
	Global carbonated soft drinks closures	#1	40%+

Source: Management.

### Reynolds snapshot as of December 31, 2009

					Pro forma combined 
Customers	■ 250+	■ 700+	■ 1,000+	■ 500+	■ 2,000+

(approximately)					
<b>Facilities</b>	■ 9	■ 18	■ 8	■ 32	■ 67
<b>Employees</b>	■ 4,300	■ 4,300	■ 2,900	■ 3,500	■ 15,000
<b>Businesses</b>	■ Aseptic carton packaging	■ Fresh carton packaging	■ Branded / store brands	■ Closures	■ Full service diversified global consumer packaging company
	■ Aseptic spouts and closures	■ Fresh spouts and closures	- Aluminium foil	■ Capping machines	
	■ Aseptic filling machines	■ Fresh filling machines	- Plastic wraps	■ Molding equipment	
		■ Fresh LPB	- Bags		
		■ Other paper products	- Industrial films		
<b>2009 sales</b>	■ €1,339 million <sup>(1)</sup>	■ €1,024 million	■ €852 million	■ €704 million	■ €3,918 million
<b>2009 PF Adjusted EBITDA</b>	■ €354 million <sup>(1)</sup>	■ €131 million	■ €206 million	■ €115 million <sup>(2)</sup>	■ €804 <sup>(3)</sup> million

Note: Assumed weighted average exchange rates for the relevant periods.

(1) Pro forma for Whakatane acquisition.

(2) Pro forma for the acquisition of GCS-US.

(3) Reynolds Group includes corporate costs.

## B. Transaction overview

The Evergreen Acquisition will be financed with \$750 million Senior Secured Indebtedness and \$1,000 million Senior Unsecured Indebtedness. Approximately \$170 million of proceeds from the financing will be held as cash on the balance sheet for general corporate purposes. Reynolds' existing senior secured notes, senior unsecured notes and senior subordinated notes will remain outstanding. Pro forma for the transaction, net senior secured leverage and net total leverage will represent 3.0x and 5.0x 2009 Pro Forma Adjusted EBITDA, respectively.

## C. Sources and uses

(\$/€ in millions)

Sources	\$	€	Uses	\$	€
New Senior Secured Indebtedness	\$750	€522	Evergreen Acquisition purchase price	\$1,498	€1,042
New Senior Unsecured Indebtedness	1,000	696	Cash on balance sheet	170	119
			Estimated transaction fees and expenses	82	57
<b>Total sources</b>	<b>\$1,750</b>	<b>€1,218</b>	<b>Total uses</b>	<b>\$1,750</b>	<b>€1,218</b>

## D. Pro forma capitalization

(€ in millions)

	At Reynolds Acquisition 6/30/2009	Net EBITDA multiple	Actual 12/31/2009	Net EBITDA multiple	Pro forma Evergreen Acquisition 12/31/2009	Net EBITDA multiple
Cash	€ 79		€ 229		€ 329 <sup>(4)</sup>	
Revolving Credit Facilities <sup>(1)</sup>	0		0		0	
Senior Secured Term Loan - \$ tranche	738		720		720	
Senior Secured Term Loan - € tranche	250		250		250	
<b>New Senior Secured Indebtedness</b>	<b>0</b>		<b>0</b>		<b>522</b>	
Senior Secured Notes - \$ tranche	802		783		783	
Senior Secured Notes - € tranche	450		450		450	
Other Secured Debt	9		6		6	
<b>Total Senior Secured Debt</b>	<b>€ 2,250</b>	<b>3.6x</b>	<b>€ 2,209</b>	<b>3.0x</b>	<b>€ 2,731</b>	<b>3.0x</b>
<b>New Senior Unsecured Indebtedness</b>	<b>0</b>		<b>0</b>		<b>696</b>	
Senior Unsecured Notes	480		480		480	
<b>Total Senior Debt</b>	<b>€ 2,730</b>	<b>4.4x</b>	<b>€ 2,689</b>	<b>3.7x</b>	<b>€ 3,907</b>	<b>4.4x</b>
Senior Subordinated Notes	420		420		420	
<b>Total Debt</b>	<b>€ 3,150</b>	<b>5.1x</b>	<b>€ 3,109</b>	<b>4.3x</b>	<b>€ 4,327</b>	<b>5.0x</b>
Reynolds LTM PF Adj. EBITDA			€ 669 <sup>(2)</sup>		€ 669 <sup>(2)</sup>	
Evergreen LTM PF Adj. EBITDA					131	
Whakatane LTM Adj. EBITDA					4	
<b>Total LTM PF Adj. EBITDA<sup>(3)</sup></b>	<b>€599</b>		<b>€669</b>		<b>€804</b>	

Note: US Dollars converted to Euros at an exchange rate of \$1.437 = €1.000 as of 12/31/09 for the pro forma capitalization.

(1) €80 million and \$120 million Revolving Credit Facilities.

(2) Reynolds 2009 Pro forma Adj. EBITDA including €4.3 million of EBITDA contribution from GCS-US operations.

(3) Pro forma Adj. EBITDA converted at the weighted average exchange rates for the relevant periods.

(4) Cash includes cash acquired from Evergreen, net of GCS-US acquisition consideration.

## E. Business overview

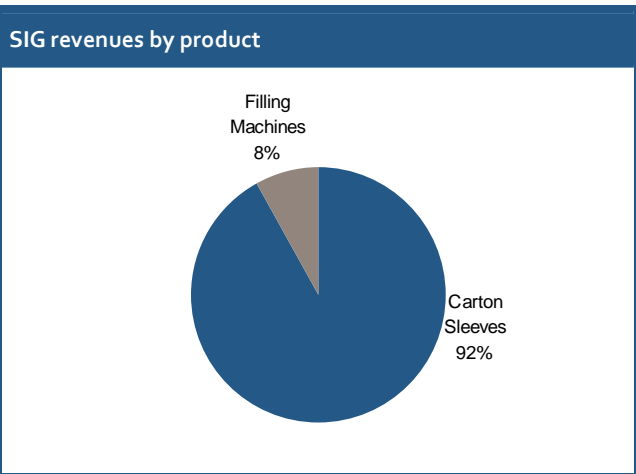
### SIG

SIG is a leading manufacturer of aseptic carton packaging systems for both beverage and liquid food products, ranging from juices and milk to soups and sauces. SIG holds the number two market position in the global aseptic beverage carton market measured by volume. Aseptic carton packaging, most predominant in Europe and Asia, is designed to allow beverages or liquid food to be stored for extended periods without refrigeration. SIG supplies complete aseptic carton packaging systems, which include aseptic filling machines, aseptic cartons, spouts and closures and related services. SIG currently has approximately 980 aseptic filling machines deployed in the market, which comprises the second largest base globally, and supplied its customers with approximately 21 billion aseptic carton sleeves in 2009. SIG has long-term relationships with over 250 customers, with its largest presence in Europe. SIG generated revenues of €1,261 million and Pro Forma Adjusted EBITDA (excluding Whakatane) of €349 million for the fiscal year ended 2009.

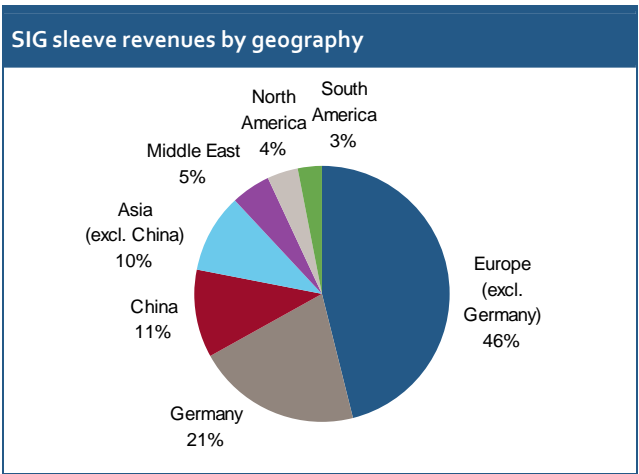
SIG uses an integrated business model referred to as “Combibloc”, which is based on providing aseptic carton packaging filling machines combined with multi-year aseptic carton supply and service contracts. Aseptic cartons are sold to the customer in the form of a sleeve specifically designed to be used with SIG’s aseptic filling machines. Aseptic carton sleeves are sold under multi-year contracts and comprised approximately 92% of SIG’s revenues in 2009. These multi-year contracts create non-cyclical, annuity-type cash flows and provide visibility and predictability into future revenues. SIG’s aseptic filling machines use SIG’s aseptic carton sleeves to produce and fill carton packaging. The acquisition of Whakatane will help to further integrate SIG’s business model due to the fact that Whakatane will supply aseptic liquid packaging board to SIG in Asia. The filling machines are advanced in terms of both speed and efficiency and can be reconfigured for several different package formats, which provides SIG’s customers increased flexibility in their manufacturing processes. SIG also provides a high level of ongoing service to its customers through its network of more than 500 machine service technicians and field service engineers. This is designed to allow SIG’s customers to improve productivity from their filling machines, which results in increased aseptic carton sleeve sales.

SIG operates nine aseptic carton sleeve manufacturing plants located at six production sites worldwide, including six in Europe, one in Southeast Asia, one in East Asia and one joint venture in the Middle East. SIG’s global operations allow for efficient delivery of packaging materials to customers through 27 sales offices.

The following charts show revenues, by product and geography, for the fiscal year ended December 31, 2009.



Source: Management.



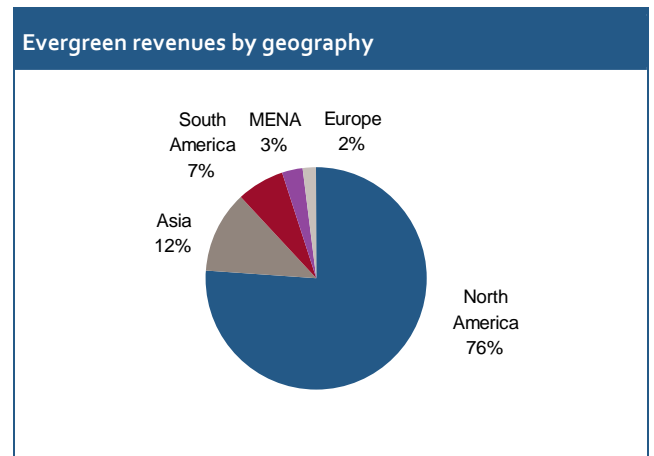
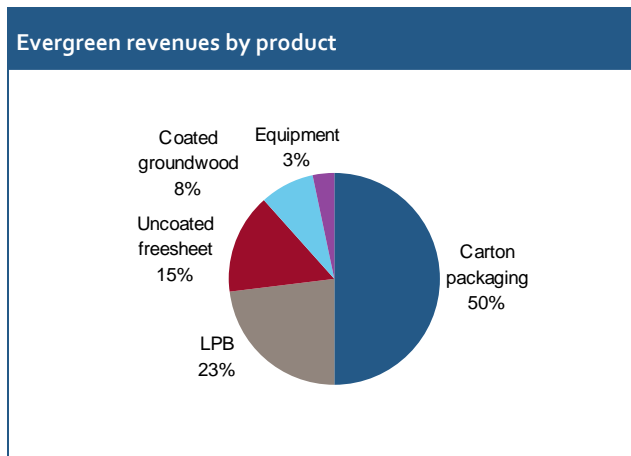
## Evergreen

Evergreen is a vertically integrated, leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk end markets. Evergreen holds the number one market position in the global fresh beverage carton market measured by fresh liquid packaging board, based on management estimates of the 2009 fresh liquid board market. Evergreen supplies complete fresh carton packaging systems, which include fresh filling machines, fresh cartons, spouts, caps and closures and related services. Evergreen supplied its customers with approximately 15 billion fresh carton sleeves in 2009 and currently has approximately 1,400 fresh filling machines in the market, which, represents the largest installed base globally. In addition, Evergreen produces its internal bleached liquid packaging board requirements at Evergreen's mills in Pine Bluff, AR and Canton, NC. Evergreen also supplies bleached liquid packaging board to other fresh beverage carton manufacturers, and is the largest bleached liquid packaging board supplier, both globally and in North America. Evergreen also produces coated groundwood primarily for catalogs, inserts, magazine and commercial printing, as well as uncoated freesheet primarily for envelope, specialty and offset printing paper. Evergreen has over 700 customers, with its largest presence in North America. Evergreen generated revenues of \$1,429 million and Pro Forma Adjusted EBITDA of \$183 million for the fiscal year ended December 31, 2009.

Evergreen's Total Packaging Solution business model is based on providing Evergreen's customers with a single source for all of their fresh beverage carton packaging requirements. Fresh carton sleeves can be used with Evergreen's fresh filling machines, as well as other brands of fresh filling machines. Fresh carton sleeves are sold under single-year and multi-year contracts and comprised 47% of Evergreen's revenue in 2009. These multi-year contracts have historically provided Evergreen with visibility and predictability into future revenue.

Evergreen operates 14 fresh carton manufacturing plants globally, including seven in the United States, three in Asia, two in Latin America and two in the Middle East. Evergreen's operations allow for efficient delivery of packaging material to customers through its 10 sales offices.

The following chart shows revenues by product and revenues by geographic region for Evergreen for the year ended December 31, 2009.



Source: Management.

Note: Carton packaging consists of Cartons (47%) and Spouts (3%).

Includes sales from associates that are not recognized in the statutory financial statements.

## Reynolds Consumer

Reynolds Consumer is a leading manufacturer in the aluminum foil, wraps and bags category in the U.S., primarily serving the consumer food storage and preparation market. Reynolds Consumer holds the number one position in U.S. branded consumer foil with its signature Reynolds Wrap product, and also has the number one position in U.S. store branded wraps and bags, measured by revenues. Reynolds Consumer markets a comprehensive offering of wraps and bags under its well-recognized Reynolds brand and its store branded offerings. Reynolds Consumer supplies over 1,000 customers across various channels primarily in the U.S. In 2009, Reynolds Consumer supplied its customers with approximately 189 million pounds of foil and 13.5 billion bags. Reynolds Consumer generated revenues of \$1,190 million and Pro Forma Adjusted EBITDA of \$299 million for the fiscal year ended December 31, 2009.

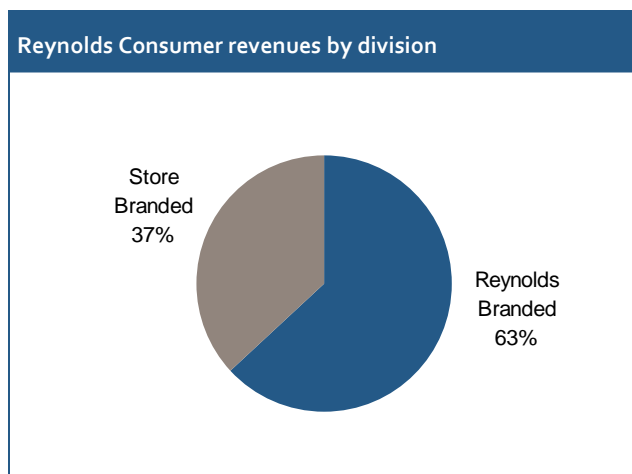
Reynolds Consumer is organized into two divisions: Reynolds Branded and Store Branded. Reynolds Branded is a leading U.S. supplier of branded foil, parchment paper, wax paper and oven cooking bags. Reynolds Branded also supplies store branded consumer foil. The Store Branded business is a leading supplier of non-foil products to the wraps and bags market, with a broad offering of food bags, disposer bags, disposable containers and plastic wraps. Store Branded also markets its products under the Presto brand to small volume retailers and the military channel.

Reynolds Consumer has developed a broad, market leading portfolio of household consumer food storage and preparation products by investing in its core brands and developing innovative products that meet the evolving needs of today's consumer preferences. Reynolds Consumer's balanced portfolio provides dominant aisle positions across various channels. In addition, Reynolds Consumer's brands are some of the most well-recognized and are characterized by a high level of quality and innovation. Reynolds Consumer's product portfolio consists of over 20 distinct product lines, with over 4,000 SKUs.

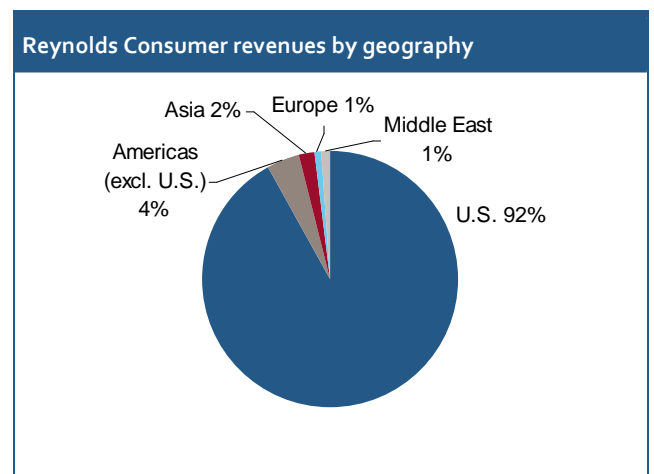
Reynolds is the only integrated producer of aluminium foil with the only branded U.S. consumer foil. By controlling the manufacturing process from the purchasing of the aluminium ingot to the finished consumer foil product, Reynolds Consumer can ensure the highest quality and safety of the product, which differentiates it from competition. It also allows it to control the manufacturing annealing process essential to the production of a superior foil at an attractive cost.

Reynolds Consumer operates eight manufacturing plants, all of which are located in the U.S.

The following chart shows revenues, by division and geography, for the fiscal year ended December 31, 2009.



Source: Management.



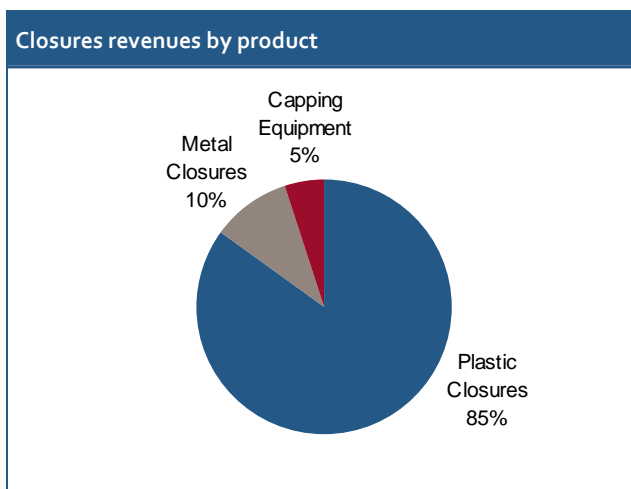
## Closures

Closures is a leading manufacturer of plastic closures, primarily serving the global beverage market, which includes carbonated soft drinks ("CSD"), non-carbonated soft drinks ("NCSD") and bottled water. Closures holds the number one market position in the global plastic beverage closures market measured by volume. In addition, Closures has expanded its product portfolio to serve the liquid dairy ("LD"), beer, liquor, pharmaceutical, personal care and automotive fluid markets. Closures supplies complete closure packaging systems, which include plastic and aluminum closures, high speed rotary capping equipment and related services. Closures supplied its customers with approximately 79 billion closures in 2009. Closures has long-term relationships with over 500 customers, with its largest presence in North America. Closures generated revenues of \$980 million and Pro Forma Adjusted EBITDA of \$154 million (excluding the GCS-US acquisition) for the fiscal year ended December 31, 2009.

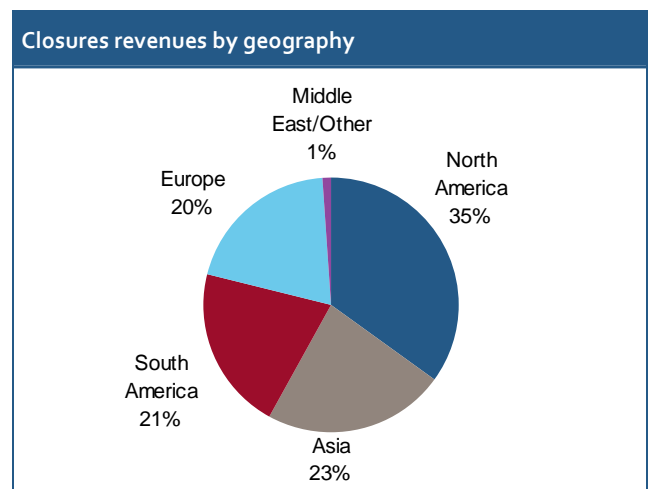
Closures uses an integrated business model referred to as "Global Packaging Solution", which allows customers to source all of their closure packaging requirements, including plastic and aluminum closures, high speed rotary capping equipment and related services. Closures are sold predominantly under multi-year contracts (defined as more than one year) to customers globally, many of whom have been customers for an extended period of time. Closure sales comprised approximately 85% of Closures' total revenues in 2009. Closures' longstanding customer relationships and the historically high renewal rate of these contracts have provided the business with stable revenues. Closures' capping machines are advanced in terms of reliability, speed and efficiency. As a result, management believes Closures' Global Packaging Solution offers customers the ability to enjoy a lower cost of operation. Closures also supplies its customers with replacement parts through its global spare parts network and online store, as well as technical service through a team of over 80 technicians globally. This ensures that Closures' customers are able to achieve greater productivity from their capping machines, resulting in increased closure sales.

Closures operates 32 manufacturing plants in 21 countries, including eleven in North America, six in South America, four in Europe, six in Asia Pacific, one in Japan and four in the Middle East / South Asia.

The following charts show revenues, by end-market and geography, for the fiscal year ended December 31, 2009.



Source: Management.



## F. Consolidated financial summary

(€ in millions)

	Fiscal year ended December 31,			
	2006	2007	2008	2009
<b>Revenues</b>				
SIG	€1,210	€1,236	€1,249	€1,261
Evergreen	1,019	1,018	1,084	1,024
Reynolds Consumer	989	1,031	1,007	852
Closures	705	741	732	704
<b>Total revenues</b>	<b>€3,923</b>	<b>€4,026</b>	<b>€4,072</b>	<b>€3,840</b>
<i>% growth</i>		2.6%	1.1%	(5.7%)
<b>Adjusted EBITDA</b>				
SIG	€210	€234	€282	€339
Evergreen	86	89	87	121
Reynolds Consumer	98	110	102	198
Closures	95	102	93	107
Reynolds Corporate				(2)
<b>Total Adjusted EBITDA</b>	<b>€489</b>	<b>€535</b>	<b>€564</b>	<b>€763</b>
<i>% margin</i>	12.5%	13.3%	13.8%	19.9%
<b>Pro forma adjusted EBITDA</b>				
SIG				€354 <sup>(1)</sup>
Evergreen				131
Reynolds Consumer				206
Closures				115 <sup>(2)</sup>
Reynolds Corporate				(2)
<b>Total pro forma adjusted EBITDA</b>				<b>€804</b>
<i>% margin</i>				20.9%
<b>Capex</b>				
SIG		€129	€98	€75 <sup>(1)</sup>
Evergreen		34	46	45
Reynolds Consumer		17	27	39
Closures		34	31	49
<b>Total capex</b>		<b>€214</b>	<b>€202</b>	<b>€208</b>
<i>% revenues</i>		28.8%	27.6%	29.6%

Note: Assumes exchange rate of \$0.72 / €1.00 for 2006-2008. Weighted average exchange rate for 2009.

(1) Includes Whakatane EBITDA and capex.

(2) Includes full year EBITDA impact from the GCS-US acquisition.

# Key highlights

## A. Leading market positions

As a result of the Evergreen Acquisition, the Company is one of the world's largest providers of consumer and beverage packaging solutions, ranging from beverage packaging, food storage and preparation, closure solutions, as well as filling and capping machines. The Company has leading market positions across a majority of its product portfolio.

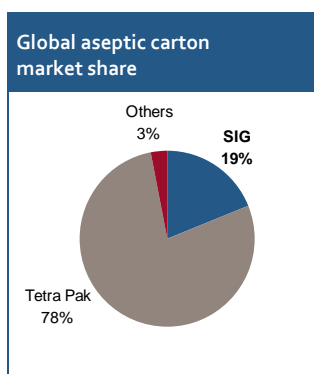
In the aseptic carton packaging market, SIG is the second largest participant measured by volume with an approximate 19% global market share and a 27% market share in Europe. While Tetra Pak is the largest participant in the aseptic carton packaging market with 78% global market share, customers require a second supplier to ensure a reliable, competitively-priced, high-quality supply of products. SIG has the second largest aseptic filling machine base globally. SIG's global market share has increased from 12% in 1997 to 19% in 2007 due to expansion into new emerging markets where SIG did not historically operate, in particular China, the Middle East and Russia, as well as various countries in Eastern Europe.

In the fresh carton packaging market, Evergreen is the largest manufacturer of fresh carton packaging, filling machines and LPB for fresh gable top packaging. Evergreen holds a number one position in the North American and global fresh carton packaging markets with a 70% and 28% market share, respectively. Evergreen supplies complete fresh carton packaging systems, which include fresh filling machines, fresh cartons, spouts, caps and closures and related services.

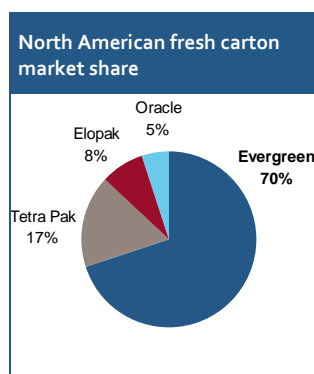
In the consumer food storage and preparation market, Reynolds Consumer holds the number one position in U.S. branded consumer foil with an estimated 100% branded market share with its signature Reynolds Wrap product. Reynolds Consumer also has the number one position in U.S. store branded wraps and bags category, with an estimated 42% market share. In addition, Reynolds Consumer has the number one market position in branded oven bags and parchment/wax paper in the U.S.

In the plastic beverage closures market, Closures has the number one market position globally with a 17% market share and the number one market position both globally and in North America in CSD closures with over 40% market share. Closures is also one of the three largest global players in the NCS and bottled water closure markets. Most other competitors are either local or regional companies supplying in only one region of the world. In addition, Closures has one of the largest capping machine bases globally.

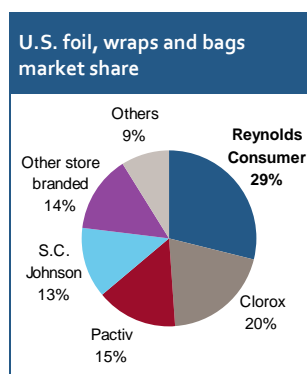
These strong market positions and global operations allow Reynolds to maintain a strong revenue base, build deep client relationships and benefit from potential future growth opportunities. This also improves purchasing leverage, allows the Company to negotiate favorable prices and terms with its suppliers and customers and provides marketing and operating efficiencies compared to smaller market participants.



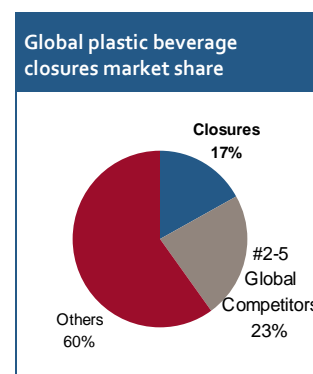
Source: Management, Canadean, Landell Mills, as of December 2007.



Source: Evergreen management as of December 2009.



Source: AC Nielsen, as of December 2008.  
Note: Market shares based on only Food, Drug and Mass Merchant stores.



Source: Management estimates, as of December 2008.

## B. Iconic Reynolds brand

The Reynolds brand is extremely well-recognized by consumers in the U.S. due to the signature product, Reynolds Wrap. The aided brand awareness for the Reynolds brand is estimated at 100% and approximately 45 million households have purchased Reynolds Wrap over the last year. In fact, Reynolds Wrap is synonymous with aluminum foil in the U.S. Reynolds Consumer is ranked number one in multiple product categories in the U.S. including foil, oven bags, wax paper and parchment paper. In addition to the iconic Reynolds brand, products are also marketed under the Cut-Rite and Diamond brand names. Reynolds expects to continue strengthening its Reynolds brand by consistently providing a high-quality consumer-focused branded offering supported by effective brand management and marketing efforts.



## C. High barriers to entry

Reynolds' leading market positions, product quality and integrity, global platform and technological capabilities create strong barriers to entry. Reynolds' leading market positions across a majority of its portfolio have been established over a long history and are sustainable positions in each of its markets. The Company's products are in direct contact with food and beverages and are critical to the quality and integrity of the products sold by its customers. Reynolds has earned the trust of its clients whose reputation, brand image and market share are tied to the performance of its products. In addition, the scale of the global platform consisting of 67 facilities in four continents is expensive and difficult to replicate. SIG's global installed base of over 980 machines that only operate with SIG's aseptic carton sleeves, provides for "locked-in" sales through multi-year aseptic sleeve supply contracts. Evergreen is the only fully vertically integrated supplier and the largest fresh carton supplier globally with long-term contracts with its major carton customers. In addition, Evergreen has a global manufacturing footprint and an installed base of approximately 1,400 fresh filling machines. Reynolds Consumer operates the only integrated consumer foil manufacturing process in the U.S., while Closures has strategically located facilities in close proximity to its clients globally. Finally, the Company's intellectual property portfolio and specialized technologies, ranging from high speed filling and capping machines, aseptic carton production, consumer foil production and "fast-follower" store branded capabilities, all strengthen these barriers to entry.

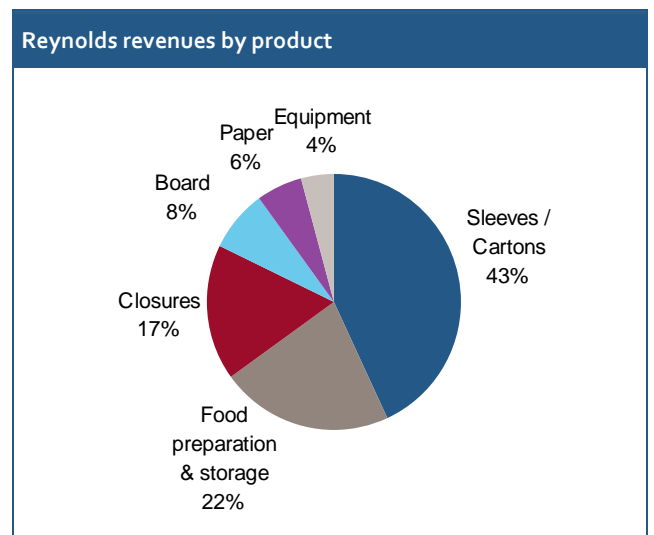
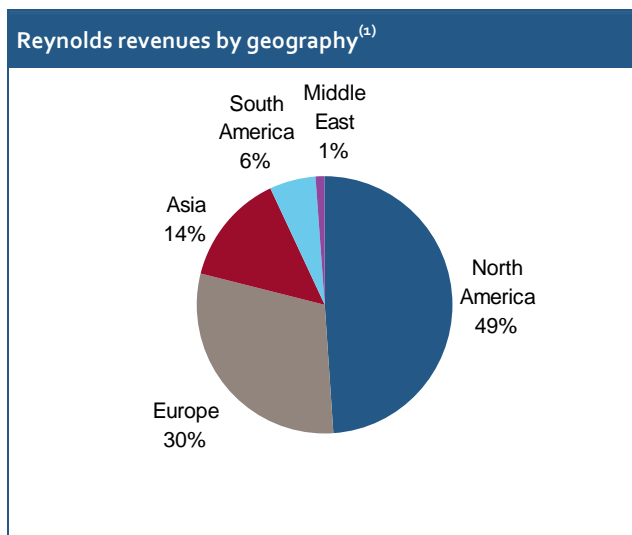
## D. Global and diversified platform

Reynolds is highly diversified by geography, products and end-markets.

The combination of Evergreen's leading presence in North America and SIG's leading presence in Europe forms an entity with a strong and comprehensive global footprint with reduced concentration in any one region. Reynolds' 67 facilities spanning four continents make it a strong global player with key regional market expertise, and the supplier of choice for many of its long-term multinational clients. The complementary geographic presence of SIG, Evergreen, Reynolds Consumer and Closures also allows each business to grow in markets where each business currently has limited presence by leveraging the other businesses' market presence.

Reynolds derives its revenue through a broad and versatile consumer product offering. This diversity coupled with the strong market positions across the product portfolio insulates the Company against changes in consumer trends. This also provides a widening array of growth opportunities as products are updated, modified or new products are launched.

Reynolds sells its products to a variety of end-markets across the stable food and beverage consumer categories. Reynolds also has a strong presence across a variety of distribution channels further complementing its diversified and steady revenue streams.



Source: Management.

(1) Evergreen's revenues include sales from associates that are not recognized in the statutory financial statements.

## E. Diversified blue-chip customer base with long-term relationships

Reynolds sells its packaging solutions to over 2,000 customers globally that comprise a diversified mix of leading international blue-chip companies, large national and regional customers, as well as smaller local businesses. SIG, Evergreen and Closures' customers are principally engaged in packaging and selling products for beverages and liquid food. Reynolds Consumer's customers include a variety of retailers that sell its products to end-consumers for use in food storage and preparation. In 2009, Reynolds top ten customers accounted for approximately 19% of revenues and the largest customer accounted for less than 5% of revenues.



Source: Management.

### Reynolds top 10 customers

(€ in millions)

Number	Name	Business	Segment	Customer market	2009	
					Sales	% of total
1	Customer A	Reynolds Consumer	Mass Merchant	US	€131	3.4%
2	Customer B	Evergreen	Grocery	US	99	2.6%
3	Customer C	Reynolds Consumer	Grocery	US	79	2.1%
4	Customer D	SIG	Juice	Europe	78	2.0%
5	Customer E	SIG	Juice	Europe	74	1.9%
6	Customer F	SIG	Milk	Worldwide	64	1.7%
7	Customer G	SIG	Milk	China	57	1.5%
8	Customer H	Evergreen & Closures	Juice	US	49	1.3%
9	Customer I	Reynolds Consumer	Grocery	US	47	1.2%
10	Customer J	SIG	Milk	China	46	1.2%

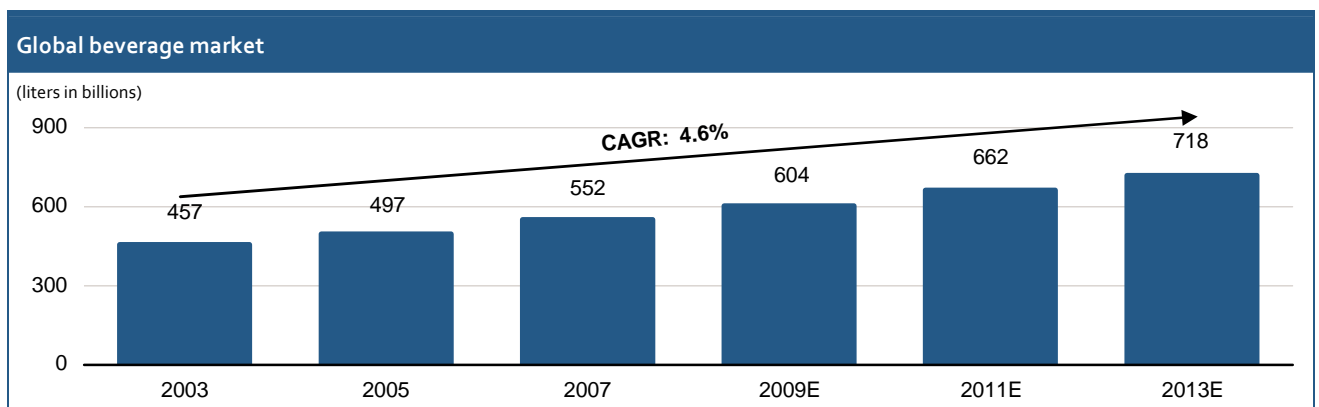
Source: Management.

Note: Assumed average exchange rate of \$1.395 = €1.000 for the full year ended Dec-31-09.

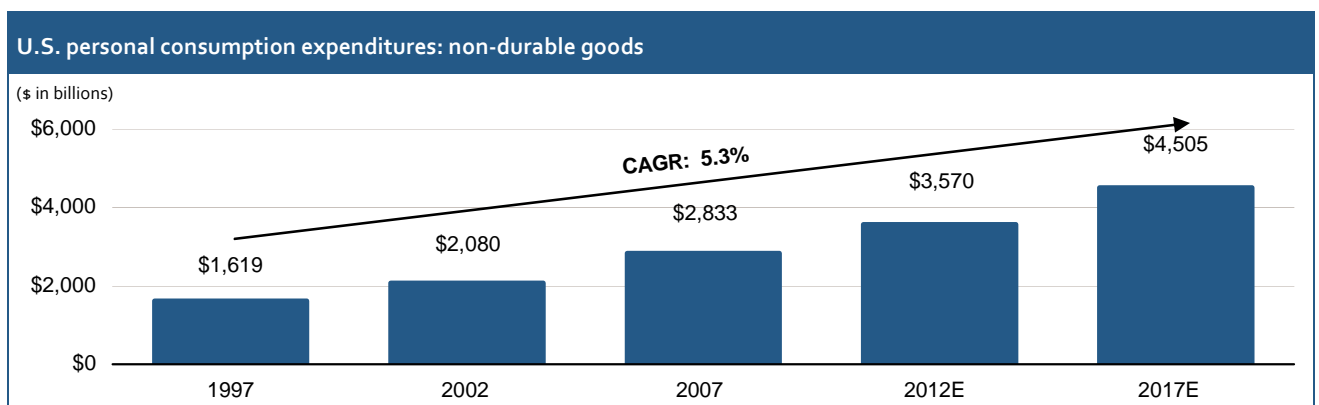
## F. Stability through economic cycles

The global consumer packaging market has historically experienced strong, consistent growth, which management believes will continue in the future. The global consumer market has historically shown stability through economic downturns as food and beverage consumer products are typically less sensitive to changing economic conditions. Moreover, Reynolds' products are used by millions of households globally on a daily basis, which ensures certain stability. Future growth will be driven by strong demand in developing markets like China and other countries throughout Asia, Eastern Europe and the Middle East, primarily due to increases in population, per capita incomes and new product penetration.

The global aseptic beverage carton packaging market is very stable with only two key participants, SIG and Tetra Pak, having a 97% market share. The global fresh beverage carton packaging market is also very stable. Evergreen is the leading global provider of fully integrated fresh beverage cartons with 70% market share in North America, 28% share globally. In the consumer food storage and preparation market, the four largest participants are Reynolds, Clorox, Pactiv and SC Johnson. These key players comprise approximately 77% of the U.S. market for foil, wraps and bags. In the beverage closures packaging market, which is more fragmented, the five largest participants are Closures, Bericap, Global Closure Systems (GCS), Rexam and Tetra Pak (Novemba). These key players comprise approximately 40% of the global market for plastic beverage closures. In addition, the global proximity to clients, relatively high switching costs, high capital investment costs, brand strength, global operations and stringent quality and product specification requirements also provide Reynolds with a significant competitive advantage ensuring stable cash flows and preserving historically stable market shares.



Source: Management, Canadean, Landell Mills.



Source: Freedonia.

Note: Non-durable goods include Food & Beverages, Petroleum & Coal Products, Chemical Products, Plastic & Rubber Products, Paper Products, Textile Mill Products and Other Non-durables.

## G. Attractive system business model creates predictable, recurring cash flows

SIG, Evergreen, Reynolds Consumer and Closures' business models are designed to provide "one-stop" food and beverage consumer solutions to their customers and consumers. SIG and Evergreen provide their customers with filling machines, carton sleeves to be used with the filling machines, spouts and closures used on the cartons and related services. Reynolds Consumer provides its consumers with a comprehensive portfolio of consumer food storage and preparation products including niche segments such as cooking bags, parchment paper and baking cups. Closures provides its customers primarily with plastic caps and closures as well as capping machines and related services.

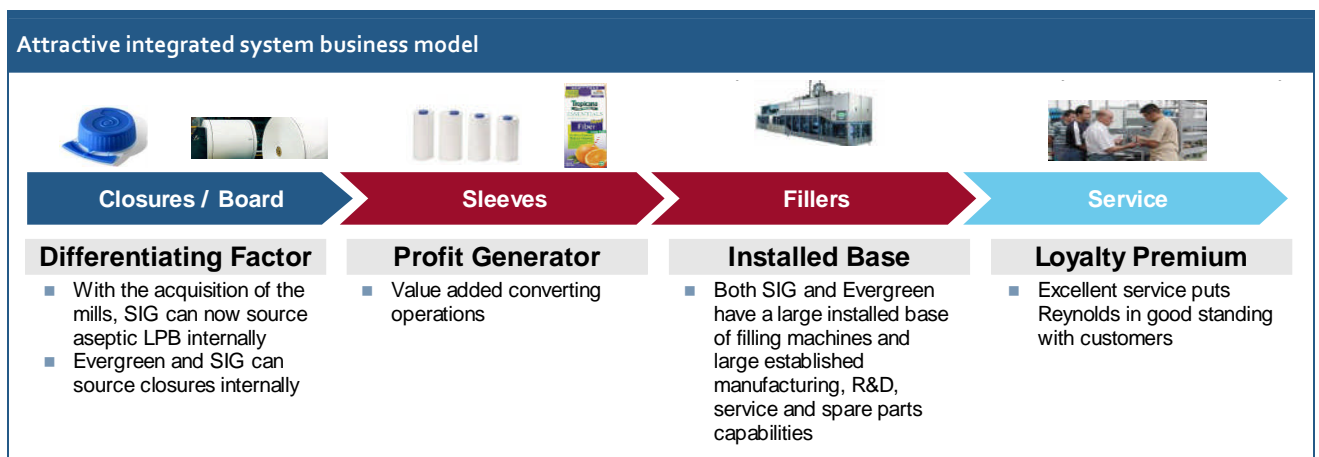
SIG's Combibloc business model is based on providing aseptic carton packaging filling machines combined with multi-year aseptic carton sleeve supply and service contracts. Approximately 90% of SIG's revenues are from the sale of aseptic carton sleeves that can only be utilized on SIG's fillers. SIG's aseptic carton sleeve supply contracts typically provide for annual minimum volume requirements and generally have an initial term of five to seven years, and as a result have historically generated steady cash flows and provided visibility into future revenue.

The acquisition of Evergreen and Whakatane will significantly enhance Reynolds' carton packaging market positions, manufacturing capabilities and provide substantial vertical integration opportunities. Evergreen is vertically integrated as a self-supplier of fresh LPB while SIG will become partially integrated with supply of aseptic LPB from Whakatane. In addition there is potential to increase the integration level by sourcing aseptic LPB from Evergreen. Both SIG and Evergreen can now source caps and closures internally.

A majority of Evergreen's fresh carton and LPB sales are subject to long-term contracts. The contracts give Evergreen the flexibility to reset pricing either quarterly or annually, depending on the change in raw material prices. Management estimates customer contract renewal rates of approximately 95%.

Reynolds Consumer offers a total food storage and preparation solution that combines a high-quality branded and store branded product offering, a strong consumer focus as well as superior channel management. These combined attributes strengthen Reynolds Consumer's market position ensuring steady revenues and cash flows.

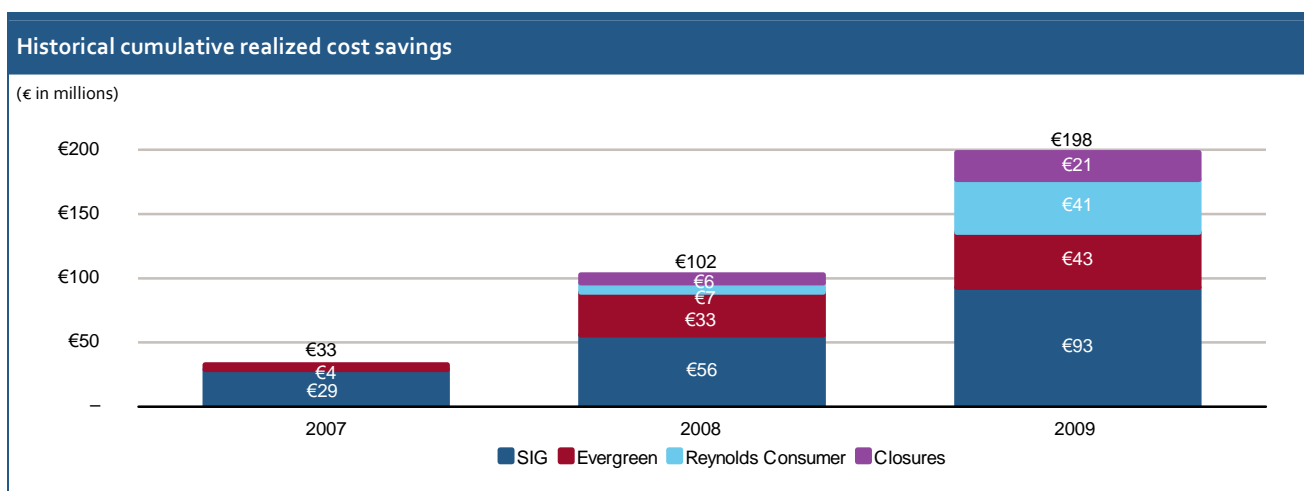
Closures' Global Packaging Solution business model makes Closures the only global provider of plastic caps and closures as well as high speed rotary capping equipment and related services. Providing its customers with a "one-stop" solution for their closure packaging requirements has enabled Closures to develop longstanding relationships with its customers which have historically generated steady cash flows and provided visibility into future revenue.



Source: Management.

## H. Track record of successful cost reduction

Under Rank's ownership, all three businesses have successfully implemented significant cost savings programs. SIG has a long history of manufacturing improvements including operation sleeves process optimization, raw carton board savings, filler and spouts optimization, reduced overhead costs and labor restructuring. SIG has improved Pro Forma Adjusted EBITDA from €233 million at acquisition in March 2007 to €349 million for the fiscal year ended December 31, 2009, while the Pro Forma Adjusted EBITDA margin has increased from 19% at acquisition to 28% during the same period. Evergreen has achieved significant synergy savings since its acquisition of Blue Ridge and cost savings through initiatives such as the Extruder upgrade project, multiple plant closures, manufacturing improvements and headcount reductions. Reynolds Consumer has implemented several significant cost saving initiatives including shutting down the foil plant at Richmond, VA, consolidation of operations and capacity expansion at the Louisville, KY plant and overhead reduction. Initiatives launched at Closures include manufacturing improvements, R&D efficiencies, productivity improvement and headcount reduction. Management continues to pursue additional initiatives that are expected to result in further cost savings.

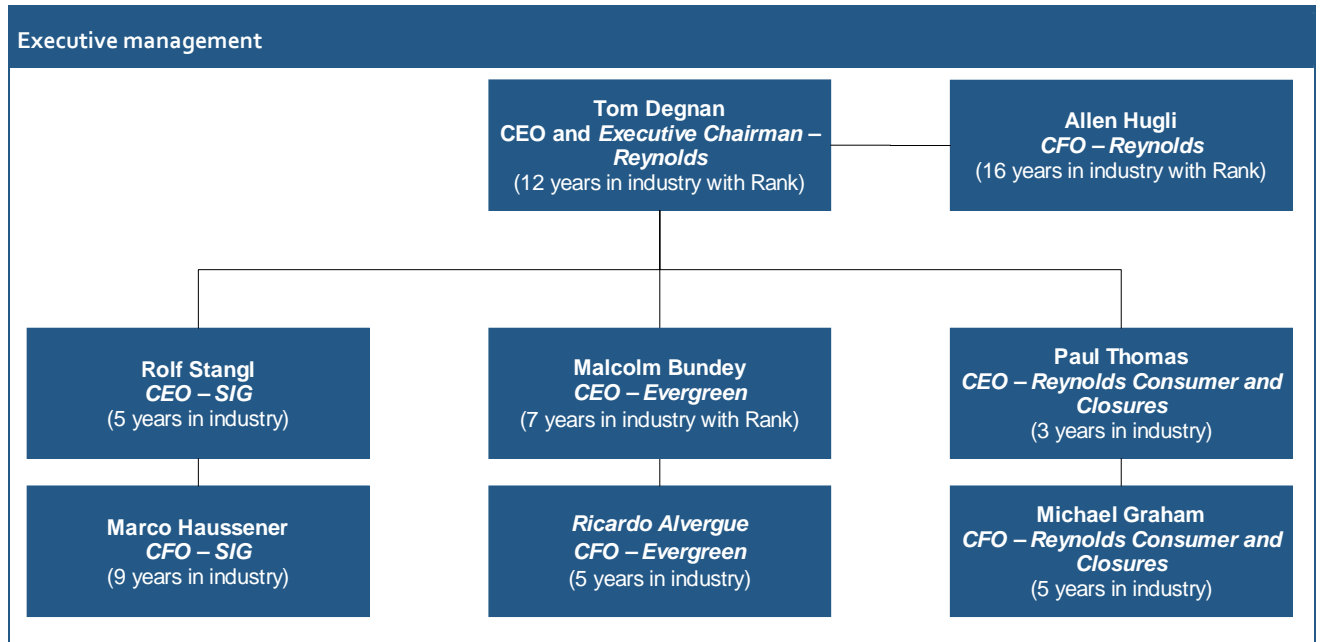


Source: Management.

Note: Currency exchange rate of \$1.3706 = €1.000 for 2007, \$1.4710 = €1.000 for 2008 and \$1.395 = €1.000 for 2009.

## I. Experienced management team supported by strategic ownership

SIG, Evergreen, Reynolds Consumer and Closures management teams are highly experienced in the packaging industry and have a strong track record of growing the core businesses, developing new products, entering new geographic markets and expanding the Company's customer base, while improving profitability through cost reduction and restructuring programs.

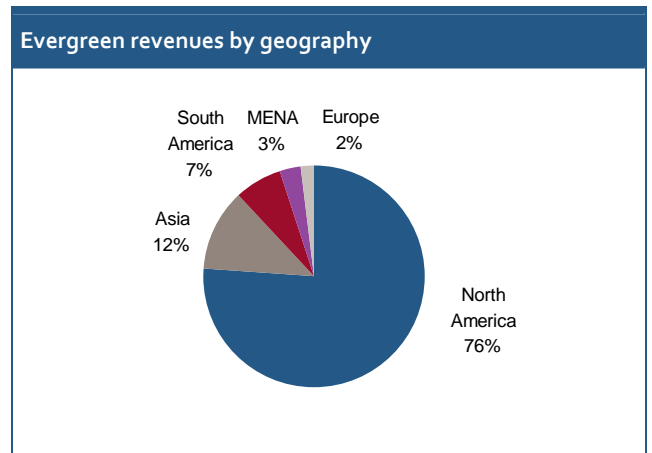
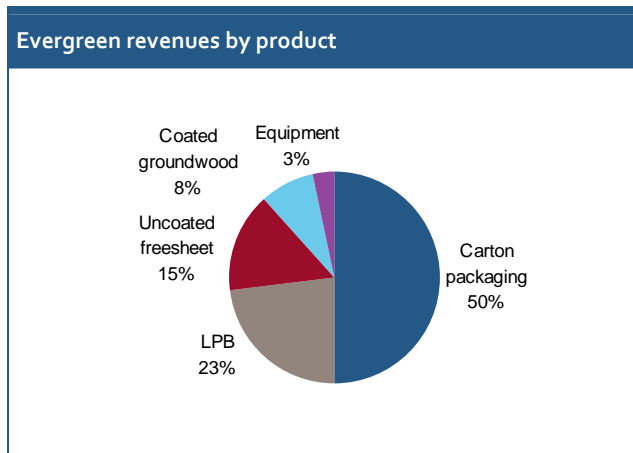


# Evergreen business overview

## Evergreen business overview

Evergreen is a vertically integrated, leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk end markets. Evergreen holds the number one market position in the North American fresh beverage carton market measured by tons of fresh liquid packaging board, based on management estimates of the tons sold in the global fresh liquid packaging board market in 2009. Fresh carton packaging, most predominant in North America, is designed for beverages that require a cold-chain distribution system, and therefore have a more limited shelf life than aseptic carton packaging. Evergreen supplies integrated fresh carton packaging systems, which include fresh cartons, spouts, caps and closures, fresh filling machines and related services. Evergreen supplied its customers with approximately 15 billion fresh carton sleeves in 2009 and has approximately 1,470 fresh filling machines in the market. In addition, Evergreen produces its internal liquid packaging board requirements at Evergreen's mills in Pine Bluff, AR and Canton, NC. Evergreen also supplies liquid packaging board to other fresh beverage carton manufacturers, and is the largest supplier of liquid packaging board, both globally and in North America. Evergreen also produces coated groundwood primarily for catalogs, inserts, magazine and commercial printing, as well as uncoated freesheet primarily for envelope, specialty and offset printing paper. Evergreen had over 700 customers in 2009, with its largest presence in North America. Evergreen generated revenues of \$1,429 million and Pro Forma Adjusted EBITDA of \$183 million for the fiscal year ended December 31, 2009.

The following charts show revenue by product and revenue by geographic region for Evergreen for the year ended December 31, 2009.









Source: Management.

Note: Carton packaging consists of Cartons (47%) and Spouts (3%).

Includes sales from associates that are not recognized in the statutory financial statements.

**Evergreen product offering**

					
Fresh Cartons	Spouts	Evergreen Equipment	Fresh LPB	Coated Groundwood	Uncoated Freesheet

## A. History

Evergreen's predecessor was established in 1946 when International Paper entered the beverage packaging business by acquiring Single Service Inc. Over the years, IP's Bev Pack Business was responsible for many of the breakthroughs in beverage carton packaging, including the introduction of PE coated cartons and barrier board technology. In January 2007, International Paper's Beverage Packaging business was acquired indirectly by Graeme Hart, the Company's strategic owner, as part of the Initial Evergreen Acquisition. IP's Bev Pack business included fresh beverage converting facilities, a fresh filling machine manufacturing facility and the Pine Bluff, AR mill. Subsequent to the Initial Evergreen Acquisition, the business was renamed Evergreen. In July 2007, Blue Ridge Paper Products, Inc. ("Blue Ridge Inc.") was acquired indirectly by Graeme Hart as part of the Blue Ridge Acquisition. Blue Ridge Inc. was an independent manufacturer of beverage packaging products. The Blue Ridge business included fresh beverage carton converting facilities and the Canton, NC mill.

## B. Total Packaging Solution model

Evergreen employs a business model that is referred to as Total Packaging Solution, which is based on providing Evergreen's customers with a single source for all of their fresh beverage carton packaging requirements. Fresh carton sleeves can be used with Evergreen's fresh filling machines, as well as other brands of fresh filling machines. Fresh carton sleeves are sold under single and multi-year contracts and comprised 47% of Evergreen's revenue in 2009. These multi-year contracts have historically provided Evergreen with visibility and predictability into future revenue.



## Fresh cartons, spouts, caps and closures

Evergreen produces and sells fresh carton sleeves and supplies spouts, caps and closures. During the filling process, the sleeve is opened, sealed at the base, filled with the beverage products and then sealed at the top of the carton. Fresh carton sleeves comprised approximately 47% of Evergreen's revenue in 2009.

Fresh carton sleeves can be used for a variety of beverages including liquid dairy drinks, such as regular and flavored milk, and non-carbonated soft drinks, such as fresh juice, fruit-based drinks and iced tea. Fresh cartons can also be used for food, such as liquid eggs, dry cereal and yogurt. In addition, fresh cartons are used for liquid detergents and softeners.

Evergreen has developed a variety of innovative packaging solutions to fulfill the needs of beverage manufacturers to differentiate their products and generate stronger brand recognition. Evergreen's barrier board technology allows its customers to achieve longer shelf life for their products as well as protect against the loss of vitamins and other nutrients. Furthermore, the application of high-definition, multi-color, printed design gives customers the ability to differentiate their products.

Spouts, caps and closures have become an important factor in the success of fresh carton packaging as end consumers demand greater convenience. Evergreen recognized this trend at an early stage and, in 1990, was one of the first companies to introduce a re-closable spout closure for fresh beverage cartons.

## Filling machines

Evergreen's fresh filling machines use its fresh carton sleeves to produce and fill fresh carton packaging. Evergreen offers its customers a variety of filling machine models with different capabilities, which can be reconfigured for numerous different package formats, which provides its customers with flexibility in their manufacturing processes. Evergreen also offers a high level of ongoing services, including a 24/7 spare parts operation, to its customers through its service organization of approximately 80 machine service and paper technicians. This is designed to allow Evergreen's customers to improve their productivity from their filling machines.

Evergreen's fresh filling machines may be sold or leased directly to customers or sold to a third-party finance company, which then leases the filling machines to customers.

## Services and parts

To ensure its Total Packaging Solution operates efficiently, Evergreen has technical service teams providing break/fix programming maintenance programs and a 24/7 spare parts services to assist customers with their filling machines. Evergreen's U.S.-based team is also supported by regional service teams in Latin America, Asia and Europe. Hands-on training programs offer customers the opportunity to learn the operation and troubleshooting of Evergreen's filling equipment. Evergreen's training programs are held in its training center in Cedar Rapids, IA in addition to workshops held at or near customer facilities.

Evergreen's other service offerings include machine installation, troubleshooting, spare parts kits, machine upgrades, field rebuilds, efficiency studies, and a variety of service agreements including the Preventive Maintenance Service Agreement ("PMSA"), and "spot" service work. PMSA visits are scheduled at specified intervals to maintain customer machines at peak performance.

## Liquid packaging board

The production of liquid packaging board at Evergreen's mills in Pine Bluff, AR and Canton, NC allows Evergreen to be a vertically integrated producer of fresh cartons. Evergreen's Pine Bluff and Canton mills produce multiple grades of liquid packaging board, both PE coated and uncoated, for fresh cartons. Evergreen's liquid packaging board products

can be broadly grouped into three categories: PE coated liquid packaging (“PE coated board”), PE coated / co-extruded liquid packaging board (“barrier board”) and uncoated liquid packaging board (“uncoated board”). In addition, Evergreen’s mill in Canton produces cupstock for the manufacture of hot and cold cups, as well as ovenable trays for the frozen food market as an alternative to plastic trays.

## Other paper products

Evergreen also offers a range of paper products, including coated groundwood and uncoated freesheet.

**Coated groundwood.** Evergreen produces coated groundwood which is used in catalogues, magazines and retail inserts, as well as for commercial printing purposes.

**Uncoated freesheet.** Evergreen also produces uncoated freesheet paper for three primary market categories: envelope paper, specialty paper, and offset printing paper.

## Customers

Evergreen had over 700 customers in 2009, including leading international companies, large national and regional customers, and smaller local businesses, with its largest presence in North America. Evergreen’s customer base is diversified and no single customer accounted for more than 10% of revenue in 2009. Many of Evergreen’s customer sales contracts are index based allowing for pass through of input cost movements on a time lag.

Evergreen aims to develop close relationships with its customers and believes its success is directly linked to theirs. Evergreen consults with its customers to provide them the packaging solutions that best meet their needs.

Evergreen’s fresh carton packaging business used approximately 52% of the Pine Bluff mill’s and Canton mill’s aggregate liquid packaging board production in 2009. The majority of the remaining liquid packaging board produced is primarily supplied to external fresh carton converting customers, with whom Evergreen has long-standing relationships. In addition, Evergreen supplies liquid packaging board to other customers, who produce ovenable trays and cupstock.

Evergreen’s coated groundwood customers consist primarily of catalogue and magazine publishers. Evergreen’s uncoated freesheet customers consist primarily of envelope converters, specialty paper producers and commercial printers. Evergreen sells both directly and via paper brokers in the coated groundwood and uncoated freesheet markets.



Source: Management.

## Evergreen top 10 customers (Carton and Spouts)

(\$ in millions)

Number	Name	Segment	Customer Market	2009	
				Revenue	% of Total
1	Customer A	Dairy	US	\$138	9.6%
2	Customer B	Juice	US, Canada	58	4.1%
3	Customer C	Juice	US, Canada	49	3.4%
4	Customer D	Dairy	US	43	3.0%
5	Customer E	Dairy	US	27	1.9%
6	Customer F	Dairy	US	27	1.9%
7	Customer G	Juice	US	22	1.5%
8	Customer H	Juice	US	21	1.5%
9	Customer I	Dairy	US	16	1.1%
10	Customer J	Juice	US	15	1.0%

Source: Management.

## Competition

The fresh carton market is consolidated, with Evergreen being the only market participant that provides vertically integrated liquid packaging board as well as complete fresh carton packaging systems consisting of cartons, filling machines, spouts, caps and closures. Management believes Evergreen is the largest participant in the fresh carton packaging market measured by volume, with an approximate 29% global market share and an approximate 70% market share in North America in 2009. The fresh carton and liquid packaging board markets present significant barriers to entry such as the complexity of fresh filling technology, the required expertise in barrier technology and high up-front investment costs in manufacturing (mill or converting) plants. In the fresh carton packaging market, Evergreen's primary competitors are Elopak and Tetra Pak, which had an estimated 23% and 19% share of the global fresh carton market in 2009, respectively.

Furthermore, management believes Evergreen is the largest producer of liquid packaging board for fresh cartons, with an approximate 44% global market share and an approximate 90% North American market share in 2009. Evergreen's liquid packaging board business competes primarily with StoraEnso, Weyerhaeuser and Clearwater. StoraEnso is the second largest supplier of fresh liquid packaging board with a 25% global share in 2009. StoraEnso sells worldwide from its mills in Skoghall, Sweden and Imatra, Finland. Weyerhaeuser is the third largest supplier with a global share of 21% in 2009 and mainly services the Asian market from its mill in Longview, WA.

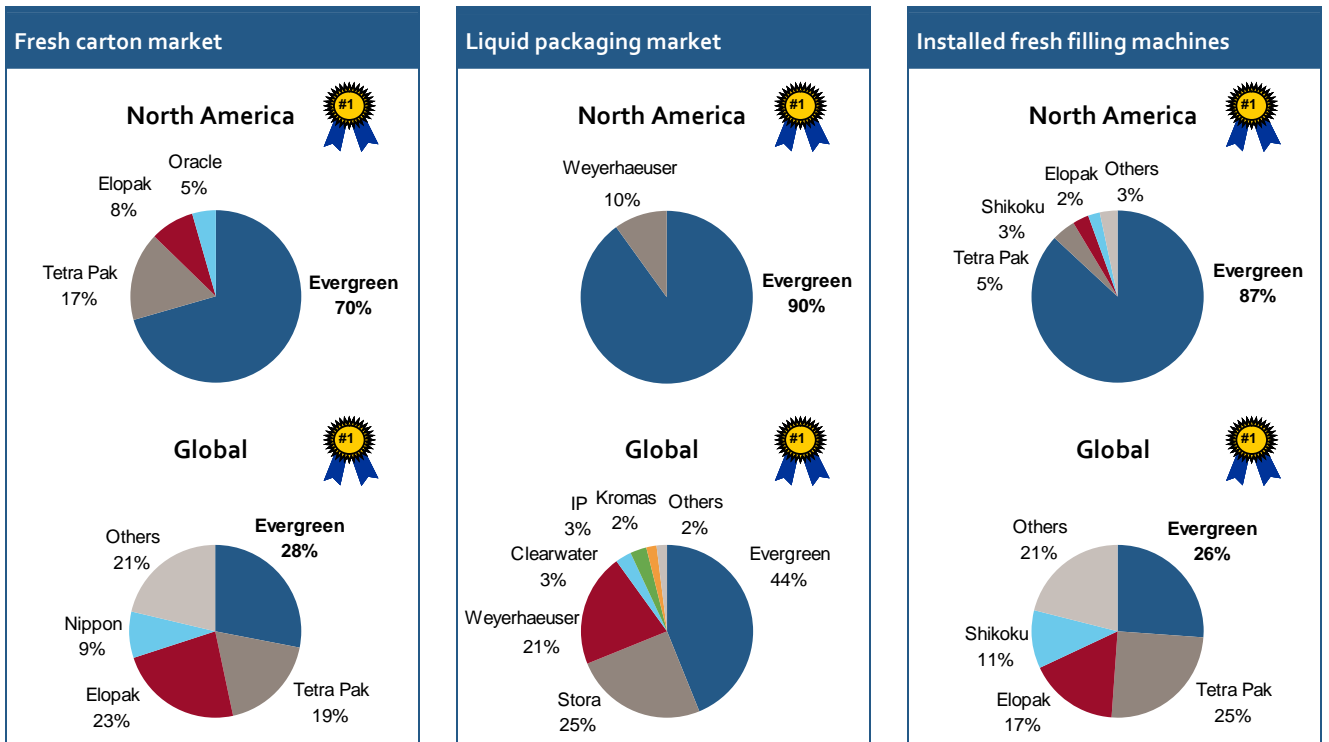
Evergreen is a relatively small producer of coated groundwood within a concentrated North American coated papers market. Evergreen's competitors in coated groundwood include NewPage, AbitibiBowater, Verso and UPM. The US market has largely consolidated with the top four participants having approximately a 75% market share in 2009.

Evergreen is also a small producer of uncoated freesheet within a concentrated market, with the four top market participants having approximately 74% share in 2009. Evergreen's competitors in uncoated freesheet include IP, Domtar, Georgia Pacific and Boise Cascade.

Fresh carton market

Liquid packaging market

Installed fresh filling machines



Source: Evergreen management estimates.

## Marketing and sales

Evergreen’s sales and marketing staff coordinates and performs all customer interaction activities, including sales, marketing and technical services. Evergreen reaches its large and diversified base of over 700 customers primarily through a direct field sales force of approximately 67 account managers. Evergreen’s key account managers make regular visits to existing customers to maintain these relationships. They also identify and develop new customer relationships by extending their contact base to include other major purchasers. Compensation of Evergreen’s key account managers is partly performance-based.

Evergreen’s customer service representatives are responsible for processing sales orders, expediting production and liaising with customers on order status. Machine service technicians, paper technicians and field service engineers work closely with key accounts managers to satisfy customers’ needs.

Evergreen has a marketing and new product development team focused on leveraging its Total Packaging Solution model and creating new, value added products in current and adjacent markets.

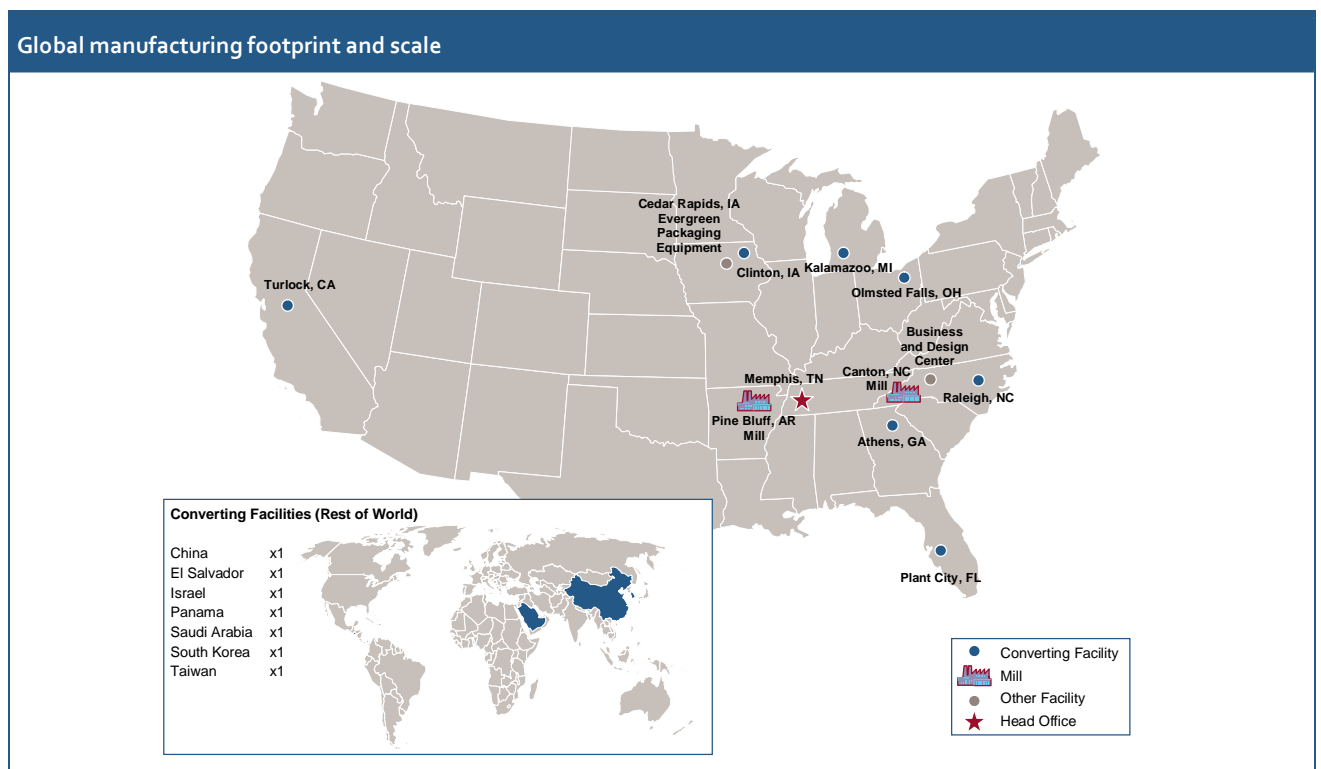
## C. Manufacturing

Evergreen operates 14 fresh carton manufacturing plants globally, including seven in the United States, three in Asia, two in Latin America and two in the Middle East. Evergreen’s manufacturing operations primarily consists of production of liquid packaging board and paper, manufacturing and assembly of filling machines and production of fresh carton sleeves that are used by its customers to create fresh carton containers for its customers’ beverage products. The fresh carton sleeves are shipped to Evergreen’s customers for filling, in many cases, on Evergreen machines. Evergreen’s operations allow for efficient delivery of packaging material to customers through its 10 sales offices.

## Fresh carton sleeves, spouts, caps and closures

Evergreen produces fresh carton sleeves at seven locations in North America and seven locations internationally. Evergreen outsources to external manufacturers all production of spouts, caps and closures (one of which is Closures), which are manufactured to its design and specifications. In addition, Evergreen has exclusive supply contracts with its internal and external manufacturers.

The fresh carton sleeve production process converts polymer (PE) coated liquid packaging board into sealed fresh carton sleeves individually printed with customers' designs and boxed for the customer. The production process is comprised of two production stages: printing and scoring, and sealing. As part of the printing and scoring process, PE coated liquid packaging board from Evergreen's mills is delivered to its converting plants where it is printed with a design to customers' specifications and then cut to size to the customers' filling volumes. As part of the sealing process, the cartons are sealed and packaged and are then ready for shipment to the customers. Fresh carton sleeves generally are produced to order and delivered on an agreed upon schedule.



Note: One facility in Morocco currently under construction.

## Mills

Evergreen's mills are vertically integrated pulp and paper manufacturing facilities that have their own power generation plant, bleached hardwood and softwood Kraft pulp lines and extrusion capabilities. The Pine Bluff mill, located in Arkansas, houses one liquid packaging board machine with 480,000 tons of annual capacity and one coated groundwood machine with 195,000 tons of annual capacity. In addition, Pine Bluff has a groundwood pulp line to supply the coated groundwood machine. The Canton mill, located in North Carolina, houses one liquid packaging board machine with 310,000 tons of annual capacity and three uncoated freesheet machines with a combined 280,000 tons of annual capacity.

The liquid packaging board production process converts woodchips into liquid packaging board, ready for the converting process. The production process is comprised of five production stages: pulping, bleaching, mixing, drying and extrusion. Woodchips are sourced internally through Evergreen's two chip mills in Pine Bluff, as well as supplied by various external suppliers.

## Filling Machines

Manufacture and assembly of fresh filling machines takes place at Evergreen's manufacturing facilities in Cedar Rapids, IA and Shanghai, China. Evergreen's filling machines are mainly utilized to fill non-carbonated soft drinks (juice, juice drinks and liquid dairy products). Evergreen both manufactures and outsources components used in the production of its fresh filling machines. The majority of Evergreen's manufacturing suppliers are locally based near the Cedar Rapids facility. In addition, Evergreen sources some components from China.

## Raw materials and suppliers

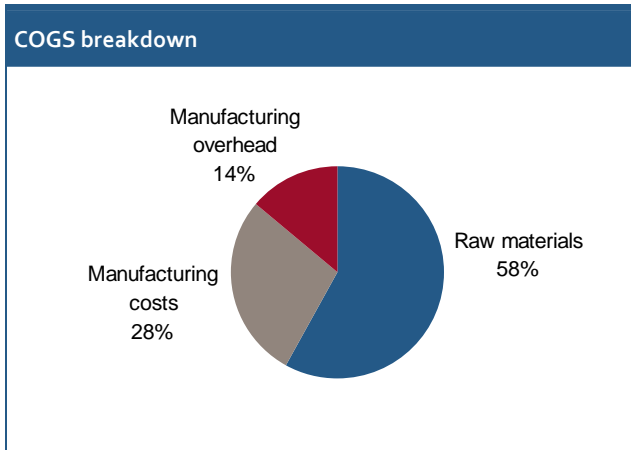
In 2009, the total value of raw materials and energy consumed by Evergreen was \$646 million, representing 51% of Evergreen's total cost of goods sold, adjusting for the net amount of black liquor credit included in cost of goods sold.

Evergreen internally sources its liquid packaging board requirements from its paper mills in Pine Bluff and Canton. To produce liquid packaging board at its mills, Evergreen sources wood from North American suppliers, including International Paper, Clearwater and Plum Creek, among other regional suppliers. In addition, Evergreen sources polymer from North American suppliers, including Chevron, Westlake and Equistar. Evergreen's relationships with its suppliers are satisfactory and Evergreen has had relationships for approximately 20 years with many of its top ten suppliers.

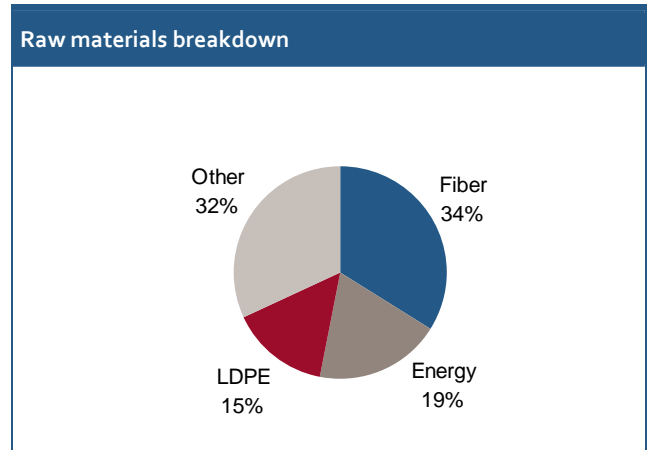
The prices of Evergreen's raw materials fluctuate in conjunction with market movements for commodities. In order to minimize the impact of price fluctuations, Evergreen uses price hedging arrangements for purchases of energy and single and multi-year agreements (defined as longer than one year) that provide for fixed prices or prices that escalate based on inflation or published index movements.

Evergreen has continuous improvement programs focused on cost reduction by working with suppliers to develop alternative processes and substitutes for existing raw materials. Evergreen has implemented significant cost saving initiatives in raw material sourcing, including establishing a professional strategic sources team and retaining third-party consultants to assist with initial requests for proposals and supplier negotiations. Evergreen's research and development team has also developed strategies to reduce the raw material content in carton substrates in conjunction with customers and suppliers.

Evergreen manages its relationships with suppliers through a central supply-procurement system. This ensures that it receives a continuous supply of materials using vendor-managed inventory and consignment stocking. With some suppliers, Evergreen also uses just-in-time deliveries to increase flexibility and create medium-term contracts to produce arrangements that are mutually beneficial. Evergreen reviews supplier developments in regular business review meetings as well as through supplier audits.



Source: Management.



Note: LDPE is a resin - Low Density Polyethylene.

## Quality management

Meeting customers' complex requirements and technical specifications requires a strong commitment to quality and attention to detail. Evergreen is committed to a quality management philosophy that aims to achieve continuous improvement in all stages of the production process through the involvement of management, customers, and employees. Evergreen uses a stringent technique of hazard analysis and critical control points to identify critical aspects of quality management as well as methods and tools to identify key areas for improvement that affect reduction of waste and downtime, both at Evergreen facilities and for customers'.

## D. Intellectual property

Evergreen has a significant number of registered patents and trademarks, as well as a number of proprietary processes. Evergreen uses internal and external resources to carefully manage its intellectual property portfolio and looks to actively defend its intellectual property rights throughout the world. Evergreen's success and ability to compete depend to a certain degree on the protection of its process innovation and other intellectual property. Evergreen actively monitors its competitors to pursue any infringement of its rights. Evergreen performs internal analysis to decide whether to sue for patent infringements, initiate opposition procedures or counter-actions or buy patents and sign license agreements for the use of foreign patents.

Evergreen also relies on unpatented proprietary know-how and trade secrets and employs various methods including confidentiality agreements with employees and consultants. Additionally, Evergreen has licensed, and may license in the future, patents, trademarks, trade secrets and similar property to third parties. Evergreen attempts to contractually ensure that its intellectual property and similar proprietary rights are protected when entering into business relationships.

## New product development

Evergreen develops new and innovative packaging products and solutions for customers as well as end-users. One of Evergreen's competitive advantages in fiber based cartons is offering a total system solution – from board manufacture to efficient filling machines. New carton product design teams are multi-functional and diverse to leverage Evergreen's expertise from equipment manufacturing, converting, mills, and closures. In addition, Evergreen is also focused on utilizing the leading board and barrier technologies to expand into adjacent markets such as liquid eggs and fabric softener among others.

## E. Property, plant and equipment

Evergreen operates two integrated pulp and paper mills and 14 sleeve production plants at locations worldwide. Evergreen had an annual production of 777,000 tons of bleached board, 161,000 tons of coated groundwood, 260,290 tons of uncoated freesheet, and approximately 14.8 billion carton sleeves in 2009. Evergreen also has two sites where it manufactures filling machines and components.

The following table summarizes information on Evergreen's production facilities as of April 20, 2010:

Location	No. of plants	Use	Owned / Leased
<b>United States</b>			
Pine Bluff, AR	1	Pulp and paper mill	Owned
Canton, NC	1	Pulp and paper mill	Owned
Plant City, FL	1	Converting facility	Owned
Raleigh, NC	1	Converting facility and extruder	Owned
Athens, GA	1	Converting facility	Owned
Olmsted Falls, OH	1	Converting facility	Owned
Clinton, IA	1	Converting facility	Owned
Kalamazoo, MI	1	Converting facility	Owned
Turlock, CA	1	Converting facility	Owned
Cedar Rapids, IA	1	Filling machines	Owned
<b>Asia / MENA</b>			
Kyunggi-Do, South Korea	1	Converting facility	Owned
Hsin Chu, Taiwan	1	Converting facility	Owned
Shanghai, China	1	Converting facility, Filling machines	Owned
Jeddah, Saudi Arabia	1	Converting facility	Leased
Ashrat, Israel	1	Converting facility	Leased
<b>Latin America</b>			
Panama	1	Converting facility	Leased
El Salvador	1	Converting facility	Leased

Source: Management.

All of Evergreen's facilities listed above are suitable for their respective operations and provide sufficient capacity to meet reasonably foreseeable production requirements.

## F. Information technology

Evergreen's worldwide information technology organization provides IT services to all of its entities. Additionally, Evergreen's business locations are supported by regional IT staff. Evergreen uses SAP enterprise resource planning applications to support nearly all processes within its organization and also integrates other purchase and custom developed applications. Evergreen's SAP systems are consolidated and operate from one data center in a location secured by an additional backup data center.

## G. Employees

As of December 31, 2009, Evergreen employed approximately 4,300 people. A significant number of Evergreen's employees are covered by collective labor agreements. Recently, Evergreen has successfully concluded labor negotiations with a number of its manufacturing locations. We believe Evergreen's relationships with its employees are satisfactory. Evergreen offers its employees a full range of benefit plans and programs that vary among regions and business units, including comprehensive healthcare benefits, various insurance programs, retirement savings plans and variable compensation programs.

## H. Insurance

Evergreen maintains the types and amounts of contractual and third-party insurance coverage customary in the market in which it operates, including coverage for business interruption, directors' and officers' liability, property damage and employee-related accidents, injuries above self-insured amounts for each type of risk, excluding specific risks arising from war or acts of terrorism. Evergreen believes its insurance coverage is adequate for its business, both as to the nature of the risks and the amounts insured.

## I. Regulatory

Evergreen's business, including its customers, is subject to regulation in virtually every country where it has operations. Future regulatory and legislative change can affect the economics of its business activities, lead to changes in operating practices and influence the demand for and the cost of providing services to its customers. Evergreen has adopted compliance programs and procedures designed to attempt to ensure compliance with applicable laws and regulations. These programs and procedures are generally effective. Because of the complexity of these laws and regulations, variance in production inputs and efficiencies, and the global scope of business, however, compliance cannot be guaranteed.

Evergreen is subject to extensive laws and regulations in the jurisdictions in which it operates, including environmental, health and safety laws and regulations. Among other things, these requirements regulate the emission or discharge of materials into the environment, govern the use, storage, treatment, disposal and management of hazardous substances and wastes, protect the health and safety of Evergreen's employees, and impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances.

Evergreen could be held liable for the costs to address contamination of any real property it has ever owned, operated or used as a disposal site. For example, some of Evergreen's sites, such as the Canton and Pine Bluff mills, have a history of industrial operations that include the use or handling of hazardous materials. In certain instances, contamination is known to have occurred prior to Evergreen's ownership. While Evergreen is not aware of any such sites as to which material outstanding remedial obligations exist, the discovery of additional contaminants or the imposition of investigation or cleanup obligations at these or other sites in the future could result in substantial liability. In addition, while certain environmental indemnities were provided by prior owners under the Asset Purchase Agreement between Champion International Corporation (now International Paper Company), Carolina Paper Products Holding Corp. and Carolina Paper Company dated March 29, 1999 as well as the Purchase Agreement by and among International Paper Company, Carter Holt Harvey Limited and Evergreen Packaging Inc. dated December 14, 2006, such indemnities are limited in duration and scope.

Evergreen also could incur fines, penalties, sanctions, damages, and third-party claims for property damage, personal injury or nuisance, as a result of violations of or liabilities under environmental laws or in connection with releases of hazardous or other materials. In addition, changes in, or new interpretations of, existing laws, regulations or enforcement policies, the discovery of previously unknown for contamination or the imposition of other environmental liabilities in the future, including additional environmental permit requirements or additional investigation of the potential health hazards of certain of the products or business activities, may lead to additional compliance or other costs that could have a material adverse effect on Evergreen's business, financial condition or results of operations.

Evergreen has been addressing issues associated with its wastewater discharges from the Canton mill. The wastewater discharge permit for the Canton mill expired in November 2006, though it is extended under administrative rule. Evergreen timely reapplied for the permit and, in November 2009, North Carolina regulators issued a draft proposed permit. However, the EPA has filed formal objections to certain portions of the draft permit, principally those pertaining to efforts to reduce the color and temperature of wastewater discharged to the Pigeon River. The EPA's proposed permit requirements would require Evergreen to install color removal and temperature control equipment at the mill. Such costs could have a material adverse effect on Evergreen's business, financial condition or results of operations. If the EPA and state regulatory authorities cannot reach agreement on revising the terms of the draft

permit, the state may issue a permit that is consistent with EPA requirements, or, alternatively, the EPA can take over permit authority from the state and issue a permit.

In addition, North Carolina has issued an emergency change to maximum arsenic emissions levels, which effectively allows the state to reopen existing air permits. The biomass boiler at the Canton mill, which is partially fueled by coal, exceeds the new arsenic emission levels. Evergreen and North Carolina regulatory authorities are considering a plan for bringing the biomass boiler into compliance with the new arsenic standards. To achieve the new standards, the mill may have to make certain upgrades to the boiler, for which costs may be significant.

Moreover, as environmental issues, such as climate change, have become more prevalent, governments have responded, and are expected to continue to respond, to these issues with increased legislation and regulations, which could negatively affect Evergreen. For example, the United States Congress is considering legislation that will reduce emissions of carbon dioxide and other greenhouse gases. Similarly, the United States Environmental Protection Agency has proposed regulating greenhouse gas emissions under the federal Clean Air Act. These and other climate change initiatives may cause Evergreen to incur additional direct costs in complying with any new environmental legislation or regulations, as well as increased indirect costs resulting from Evergreen's suppliers, customers, or both incurring additional compliance costs that could get passed through to Evergreen or impact product demand. While the impact of proposed climate change initiatives are not currently known, the most significant costs will likely be incurred in connection with the Canton mill.

## **J. Legal proceedings**

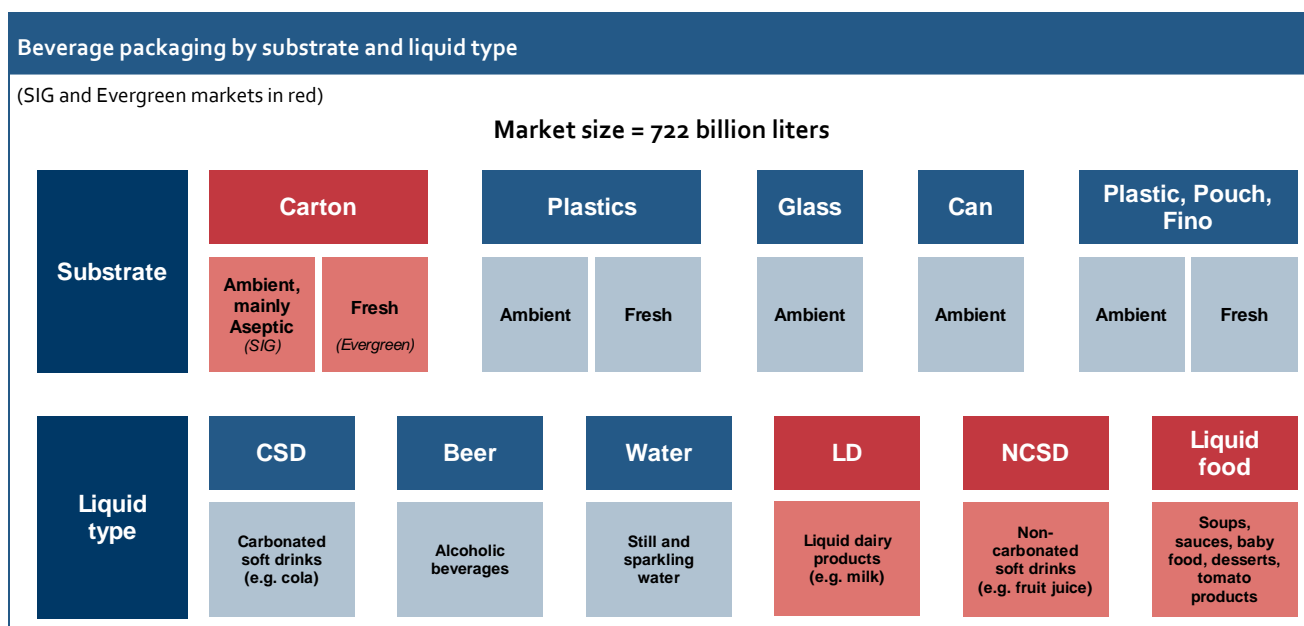
Evergreen is a party to various litigation and environmental matters arising in the ordinary course of business. Evergreen cannot estimate with certainty the ultimate legal and financial liability with respect to those litigation and environmental matters but believe, based on examination of these matters, experience to date and discussions with counsel, that any ultimate liability will not be material to Evergreen's financial position, results of operations or cash flows.

# Industry overview

## Industry overview

### A. Consumer beverage packaging market

SIG and Evergreen compete primarily in the global consumer beverage packaging market, which in aggregate provided packaging for 722 billion liters of beverages in 2007. The global consumer beverage packaging market can be segmented by both the type of packaging material, or substrates, and by the type of liquids contained in the packaging. Types of substrates include carton, plastic, glass and metal. Types of liquids include carbonated soft drinks, non-carbonated soft drinks, beer, bottled water and liquid dairy. SIG also competes in the liquid food packaging market.

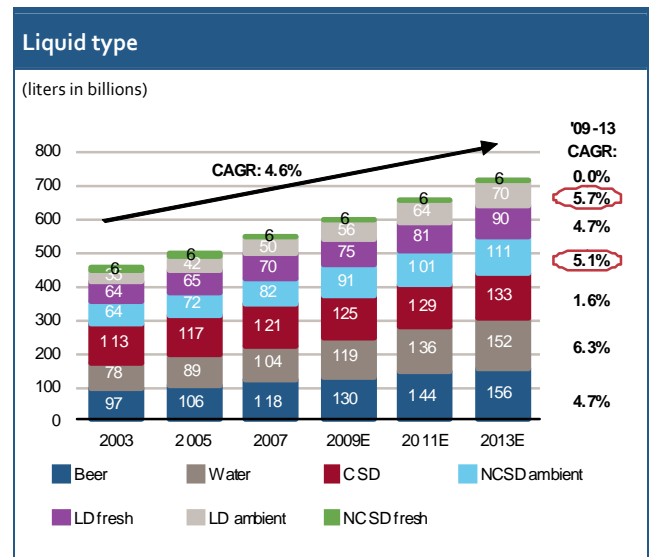
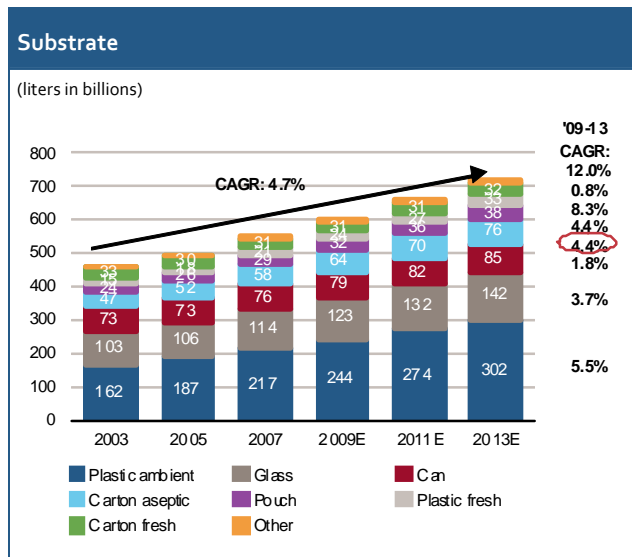


On a global basis, a small number of substrates generally dominate packaging of each liquid type although this varies from region to region. In liquid dairy, carton is the most prominent substrate, representing 46% of total volume in 2007, and in non-carbonated soft drinks, plastic and carton are the most prominent substrates, representing 39% and 25%, respectively, of total volume in 2007.

The **aseptic** carton packaging process involves filling a sterilized package with beverage or liquid food in a confined hygienic environment. As a result of this aseptic process, beverages and liquid food can be stored for extended periods, generally from three months to one year, without the use of chemical preservatives or refrigeration. These beverages or liquid food are reliant on the packaging's barrier properties to preserve product quality. Aseptic filling is used to obtain an ambient product. Other processing and filling technologies used to obtain shelf stable beverages are hot filling and in-pack sterilization.

The **fresh** packaging process involves packaging beverages that typically have a limited shelf life of five to twenty-one days (e.g., fresh milk and fresh fruit juices) and require a cold-chain distribution system. Due to refrigeration, fresh packaging requires less protective packaging barriers than aseptic carton packaging. Fresh packaging is used primarily in developed countries where continuous refrigeration from the source to the end consumer is available.

## Beverage packaging growth rates (2003–2013E) by substrate and liquid type

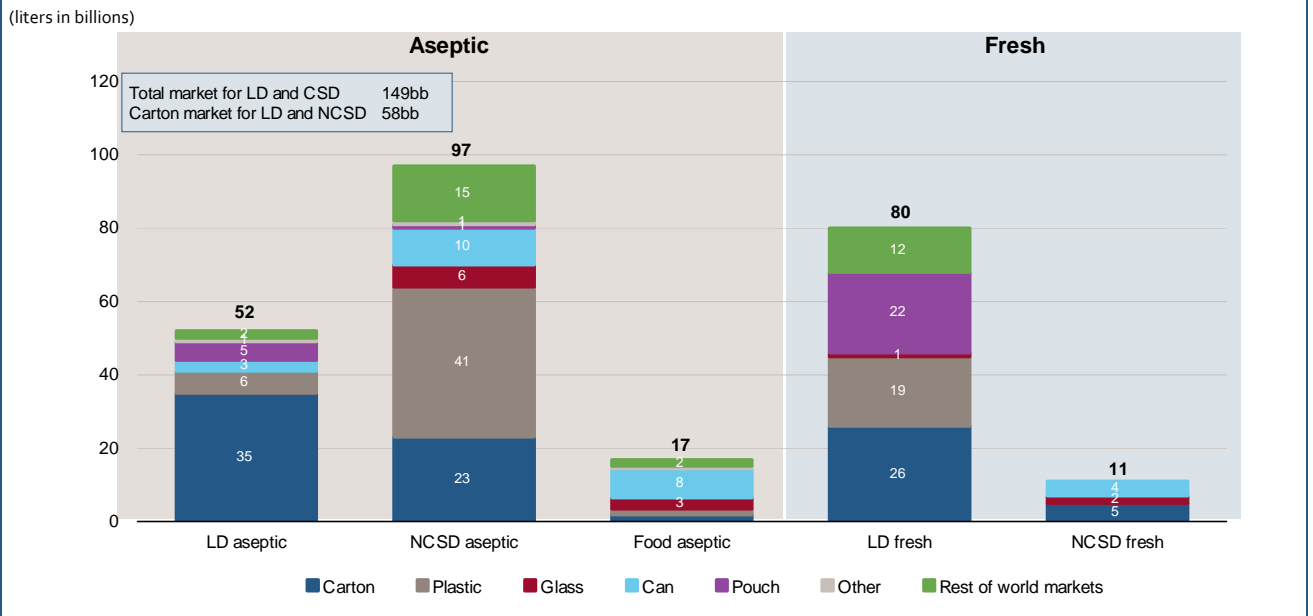


Source: Management, Canadean, Landell Mills.

SIG's primary markets include the ambient liquid dairy and the ambient non-carbonated soft drinks markets. The total liquid dairy and non-carbonated soft drink markets accounted for approximately 242 billion liters in 2007, or 34% of the total global beverage packaging market. Of this, the ambient liquid dairy and non-carbonated soft drinks markets accounted for approximately 149 billion liters in 2007. Ambient liquid dairy accounted for approximately 52 billion liters, of which approximately 70% was packaged in cartons. Ambient non-carbonated soft drinks accounted for approximately 97 billion liters, of which approximately 28% was packaged in cartons. A majority of the ambient liquid dairy and non-carbonated soft drinks in carton packaging are aseptically filled.

Evergreen's primary markets include the fresh liquid dairy and the fresh non-carbonated soft drinks markets. The fresh liquid dairy and non-carbonated soft drinks markets accounted for approximately 93 billion liters in 2007. Fresh liquid dairy accounted for approximately 82 billion liters, of which approximately 37% was packaged in cartons. Fresh non-carbonated soft drinks accounted for approximately 11 billion liters, of which approximately 74% was packaged in cartons.

## Global market volume – 2007



Source: Management, Canadean, Landell Mills.

### Drivers and trends

The key drivers of the aseptic carton packaging market are:

**Lifestyle and convenience.** Management believes that the trend towards consumption of health conscious drinks and on-the-go consumption are important forces driving the development of the global beverage market. Management believes that carton packaging suppliers will need to continue to improve their carton shapes and properties in order to stay competitive.

**Product innovation and differentiation.** To enable customers to differentiate their products from their competitors', carton and closure suppliers need to provide innovative carton and closures shapes and properties. Increasingly, end consumers require the convenience of spouts and closures. In addition, as the momentum of the global trend towards environmental sustainability has increased meaningfully over the past few years, environmental issues are expected to play an increasingly important factor in decisions by end consumers regarding their choice of packaging material. SIG's paper-based packaging solutions are well positioned to continue to capitalize on this trend.

**Emerging regional markets.** The growing markets of Southeast Asia, East Asia, South America and Eastern Europe have been driving the growth of the liquid dairy and NCSD segments and the general development of aseptic carton packaging systems. Factors bolstering demand for aseptic beverage packaging in each of these regions include underdeveloped cold-chain distribution systems, challenging transport and logistics conditions and the increasing amount of disposable income of the rapidly-growing middle classes. The relatively established markets in Western Europe continue to provide high volume sales in both segments.

**Competitive system costs.** Competitive system costs are critical for the continued success of all substrates and technologies. As the consumer beverage packaging customer base consolidates globally and becomes more heavily influenced by multinational companies, transparent pricing becomes increasingly prevalent, and due to market pressure, system costs continue to decrease. In recent years, plastic beverage packaging suppliers put pressure on carton suppliers to offer cost-efficient solutions that decrease materials and operating costs for customers.

## Future market growth

Demand for aseptic carton packaging has grown at a CAGR of 5.4% from 2003 to 2007 and is expected to grow at a CAGR of 4.6% from 2007 to 2013, which is at a faster rate than the global beverage packaging market as a whole. Between 2003 and 2007, the ambient liquid dairy market grew at a CAGR of 8.8% and the ambient non-carbonated soft drinks market grew at a CAGR of 6.5%. Non-carbonated soft drinks and liquid dairy ambient products are projected to grow at a CAGR of 5.1% and 5.7%, respectively, through 2013.

Demand for fresh carton packaging has declined marginally at a CAGR of (1.6)% from 2003 to 2007, but is expected to grow at an average rate of 0.5% from 2007 to 2013. Between 2003 and 2007, the fresh liquid dairy segment grew by approximately 2.3% per year and the fresh non-carbonated soft drinks market remained stable. Liquid dairy fresh products are projected to grow at a CAGR of 4.3% through 2013. Non-carbonated soft drinks are expected to remain stable.

## B. Aseptic liquid food market

In 2007, the global market for food packaging was approximately 15.9 million tons. Metal is the dominant substrate used in these markets, accounting for approximately 53% of the global market in 2007. North America represented the largest market for ambient food, with 8.3 million tons packed, or approximately 52% of the global market in 2007. Europe (including Russia) was the second largest market, with 5.7 million tons packed, representing approximately 36% of the global market in 2007.

## Future market growth

The global market for aseptic liquid food packaging is expected to grow at a CAGR of 3.7% from 2007 to 2011. Management believes that aseptic liquid food carton packaging will increase at a CAGR of 11.5% between 2007 to 2011, driven by growth of packaged soups, tomato pastes and purees, which together accounted for approximately 60% of all aseptic liquid food carton packaging in 2007 by volume. Other food products packaged in aseptic cartons include baby food (17% share in 2007), pasta and other sauces (11% share in 2007) and desserts (12% share in 2007). Management believes the trend towards aseptic carton packaging for liquid food is driven primarily by the higher product quality that aseptic packaging permits and the ease with which carton packaging can be opened, as compared to cans.

## C. The coated groundwood and uncoated freesheet market

### The coated groundwood market

Based on 2009 sales, the size of the North American coated groundwood industry is estimated to be approximately \$3.9 billion, or 4.4 million tons. Coated groundwood is commonly used for catalogs and magazines publishing. The three largest manufacturers of coated groundwood represent approximately 66% of overall coated groundwood capacity in North America.

### Drivers and trends

Coated groundwood demand is primarily driven by advertising and print media usage. Advertising spending and magazine and catalog circulation have historically tended to be correlated with the gross domestic product ("GDP") in the U.S. According to RISI, U.S. GDP declined 2.5% in 2009, but will grow 2.5% in 2010. In North America, supply is

determined primarily by North American-based coated groundwood production and is supplemented by imports from Europe. Since January 2007, North American producers announced shutdown of approximately 1.2 million tons of aggregate coated groundwood capacity, which represents approximately 21% of the North American coated groundwood capacity. As a result of recent capacity closures in the North American coated groundwood industry, the lack of any currently announced capacity additions and the stabilization of imports of coated groundwood into the United States, the Company believes that supply should be stable for the near future. Based on favorable supply and demand trends, RISI, Inc. projects that U.S. coated groundwood operating rates will be approximately 92% by 2011. In addition, as a result of the capacity shutdowns, coated groundwood pricing in the U.S. is increasing. Coated groundwood producers have announced price increases of \$60 per ton since January 2010.

### **The uncoated freesheet market**

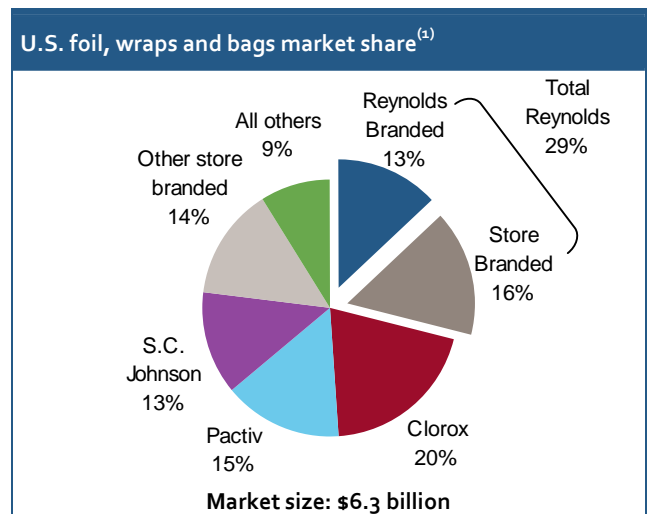
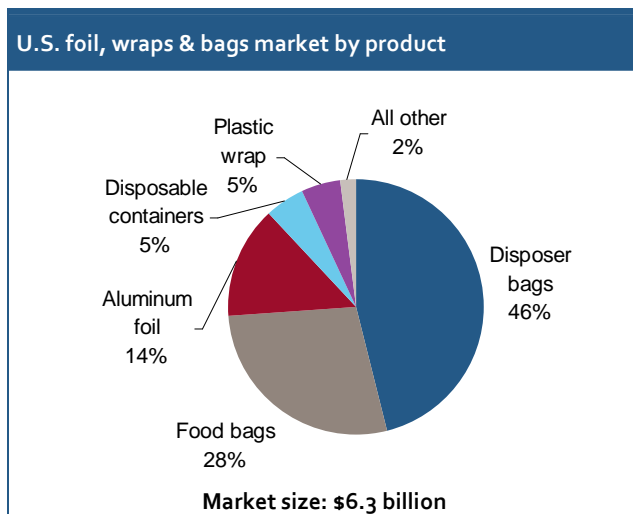
Based on 2009 sales, the size of the North American uncoated freesheet industry is estimated to be approximately \$11.7 billion, or 11.0 million tons. Uncoated freesheet is commonly used for business, commercial printing and publication, and technical and specialty applications, including photocopies, office documents, pamphlets, brochures, direct mail, forms and envelopes. The three largest manufacturers of uncoated freesheet represent approximately 66% of overall uncoated freesheet capacity in North America.

### **Drivers and trends**

Uncoated freesheet demand is correlated with general macroeconomic conditions in North America, as well as competition from electronic substitution. For example, demand for cut-size office paper may fluctuate with levels of white-collar employment. Since January 2007, North American producers announced shutdown and conversion of approximately 2.6 million tons of aggregate uncoated freesheet capacity, which represents approximately 17% of North American uncoated freesheet capacity. Evergreen's competitors shutdown their high cost mills, which generally suffered from a combination of higher energy prices, changes in Canadian dollar exchange rates and other inflationary factors. Based on favorable supply and demand trends, RISI, Inc. projects that U.S. uncoated freesheet operating rates will be approximately 92% in 2011. In addition, as a result of the capacity shutdowns, uncoated paper pricing in the U.S. is increasing. Uncoated freesheet producers have announced price increases of \$100 per ton since January 2010, including a price increase of \$60 per ton announced in April 2010.

## **D. Consumer packaging products: foil, wraps and bags**

Reynolds Consumer's portfolio includes a comprehensive range of consumer packaging products for the food storage and preparation market participating in the \$6.3 billion U.S. consumer foil, wraps and bags category, of which 14%, or approximately \$897 million, is aluminum foil in 2008. Established brands control a significant portion of this market, although store branded products continue to expand their presence. The U.S. foil market is approximately 60% branded and 40% store branded; bags and wraps are two thirds branded and one third store branded. A breakout of the U.S. foil, wraps and bags market by product and by market share is shown below, as well as market share for the industry participants:



Source: AC Nielsen, December 2008.  
 (1) Market shares based on only Food, Drug and Mass Merchant stores.

## Drivers and trends

The key drivers and trends of the foil, wraps and bags category are:

**Brand differentiation.** Consumers are attracted to recognizable brands that maintain the perception of enhanced product performance and value. Brand awareness plays a key role in the consumer purchasing decision, and the leading brands within each segment of the consumer foil, wraps and bags market control a significant portion of the market share. Branded products are typically associated with higher selling prices and higher margins for the manufacturer. According to AC Nielsen, the price differential between branded and store branded products in the paper, plastics and wraps category was approximately 30% in 2008

**Channel shift and consolidation.** An increasing number of consumers are purchasing from mass-merchants and club stores as they are attracted to the lower cost of purchasing in bulk and the convenience of comprehensive shopping trips. Additionally, the retail industry continues to consolidate, particularly in the U.S. among grocery retailers (e.g. SUPERVALU and Safeway), shifting additional purchasing power to the large global retailers

**Continued growth of store branded products.** The shift from branded products to store branded products remains a growing trend as retailers seek increased margins and differentiation from competitors. This trend provides store branded manufacturers with an opportunity to increase revenue and capacity utilization with minimal sales and marketing expenditures

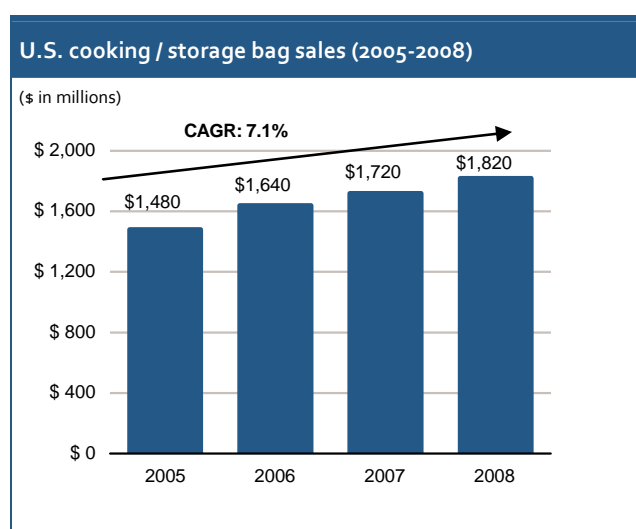
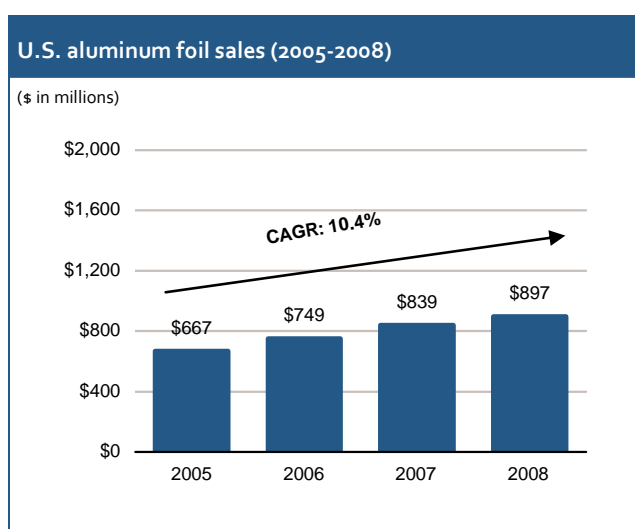
**Innovation.** Demand is partially driven by product innovations catering to the evolving lifestyle trends of the consumer class. Convenience preferences for disposable storage containers and food bags reflect the changing ways consumers prepare food at home, as they increasingly rely on partially prepared foods to shorten the process of meal assembly. These products are complementary to those in the foodservice / food packaging industry, which is driven by similar trends. In the disposer bag category, advances in strength (e.g. puncture resistance) and functionality (e.g. cinching) have served to differentiate products in the market, although the growth of the category itself primarily tracks population growth

**Foil and resin price increases.** Unlike other packaging substrates, where pass-through mechanisms for raw material cost increases are employed, the nature of consumer products such as aluminum foil, food bags and disposer bags make it difficult to raise prices frequently. Instead, price increases are typically proposed to retailers close to year end. In extreme raw material cost environments consumer companies have announced price increases more frequently

**Emerging retail markets.** The consumer class is rapidly growing within select emerging markets such as Asia, Eastern Europe and South America, presenting a number of international growth opportunities. As population and standards of living rise in these emerging consumer economies, management expects demand for household food storage solutions and disposer bags to increase.

## Future market growth

The U.S. consumer foil, wraps and bags market is relatively mature. Growth is driven by population growth, increasing standards of living, evolving lifestyle trends and product innovation aimed at enhanced performance and consumer convenience. Select international markets have experienced higher growth rates due to the emergence of an increasing consumer class in regions such as Asia, Eastern Europe and South America. U.S. aluminum foil sales have grown at a CAGR of 10.4% from 2005 to 2008, and sales of cooking/storage bags have grown at a CAGR of 7.1% over the same time period. Reynolds management is expecting growth at a CAGR of 1% to 2% per annum in the future.

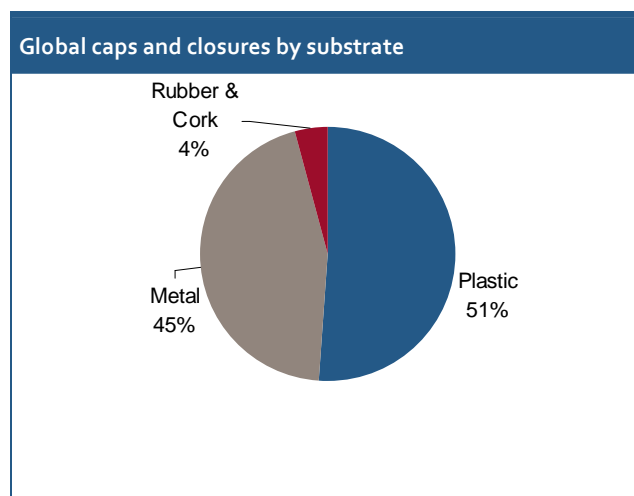
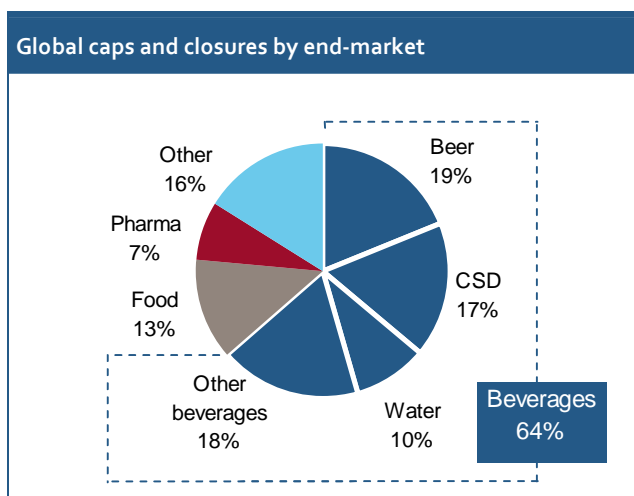


Source: Management and AC Nielsen.

## E. Caps and closures market

Closures competes primarily in the \$29.7 billion global caps and closures market, which, in the aggregate produced 1,352 billion closures in 2007. Beverages and food represented approximately 77% of the global caps and closures market in 2007 by units. Caps and closures are used primarily to seal bottles, jars, vials, tubes and various other containers. These containers are employed in consumer non-durable markets such as beverages, food, personal care, household goods, pharmaceuticals, spirits and chemicals, such as detergents, cleaners and lubricants. Types of substrates include plastic, metal, rubber and cork. Closures' primary markets include the CSD, bottled water, NCSD and liquid food markets.

Beverage end-markets are expected to grow at a CAGR of 4.5% from 2007 through 2013. Plastic and metal substrates represented 51% and 45% of total units in 2007, respectively. Closures manufactures primarily plastic closures, but also manufactures some metal closures in Europe and in Japan. Plastic closures are expected to grow at a CAGR of 5.8% from 2007 through 2013.



Source: The Freedonia Group – World Caps and Closures.

Other beverage include alcoholic and non alcoholic beverage offerings. Examples are isotonic sport and energy drinks, ready-to-drink iced teas and coffees, herbal and vitamin-fortified drinks, and juice, wines & spirits.

Note: Global closures by end-market and World caps and closures by substrate denote volume breakdown (in billions of units).

Competitive factors in the plastic closures market segment include design capabilities, technology innovation, speed of product delivery, value-added features, and in certain market categories, cost competitiveness.

## Drivers and trends

The key drivers of the global caps and closures market include both macro and industry factors. Macro factors influencing closure demand include:

**Consumer preferences** in consumer nondurable markets: size, safety, image and convenience

**Demographic factors:** population, age, geographic distribution, urbanization trends and family structure

**Technological advances** in manufacturing techniques

**Shifts in government regulations** that mandate certain closure function requirements (e.g. child-resistant or tamper evident closures)

**Environmental and regulatory issues:** recyclable materials, health and safety laws, etc.

Several industry factors are driving closures demand such as:

**Conversions will continue to drive demand for plastic closures.** Metal closures have historically represented slightly over half of the market by units, followed closely by plastic. Cork closures have and are expected to remain a very narrow niche of the market with wine closures the primary application. A continuing shift away from metal closures towards plastic closures is anticipated over the next five to ten years. The plastic closures segment is comprised of pressurized and standard threaded closures, unthreaded lids and overcaps, synthetic wine corks, and various types of dispensing and child-resistant specialty closures. Aside from compatibility with plastic bottles, jars, tubs and cups, plastic closures offer numerous advantages over metal and cork closures in many applications. Plastics are lighter in weight, generally less expensive, shatter resistant, have favorable (and controllable) barrier properties and offer a broader assortment of colors and aesthetic features. When combined with shrink bands, breakaway bands, or tear skirts, they also provide excellent tamper evidence. Moreover, with specialized liners on inner seals, plastics are capable of generating vacuum protection to prevent spoilage for hot-filled products. Finally, plastics can be more easily customized than cork or metal containers, and this versatility has allowed it to penetrate a range of specialty applications

**Shift in the product mix in favor of value-added closure types** that provide increased product safety (better tamper evidence, child resistance), user convenience or shelf appeal, as well as senior-friendliness and higher quality printing

**Increased use in conjunction with traditionally closure-free packaging media** such as aseptic drink cartons, tube dispensers and plastic pouches.

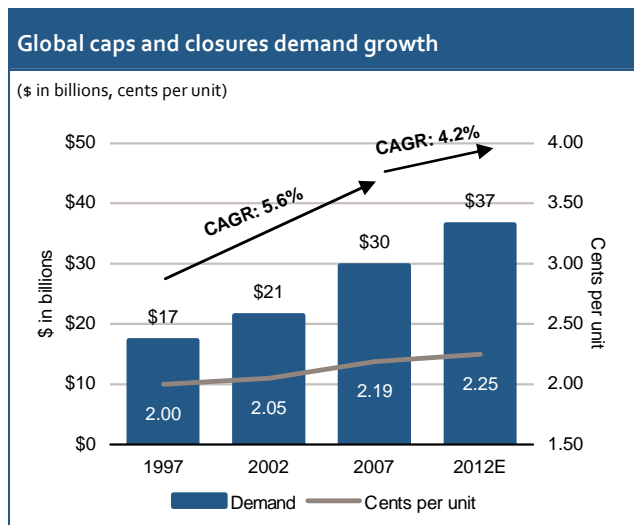
**Introduction of novel closure applications**, ranging from resealable milk and juice cartons to overcaps used in conjunction with sports caps on bottled water

**Rising standards of living**, especially in the world's emerging economies, will support development of the various consumer nondurable goods markets, especially. As a result, closures and other packaging materials will be among the primary beneficiaries

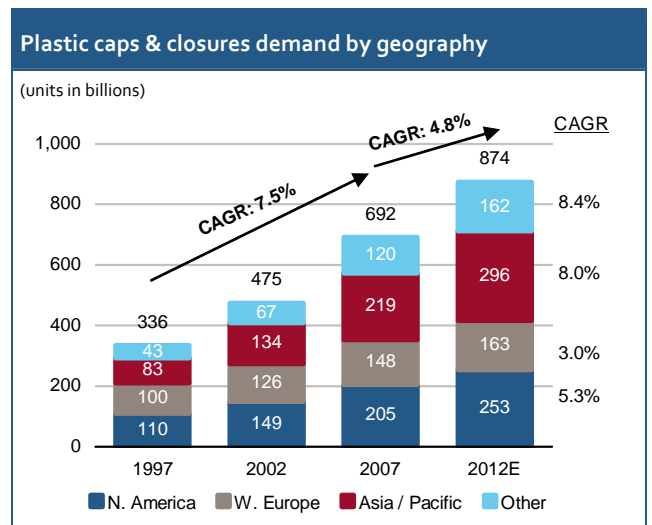
**Consolidation.** As consolidation among beverage companies continues, customers are increasingly requiring large, global suppliers of closures, capable of meeting global specifications

### Future market growth

Within the beverage market, bottled water, juices and sport drinks and non-carbonated beverages, are experiencing more robust growth than the CSD market, particularly in North America and Europe. Between 2007 and 2013, the NCS ambient end-markets volume is expected to grow at a CAGR of approximately 5.1% and the NCS ambient plastic substrate segment is expected to grow at a CAGR of approximately 7.4% between 2007 and 2011. Between 2007 and 2013, the bottled water end-markets volume is expected to grow at a CAGR of approximately 6.5%.



Source: The Freedonia Group – World Caps and Closures.



# Management

## Management

The table below provides an overview of senior management:

Management	Position
Tom Degnan	Chief Executive Officer and Executive Chairman – Reynolds
Allen Hugli	Chief Financial Officer – Reynolds
Rolf Stangl	Chief Executive Officer – SIG
Marco Haussener	Chief Financial Officer – SIG
Malcolm Bunday	Chief Executive Officer – Evergreen
Ricardo Alvergue	Chief Financial Officer – Evergreen
Paul Thomas	Chief Executive Officer – Reynolds Consumer and Closures
Michael Graham	Chief Financial Officer – Reynolds Consumer and Closures

**Thomas Degnan** is the executive chairman of the Company, the Evergreen Packaging Group and the Reynolds Packaging Group. He is also a director of several other companies, such as (i) SIG since May 2007, (ii) Carter Holt Harvey Limited, which was previously listed on the New Zealand Stock Exchange and is in the business of building supplies, pulp and paper, carton packaging and wood products, mainly in Australia and New Zealand, and (iii) Burns, Philp & Company Pty Limited, which was listed on the Australian Stock Exchange to December 2006 and was a manufacturer, marketer and distributor of food and food ingredients. In addition, Mr. Degnan is a director of Jones Dairy Inc., a manufacturer and distributor of meat products, which is unaffiliated with Rank.

**Allen Hugli** has been a senior executive of Rank since 1993. During his time with Rank, Mr. Hugli has been the Chief Financial Officer of Burns, Philp & Company Pty Limited. Mr. Hugli previously held positions in financial management and audit practices in Australia, Canada and New Zealand. Mr. Hugli is also a director of a number of other related Rank entities.

**Rolf Stangl** was appointed Chief Executive Officer of SIG and a member of the SIG executive board in November 2008 following the retirement of Rolf-Dieter Rademacher. Prior to this, Mr. Stangl was head of Global Market Operations of SIG Combibloc, the head of SIG Beverages from May 2007 up until its divestment in April 2008 and the Head of SIG Corporate Development and Mergers and Acquisitions for the period May 2004 to April 2007. Prior to SIG, Mr. Stangl was an investment director at Syntek Capital AG, COO and the founder of intainment.com AG, an internet start-up company and senior consultant at Roland Berger & Partner.

**Marco Haussener** has been Chief Financial Officer of SIG and a member of the Executive Board since January 2001. Between 2000 and 2001, Mr. Haussener was head of SIG Mergers and Acquisitions. Prior to 2000, he was Chief Financial Officer of Elektrowatt Engineering Ltd., where he also served as the Group Controller from 1995 to 1996. Prior to that, he was head of Finance at Ascom Radiocom AG.

**Malcolm Bunday** is the current Chief Executive Officer of Evergreen. In addition to managing Evergreen's operations Mr. Bunday's role involves overseeing financial and operational realization of synergies through the merger of Evergreen and Blueridge. Mr. Bunday's other appointments within Rank Group include Company Executive at CHH and Chief Financial Officer of Goodman Fielder for three years to August 2006. Mr. Bunday also served as a partner at Deloitte (Business Re-organization and Management Consulting Group) for five years to September 2003.

**Ricardo Alvergue** is the Chief Financial Officer of Evergreen and has held the Chief Financial Officer role for the North American Burns Philp group of companies for eight years. Prior to his appointment as CFO at Burns Philp Mr. Alvergue served as Burns Philp's North American Corporate Controller for three years. Mr. Alvergue has also had two years experience as financial controller at Glad Technologies and three years general accounting manager and contracts manager experience with BP. Mr. Alvergue also has six years experience in audit with KPMG.

**Paul Thomas** is the Chief Executive Officer of Reynolds Consumer and Closures. Mr. Thomas joined Alcoa in 1978 and has held several manufacturing and engineering assignments at Alcoa. In 1995, he was named Managing Director of Alcoa Manufacturing (GB) Ltd. based in Swansea, Wales. He returned to the U.S. in 1998 as President of Alcoa's Engineered Products business and was also elected Vice President. Mr. Thomas became President of Alcoa Mill Products in 2001 and was promoted to North American Fabricated Products Group President in 2003. In 2004, he was elected an Executive Vice President of Alcoa and named to the new position of Executive Vice President, People, ABS and Culture. Mr. Thomas was appointed Executive Vice President and Group President for the Alcoa Packaging and Consumer Products business in June 2006.

**Michael Graham** is the Chief Financial Officer of Reynolds Consumer and Closures. Mr. Graham was previously the CFO of the Reynolds business when it was owned by Alcoa. Mr. Graham has financial experience in the telecommunications, commercial transportation and consumer products industries. Mr. Graham joined Alcoa in 2003 from Avaya Communications, where he was Vice President and Group Controller for Worldwide Sales and Marketing since 2001. Prior to that, he spent three years with Honeywell/Allied Signal as Enterprise CFO. Earlier roles within Bendix (bought by Allied Signal) included the position of Director, Financial Planning & Analysis within the Commercial Vehicle Systems Division. Mr. Graham began his professional career with General Mills.

# Historical financial information

## Consolidated historical financial summary

(€ in millions)

	Fiscal year ended December 31,			
	2006	2007	2008	2009
<b>Revenues</b>				
SIG	€1,210	€1,236	€1,249	€1,261
Evergreen	1,019	1,018	1,084	1,024
Reynolds Consumer	989	1,031	1,007	852
Closures	705	741	732	704
<b>Total revenues</b>	<b>€3,923</b>	<b>€4,026</b>	<b>€4,072</b>	<b>€3,840</b>
<i>% growth</i>		2.6%	1.1%	(5.7%)
<b>Adjusted EBITDA</b>				
SIG	€210	€234	€282	€339
Evergreen	86	89	87	121
Reynolds Consumer	98	110	102	198
Closures	95	102	93	107
Reynolds Corporate				(2)
<b>Total Adjusted EBITDA</b>	<b>€489</b>	<b>€535</b>	<b>€564</b>	<b>€763</b>
<i>% margin</i>	12.5%	13.3%	13.8%	19.9%
<b>Pro forma adjusted EBITDA</b>				
SIG				€354 <sup>(1)</sup>
Evergreen				131
Reynolds Consumer				206
Closures				115 <sup>(2)</sup>
Reynolds Corporate				(2)
<b>Total pro forma adjusted EBITDA</b>				<b>€804</b>
<i>% margin</i>				20.9%
<b>Capex</b>				
SIG		€129	€98	€75 <sup>(1)</sup>
Evergreen		34	46	45
Reynolds Consumer		17	27	39
Closures		34	31	49
<b>Total capex</b>		<b>€214</b>	<b>€202</b>	<b>€208</b>
<i>% revenues</i>		28.8%	27.6%	29.6%

Note: Assumes exchange rate of €0.72 / \$1.00 for 2006-2008. Weighted average exchange rate for 2009.

(1) Includes Whakatane EBITDA and capex.

(2) Includes full year EBITDA impact from the GCS-US acquisition.

## Historical financial summary by business

### SIG

(€ in millions)

	Fiscal year ended December 31,				CAGR '06-'09
	2006	2007	2008	2009	
Revenues	€1,210	€1,236	€1,249	€1,261	1.4%
<i>% growth</i>	10.3%	2.1%	1.1%	0.9%	
Adjusted EBITDA	€210	€234	€282	€339	17.3%
<i>% margin</i>	17.4%	18.9%	22.6%	26.9%	
Pro forma Adjusted EBITDA				€349	
<i>% margin</i>				27.7%	
Capex	€121	€129	€98	€72	(15.8%)
<i>% revenues</i>	10.0%	10.4%	7.8%	5.7%	

### Evergreen

(\$ in millions)

	Fiscal year ended December 31,				CAGR '06-'09
	2006	2007	2008	2009	
Revenues	\$1,415	\$1,414	\$1,506	\$1,429	0.3%
<i>% growth</i>	NA	(0.1%)	6.5%	(5.1%)	
Adjusted EBITDA	\$120	\$124	\$121	\$168	12.1%
<i>% margin</i>	8.4%	8.8%	8.0%	11.8%	
Pro forma Adjusted EBITDA				\$183	
<i>% margin</i>				12.8%	
Capex		\$47	\$64	\$63	
<i>% revenues</i>		3.3%	4.2%	4.4%	

## Historical financial summary by business (cont'd)

### Reynolds Consumer

(\$ in millions)

	Fiscal year ended December 31,				CAGR '06-'09
	2006	2007	2008	2009	
Revenues	\$1,373	\$1,432	\$1,399	\$1,190	(4.7%)
% growth	NA	4.2%	(2.3%)	(14.9%)	
Adjusted EBITDA	\$136	\$153	\$141	\$280	27.4%
% margin	9.9%	10.7%	10.1%	23.5%	
Pro forma Adjusted EBITDA				\$299	
% margin				25.1%	
Capex	\$20	\$24	\$37	\$54	39.9%
% revenues	1.4%	1.7%	2.6%	4.5%	

### Closures

(\$ in millions)

	Fiscal year ended December 31,				CAGR '06-'09
	2006	2007	2008	2009	
Revenues	\$979	\$1,029	\$1,017 <sup>(1)</sup>	\$980	0.0%
% growth	NA	5.1%	(1.2%)	(3.6%)	
Adjusted EBITDA	\$132	\$142	\$129	\$148	4.0%
% margin	13.5%	13.8%	12.7%	15.1%	
Pro forma Adjusted EBITDA				\$161 <sup>(2)</sup>	
% margin				16.4%	
Capex	\$52	\$47	\$43	\$69	10.0%
% revenues	5.3%	4.6%	4.2%	7.0%	

(1) \$1,056 million pro forma for the results of businesses whose acquisitions closed after Feb 2008.

(2) Including \$6 million pro forma EBITDA from the GCS-US acquisition.

## Pro Forma EBITDA reconciliation

(€ in millions)

	2009
<b>Unadjusted EBITDA</b>	<b>€860</b>
Restructuring costs	44
Acquisition transition costs	17
Unrealized gains on derivative instruments	(15)
Elimination of previous Reynolds hedging policy	(3)
Elimination of Black Liquor tax credit	(149)
Other	8
<b>Adjusted EBITDA</b>	<b>€763</b>
Annualization of cost savings programs	33
Acquisition of Global Closure Systems' U.S. operations	4
Whakatane pro forma adjusted EBITDA	4
<b>Pro Forma Adjusted EBITDA</b>	<b>€804</b>

Note: Assumed average LTM exchange rate of €1.000 / \$1.395 as for Pro Forma Adjusted EBITDA calculations.

Adjustment	Detail
■ Restructuring costs	■ Reflects restructuring and business realignment costs associated with implementing the recent personnel reduction program in headquarters and in R&D, Global Market organization and further cost saving measures. Also includes restructuring advisory fee
■ Transition costs	■ Primarily consists of costs incurred for IT and transition services and duplicative IT costs related to Consumer's and Closures' transition from the Alcoa IT platform
■ Unrealized gains on derivative instruments	■ Reflects unrealized gains on raw material hedges
■ Elimination of impact of Reynolds' previous hedging policy	■ Reflects removal of the impact of realized losses resulting from the Company's previous aluminium hedging policy which was terminated in October 2008 offset by gains realized on derivative instruments
■ Elimination of Black Liquor tax credit	■ Reflects elimination of Black Liquor tax credit
■ Other	■ Includes asset impairment charges, customs duties on historical imports, equity method profit not distributed in cash, flood damage, loss on sale of assets and plant restructuring costs
■ Annualization of cost saving programs	■ Reflects the full year effect of implemented cost saving programs. The adjustment comprises SIG cost savings of €10 million, Evergreen cost savings €9 million, Consumer cost savings of €13 million, Closures cost savings of €4 million. In addition, also reflects a reduction in EBITDA of €5 million due to marketing costs paid by Rank and rebated
■ Acquisition of Global Closure Systems' U.S. operations	■ Reflects full year contribution from the acquisition of Global Closure Systems' U.S. operations in February 2010

# Significant Cash Flow Generation

(€ in millions)

	Pro Forma 2009
Pro Forma Adjusted EBITDA	€804
% margin	20.5%
(-) Maintenance Capex	(100)
(-) Inc. in W.C.	NM
(-) Net Cash Interest	(325)
(-) Cash Taxes	(77)
<b>Free Cash Flow</b>	<b>€302</b>

Note: EBITDA pro forma for acquisitions.

- High PF Adj. EBITDA margins driven by successful cost saving programs and business initiatives

- Continued focus on cost saving initiatives is expected to further improve margin

- Maintenance capex of ~€100 million
- ~2.6% revenues

- Minimal normalized working capital needs