QUARTERLY REPORT
For the period ended September 30, 2010

REYNOLDS GROUP HOLDINGS LIMITED

New Zealand
(Jurisdiction of incorporation or organization)

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QUARTERLY REPORT
For the period ended September 30, 2010

BEVERAGE PACKAGING HOLDINGS GROUP

Luxembourg
(Jurisdiction of incorporation or organization)

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Introductory Note

In this quarterly report, references to "we", "us", or "our" are to "Reynolds Holdings" or "RGHL" and its consolidated subsidiaries, unless otherwise indicated.

Certain Definitions

In this quarterly report

- *"2007 Issuer"* refers to BP II, the issuer of the 2007 Notes.

- "*2007 Notes*" refers to the 2007 Senior Notes and the 2007 Senior Subordinated Notes.

- "*2007 Senior Notes*" refers to the 8.0% senior notes due 2016 issued by BP II on June 29, 2007, in connection with the SIG Transaction, which are secured by a second priority lien over the capital stock of BP I and a lien on certain intercompany receivables, of which €480.0 million aggregate principal amount was outstanding at September 30, 2010.

- "*2007 Senior Subordinated Notes*" refers to the 9.5% senior subordinated notes due 2017 issued by BP II on June 29, 2007 in connection with the SIG Transaction, which are secured by a third priority lien over the capital stock of BP I and a third priority lien on certain intercompany receivables, of which €420.0 million aggregate principal amount was outstanding at September 30, 2010.

- "*2009 Dollar Notes*" refers to the 7.75% Senior Secured Notes, due 2016, issued by the escrow issuers on November 5, 2009, with the obligations of the escrow issuers assumed by the Issuers on the same day, in connection with the RGHL Transaction, of which $1,125 million aggregate principal amount was outstanding as of September 30, 2010.

- "*2009 Euro Notes*" refers to the 7.75% Senior Secured Notes due 2016, issued by the escrow issuers on November 5, 2009, with the obligations of the escrow issuers assumed by the Issuers on the same day, in connection with the RGHL Transaction; of which €450 million aggregate principal amount was outstanding at September 30, 2010.

- "*2009 Notes*" refers to the 2009 Euro Notes and the 2009 Dollar Notes.

- "*2010 Debt Commitment Letter*" refers to the debt commitment letter, dated August 16, 2010, entered into by RGHL and certain of its affiliates with Credit Suisse Securities (USA) LLC, Credit Suisse AG ("CS"), HSBC Securities (USA) Inc., HSBC Bank USA, National Association ("HSBC Bank"), and Australia and New Zealand Banking Group Limited and its affiliates ("ANZ"), which was subsequently supplemented on September 9, 2010 by a joinder entered into with Sumitomo Mitsui Banking Corporation ("Sumitomo") and on September 10, 2010 by a joinder entered into with Cooperatieve Centrale Raiffeisen-Boerenleenbank B.A., "Rabobank Nederland", New York Branch ("Rabobank"). Under the debt commitment letter, CS, HSBC Bank, ANZ, Sumitomo and Rabobank agreed to provide up to $5.0 billion in aggregate debt financing, subject to certain conditions. Such commitment was reduced in connection with the commitments to provide $2.02 billion of incremental term loans pursuant to the September 2010 Incremental Senior Secured Credit Facilities and was further reduced by $3.0 billion in connection with the October 2010 Notes offering.

- "*Alcoa*" refers to Alcoa Inc., which sold the businesses that ultimately became our Reynolds Consumer, Closures and Reynolds Foodservice segments to Graeme Hart pursuant to the Reynolds Acquisition.

- "*Asia Pacific North*" refers to China and Hong Kong.

- "*Black Liquor Credit*" refers to a tax credit that benefits companies that use alternative fuel mixtures to produce energy to operate their businesses. Black Liquor Credit, equal to $0.50 per gallon of alternative fuel contained in the applicable mixture, is refundable to the taxpayer.

- "*BP I*" refers to Beverage Packaging Holdings (Luxembourg) I S.A., a direct subsidiary of RGHL. BP I guarantees the 2007 Notes, the 2009 Notes, the May 2010 Notes, the Senior Secured Credit Facilities and the October 2010 Notes.

- "*BP II*" refers to Beverage Packaging Holdings (Luxembourg) II S.A., a sister company of BP I and a direct subsidiary of RGHL. BP II does not guarantee the 2009 Notes, the May 2010 Notes, the Senior Secured Credit Facilities or the October 2010 Notes.

- "*BP III*" refers to Beverage Packaging Holdings (Luxembourg) III S.à r.l., a direct subsidiary of BP I and an indirect wholly owned subsidiary of RGHL. BP III guarantees the 2007 Notes, the 2009 Notes, the May 2010 Notes, the Senior Secured Credit Facilities and the October 2010 Notes.

- *"CHH"* refers to Carter Holt Harvey Limited, a New Zealand company, an indirect wholly owned subsidiary of Rank Group.

- "*Closures*" refers to Closures Lux and its consolidated subsidiaries, which has constituted our Closures segment since the consummation of the RGHL Transaction.

- "*Closures Acquisition*" refers to the direct and indirect acquisition consummated on November 5, 2009, by BP III of the Closures business from an entity that is ultimately owned by our strategic owner, Graeme Hart, for a total consideration of $1,223.0 million, less the amount of outstanding consolidated indebtedness of Closures Lux and its subsidiaries under the Reynolds Facility as of the date of the closing of the Closures Acquisition. The total purchase price was adjusted, following such closing, for consolidated net cash, working capital and benefit of earnings, resulting in an aggregate of $7.5 million paid by BP III to Closure Systems International (NZ) Limited in the form of cash and certain intercompany debt arrangements.

- *"Closures Lux"* refers to Closure Systems International (Luxembourg) S.à r.l., which (i) prior to the RGHL Transaction, was a wholly owned subsidiary of Closure Systems International N.Z. Limited, and (ii) subsequent to the RGHL Transaction, became a wholly owned subsidiary of BP III.

- "*dollars*" or "*$*" refers to the lawful currency of the United States of America.

- "*Eastern Europe*" refers to Austria, Bulgaria, Croatia, Czech Republic, Greece, Hungary, Poland, Russia, Slovakia, Slovenia, Switzerland and Turkey.

- "*Escrow Release Date*" refers to November 16, 2010, the date that the proceeds from the offering of the October 2010 Notes were released from escrow and the obligations of the escrow issuers that initially issued the notes were assumed by the Issuers.

- "*euro*" or "*€*" refers to the single currency of the participating Member States in the Third Stage of European Economic and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

- "*Evergreen*" refers to Evergreen Lux and Evergreen U.S. and their respective subsidiaries, which together constitute our Evergreen segment.

- "*Evergreen Acquisition*" refers to collectively the transactions completed on May 4, 2010 comprising (a) the acquisition by Reynolds Group Holdings Inc., a direct wholly owned subsidiary of BP III, of all the equity interests of Evergreen U.S. for a total consideration of $1,522.4 million (including agreed post-closing adjustments), (b) the acquisition by SIG Combibloc Holding GmbH, an indirect wholly owned subsidiary of BP III, of all the equity interests of Evergreen Packaging (Luxembourg) S.à r.l. for a total consideration of $89.6 million (including agreed post closing adjustments) and (c) the acquisition by Whakatane Mill Limited, an indirect wholly owned subsidiary of BP III, of the assets and liabilities of the Whakatane Mill from CHH for a total consideration of $45.8 million (including agreed post-closing adjustments).

- "*Evergreen Transaction*" refers to: (i) the offering of the May 2010 Notes, (ii) the borrowings under the May 2010 Senior Secured Credit Facilities, (iii) the repayment of the GE Facility, (iv) the Evergreen Acquisition, (v) the other transactions related to the foregoing and (vi) the payment of fees and expenses related to the foregoing.

- "*Exchange Act*" refers to the U.S. Securities Exchange Act of 1934, as amended.

- "*GE Facility*" refers to the Credit Agreement dated as of December 17, 2003 (as amended), among Blue Ridge Paper Products Inc., the other credit parties signatory thereto, the lenders from time to time party thereto and General Electric Capital Corporation, as agent and as a lender, which provided for an aggregate of $50 million in revolving loans (including up to $5 million of swing line loans and up to $10 million of letters of credit). The GE Facility was repaid and terminated in connection with the Evergreen Transaction.

- "*guarantors*" refers to each member of the RGHL Group that guarantees the May 2010 Notes, the 2009 Notes, the 2007 Notes, the Senior Secured Credit Facilities and where applicable, the October 2010 Notes, from time to time.

- "*Hefty Consumer Products*" refers to Pactiv's consumer products segment.

- "*IASB*" refers to the International Accounting Standards Board.

- "*IFRS*" refers to International Financial Reporting Standards as issued by the IASB.

- *"Initial Evergreen Acquisition"* refers to the series of acquisitions of IP's Bev Pack Business by the Rank Group beginning on January 31, 2007, and continuing through the subsequent seven months, the associated borrowings that funded such acquisitions and the payment of related fees and expenses.

- "*IP*" refers to International Paper Company.

- "*Issuers*" or "*issuers*" refers to the US Issuers and the Lux Issuer. The Issuers are each wholly owned indirect subsidiaries of RGHL.

- "*Lux Issuer*" means Reynolds Group Issuer (Luxembourg) S.A., a *société anonyme* (public limited liability company) formed under the laws of Luxembourg, an indirect subsidiary of RGHL, a sister company of BP III and a wholly owned direct subsidiary of BP I. Lux Issuer is a co-issuer of the the May 2010 Notes and, after assuming the obligations of the escrow issuers, a co-issuer of the 2009 Notes and the October 2010 Notes.

- "*May 2010 Senior Secured Credit Facilities*" refers to the $1,550 million incremental term loan facility of which $800 million was drawn in connection with the Evergreen Transaction.

- "*May 2010 Notes*" refers to the 8.5% Senior Notes due 2018 issued by the Issuers on May 4, 2010 in connection with the Evergreen Transaction; of which $1,000 million aggregate principal amount was outstanding at September 30, 2010.

- "*merger agreement*" refers to the Agreement and Plan of Merger dated August 16, 2010, by and among Pactiv, Rank Group Limited, RGHL and Reynolds Acquisition Corporation.

- "notes" refers to the October 2010 Notes, the May 2010 Notes, the 2009 Notes and the 2007 Notes.

- "*October 2010 Notes*" refers to (i) $1,500 million aggregate principal amount of 7.125% Senior Secured Notes due 2019 (the "*October 2010 Senior Secured Notes*") and (ii) $1,500 million aggregate principal amount of 9.000% Senior Notes due 2019 (the "*October 2010 Senior Notes*") issued by the escrow issuers on October 15, 2010 in connection with the Pactiv Transaction, with the obligations of the escrow issuers assumed by the Issuers on the Escrow Release Date.

- "*Original Senior Secured Credit Facilities*" refers to a $1,035 million senior secured term loan facility, a €250 million senior secured term loan facility, a $120 million senior secured revolving credit facility and a €80 million senior secured revolving credit facility that we entered into in connection with the RGHL Transaction.

- "*Packaging Holdings*" refers to Packaging Holdings Limited, the indirect parent of RGHL. Packaging Holdings is a private company based in New Zealand and is wholly owned by Graeme Hart.

- "*Pactiv*" refers to the Pactiv Corporation and its subsidiaries.

- "*Pactiv 2012 Notes*" refers to Pactiv's 5.875% Notes due 2012, of which $250 million aggregate principal amount was outstanding at September 30, 2010.

- "*Pactiv 2018 Notes*" refers to Pactiv's 6.400% Notes due 2018, of which $250 million aggregate principal amount was outstanding at September 30, 2010.

- "*Pactiv Acquisition*" refers to the merger of Reynolds Acquisition Corporation, a wholly owned subsidiary of RGHL, with and into Pactiv, with Pactiv surviving the merger as an indirect wholly owned subsidiary of RGHL. The total consideration for the Pactiv Acquisition was approximately $4.5 billion. After the consummation of the Pactiv Acquisition, which was completed on November 16, 2010, Pactiv and its subsidiaries became indirect subsidiaries of BP III.

- "*Pactiv Change of Control Offer*" refers to Pactiv's offers to purchase the Pactiv 2012 Notes, as required by the applicable indenture. The Pactiv Change of Control Offer commenced on October 20, 2010 and is expected to expire on November 20, 2010.

- "*Pactiv Foodservice*" refers to Pactiv's foodservice and food packaging segment.

- "*Pactiv Tender Offer*" refers to Pactiv's offers to purchase and consent solicitations with respect to the Pactiv 2018 Notes. The Pactiv Tender Offer was consummated on November 16, 2010. Pursuant to the Pactiv Tender Offer, Pactiv purchased for cash $234.3 million in aggregate principal amount of tendered Pactiv 2018 Notes, with $15.7 million in aggregate principal amount remaining outstanding. Pursuant to the Pactiv Tender Offer, Pactiv obtained the requisite consents to eliminate the covenant requiring Pactiv to make an offer to purchase the Pactiv 2018 Notes, if a "change of control triggering event" occurs, as defined in the applicable Pactiv indenture.

- "*Pactiv Transaction*" refers to: (i) the offering of the October 2010 Notes, (ii) the borrowings under the September 2010 Incremental Senior Secured Credit Facilities, (iii) the expected repayment of certain Pactiv indebtedness, including the repayment of the Pactiv 2012 Notes and Pactiv 2018 Notes in connection with the Pactiv Tender Offer and Pactiv Change of Control Offer, if any, (iv) the Pactiv Acquisition, (v) the other transactions related to the foregoing and (vii) the payment of fees and expenses related to the foregoing.

- *"Rank Group"* refers to Rank Group Limited, a private company based in New Zealand and wholly owned by Mr. Graeme Hart.

- "*Reynolds Acquisition*" refers to the series of acquisitions from Alcoa indirectly by Graeme Hart, our strategic owner, of those businesses that became, following the RGHL Transaction and Reynolds Foodservice Acquisition, our Reynolds Consumer, Closures and Reynolds Foodservice segments, which were substantially consummated on February 29, 2008, and the associated borrowings that funded such acquisitions and the payment of related fees and expenses.

- "*Reynolds Consumer*" refers to Reynolds Consumer Lux and its consolidated subsidiaries, together with Reynolds Consumer Holdings and its consolidated subsidiaries, which constitutes our Reynolds Consumer segment.

- "*Reynolds Consumer Acquisition*" refers to the direct and indirect acquisition, consummated on November 5, 2009, by BP III of the Reynolds Consumer business from an entity that is ultimately owned by our strategic owner, Graeme Hart, for a total consideration of $1,800 million, less the amount of outstanding consolidated indebtedness of Reynolds Consumer Holdings and its subsidiaries under the Reynolds Facility as of the date of closing of the Reynolds Consumer Acquisition. The total purchase price was adjusted, following the closing of the Reynolds Consumer Acquisition, for consolidated net cash, working capital and benefit of earnings, resulting in an aggregate of $2.6 million paid in the form of intercompany debt arrangements to Reynolds Group Holdings Inc. and BP III.

- "*Reynolds Consumer Holdings*" refers to Reynolds Consumer Products Holdings Inc., a direct wholly owned subsidiary of Reynolds Group Holdings Inc., which is in turn a direct wholly owned subsidiary of BP III.

- "*Reynolds Facility*" refers to a senior secured term loan facility and a senior secured revolving credit facility entered into in connection with the Reynolds Acquisition, which was repaid in full as part of the RGHL Transaction.

- "*Reynolds Foodservice Acquisition*" refers to the indirect acquisition, consummated on September 1, 2010, by BP III of the Reynolds Foodservice business from entities that are ultimately owned by our strategic owner, Graeme Hart, for an initial consideration of $297 million and $44 million of certain post-closing adjustments.

- "*Reynolds Foodservice*" refers to Reynolds Packaging Inc. and Reynolds Packaging International B.V., together with their consolidated subsidiaries, which constitutes our Reynolds Foodservice segment.

- "*Reynolds Holdings*" or *"RGHL"* refers to Reynolds Group Holdings Limited (formerly known as Rank Group Holdings Limited), the indirect parent of BP III and the issuers among others. RGHL guarantees the May 2010 Notes, the 2009 Notes, the 2007 Notes, the Senior Secured Credit Facilities and the October 2010 Notes.

- "*RGHL Acquisition*" refers to the Closures Acquisition and the Reynolds Consumer Acquisition.

- "*RGHL Group*" refers to RGHL and its consolidated subsidiaries after the SIG Transaction, the RGHL Transaction, the Evergreen Transaction and the Reynolds Foodservice Acquisition, but prior to the consummation of the Pactiv Transaction.

- "*RGHL Transaction*" refers to (i) the offering of the 2009 Notes, (ii) the $544.0 million of cash equity contribution by RGHL to BP I, (iii) the initial borrowings under the Senior Secured Credit Facilities, (iv) the repayment of certain existing indebtedness of the RGHL Group, Closures and Reynolds Consumer, (v) the RGHL Acquisition, (vi) the other transactions related to the foregoing and (vii) the payment of fees and expenses related to the foregoing.

- "*SEC*" refers to the U.S. Securities and Exchange Commission.

- "*Senior Secured Credit Facilities*" refers to the Original Senior Secured Credit Facilities, the May 2010 Senior Secured Credit Facilities and the September 2010 Incremental Senior Secured Credit Facilities.

- "*Senior Secured Notes*" refers to the 2009 Notes and the October 2010 Senior Secured Notes.

- "*September 2010 Incremental Senior Secured Credit Facilities*" refers to $2,020 million incremental term loan facilities of which $2,020 million was drawn in connection with the Pactiv Transaction.

- "*SIG*" refers to SIG Combibloc and its consolidated subsidiaries.

- "*SIG Acquisition*" refers to the acquisition of SIG by Packaging Holdings, through RGHL, its indirect wholly owned subsidiary, pursuant to a public tender offer that was concluded on May 11, 2007 and a subsequent squeeze out of minority shareholders that was concluded on November 7, 2007, for a total consideration of €1.7 billion.

- "*SIG Combibloc*" refers to SIG Combibloc Group AG (formerly known as SIG Holding AG). SIG Combibloc guarantees the May 2010 Notes, the 2009 Notes, the 2007 Notes, the Senior Secured Credit Facilities and the October 2010 Notes.

- "*SIG Holding*" refers to SIG Combibloc Holding GmbH, an indirect wholly owned subsidiary of SIG Combibloc.

- "*SIG Transaction*" refers to (i) the SIG Acquisition, (ii) borrowings of €740 million of term loans and the establishment of an €85 million revolving credit facility under the SIG Senior Credit Facilities, (iii) borrowings of €770 million of term loans under a senior subordinated bridge facility (the "*2007 Bridge Facility*"), (iv) the subsequent issuance and sale of €480 million of the 2007 Senior Notes and €420 million of the 2007 Senior Subordinated Notes used to repay in full the 2007 Bridge Facility and to prepay €130 million of the term loans under the SIG Senior Credit Facilities, (v) the borrowings of €405 million by RGHL from an affiliate, (vi) the payment of fees and expenses, including financing fees, advisory fees and other transaction costs and (vii) the cancellation of 178,100 treasury shares of SIG Combibloc on February 28, 2008.

- *"Southern Europe*" means France, Italy, Portugal and Spain.

- *"United States*" and "*U.S.*" refer to the United States of America.

- "*US Co-Issuer*" means Reynolds Group Issuer LLC, a limited liability company formed under the laws of the state of Delaware, United States and an indirect wholly owned subsidiary of BP III. US Co-Issuer is a co-issuer of the May 2010 Notes and, after assuming the obligations of the escrow issuers, a co-issuer of the 2009 Notes and the October 2010 Notes.

- "*U.S. GAAP*" refers to generally accepted accounting principles in the United States of America.

- "*US Issuer*" means Reynolds Group Issuer Inc., a company incorporated under the laws of the state of Delaware, United States, and an indirect wholly owned subsidiary of BP III. US Issuer is a co-issuer of the May 2010 Notes and, after assuming the obligations of the escrow issuers, a co-issuer of the 2009 Notes and the October 2010 Notes.

- "*US Issuers*" means US Issuer and US Co-Issuer.

- "*Western Europe*" means Belgium/Luxembourg, Denmark, Estonia, Finland, Germany, Ireland, Latvia, Lithuania, Netherlands, Norway, Sweden and the United Kingdom.

- "*Whakatane Acquisition*" refers to the acquisition by Whakatane Limited of the Whakatane Mill from CHH.

- "*Whakatane Limited*" refers to Whakatane Mill Limited, a wholly owned subsidiary of SIG Holding.

- "*Whakatane Mill*" refers to the business assets and liabilities of the Whakatane paper mill that were acquired by Whakatane Limited, an entity wholly owned by SIG Holding, from CHH. See "The Transactions."

SEC Review

The information in this quarterly report is being provided pursuant to covenants contained in the indentures governing the notes and the agreement governing the Senior Secured Credit Facilities. The indentures governing the October 2010 Notes, the May 2010 Notes and the 2009 Notes also require us to use commercially reasonable efforts to file an exchange offer registration statement with the SEC with respect to an offer to exchange the October 2010 Notes, the May 2010 Notes and the 2009 Notes and, in certain circumstances, to file a shelf registration statement in November 2010, with respect to resales of the 2009 Notes, by May 2011 for the May 2010 Notes and by October 2011 for the October 2010 Notes. We will not file the required registration statement for the 2009 Notes in November 2010 and consequently are required to pay additional interest on the 2009 Notes beginning November 5, 2010 in accordance with the terms of the 2009 Notes. Such additional interest will increase our interest expense for each period during which it is required to be paid. In addition, there can be no assurance that we will be able to file the required registration statement with respect to the May 2010 Notes by May 2011 or with respect to the October 2010 Notes by October 2011. In the course of the SEC review of any such registration statement, we may be required to make changes to the description of our business and other information and financial data included in this quarterly report. The SEC may not view certain financial data included in this quarterly report as having been prepared in a manner that complies in all material respects with IFRS and the regulations published by the SEC. We may agree to modify such data and other data included in this quarterly report even if we do not necessarily agree that it did not comply with IFRS or applicable SEC regulations. Consequently, comments by the SEC on our financial data and other information included in any such registration statement may result in modification or reformulation of the data included in this quarterly report and any such modification or reformulation may be significant.

Non-GAAP Financial Measures

In this quarterly report, we utilize certain non-GAAP financial measures, including earnings before interest, tax, depreciation and amortization ("EBITDA") and Adjusted EBITDA, which in each case are not defined under IFRS. These measures are presented as we believe that they and similar measures are widely used in the markets in which we operate as a means of evaluating a company's operating performance and financing structure and, in certain cases, because those measures are used to determine compliance with covenants in our debt agreements. They may not be comparable to other similarly titled measures of other companies and are not measurements under IFRS or other generally accepted accounting principles, nor should they be considered as substitutes for the information contained in the interim unaudited condensed financial statements included elsewhere in this quarterly report. For information regarding the non-GAAP financial measures used by management, please refer to note 6 in our interim unaudited condensed financial statements included elsewhere in this quarterly report.

Recent Developments

On October 15, 2010, certain members of the RGHL Group issued the October 2010 Notes. The proceeds from the offering were used to partially finance the Pactiv Acquisition.

On November 16, 2010, the RGHL Group acquired 100% of the outstanding shares and options of Pactiv for a total purchase price of approximately $4.5 billion. The consideration was paid in cash. There is no contingent consideration payable. Pactiv is a leading manufacturer of consumer and foodservice packaging products in the United States. The acquisition of Pactiv brings together two consumer and foodservice packaging platforms. The combination increases RGHL's product, geographic and customer diversification and creates an extensive and diverse distribution network. RGHL Group and Pactiv's products are complementary, providing the combined group with opportunities to generate incremental revenue through cross-selling and category expansion. RGHL also expects to realize significant cost savings by consolidating facilities, eliminating duplicate operations, improving supply chain management and achieving other efficiencies.

Due to the proximity of closing the acquisition of Pactiv and the release of these financial statements, it is impractical to provide a preliminary fair value balance sheet of the acquired business. Pactiv is currently finalizing the opening balance sheet. The RGHL Group is also undertaking fair value appraisals and conversion of Pactiv's accounts from U.S. GAAP to IFRS.

In addition to the proceeds from the October 2010 Notes, $2,020 million of the September 2010 Incremental Senior Secured Credit Facilities was drawn in connection with financing the Pactiv Acquisition. Also, on November 15, 2010, RGHL received cash consideration of $322.0 million for the issuance of one additional share to its shareholder.

Forward-Looking Statements

This quarterly report includes forward-looking statements. Forward-looking statements include statements regarding our goals, beliefs, plans or current expectations, taking into account the information currently available to our management. 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. We have based these forward-looking statements on our management's current view with respect to future events and financial performance. These views reflect the best judgment of our management but involve a number of risks and uncertainties which could cause actual results to differ materially from those predicted in our forward-looking statements and from past results, performance or achievements. Although we believe that the estimates and the projections reflected in the forward-looking statements are reasonable, such estimates and projections may prove to be incorrect, and our actual results may differ from those described in our forward-looking statements as a result of the following risks, uncertainties and assumptions, among others:

- risks related to the Pactiv Acquisition, including the risk that we may be unable to achieve some or all of the benefits that we expect to achieve from the Pactiv Acquisition, risks related to integration of our businesses, and the risk that we expect to incur substantial acquisition-related costs in connection with the Pactiv Acquisition;

- risks related to other acquisitions, such as the risks that we will not be able to complete an acquisition in the timeframe anticipated, on its original terms, or at all, or that we will not be able to achieve some or all of the benefits that we expect to achieve from such acquisitions;

- risks related to the future costs of energy, raw materials and freight and the limited number of suppliers we use for those materials and services;

- risks related to our substantial indebtedness, including the additional indebtedness incurred in connection with the Pactiv Transaction, and our ability to service our current and future indebtedness;

- risks related to our aluminum hedging activities and other hedging activities which may result in significant losses and in period-to-period earnings volatility;

- risks related to our internal control environment which in the past have resulted in material weaknesses in our internal control over financial reporting within our Evergreen, Reynolds Consumer and Closures segments;

- risks related to our suppliers for raw materials and any interruption in our supply of raw materials;

- 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 bases, competition and pricing pressure;

- risks related to the impact of a loss of one of our key manufacturing facilities;

- risks related to our exposure to environmental liabilities and potential changes in legislation or regulation;

- risks related to complying with environmental, health and safety laws or as a result of satisfying any liability or obligation imposed under such laws;

- risks related to changes in consumer lifestyle, eating habits, nutritional preferences and health-related and environmental concerns that may harm our business and financial performance;

- risks related to restrictive covenants in the notes and our other indebtedness which could adversely affect our business by limiting our operating and strategic flexibility;

- risks related to our dependence on key management and other highly skilled personnel; and

- risks related to other factors discussed or referred to in this quarterly report.

The risks described above and the risks disclosed in or referred to in Item 1A “Risk Factors” of this quarterly report are not exhaustive lists of all the risks impacting our business. Other sections of this quarterly report describe additional factors that could adversely affect our business, financial condition or results of operations. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for us to predict all such risk factors, nor can we assess the impact of all such risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. 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 and contained elsewhere in this quarterly report.

PART I—FINANCIAL INFORMATION

ITEM 1. INTERIM UNAUDITED CONDENSED FINANCIAL STATEMENTS.

Refer to the attached F pages for the interim unaudited condensed financial statements and notes thereto for the three and nine months ended September 30, 2010 and September 30, 2009 for the RGHL Group and the BevPack Group.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The following discussion and analysis includes forward-looking statements. These forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements with respect to us. Our actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to these differences include, but are not limited to, those discussed below and elsewhere in this quarterly report. Refer to "Forward-Looking Statements" and Item 1A, "Risk Factors" included elsewhere in this quarterly report.

Overview

Reynolds Group Holdings Limited was incorporated under the Companies Act 1993 of New Zealand on May 30, 2006. We are a leading global manufacturer and supplier of consumer food and beverage packaging and storage products. We operate through five segments (SIG, Evergreen, Reynolds Consumer, Closures and Reynolds Foodservice) that we acquired in a series of transactions, the latest of which was the Reynolds Foodservice Acquisition. Our SIG segment 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 prevalent in Europe and Asia, is designed to allow beverages or liquid food to be stored for extended periods without refrigeration. Our Evergreen segment manufactures an extensive range of high quality fresh carton packaging primarily for the non-carbonated soft drinks (e.g., juices) and the liquid dairy (e.g., milk) segments. 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 beverages in aseptic carton packaging. Our Reynolds Consumer segment manufactures, primarily for customers in the United States, a comprehensive range of consumer foil, wraps and bags under our well-recognized Reynolds brand and our store branded products. Our Closures segment manufactures, globally, a broad range of innovative, high quality beverage caps and closures, primarily for the carbonated soft drinks (e.g., cola), non-carbonated soft drinks (e.g., sports drinks) and bottled water segments. Reynolds Foodservice offers a comprehensive range of clear plastics, plastic films, aluminum and paper products. Our Reynolds Foodservice segment operates primarily in North America and distributes its products through foodservice distributors, mass merchandisers, restaurants, supermarkets and food processors. We believe each of our segments derives a majority of its sales from products in which we estimate we have market leading positions.

Our SIG, Evergreen, Reynolds Consumer, Closures and Reynolds Foodservice segments have been under common ownership and control through entities ultimately 100% owned by Graeme Hart, our strategic owner, for over two years. These entities, however, were not owned, directly or indirectly, by a single company that consolidated their financial results or managed them on a combined basis prior to the consummation of the RGHL Transaction on November 5, 2009, the Evergreen Transaction on May 4, 2010 and the Reynolds Foodservice Acquisition on September 1, 2010.

We have determined that the acquisitions by Reynolds Holdings of the Evergreen, Reynolds Consumer, Closures and Reynolds Foodservice businesses constitute business combinations of entities under common control. IFRS is silent on the accounting required for business combinations involving entities that are under common control. Accordingly, we have chosen to account for the acquisitions of Evergreen, Reynolds Consumer, Closures and Reynolds Foodservice, which were acquired from entities under the common control of our ultimate shareholder, Graeme Hart, using the carry-over or book value method. Under the carry-over or book value method, the business combinations do not change the historical carrying values of the assets and liabilities of the businesses acquired. The excess of the purchase prices over the consolidated carrying values of the share capital acquired is recognized as a reduction to equity.

We account for business combinations under common control prospectively from the date that a single company originally obtained control of the businesses. Therefore, the acquisitions of Evergreen, Reynolds Consumer, Closures and Reynolds Foodservice have been accounted for under the principle of common control and all the prior periods in the accompanying financial statements have been recast to include their results of operations for all periods presented.

On August 16, 2010, we entered into a definitive agreement to acquire all of the outstanding stock of Pactiv. Under the terms of the agreement and plan of merger, we agreed to pay $33.25 per Pactiv share (in cash), for a total purchase price of approximately $4.5 billion. Pactiv is a leading producer of consumer and foodservice packaging products, including the well-known Hefty® brand of food and trash bags and disposable tableware. We completed the Pactiv Acquisition on November 16, 2010. The Pactiv Acquisition was partially funded with the proceeds from the October 2010 Notes as well as drawings from the September 2010 Incremental Senior Secured Credit Facilities. Refer to "Recent Developments" for more information.

Accounting Principles

Our interim unaudited condensed financial statements are prepared in accordance with IFRS.

Reporting Currency

IFRS does not require that our financial reporting be presented in a particular currency. Based on our current business mix and other facts and circumstances that our board of directors considers relevant, we have determined that the dollar is currently the most appropriate currency for our financial reporting. In accordance with IAS 21, the figures are translated from the functional currency of a given entity into dollars using the following principles: (a) the assets and liabilities for each statement of financial position are translated at the closing rate as of the reporting date, (b) income and expense items for each profit or loss item are translated at average exchange rates during the period and (c) items of other comprehensive income are translated at average exchange rates during the period.

Segment Reporting

We currently report our financial results in five segments: SIG, Evergreen, Reynolds Consumer, Closures and Reynolds Foodservice. IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of our combined operations that are regularly reviewed by our Chief Operating Decision Maker ("CODM") in order to allocate resources to the applicable segment and to assess our performance. The RGHL Group CODM are the officers and directors of RGHL. Information reported to our CODM is for the purposes of resource allocation and assessment of segment performance.

Critical Accounting Policies

For a summary of our critical accounting policies, refer to Item 5, "Operating and Financial Review and Prospects—Critical Accounting Policies" of our annual report for the year ended December 31, 2009. Our critical accounting policies have not changed from those disclosed in our annual report for the year ended December 31, 2009.

Key Factors Influencing our Financial Condition and Results of Operations

The following discussion should be read in conjunction with "Key Factors Influencing our Financial Condition and Results of Operations" in Item 5, "Operating and Financial Review and Prospects" of our annual report for the year ended December 31, 2009, and "RGHL Group Operating and Financial Review and Prospects—Key Factors Influencing the RGHL Group's Financial Condition and Results of Operations" in the Information Statement attached to the Holder Notification-Notice of Additional Information Related to the Pactiv Acquisition posted on RGHL and BP II's website on October 8, 2010, which discusses further key factors influencing our financial condition and results of operations, including net revenue, expenses and raw materials.

Acquisitions, Substantial Leverage and Other Transaction-Related Effects

Our results of operations and financial position were significantly impacted by the effects of the Initial Evergreen Acquisition, the SIG Acquisition, the Reynolds Acquisition, the Reynolds Foodservice Acquisition, the RGHL Transaction and the Evergreen Transaction, which included the acquisition of the Whakatane Mill. Following the consummation of the Evergreen Transaction in May 2010, the Whakatane Mill became part of our SIG segment.

In connection with the Initial Evergreen Acquisition, the SIG Acquisition and the Reynolds Acquisition, we recognized goodwill that as of September 30, 2010 was $1,713.7 million. Although goodwill is not subject to amortization under IFRS, it is subject to impairment tests at least annually. As significant portions of the purchase prices have been allocated to identifiable tangible and intangible assets, our depreciation and amortization expenses are significantly higher than the amounts recognized before the Initial Evergreen Acquisition, the SIG Acquisition or the Reynolds Acquisition.

The Initial Evergreen Acquisition, the SIG Acquisition and the Reynolds Acquisition were financed with significant borrowings. The RGHL Transaction, completed in November 2009, and the Evergreen Transaction, completed in May 2010, also involved additional borrowings. The interim unaudited condensed financial statements and all prior annual financial statements have been recast to account for business combinations involving entities under common control; however, the interim unaudited condensed financial statements for the nine months ended September 30, 2009 and 2010 reflect the interest and associated costs related to the RGHL Transaction and the Evergreen Transaction from the date of closing of such transactions. In addition, the financing of the RGHL Transaction involved the refinancing of borrowings originally drawn to fund the SIG Acquisition and the Reynolds Acquisition. Accordingly, our interim unaudited condensed financial statements for periods prior to the RGHL Transaction and Evergreen Transaction are not comparable to results for subsequent periods.

As of September 30, 2010, we had total net borrowings of $5,918.9 million. For more information regarding our external borrowings, refer to note 16 of our interim unaudited condensed financial statements included elsewhere in this quarterly report. Subsequent to the period covered by this quarterly report, we financed the purchase of the Pactiv Acquisition and associated transaction costs with proceeds from the October 2010 Notes as well as the drawings under the September 2010 Incremental Senior Secured Credit Facilities. Refer to the "Recent Developments" section for more information. As such, our future results of operations, including our net financial expenses, will be significantly affected by our substantial indebtedness. The servicing of this indebtedness has impacted and will continue to impact our cash flows and our cash balance. Refer to the “Liquidity and Capital Resources” section.

Results of Operations

The following discussion should be read in conjunction with the interim unaudited condensed financial statements and segment data. Detailed comparisons of revenue and results are presented in the discussions of the operating segments, which follow the RGHL Group results discussion. Results for interim periods may not be indicative of the results for the full year.

Three Months Ended September 30, 2010 compared with the Three Months Ended September 30, 2009

	For the three months ended September 30,					
(In $ million, except for %)	**2010**	**% of revenue**	**2009**	**% of revenue**	**change**	**% change**
Revenue	**1,611.8**	100.0%	**1,476.4**	100.0%	135.4	9.2%
Cost of sales	(1,282.2)	(79.6)%	(1,165.3)	(78.9)%	116.9	10.0%
Gross profit	**329.6**	20.4%	**311.1**	21.1%	18.5	5.9%
Other income	18.3	1.1%	43.0	2.9%	(24.7)	(57.4)%
Selling, marketing and distribution expenses	(50.4)	(3.1)%	(47.6)	(3.2)%	2.8	5.9%
General and administration expenses	(93.9)	(5.8)%	(78.8)	(5.3)%	15.1	19.2%
Other expenses	10.3	0.6%	(37.5)	(2.5)%	(47.8)	(127.5)%
Share of profit of associates and joint ventures, net of income tax (equity method)	3.8	0.2%	2.5	0.2%	1.3	52.0%
Profit (loss) from operating activities	**217.7**	13.5%	**192.7**	13.1%	25.0	13.0%
Financial income	5.5	0.3%	5.0	0.3%	0.5	10.0%
Financial expenses	(106.4)	(6.6)%	(127.8)	(8.7)%	(21.4)	(16.7)%
Net financial expenses	**(100.9)**	(6.3)%	**(122.8)**	(8.3)%	(21.9)	(17.8)%
Profit (loss) before income tax	**116.8**	7.2%	**69.9**	4.7%	46.9	67.1%
Income tax benefit (expense)	(35.8)	(2.2)%	(36.8)	(2.5)%	1.0	(2.7)%
Profit (loss) after tax	**81.0**	5.0%	**33.1**	2.2%	47.9	144.7%
Depreciation and amortization	112.9	7.0%	129.2	8.8%	(16.3)	(12.6)%
RGHL Group EBITDA	330.6	20.5%	321.9	21.8%	8.7	2.7%
RGHL Group Adjusted EBITDA	310.1	19.2%	293.1	19.9%	17.0	5.8%

Revenue increased by $135.4 million or 9.2% to $1,611.8 million for the three months ended September 30, 2010 compared to $1,476.4 million for the three months ended September 30, 2009. The increase in revenue for the three months ended September 30, 2010 was driven by growth in the SIG, Evergreen, Reynolds Consumer and Closures segments resulting from both favorable sales volume and price increases which were partially offset by an unfavorable impact from foreign currency fluctuations of $27 million ($30 million unfavorable impact at our SIG segment and $3 million favorable impact at our Closures segment).

Cost of sales for the three months ended September 30, 2010 increased by $116.9 million or 10.0% to $1,282.2 million for the three months ended September 30, 2010 compared to $1,165.3 million for the three months ended September 30, 2009. Increases in the cost of sales as a percentage of revenue within each of the Evergreen and Reynolds Foodservice segments for the three months ended September 30, 2010 were partially offset by decreases in each of the SIG, Reynolds Consumer and Closures segments. For the three months ended September 30, 2009, cost of sales included a benefit of $60.2 million relating to Black Liquor Credit within the Evergreen segment which was partially offset by $23.3 million of expenses within the Reynolds Consumer and Reynolds Foodservice segments resulting from the settlement of unfavorable historical aluminum hedge positions under these segments’ historical hedging policy, which was terminated during the three months ended September 30, 2009. As a result of the factors described above, the gross profit margin decreased to 20.4% of revenue for the three months ended September 30, 2010 compared to 21.1% of revenue for the three months ended September 30, 2009.

Selling, marketing and distribution expenses increased by $2.8 million or 5.9% to $50.4 million for the three months ended September 30, 2010 compared to $47.6 million for the three months ended September 30, 2009. General and administration expenses increased by $15.1 million or 19.2% to $93.9 million for the three months ended September 30, 2010 compared to $78.8 million for the three months ended September 30, 2009. This increase was primarily related to our SIG segment and reflects market expansion in the Asia Pacific North and South American markets. Refer to “-SIG segment” for additional information.

Net other income increased by $23.1 million to a net income position of $28.6 million for the three months ended September 30, 2010 compared to a net income position of $5.5 million for the three months ended September 30, 2009. This increase in net other income was largely driven by lower restructuring expenses as well as declines in certain other expense items including consultancy fees for business optimization projects and asset impairment charges and were partially offset by lower unrealized gains on our aluminum and resin derivatives.

The increase of $1.3 million in the share of profits of associates and joint ventures for the three months ended September 30, 2010 was due to growth of the Obeikan joint venture operations within the SIG segment.

As a result of the above factors, profit from operating activities increased by $25.0 million or 13.0% to $217.7 million for the three months ended September 30, 2010 compared to $192.7 million for the three months ended September 30, 2009 .

Financial expenses decreased by $21.4 million or 16.7% to $106.4 million for the three months ended September 30, 2010 compared to $127.8 million for the three months ended September 30, 2009. An increase in interest expense of $53.3 million as well as a $50.0 million fee related to the 2010 Debt Commitment Letter were offset by a decline in foreign exchange loss of $123.1 million for the three months ended September 30, 2010 compared to the three months ended September 30, 2009. Foreign exchange movements occur with respect to borrowings denominated in currencies other than that of the borrowing entity. We incurred $95.1 million of fees in connection with the 2010 Debt Commitment Letter. As of September 30, 2010, $50.0 million of these fees were expensed and included in the financial expenses line item. The remaining amount will be expensed during the three months ended December 31, 2010. For more information, refer to note 16 of our interim unaudited condensed financial statements included elsewhere in this quarterly report. The increase in interest expense was primarily due to the overall increase in our borrowings. Our net borrowings as of September 30, 2010 were $5,918.9 million compared to net borrowings of $4,954.1 million as of December 31, 2009. During November 2009 and May 2010, we completed significant refinancings associated with the RGHL Acquisition and Evergreen Acquisition, respectively. The timing of these refinancings resulted in the historical interest expense not being representative of our interest expense in the current or future periods. Refer to "Key Factors Influencing our Financial Condition and Results of Operations — Acquisitions, Substantial Leverage and Other Transaction-Related Effects." For more information regarding our financial expenses and external borrowings, refer to notes 10 and 16 of our interim unaudited condensed financial statements included elsewhere in this quarterly report.

For the three months ended September 30, 2010, the income tax expense of $35.8 million on a profit before income tax of $116.8 million was primarily due to higher earnings in lower tax jurisdictions, offset by the inability of certain subsidiaries to claim deductions for certain expense items, such as interest, due to local jurisdictional limitations. For a reconciliation of pre-tax profit (loss) to tax expense for the nine months ended September 30, 2010 and September 30, 2009, refer to note 11 of our interim unaudited condensed financial statements included elsewhere in this quarterly report.

EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 were $330.6 million and $310.1 million, respectively, compared to $321.9 million and $293.1 million, respectively, for the three months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 and September 30, 2009 for the RGHL Group is as follows:

(In $ million)	For the three months ended September 30, 2010	2009
Profit from operating activities	**217.7**	**192.7**
Depreciation and amortization	112.9	129.2
EBITDA	**330.6**	**321.9**
***Included in the RGHL Group EBITDA*:**		
Asset impairment charges	-	5.9
Black Liquor Credit	(0.3)	(60.2)
Costs related to business acquisitions	0.2	-
Elimination of historical Reynolds hedging policy	-	23.3
Equity method joint venture profit not distributed in cash	(2.9)	(2.0)
(Gain)/loss on sale of investment properties	(1.7)	-
Inventory write-off	-	2.4
Korean insurance claim	-	(0.4)
Adjustment related to settlement of a lease obligation	(1.6)	-
Manufacturing plant flood impact	-	4.9
Operational process engineering-related consultancy costs	0.8	6.1
Plant realignment costs	-	0.2
Related party management fees	-	0.6
Restructuring costs	1.8	22.3
Transition costs	-	4.7
Unrealized (gain)/loss on derivatives	(16.8)	(40.1)
VAT and customs duties on historical imports	-	3.5
RGHL Group Adjusted EBITDA	**310.1**	**293.1**
Segment detail of Adjusted EBITDA:		
SIG	126.2	126.4
Evergreen	68.2	37.2
Reynolds Consumer	55.4	66.6
Closures	55.7	40.0
Reynolds Foodservice	7.1	22.4

SIG segment

(In $ million, except for %)	For the three months ended September 30, 2010	% of segment revenue	2009	% of segment revenue	change	% change
Revenue	467.8	100.0%	433.9	100.0%	33.9	7.8%
Gross profit	125.8	26.9%	114.5	26.4%	11.3	9.9%
Profit from operating activities	68.0	14.5%	45.9	10.6%	22.1	48.1%
SIG segment EBITDA	127.8	27.3%	107.4	24.8%	20.4	19.0%
SIG segment Adjusted EBITDA	126.2	27.0%	126.4	29.1%	(0.2)	(0.2)%

Revenue increased by $33.9 million or 7.8% to $467.8 million for the three months ended September 30, 2010 compared to $433.9 million for the three months ended September 30, 2009. This increase was primarily attributable to the $30.2 million of incremental revenue from the acquisition of the Whakatane Mill in May 2010.

Europe: Sleeve and filling machine revenue in Europe decreased by $17.1 million or 6.0% to $267.8 million for the three months ended September 30, 2010 compared to $284.9 million for the three months ended September 30, 2009. Revenue for the three months ended September 30, 2010 included an unfavorable foreign currency impact of $24 million. Growth from the Southern European and Russian markets during the three months ended September 30, 2010 was offset by decreases in the Western and Eastern European markets other than Russia, reflecting the substitution of carton board for polyethylene terephthalate ("PET") in the juice market.

Rest of the World: Sleeve and filling machine revenue in the rest of the world markets increased by $20.8 million or 14.0% to $169.8 million for the three months ended September 30, 2010 compared to $149.0 million for the three months ended September 30, 2009. Revenue for the three months ended September 30, 2010 included an unfavorable foreign currency impact of $6 million. The Asia Pacific North market experienced growth that was partially offset by a seasonality driven decrease in the Middle East market.

Gross profit increased by $11.3 million or 9.9% to $125.8 million for the three months ended September 30, 2010 compared to $114.5 million for the three months ended September 30, 2009, with gross profit margin for the three months ended September 30, 2010 increasing slightly to 26.9% of the segment's revenue compared to 26.4% for the three months ended September 30, 2009. The increase in the gross profit and gross profit margin for the three months ended September 30, 2010 was largely due to revenue increases.

Selling, marketing and distribution expenses and general and administration expenses increased by $12.9 million or 25.9% to $62.8 million for the three months ended September 30, 2010 compared to $49.9 million for the three months ended September 30, 2009. The increase in expenses was primarily due to growth in the Asia Pacific North and South America markets and foreign currency movements and the inclusion of expenses from the Whakatane Mill acquisition.

The results of operations for the SIG segment for the three months ended September 30, 2010 also reflect the benefit of a $16.4 million decline in restructuring expenses.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 were $68.0 million, $127.8 million and $126.2 million, respectively, compared to $45.9 million, $107.4 million and $126.4 million, respectively, for the three months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 and September 30, 2009 for our SIG segment is as follows:

	For the three months ended September 30,	
(In $ million)	**2010**	**2009**
Profit from operating activities	**68.0**	**45.9**
Depreciation and amortization	59.8	61.5
EBITDA	**127.8**	**107.4**
Included in SIG segment EBITDA:		
Asset impairment charges	-	0.1
Equity method joint venture profit not distributed in cash	(2.3)	(1.5)
(Gain)/loss on sale of investment properties	(1.7)	-
Restructuring costs	2.2	18.6
Unrealized (gain)/loss on derivatives	0.2	(1.7)
VAT and customs duties on historical imports	-	3.5
SIG segment Adjusted EBITDA	**126.2**	**126.4**

Evergreen segment

	For the three months ended September 30,					
(In $ million, except for %)	**2010**	**% of segment revenue**	**2009**	**% of segment revenue**	**change**	**% change**
Revenue	408.7	100.0%	357.0	100.0%	51.7	14.5%
Gross profit	63.1	15.4%	94.3	26.4%	(31.2)	(33.1)%
Profit from operating activities	51.4	12.6%	68.8	19.3%	(17.4)	(25.3)%
Evergreen segment EBITDA	67.0	16.4%	84.6	23.7%	(17.6)	(20.8)%
Evergreen segment Adjusted EBITDA	68.2	16.7%	37.2	10.4%	31.0	83.3%

Revenue increased by $51.7 million or 14.5% to $408.7 million for the three months ended September 30, 2010 compared to $357.0 million for the three months ended September 30, 2009. This increase was primarily attributable to: an increase in sales of uncoated freesheet ("UFS") due to higher prices and partially offset by lower volume; an increase in sales of coated groundwood due to higher sales volumes and higher prices as the market continues to recover from the economic slowdown experienced in the three months ended September 30, 2009; and an increase in sales of external liquid packaging board partially offset by lower volumes and higher prices on cartons.

Gross profit decreased by $31.2 million or 33.1% to $63.1 million for the three months ended September 30, 2010 compared to $94.3 million for the three months ended September 30, 2009, with the gross profit margin for the three months ended September 30, 2010 decreasing to 15.4% of the segment's revenue compared to 26.4% for the three months ended September 30, 2009. This decrease was largely due to the impact during the three months ended September 30, 2009 of Black Liquor Credits of $60.2 million. Excluding the impact of Black Liquor Credit, the gross profit margin improved for the three months ended September 30, 2010 and was largely driven by favorable manufacturing operations at the mills and converting facilities due to increased productivity and cost savings initiatives, which were partially offset by increases in raw material and other input costs during the three months ended September 30, 2010 compared to the three months ended September 30, 2009.

Selling, marketing and distribution expenses and general and administration expenses increased by $0.8 million or 4.4% to $18.8 million for the three months ended September 30, 2010 compared to $18.0 million for the three months ended September 30, 2009, largely due to higher costs from an increase in the number of employees as vacant positions were filled.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 were $51.4 million, $67.0 million and $68.2 million, respectively, compared to $68.8 million, $84.6 million and $37.2 million, respectively, for the three months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 and September 30, 2009 for our Evergreen segment is as follows:

	For the three months ended September 30,	
(In $ million)	**2010**	**2009**
Profit from operating activities	**51.4**	**68.8**
Depreciation and amortization	15.6	15.8
EBITDA	**67.0**	**84.6**
Included in Evergreen segment EBITDA:		
Asset impairment charges	-	5.8
Black Liquor Credit	(0.3)	(60.2)
Costs related to business acquisitions	0.2	-
Equity method joint venture profit not distributed in cash	(0.6)	(0.5)
Korean insurance claim	-	(0.4)
Operational process engineering-related consultancy costs	0.6	6.1
Related party management fees	-	0.6
Restructuring costs	-	1.2
Unrealized loss on derivatives	1.3	-
Evergreen segment Adjusted EBITDA	**68.2**	**37.2**

<u>Reynolds Consumer segment</u>

	For the three months ended September 30,					
(In $ million, except for %)	**2010**	**% of segment revenue**	**2009**	**% of segment revenue**	**change**	**% change**
Revenue	291.0	100.0%	272.6	100.0%	18.4	6.7%
Gross profit	68.6	23.6%	45.0	16.5%	23.6	52.4%
Profit from operating activities	63.2	21.7%	49.5	18.2%	13.7	27.7%
Reynolds Consumer segment EBITDA	74.6	25.6%	66.7	24.5%	7.9	11.8%
Reynolds Consumer segment Adjusted EBITDA	55.4	19.0%	66.6	24.4%	(11.2)	(16.8)%

Revenue increased by $18.4 million or 6.7% to $291.0 million for the three months ended September 30, 2010 compared to $272.6 million for the three months ended September 30, 2009.

Reynolds Branded Revenue: Revenue increased by $9.8 million or 6.0% to $172.0 million for the three months ended September 30, 2010 compared to $162.2 million for the three months ended September 30, 2009. This increase was primarily due to a decrease in promotional spending and increased volumes, partially offset by the planned exit from certain low margin or unprofitable product lines in the second half of 2009.

Reynolds Store-Branded Revenue: Revenue increased by $8.6 million or 7.8% to $119.0 million for the three months ended September 30, 2010 compared to $110.4 million for the three months ended September 30, 2009, reflecting improved pricing due to the flow-through of resin price increases to customers and increases in sales volume.

Gross profit increased by $23.6 million or 52.4% to $68.6 million for the three months ended September 30, 2010 compared to $45.0 million for the three months ended September 30, 2009, with the gross profit margin for the three months ended September 30, 2010 increasing to 23.6% of the segment's revenue compared to 16.5% for the three months ended September 30, 2009. The increases in gross profit and the gross profit margin for the three months ended September 30, 2010 were primarily due to the realized loss of

$21.9 million recognized during the three months ended September 30, 2009 related to the settlement of unfavorable aluminum hedge positions under the segment's historical hedging policy, which has since been terminated, as well as the favorable impact of strategic initiatives and lower depreciation expense, partially offset by increased raw material costs.

Selling, marketing and distribution expenses and general and administration expenses decreased by $2.7 million or 9.8% to $24.9 million for the three months ended September 30, 2010 compared to $27.6 million for the three months ended September 30, 2009. This decrease was primarily due to the costs incurred in the three months ended September 30, 2009 related to the transition from Alcoa's systems, networks and services to those of Reynolds Consumer and one-time costs related to a flood at one of the segment's locations. This decrease was partially offset by an increase in advertising spending during the three months ended September 30, 2010 compared to the three months ended September 30, 2009.

The results of operations for the three months ended September 30, 2010 also included a decrease of $16.8 million in unrealized gains on open aluminum hedge positions recognized in net other income.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 were $63.2 million, $74.6 million and $55.4 million, respectively, compared to $49.5 million, $66.7 million and $66.6 million, respectively, for the three months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 and September 30, 2009 for our Reynolds Consumer segment is as follows:

	For the three months ended September 30,	
(In $ million)	**2010**	**2009**
Profit from operating activities	**63.2**	**49.5**
Depreciation and amortization	11.4	17.2
EBITDA	**74.6**	**66.7**
Included in Reynolds Consumer segment EBITDA:		
Elimination of the effect of historical Reynolds hedging policy	-	21.9
Adjustment related to settlement of a lease obligation	(1.6)	-
Manufacturing plant flood impact	-	4.9
Operational process engineering-related consultancy costs	0.2	-
Plant realignment costs	-	0.2
Restructuring costs	(1.1)	1.7
Transition costs	-	4.7
Unrealized (gain) on derivatives	(16.7)	(33.5)
Reynolds Consumer segment Adjusted EBITDA	**55.4**	**66.6**

<u>Closures segment</u>

	For the three months ended September 30,					
(In $ million, except for %)	**2010**	**% of segment revenue**	**2009**	**% of segment revenue**	**change**	**% change**
Revenue	320.5	100.0%	258.3	100.0%	62.2	24.1%
Gross profit	60.9	19.0%	42.0	16.3%	18.9	45.0%
Profit from operating activities	36.4	11.4%	21.4	8.3%	15.0	70.1%
Closures segment EBITDA	55.4	17.3%	40.9	15.8%	14.5	35.5%
Closures segment Adjusted EBITDA	55.7	17.4%	40.0	15.5%	15.7	39.3%

Revenue increased by $62.2 million or 24.1% to $320.5 million for the three months ended September 30, 2010 compared to $258.3 million for the three months ended September 30, 2009. This increase was principally due to higher sales volumes and improved pricing due to the flow-through of resin price increases to customers, incremental revenue of $16.1 million from the acquisition of Obrist Americas, Inc., which was subsequently renamed Closure Systems International Americas, Inc. ("CSI Americas") on February 1, 2010 and the favorable impact from foreign currency fluctuations of $3 million. The increase in sales volume resulted from overall market growth as well as the opening of new plants in Asia.

North America: Revenue in North America increased by $34.0 million or 36.7% to $126.6 million for the three months ended September 30, 2010 compared to $92.6 million for the three months ended September 30, 2009. This increase was primarily due to incremental revenue from the acquisition of CSI Americas, improved pricing due to the flow-through of resin price increases and the favorable impact of foreign currency fluctuations of $2 million.

Rest of the World: Revenue in the rest of the world markets increased by $28.2 million or 17.0% to $193.9 million for the three months ended September 30, 2010 compared to $165.7 million for the three months ended September 30, 2009. This increase was primarily due to higher volumes as well as the favorable impact of foreign currency fluctuations of $1 million.

Gross profit increased by $18.9 million or 45.0% to $60.9 million for the three months ended September 30, 2010 compared to $42.0 million for the three months ended September 30, 2009, with the gross profit margin for the three months ended September 30, 2010 increasing to 19.0% of the segment's revenue compared to 16.3% for the three months ended September 30, 2009. The increases in the gross profit and gross profit margin were primarily due to the growth in sales volume as well as improved profitability due to the timing of the flow-through of resin price increases to customers, a favorable impact of cost savings initiatives as well as a favorable geographic sales mix.

Selling, marketing and distribution expenses and general and administration expenses increased by $3.5 million or 16.4% to $24.8 million for the three months ended September 30, 2010 compared to $21.3 million for the three months ended September 30, 2009, largely due to higher amortization expense resulting from the implementation of software within the segment's international operations in the six months ended December 31, 2009.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 were $36.4 million, $55.4 million and $55.7 million, respectively, compared to $21.4 million, $40.9 million and $40.0 million, respectively, for the three months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 and September 30, 2009 for our Closures segment is as follows:

	For the three months ended September 30,	
(In $ million)	**2010**	**2009**
Profit from operating activities	**36.4**	**21.4**
Depreciation and amortization	19.0	19.5
EBITDA	**55.4**	**40.9**
Included in Closures segment EBITDA:		
Restructuring costs	0.8	0.6
Unrealized (gain) on derivatives	(0.5)	(1.5)
Closures segment Adjusted EBITDA	**55.7**	**40.0**

Reynolds Foodservice segment

	For the three months ended September 30,					
(In $ million, except for %)	**2010**	**% of segment revenue**	**2009**	**% of segment revenue**	**change**	**% change**
Revenue	158.0	100.0%	181.1	100.0%	(23.1)	(12.8)%
Gross profit	11.9	7.5%	14.5	8.0%	(2.6)	(17.9)%
Profit from operating activities	1.2	0.8%	6.6	3.6%	(5.4)	(81.8)%
Reynolds Foodservice segment EBITDA	8.3	5.3%	21.8	12.0%	(13.5)	(61.9)%
Reynolds Foodservice segment Adjusted EBITDA	7.1	4.5%	22.4	12.4%	(15.3)	(68.3)%

Revenue decreased by $23.1 million or 12.8% to $158.0 million for the three months ended September 30, 2010 compared to $181.1 million for the three months ended September 30, 2009. This decrease was primarily due to the sale of Reynolds Foodservice's envelope window film business in January 2010.

Gross profit decreased by $2.6 million or 17.9% to $11.9 million for the three months ended September 30, 2010 compared to $14.5 million for the three months ended September 30, 2009, with the gross profit margin for the three months ended September 30, 2010 decreasing to 7.5% of the segment's revenue for the three months ended September 30, 2010 compared to 8.0% for the three months ended September 30, 2009. The decreases in gross profit and gross profit margin were primarily due to the sale of the envelope window film business.

Selling, marketing and distribution expenses and general and administration expenses were relatively flat at $11.5 million for the three months ended September 30, 2010 compared to $11.0 million for the three months ended September 30, 2009.

The results of operations for the three months ended September 30, 2010 also included a $2.3 million decrease in unrealized gains on hedge positions recognized within net other income.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 were $1.2 million, $8.3 million and $7.1 million, respectively, compared to $6.6 million, $21.8 million and $22.4 million, respectively, for the three months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the three months ended September 30, 2010 and September 30, 2009 for our Reynolds Foodservice segment is as follows:

	For the three months ended September 30,	
(In $ million)	**2010**	**2009**
Profit from operating activities	**1.2**	**6.6**
Depreciation and amortization	7.1	15.2
EBITDA	**8.3**	**21.8**
Included in Reynolds Foodservice segment EBITDA:		
Elimination of the effect of historical Reynolds hedging policy	-	1.4
Inventory write-off	-	2.4
Restructuring costs	(0.1)	0.2
Unrealized (gain) on derivatives	(1.1)	(3.4)
Reynolds Foodservice segment Adjusted EBITDA	**7.1**	**22.4**

Nine Months Ended September 30, 2010 compared with the Nine Months Ended September 30, 2009

	For the nine months ended September 30,					
(In $ million, except for %)	**2010**	**% of revenue**	**2009**	**% of revenue**	**change**	**% change**
Revenue	**4,596.7**	100.0%	**4,322.2**	100.0%	274.5	6.4%
Cost of sales	(3,741.7)	(81.4)%	(3,488.4)	(80.7)%	253.3	7.3%
Gross profit	**855.0**	18.6%	**833.8**	19.3%	21.2	2.5%
Other income	62.2	1.4%	159.0	3.7%	(96.8)	(60.9)%
Selling, marketing and distribution expenses	(152.9)	(3.3)%	(153.0)	(3.5)%	(0.1)	(0.1)%
General and administration expenses	(270.5)	(5.9)%	(249.5)	(5.8)%	21.0	8.4%
Other expenses	(42.0)	(0.9)%	(81.0)	(1.9)%	(39.0)	(48.1)%
Share of profit of associates and joint ventures, net of income tax (equity method)	13.2	0.3%	7.3	0.2%	5.9	80.8%
Profit (loss) from operating activities	**465.0**	10.1%	**516.6**	12.0%	(51.6)	(10.0)%
Financial income	16.5	0.4%	13.0	0.3%	3.5	26.9%
Financial expenses	(456.2)	(9.9)%	(351.7)	(8.1)%	104.5	29.7%
Net financial expenses	**(439.7)**	(9.6)%	**(338.7)**	(7.8)%	101.0	29.8%
Profit (loss) before income tax	**25.3**	0.6%	**177.9**	4.1%	(152.6)	(85.8)%
Income tax benefit (expense)	(71.1)	(1.5)%	(99.2)	(2.3)%	(28.1)	(28.3)%
Profit (loss) after tax	**(45.8)**	(1.0)%	**78.7**	1.8%	(124.5)	(158.2)%
Depreciation and amortization	341.9	7.4%	372.4	8.6%	(30.5)	(8.2)%
RGHL Group EBITDA	806.9	17.6%	889.0	20.6%	(82.1)	(9.2)%
RGHL Group Adjusted EBITDA	818.6	17.8%	805.0	18.6%	13.6	1.7%

Revenue increased by $274.5 million or 6.4% to $4,596.7 million for the nine months ended September 30, 2010 compared to $4,322.2 million for the nine months ended September 30, 2009. The increase in revenue for the nine months ended September 30, 2010 was driven by growth in the SIG, Evergreen and Closures segments resulting from both favorable sales volume and price increases and partially offset by an unfavorable impact from foreign currency fluctuations of $16 million ($38 million unfavorable impact at our SIG segment and $22 million favorable impact at our Closures segment).

Cost of sales for the nine months ended September 30, 2010 increased by $253.3 million or 7.3% to $3,741.7 million for the nine months ended September 30, 2010 compared to $3,488.4 million for the nine months ended September 30, 2009. Increases in the cost of sales as a percentage of revenue within each of our Evergreen and Closures segments for the nine months ended September 30, 2010 were partially offset by decreases in each of our SIG, Reynolds Consumer and Reynolds Foodservice segments. For the nine months ended September 30, 2009, cost of sales included a benefit of $156.5 million relating to Black Liquor Credit within our Evergreen segment, which was partially offset by $95.3 million of expenses within our Reynolds Consumer and Reynolds Foodservice segments resulting from the settlement of unfavorable historical aluminum hedge positions under the segments' historical hedging policy, which was terminated during the three months ended September 30, 2009. As a result of the factors described above, the gross profit margin decreased to 18.6% of revenue for the nine months ended September 30, 2010 compared to 19.3% of revenue for the nine months ended September 30, 2009.

Selling, marketing and distribution expenses were relatively flat at $152.9 million for the nine months ended September 30, 2010 compared to $153.0 million for the nine months ended September 30, 2009. General and administration expenses increased by $21.0 million or 8.4% to $270.5 million for the nine months ended September 30, 2010 compared to $249.5 million for the nine months ended September 30, 2009. These increases were primarily attributable to higher expenses at our SIG and Closures segments, relating to market expansions in those segments.

Net other income decreased by $57.8 million to $20.2 million for the nine months ended September 30, 2010 compared to $78.0 million for the nine months ended September 30, 2009. This decline in net other income was largely driven by the decrease in unrealized gains on derivatives that was partially offset by a decline in business restructuring expenses. Refer to note 8 and note 9 of our interim unaudited condensed financial statements for additional details.

The increase of $5.9 million in the share of profits of associates and joint ventures for the nine months ended September 30, 2010 was primarily due to growth of the Obeikan joint venture operations within our SIG segment.

As a result of the above factors, profit from operating activities decreased by $51.6 million or 10.0% to $465.0 million for the nine months ended September 30, 2010 compared to $516.6 million for the nine months ended September 30, 2009.

Financial expenses increased by $104.5 million or 29.7% to $456.2 million for the nine months ended September 30, 2010 compared to $351.7 million for the nine months ended September 30, 2009. The increase was largely related to an increase in interest expense of $96.6 million as well as a $50.0 million fee related to the 2010 Debt Commitment Letter, partially offset by a decrease in foreign exchange losses of $53.8 million. Foreign exchange movements occur with respect to borrowings denominated in currencies other than that of the borrowing entity. We incurred $95.1 million of fees in connection with the 2010 Debt Commitment Letter. As of

September 30, 2010, $50.0 million of these fees were expensed and included in the financial expenses line item. The remaining amount will be expensed during the three months ended December 31, 2010. For more information, refer to note 16 of our interim unaudited condensed financial statements included elsewhere in this quarterly report. Interest expense increased by $96.6 million for the nine months ended September 30, 2010 due to an overall increase in our borrowings. Our net borrowings as of September 30, 2010 were $5,918.9 million compared to net borrowings of $4,954.1 million as of December 31, 2009. During November 2009 and May 2010, we completed significant refinancings associated with the RGHL Acquisition and Evergreen Acquisition, respectively. The timing of these refinancings resulted in the historical interest expense not being representative of our interest expense in future periods. Refer to "Key Factors Influencing our Financial Condition and Results of Operations — Acquisitions, Substantial Leverage and Other Transaction-Related Effects". For more information regarding our financial expenses and external borrowings, refer to notes 10 and 16 of our interim unaudited condensed financial statements included elsewhere in this quarterly report.

For the nine months ended September 30, 2010, the income tax expense of $71.1 million on profit before income tax of $25.3 million was largely due to the inability of certain subsidiaries to claim deductions for certain expense items, such as interest, due to local jurisdictional limitations. For a reconciliation of pre-tax profit (loss) to tax expense, refer to note 11 of our interim unaudited condensed financial statements included elsewhere in this quarterly report.

EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 were $806.9 million and $818.6 million, respectively, compared to $889.0 million and $805.0 million, respectively, for the nine months ended September 30, 2009 .

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 and September 30, 2009 for the RGHL Group is as follows:

	For the nine months ended September 30,	
(In $ million)	**2010**	**2009**
Profit from operating activities	**465.0**	**516.6**
Depreciation and amortization	341.9	372.4
EBITDA	**806.9**	**889.0**
***Included in RGHL Group EBITDA*:**		
Asset impairment charges	5.7	11.3
Black Liquor Credit	(0.3)	(156.5)
Business interruption costs	2.1	-
Costs related to business acquisitions	4.4	-
Elimination of historical Reynolds hedging policy	-	95.3
Equity method joint venture profit not distributed in cash	(10.3)	(6.1)
(Gain)/loss on sale of business	(11.4)	-
(Gain)/loss on sale of investment properties	(1.7)	-
Inventory write-off	-	5.3
Korean insurance claim	-	(0.4)
Adjustment related to settlement of a lease obligation	(1.6)	-
Manufacturing plant flood impact	-	4.9
Operational process engineering-related consultancy costs	9.0	8.5
Plant realignment costs	-	2.1
Related party management fees	0.8	1.8
Restructuring costs	5.3	50.4
Transition costs	-	15.2
Unrealized (gain)/loss on derivatives	0.4	(119.3)
VAT and customs duties on historical imports	9.3	3.5
RGHL Group Adjusted EBITDA	**818.6**	**805.0**
Segment detail of Adjusted EBITDA:		
SIG	364.6	335.1
Evergreen	140.2	114.0
Reynolds Consumer	160.6	181.5
Closures	134.8	118.3
Reynolds Foodservice	23.1	53.8

SIG segment

(In $ million, except for %)	For the nine months ended September 30, 2010	% of segment revenue	2009	% of segment revenue	change	% change
Revenue	1,326.0	100.0%	1,202.7	100.0%	123.3	10.3%
Gross profit	339.6	25.6%	294.7	24.5%	44.9	15.2%
Profit from operating activities	179.3	13.5%	123.9	10.3%	55.4	44.7%
SIG segment EBITDA	356.1	26.9%	304.4	25.3%	51.7	17.0%
SIG segment Adjusted EBITDA	364.6	27.5%	335.1	27.9%	29.5	8.8%

Revenue increased by $123.3 million or 10.3% to $1,326.0 million for the nine months ended September 30, 2010 compared to $1,202.7 million for the nine months ended September 30, 2009. This increase was largely attributable to a volume increase and as well as $49.2 million of incremental revenue from the acquisition of the Whakatane Mill business in May 2010.

Europe: Sleeve and filling machine revenue in Europe decreased by $17.5 million or 2.2% to $793.6 million for the nine months ended September 30, 2010 compared to $811.1 million for the nine months ended September 30, 2009. Revenue for the nine months ended September 30, 2010 included an unfavorable foreign currency impact of $25 million. The growth from the Southern European and Russian markets during the nine months ended September 30, 2010 was more than offset by a decrease in the Western European market, reflecting the substitution of carton board for PET in the juice market.

Rest of the World: Sleeve and filling machine revenue in the rest of the world markets increased by $91.6 million or 23.4% to $483.2 million in the nine months ended September 30, 2010 compared to $391.6 million for the nine months ended September 30, 2009. The regions which experienced growth were Asia Pacific North (primarily due to the recovery of consumer confidence in milk products in China following the melamine contamination of dairy products that occurred in 2008), South America (primarily due to increases in the customer and filler bases) and the Middle East (primarily due to a significant increase in filler bases). Revenue for the nine months ended September 30, 2010 included an unfavorable foreign currency impact of $13 million.

Gross profit increased by $44.9 million or 15.2% to $339.6 million for the nine months ended September 30, 2010 compared to $294.7 million for the nine months ended September 30, 2009, with the gross profit margin for the nine months ended September 30, 2010 increasing to 25.6% of the segment's revenue compared to 24.5% for the nine months ended September 30, 2009. The increase in the gross profit and gross profit margin for the nine months ended September 30, 2010 was largely due to revenue increases as well as the benefit from reductions in fixed costs, partially offset by increases in raw material pricing.

Selling, marketing and distribution expenses and general and administration expenses increased by $10.6 million or 6.4% to $175.4 million for the nine months ended September 30, 2010 compared to $164.8 million for the nine months ended September 30, 2009. The increase in expenses was primarily due to growth in the Asia Pacific North and South America markets, foreign currency movements and the inclusion of expenses from the Whakatane Mill acquisition.

The results for the nine months ended September 30, 2010 also reflect the benefit from a $22.6 million decline in restructuring expenses.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 were $179.3 million, $356.1 million and $364.6 million, respectively, compared to $123.9 million, $304.4 million and $335.1 million, respectively, for the nine months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 and September 30, 2009 for our SIG segment is as follows:

(In $ million)	For the nine months ended September 30, 2010	2009
Profit from operating activities	**179.3**	**123.9**
Depreciation and amortization	176.8	180.5
EBITDA	**356.1**	**304.4**
Included in SIG segment EBITDA:		
Asset impairment charges	-	4.6
Equity method joint venture profit not distributed in cash	(8.7)	(4.2)
(Gain)/loss on sale of investment properties	(1.7)	-
Restructuring costs	9.0	31.6
Unrealized (gain)/loss on derivatives	0.6	(4.8)
VAT and customs duties on historical imports	9.3	3.5
SIG segment Adjusted EBITDA	**364.6**	**335.1**

Evergreen segment

	For the nine months ended September 30,					
(In $ million, except for %)	**2010**	**% of segment revenue**	**2009**	**% of segment revenue**	**change**	**% change**
Revenue	1,173.7	100.0%	1,043.6	100.0%	130.1	12.5%
Gross profit	134.9	11.5%	269.8	25.9%	(134.9)	(50.0)%
Profit from operating activities	91.6	7.8%	209.0	20.0%	(117.4)	(56.2)%
Evergreen segment EBITDA	137.5	11.7%	255.4	24.5%	(117.9)	(46.2)%
Evergreen segment Adjusted EBITDA	140.2	11.9%	114.0	10.9%	26.2	23.0%

Revenue increased by $130.1 million or 12.5% to $1,173.7 million for the nine months ended September 30, 2010 compared to $1,043.6 million for the nine months ended September 30, 2009. The increase was primarily attributable to an increase in sales of UFS due to a combination of higher prices and demand for envelopes and other commercial paper products as the markets recovered from the economic slowdown experienced in the nine months ended September 30, 2009, an increase in sales of coated groundwood as higher volumes were partially offset by lower prices due to continued inventory discounting in the market and an increase in sales of external liquid packaging board, partially offset by lower volumes and higher prices on cartons.

Gross profit decreased by $134.9 million or 50.0% to $134.9 million for the nine months ended September 30, 2010 compared to $269.8 million for the nine months ended September 30, 2009, with the gross profit margin for the nine months ended September 30, 2010 decreasing to 11.5% of the segment's revenue compared to 25.9% for the nine months ended September 30, 2009. This decrease was largely due to the impact of Black Liquor Credit during the nine months ended September 30, 2009 of $156.5 million. Excluding the impact of Black Liquor Credit, the gross profit margin improved for the nine months ended September 30, 2010 and was largely driven by favorable manufacturing operations at the mills and converting facilities due to increased productivity and cost savings initiatives, which was partially offset by increases in raw material and other input costs during the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009.

Selling, marketing and distribution expenses and general and administration expenses increased by $2.8 million or 4.7% to $62.2 million for the nine months ended September 30, 2010 compared to $59.4 million for the nine months ended September 30, 2009, largely due to higher costs related to an increase in the number of employees as vacant positions were filled.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 were $91.6 million, $137.5 million and $140.2 million, respectively, compared to $209.0 million, $255.4 million and $114.0 million, respectively, for the nine months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 and September 30, 2009 for our Evergreen segment is as follows:

(In $ million)	For the nine months ended September 30, 2010	2009
Profit from operating activities	**91.6**	**209.0**
Depreciation and amortization	45.9	46.4
EBITDA	**137.5**	**255.4**
Included in Evergreen segment EBITDA:		
Asset impairment charges	-	5.8
Black Liquor Credit	(0.3)	(156.5)
Costs related to business acquisitions	1.4	-
Equity method joint venture profit not distributed in cash	(1.6)	(1.8)
(Gain)/loss on sale of business	(2.1)	-
Korean insurance claim	-	(0.4)
Operational process engineering-related consultancy costs	2.6	8.5
Related party management fees	0.8	1.8
Restructuring costs	-	1.2
Unrealized loss on derivatives	1.9	-
Evergreen segment Adjusted EBITDA	**140.2**	**114.0**

Reynolds Consumer segment

	For the nine months ended September 30,					
(In $ million, except for %)	2010	% of segment revenue	2009	% of segment revenue	change	% change
Revenue	840.2	100.0%	835.4	100.0%	4.8	0.6%
Gross profit	199.0	23.7%	106.5	12.7%	92.5	86.9%
Profit from operating activities	123.7	14.7%	110.1	13.2%	13.6	12.4%
Reynolds Consumer segment EBITDA	161.1	19.2%	158.7	19.0%	2.4	1.5%
Reynolds Consumer segment Adjusted EBITDA	160.6	19.1%	181.5	21.7%	(20.9)	(11.5)%

Revenue increased by $4.8 million to $840.2 million for the nine months ended September 30, 2010 compared to $835.4 million for the nine months ended September 30, 2009.

Reynolds Branded Revenue: Revenue decreased by $6.7 million or 1.3% to $509.0 million for the nine months ended September 30, 2010 compared to $515.7 million for the nine months ended September 30, 2009. This decrease was primarily due to the planned exit from certain low margin or unprofitable product lines in the second half of 2009, partially offset by increased sales volume and decreased promotional spending.

Reynolds Store-Branded Revenue: Revenue increased by $11.5 million or 3.6% to $331.2 million for the nine months ended September 30, 2010 compared to $319.7 million for the nine months ended September 30, 2009. The increase was primarily due to higher selling prices due to the flow-through of resin price increases to customers.

Gross profit increased by $92.5 million or 86.9% to $199.0 million for the nine months ended September 30, 2010 compared to $106.5 million for the nine months ended September 30, 2009, with the gross profit margin for the nine months ended September 30, 2010 increasing to 23.7% of the segment's revenue compared to 12.7% for the nine months ended September 30, 2009. The increase in gross profit and the gross profit margin for the nine months ended September 30, 2010 was largely due to the realized loss of $90.8 million recognized during the nine months ended September 30, 2009 related to the settlement of unfavorable aluminum hedge positions under the segment's historical hedging policy, which has since been terminated, as well as the favorable impact of strategic initiatives and lower depreciation expense, partially offset by increased raw material costs.

Selling, marketing and distribution expenses and general and administration expenses decreased by $9.5 million or 11.1% to $76.2 million for the nine months ended September 30, 2010 compared to $85.7 million for the nine months ended September 30, 2009. This decrease was primarily due to the costs incurred in the nine months ended September 30, 2009 related to the transition from Alcoa's systems, networks and services to those of Reynolds Consumer and one-time costs related to a flood at one of the segment's locations. This decrease was partially offset by increased amortization expense resulting from the implementation of software during the six months ended December 31, 2009.

The results of operations for the nine months ended September 30, 2010 also included a decrease of $93.6 million in unrealized gains on open aluminum hedge positions recognized in net other income.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 were $123.7 million, $161.1 million and $160.6 million, respectively, compared to $110.1 million, $158.7 million and $181.5 million, respectively, for the nine months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 and September 30, 2009 for our Reynolds Consumer segment is as follows:

	For the nine months ended September 30,	
(In $ million)	**2010**	**2009**
Profit from operating activities	**123.7**	**110.1**
Depreciation and amortization	37.4	48.6
EBITDA	**161.1**	**158.7**
Included in Reynolds Consumer segment EBITDA:		
Asset impairment charges	-	0.3
Elimination of the effect of historical Reynolds hedging policy	-	90.8
(Gain) on sale of business	(0.2)	-
Adjustment related to settlement of a lease obligation	(1.6)	-
Manufacturing plant flood impact	-	4.9
Operational process engineering-related consultancy costs	6.4	-
Plant realignment costs	-	2.1
Restructuring costs	(2.9)	5.3
Transition costs	-	15.2
Unrealized (gain) on derivatives	(2.2)	(95.8)
Reynolds Consumer segment Adjusted EBITDA	**160.6**	**181.5**

Closures segment

	For the nine months ended September 30,					
(In $ million, except for %)	**2010**	**% of segment revenue**	**2009**	**% of segment revenue**	**change**	**% change**
Revenue	888.4	100.0%	741.6	100.0%	146.8	19.8%
Gross profit	145.2	16.3%	124.1	16.7%	21.1	17.0%
Profit from operating activities	70.7	8.0%	71.5	9.6%	(0.8)	(1.1)%
Closure segment EBITDA	129.6	14.6%	125.6	16.9%	4.0	3.2%
Closure segment Adjusted EBITDA	134.8	15.2%	118.3	16.0%	16.5	13.9%

Revenue increased by $146.8 million or 19.8% to $888.4 million for the nine months ended September 30, 2010 compared to $741.6 million for the nine months ended September 30, 2009. This increase was principally due to higher sales volumes and improved pricing due to the timing of flow-through of resin price increases to customers, a positive impact of $38.6 million from the acquisition of CSI Americas and the favorable impact from foreign currency fluctuations of $22 million. The increase in sales volume resulted from overall market growth and the opening of new plants in Asia.

North America: Revenue in North America increased by $75.5 million or 27.1% to $353.9 million for the nine months ended September 30, 2010 compared to $278.4 million for the nine months ended September 30, 2009. This increase was primarily attributable to higher sales revenue from the acquisition of CSI Americas, improved pricing due to the timing of flow-through of resin price increases to customers and the favorable impact of foreign currency fluctuations of $7 million.

Rest of the World: Revenue in the rest of the world markets increased by $71.3 million or 15.4% to $534.5 million for the nine months ended September 30, 2010 compared to $463.2 million for the nine months ended September 30, 2009. This increase was primarily due to higher volumes resulting from overall market growth and the opening of new plants in Asia as well as the favorable impact of foreign currency fluctuations of $15 million.

Gross profit increased by $21.1 million or 17.0% to $145.2 million for the nine months ended September 30, 2010 compared to $124.1 million for the nine months ended September 30, 2009, with the gross profit margin for the nine months ended September 30, 2010 remaining relatively flat at 16.3% of the segment's revenue compared to 16.7% for the nine months ended September 30, 2009. Improvements resulting from the sales volume growth and the favorable impact of cost savings initiatives were more than offset by higher raw material costs primarily related to resin.

Selling, marketing and distribution expenses and general and administration expenses increased by $10.0 million or 16.5% to $70.6 million for the nine months ended September 30, 2010 compared to $60.6 million for the nine months ended September 30, 2009. This increase is largely due to higher amortization expense resulting from the implementation of software during the six months ended December 31, 2009 as well as higher advertising and other marketing expenses associated with market expansion in Asia.

The results for the nine months ended September 30, 2010 also included a decrease of $10.5 million in unrealized gains on resin derivatives recognized within net other income.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 were $70.7 million, $129.6 million and $134.8 million, respectively, compared to $71.5 million, $125.6 million and $118.3 million, respectively, for the nine months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 and September 30, 2009 for our Closures segment is as follows:

	For the nine months ended September 30,	
(In $ million)	**2010**	**2009**
Profit from operating activities	**70.7**	**71.5**
Depreciation and amortization	58.9	54.1
EBITDA	**129.6**	**125.6**
Included in Closures segment EBITDA:		
Business interruption costs	2.1	-
Costs related to business acquisitions	1.0	-
Restructuring costs	1.4	2.5
Unrealized (gain)/loss on derivatives	0.7	(9.8)
Closures segment Adjusted EBITDA	**134.8**	**118.3**

<u>Reynolds Foodservice segment</u>

	For the nine months ended September 30,					
(In $ million, except for %)	**2010**	**% of segment revenue**	**2009**	**% of segment revenue**	**change**	**% change**
Revenue	460.3	100.0%	568.4	100.0%	(108.1)	(19.0)%
Gross profit	36.3	7.9%	36.0	6.3%	0.3	0.8%
Profit (loss) from operating activities	6.4	1.4%	(0.2)	(0.0)%	6.6	NM
Reynolds Foodservice segment EBITDA	29.3	6.4%	42.6	7.5%	(13.3)	(31.2)%
Reynolds Foodservice segment Adjusted EBITDA	23.1	5.0%	53.8	9.5%	(30.7)	(57.1)%

Revenue decreased by $108.1 million or 19.0% to $460.3 million for the nine months ended September 30, 2010 compared to $568.4 million for the nine months ended September 30, 2009. This decrease was primarily due to the sale of Reynolds Foodservice's envelope window film business in January 2010, lower sales volume for the nine months ended September 30, 2010 due to planned exits from lower margin products as well as an overall decrease in demand due to market conditions.

Gross profit was relatively flat at $36.3 million for the nine months ended September 30, 2010 compared to $36.0 million for the nine months ended September 30, 2009, with the gross profit margin for the nine months ended September 30, 2010 increasing to 7.9% of the segment's revenue compared to 6.3% for the nine months ended September 30, 2009. The increases in gross profit and the gross profit margin reflected productivity efficiencies as well as the realization of benefits from previously implemented restructuring programs.

Selling, marketing and distribution expenses and general and administration expenses were relatively flat at $35.8 million for the nine months ended September 30, 2010 compared to $36.1 million for the nine months ended September 30, 2009.

The results of operations for the nine months ended September 30, 2010 also included a decrease of $12.0 million in restructuring activities, an $8.3 million decrease in unrealized gains on hedge positions, an increase of $5.1 million in asset impairment charges and a $9.1 million gain on the sale of the envelope window film business.

As a result of the above factors, profit from operating activities, EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 were $6.4 million, $29.3 million and $23.1 million, respectively, compared to a loss of $0.2 million from operating activities, EBITDA of $42.6 million and Adjusted EBITDA of $53.8 million for the nine months ended September 30, 2009.

EBITDA/Adjusted EBITDA Reconciliation

The reconciliation of profit from operating activities to EBITDA and Adjusted EBITDA for the nine months ended September 30, 2010 and September 30, 2009 for our Reynolds Foodservice segment is as follows:

	For the nine months ended September 30,	
(In $ million)	**2010**	**2009**
Profit from operating activities	**6.4**	**(0.2)**
Depreciation and amortization	22.9	42.8
EBITDA	**29.3**	**42.6**
Included in Reynolds Foodservice segment EBITDA:		
Asset impairment charges	5.7	0.6
Elimination of the effect of historical Reynolds hedging policy	-	4.5
Equity method joint venture profit not distributed in cash	-	(0.1)
(Gain)/loss on sale of business	(9.1)	-
Inventory write-off	-	5.3
Restructuring costs	(2.2)	9.8
Unrealized (gain) on derivatives	(0.6)	(8.9)
Reynolds Foodservice segment Adjusted EBITDA	**23.1**	**53.8**

Differences Between the RGHL Group and Beverage Packaging Holdings Group Results of Operations

There are certain differences between the RGHL Group interim unaudited condensed financial statements and the Beverage Packaging Holdings Group ("BevPack Group") interim unaudited condensed combined financial statements, each included elsewhere in this quarterly report.

RGHL is a non-operating holding company. Consequently, there are no differences between the revenue and gross profit amounts presented in the RGHL Group interim unaudited condensed financial statements and the BevPack Group interim unaudited condensed combined financial statements. The differences in the reported profit (loss) before income tax between the RGHL Group interim unaudited condensed financial statements and the BevPack Group interim unaudited condensed combined financial statements are predominantly due to related party interest income and expenses that are recognized by RGHL, intercompany amounts between RGHL and the members of the BevPack Group that eliminate on consolidation of the RGHL Group, foreign exchange movements on the related party balances of RGHL and incidental RGHL corporate expenses.

Differences between the RGHL Group balance sheet and BevPack Group balance sheet are predominantly attributable to the related party receivables and borrowings of RGHL.

Liquidity and Capital Resources

Historical Cash Flows

The following table discloses our cash flows from continuing operations for the periods presented:

(in $ million)	For the nine months ended September 30, 2010	2009
Net cash flows from operating activities	446.0	587.1
Net cash flows used in investing activities	(161.2)	(194.5)
Net cash flows used in financing activities	(344.8)	(275.4)

Cash flow from operating activities

Cash flows from operating activities for the nine months ended September 30, 2010 generated a net cash inflow of $446.0 million compared to $587.1 million for the nine months ended September 30, 2009. The $141.1 million decreased inflow reflects the impact of changes in our working capital position of $82.9 million as well as additional interest and tax payments of $58.2 million during the nine months ended September 30, 2010, compared to the nine months ended September 30, 2009. This increase in interest payments is due to the overall increase in our borrowings.

Cash flow used in investing activities

Cash flows from investing activities for the nine months ended September 30, 2010 resulted in a net cash outflow of $161.2 million compared to a net cash outflow of $194.5 million for the nine months ended September 30, 2009. The decrease in net cash outflows from investing activities is principally due to net proceeds received from outstanding related party loans.

Cash flow used in financing activities

Cash flows from financing activities for the nine months ended September 30, 2010 resulted in a net cash outflow of $344.8 million compared to a net cash outflow of $275.4 million in the nine months ended September 30, 2009. Cash flows from financing activities for the nine months ended September 30, 2010 consisted principally of (a) $95.5 million payment pertaining to debt issue costs related to the RGHL Acquisition and Evergreen Acquisition and fees associated with the 2010 Debt Commitment Letter, (b) dividend payments to Reynolds Packaging (NZ) Limited of $37.6 million and (c) drawdown of borrowings of $1,801.0 million that was offset by the Evergreen Acquisition (excluding the Whakatane Mill) and Reynolds Foodservice Acquisition of $1,909.1 million. Cash flows from financing activities for the nine months ended September 30, 2009 mainly consisted of repayments of loans and borrowings partially offset by a drawdown of the Reynolds Facility.

Capital Expenditures

(in $ million)	For the nine months ended September 30, 2010	2009
Property, plant and equipment (excluding filling machines)	125.8	124.1
Filling machines	65.2	46.0
Other assets	11.9	51.8
Total Capital Expenditures	**202.9**	**221.9**

Capital expenditures decreased by $19.0 million or 8.6% to $202.9 million for the nine months ended September 30, 2010 compared to $221.9 million for the nine months ended September 30, 2009, largely due to decreased expenditures associated with the completion of software projects within our SIG, Reynolds Consumer and Closures segments during 2009.

Capital Resources

We have substantial debt and debt service obligations. As of September 30, 2010, our aggregated net borrowings were $5,918.9 million. Subsequent to the period covered by this quarterly report, we have issued additional secured and unsecured notes during October 2010 and made additional borrowings under our Senior Secured Credit Facilities to fund the Pactiv Acquisition. Refer to "Recent Developments" for additional information. We may also incur additional debt in the future.

Our Senior Secured Credit Facilities include revolving facilities of $120.0 million and €80.0 million ($108.8 million). As of September 30, 2010, these revolving tranches were utilized in the amount of $18.6 million and €56.0 million ($76.2 million) in the form of bank guarantees and letters of credit. Also, as of September 30, 2010, we had $2,020.0 million available to be borrowed under our Senior Secured Credit Facilities.

Sources of Liquidity

Our sources of liquidity for the future are expected to be our existing cash resources, cash flows from operations, drawings under the revolving credit facilities of our Senior Secured Credit Facilities and local working capital facilities. In addition to our cash and cash equivalents, as of September 30, 2010, we had $101.4 million and €24.0 million ($32.6 million) available for drawing under our revolving credit facilities and $2,020.0 million under the September 2010 Incremental Senior Secured Credit Facilities.

If we are required to borrow additional amounts under our revolving credit facility, the September 2010 Incremental Senior Secured Credit Facilities or our other local working capital facilities, we may be restricted from doing so by the terms of such indebtedness or other indebtedness (including the notes), including financial maintenance covenants and other conditions.

We believe that our cash flows from operations and our existing available cash, together with our other available external financing sources, will be adequate to meet our future liquidity needs for the next twelve months. We are currently in compliance in all material respects with the covenants under our Senior Secured Credit Facilities and our other outstanding indebtedness (including the notes).

Our future operating performance and our ability to service or refinance the Senior Secured Credit Facilities, the notes and other indebtedness are subject to economic conditions and financial, business and other factors, many of which are beyond our control.

Contractual obligations

The following table summarizes the RGHL Group's material obligations as of September 30, 2010:

	Payments due, by period, as of September 30, 2010			
(in $ million)	**Total**	**Less than one year**	**One to five years**	**Greater than 5 years**
Trade and other payables	1,107.6	1,107.6	-	-
Debt and interest(1)	9,028.3	540.4	2,630.0	5,857.9
Operating leases	110.2	32.1	64.4	13.7
Unconditional capital expenditure obligations(2)	22.3	22.3	-	-
Total contractual cash obligations	**10,268.4**	**1,702.4**	**2,694.4**	**5,871.6**

(1) Total repayments of financial liabilities consist of the principal amounts, fixed and floating rate interest obligations and the cash flows associated with commodity and other derivative instruments. The interest rate on the floating rate debt balances has been assumed to be the same as the rate during the month of September 2010. Both the one month LIBOR and EURIBOR rates during the month of September 2010 were below the floor rates established in accordance with the respective agreements. This number does not include approximately $5.0 billion of debt and its related interestincurred in connection with the Pactiv Acquisition.

(2) Unconditional purchase obligations consist of capital expenditure obligations.

The amounts shown in the table above represent our current material contractual obligations as of September 30, 2010. As most of the planned capital expenditures are not currently committed, our future capital expenditures will substantially exceed the amounts shown above. In addition, actual future expenditures for the other items shown above could exceed the amounts shown due to changes in our business plan, operating results or other factors.

Contingent Liabilities

Our contingent liabilities are primarily comprised of guarantees given to banks granting credit facilities to our joint venture company SIG Combibloc Obeikan Company Limited, in Riyadh, Kingdom of Saudi Arabia.

Off-Balance Sheet Arrangements

Other than the operating lease and capital expenditure commitments detailed in the "Contractual Obligations" section above, we currently have no material off-balance sheet obligations.

Pension Plans

We have continued to sponsor a number of pension plans, including both defined contribution and defined benefit plans, during the nine months ended September 30, 2010.

We make contributions to defined benefit plans, which define an amount of pension benefit that an employee will receive on retirement and are calculated based on the advice of the plan's actuaries. The last actuarial assessments were performed by independent actuaries at December 31, 2009.

Contributions to defined contribution plans are generally based on a percentage of the individual's salary or wages.

Recently Issued Accounting Pronouncements

Business Combinations

IFRS 3 Revised "Business Combinations" replaces the existing requirements in accounting for business combinations in IFRS 3 "Business Combinations". IFRS 3 Revised is applicable, on a prospective basis, for any business combination completed in annual reporting periods beginning on or after January 1, 2010. IFRS 3 Revised amends certain measurement and recognition requirements, including expensing of all transaction costs and subsequent changes in the remeasurement of contingent consideration through the profit and loss element of the statement of comprehensive income. IFRS 3 Revised also provides additional guidance in relation to the recognition and measurement of certain acquired identifiable intangible assets such as reacquired rights and vendor indemnities. We have adopted IFRS 3 and our acquisitions will be accounted for in accordance with IFRS 3.

Consolidation

IAS 27 Revised "Consolidated and Separate Financial Statements" replaces the existing requirements for the preparation of consolidated financial statements in IAS 27 "Consolidated and Separate Financial Statements". IAS 27 Revised is applicable on a prospective basis in annual reporting periods beginning on or after January 1, 2010. IAS 27 Revised amends the recognition and measurement requirements associated with accounting for changes in ownership interests of an investment in a subsidiary whilst maintaining control. Under IAS 27 Revised these transactions are recognized as an equity transaction. IAS 27 Revised also amends the accounting when there is a loss of control of a subsidiary. Any interest in the remaining former subsidiary is remeasured at fair value and the gain or loss is recognized in the income statement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

In the normal course of business we are subject to risk from adverse fluctuations in interest and foreign exchange rates and commodity prices. We manage these risks through a combination of an appropriate mix between variable rate and fixed rate borrowings and natural offsets of foreign currency receipts and payments, supplemented by forward foreign exchange contracts and commodity derivatives. Derivative contracts are not used for trading or speculative purposes. The extent to which we use derivative instruments is dependent upon our access to them in the financial markets and the use of other risk management methods, such as netting exposures for foreign exchange risk and establishing sales arrangements that permit the pass-through to customers of changes in commodity prices. Our objective in managing our exposure to market risk is to limit the impact on earnings and cash flow.

Interest Rate Risk

We had significant debt commitments outstanding as of September 30, 2010. These on-balance sheet financial instruments, to the extent they provide for variable rates of interest, expose us to interest rate risk. Our interest rate risk arises primarily on significant borrowings that are denominated in dollars and euro that are drawn under our Senior Secured Credit Facilities. These agreements include an interest rate floor of 2% per annum on the drawings made in November 2009 under the Original Senior Secured Credit Facilities as part of the RGHL Transaction and an interest rate floor of 1.5% per annum on the drawings made in May 2010 under the May 2010 Senior Secured Credit Facilities as part of the Evergreen Transaction. During the nine months ended September 30, 2010, we paid interest under this facility based on the respective 2% and 1.5% LIBOR floors, plus the applicable margins, as the LIBOR and EURIBOR rates were below the respective floors.

We are also exposed to interest rate risks arising from deposits which earn interest at floating rates.

We have adopted a policy, which is consistent with the covenants under the Senior Secured Credit Facilities, to ensure that at least 50% of our overall exposures to changes in interest rates on borrowings are on a fixed rate basis.

The underlying LIBOR and EURIBOR rates as of September 30, 2010 were 0.80% and 1.46%, respectively. Based on assets and liabilities held as of September 30, 2010, a one-year time frame and all other variables, in particular foreign exchange rates, remaining constant, a 1.0% increase in interest rates would have no impact on the interest expense on the $1,035 million original senior secured term loan facility and the $800 million May 2010 Incremental Senior Secured Credit Facilities (as the interest rate floor for this facility has increased to 2.0% per annum), and would increase the interest expense on the €250 million Euro senior secured term loan by $1.5 million. As a result of the LIBOR and EURIBOR floors under our Senior Secured Credit Facilities, a 1.0% decrease in interest rates would have no impact on our interest expense on these borrowings.

Foreign Currency Exchange Rate Risk

As a result of our international operations, we are exposed to foreign exchange risk arising from sales, purchases, assets and borrowings that are denominated in foreign currencies. The currencies in which these transactions primarily are denominated are the euro, Swiss Franc, Thai Baht, Chinese Yuan Renminbi, Brazilian Real, British Pound, Japanese Yen, Mexican Peso, Canadian Dollar, Korean Won, Taiwanese Dollar and New Zealand Dollar.

In accordance with our treasury policy, we take advantage of natural offsets to the extent possible. Therefore, when commercially feasible, we borrow in the same currencies in which cash flows from operations are generated. Generally we do not use forward exchange contracts to hedge residual foreign exchange risk arising from customary receipts and payments denominated in foreign currencies. However, when considered appropriate we may enter into forward exchange contracts to hedge foreign exchange risk arising from specific transactions. As of September 30, 2010, we had no significant forward foreign exchange contracts outstanding.

We generally do not hedge our exposure to translation gains or losses in respect of our non-dollar functional currency assets or liabilities.

Commodity Risk

We are exposed to commodity and other price risk principally from the purchase of resin, natural gas, electricity, raw cartonboard, aluminum and steel. We generally enter into commodity financial instruments or derivatives to hedge commodity prices related to resin, natural gas and aluminum. All other commodities are generally purchased at spot market prices. Our accounting policy is to recognize the gain or loss on measurement of the commodity derivatives within other income or other expense in the statement of comprehensive income.

Our objective is to ensure that our commodity and other price risk exposure is kept at an acceptable level.

Resin Derivative Contracts

We enter into resin futures to hedge our exposure to resin price fluctuations. We believe these contracts manage our price risk by reference to the difference between the fixed contract price and the market price.

At September 30, 2010, we held 25 futures contracts for resin. Contracted volumes of 12,975 tons have been fixed at a range of prices between $1,330 and $1,800 per ton, for delivery from October 2010 to June 2011.

During the nine months ended September 30, 2010, we recognized a $0.7 million unrealized loss in other expenses in the profit and loss component of the statement of comprehensive income.

The impact on the profit and loss component of the statement of comprehensive income from a revaluation of resin contracts at September 30, 2010 assuming a 10% parallel upwards movement in the price curve used to value the contracts is nil assuming all other variables remain constant. A 10% parallel decrease in the price curve would have an equal but opposite effect on the profit and loss component of the statement of comprehensive income.

Aluminum Derivative Contracts

We enter into aluminum swap contracts to hedge our exposure to aluminum price fluctuations. These contracts effectively manage price risk by reference to the difference between the fixed contract price and the market price. That difference is paid or received after the trading period.

At September 30, 2010, we held a number of aluminum swap contracts. Contracted volumes of approximately 46,600 metric tons have been fixed at a range of prices for delivery from October 2010 to January 2012. During the nine months ended September 30, 2010, we recognized a $2.8 million unrealized gain in other expenses in the profit and loss component of the statement of comprehensive income.

The impact on the profit and loss component of the statement of comprehensive income from a revaluation of aluminum swap contracts at September 30, 2010 assuming a 10% parallel upwards movement in the price curve used to value the contracts is $0.3 million assuming all other variables remain constant. A 10% parallel decrease in the price curve would have an equal but opposite effect on the profit and loss component of the statement of comprehensive income.

Natural Gas Derivative Contracts

We enter into natural gas swaps to hedge our exposure to natural gas price fluctuations. These contracts effectively manage price risk by reference to the difference between the fixed contract price and the market price. That difference is paid or received after the trading period.

At September 30, 2010, we held a number of contracts for price differences covering periods from July 2010 to June 2011. Contracted volumes of approximately 2,088,715 MMBtu have been fixed at a range of prices between $4.57 and $5.88 per MMBtu for delivery from October 2010 to August 2011. During the nine months ended September 30, 2010 we recognized a $1.9 million unrealized loss on natural gas derivative contracts in other expenses in the profit and loss component of the statement of comprehensive income.

The impact on the profit and loss component of the statement of comprehensive income from a revaluation of natural gas contracts at September 30, 2010, assuming a 10% parallel upwards movement in the price curve used to value the contracts is $0.2 million assuming all other variables remain constant.

ITEM 4. CONTROLS AND PROCEDURES.

We are currently not required to evaluate the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), but intend to do so upon becoming a registrant with the SEC.

ITEM 4T. CONTROLS AND PROCEDURES.

We are currently not required to report on changes in internal control over financial reporting, but intend to do so upon becoming a registrant of the SEC.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are involved in legal proceedings from time to time in the ordinary course of business. We believe that the outcome of these proceedings will not have a material effect on our financial condition, results of operations or cash flows. There have been no material changes to the legal proceedings disclosed in our annual report for the year ended December 31, 2009.

ITEM 1A. RISK FACTORS.

You should carefully consider the risks and uncertainties described below and the other information in this quarterly report, including the discussions set forth in Item 5, "Operating and Financial Review and Prospects," of our annual report for the year ended December 31, 2009 as well as our interim unaudited condensed financial statements and related notes included elsewhere in this quarterly report. The risk factors set forth below address the risks related to our business, the risks related to our structure, the guarantees, the security and collateral and the notes, following the consummation of the Pactiv Transaction.

Risks Related to the Pactiv Acquisition

The RGHL Group may be unable to achieve some or all of the benefits that it expects to achieve from the Pactiv Acquisition, including because of possible disruptions caused by the Pactiv Acquisition.

The RGHL Group may not be able to achieve the cost savings or purchasing benefits it anticipates in connection with the Pactiv Acquisition. Acquisitions inherently involve risks, including those associated with assimilating and integrating different business operations, corporate cultures, personnel, infrastructure and technologies or products and increasing the scope, geographic diversity and complexity of the RGHL Group's operations. The process of integrating Pactiv with the RGHL Group may require significant resources and management attention. The RGHL Group's future results of operations will partially depend upon its ability to operate Pactiv efficiently and achieve the cost savings and purchasing benefits the RGHL Group currently expects.

In order to successfully combine and operate the RGHL Group and Pactiv, our management will need to continue to focus on managing its current business while also working to realize the anticipated synergies and cost savings on a timely basis. Our operations could be negatively affected if the RGHL Group is unable to successfully manage the integration of Pactiv. Our ability to realize anticipated cost savings and synergies may be affected by a number of factors, including, but not limited to:

- the ability to reduce head count and expenses by eliminating duplicative back office overhead and functions and rationalizing manufacturing capacity; and
- the ability to leverage Pactiv's low-cost, efficient distribution system, and optimize procurement savings with respect to certain raw materials.

Moreover, these potential cost savings and synergies are only estimates and may not actually be achieved in the time frame anticipated or at all.

In addition, there may be additional costs or liabilities associated with the Pactiv Acquisition that are not currently anticipated, including unexpected loss of key employees or customers and hiring additional management and other critical personnel. Any of these risks could adversely affect our business, financial condition and results of operations.

Risks Related to Our Business

The RGHL Group's lack of an operating history as a single company combining all of RGHL Group's segments and the challenge of integrating previously independent businesses make evaluating our business and our future financial prospects difficult.

The RGHL Group's lack of an operating history as a single company combining all of RGHL Group's segments and the challenge of integrating previously independent businesses make evaluating our business and our future financial prospects difficult. Our potential for future business success and operating profitability must be considered in light of the risks, uncertainties, expenses and difficulties typically encountered by recently organized or combined companies. The RGHL Group's SIG, Evergreen, Reynolds Consumer, Closures and Reynolds Foodservice segments have been under common ownership and control through entities ultimately 100% owned by Graeme Hart, our strategic owner, for over two years. These entities, however, were not owned, directly or indirectly, by a single company that consolidated their financial results or managed them on a combined basis prior to the consummation of the RGHL Transaction on November 5, 2009, the Evergreen Transaction on May 4, 2010, and the Reynolds Foodservice Acquisition on September 1, 2010.

Our business and financial performance may be harmed by future increases in energy, raw material and freight costs.

Raw material costs historically have represented a significant portion of our cost of sales, so significant changes in raw material prices may impact our results of operations. The primary raw materials for our aseptic and fresh carton packaging, foodservice, closures and consumer products are plastic resin (polypropylene ("PP") and polyethylene ("PE")), cartonboard, aluminum and inks, the primary raw materials for the construction of filling and capping machines is stainless steel and the primary raw materials for our liquid packaging board and paper production are wood fiber, chemicals and PE. Aluminum, plastic resin, wood fiber and stainless steel are all commodities that are subject to cyclical price fluctuations. For example, in recent years, the price of PE resin, which has historically been correlated with global oil prices, increased significantly. PE resin prices reached a record high price in September 2008, declined between November 2008 and February 2009 then increased until May 2010, when demand for PE resin began to weaken. Consistent with the trend in commodity markets, aluminum prices increased significantly in 2007 and 2008, declined between late-2008 and mid-2009, but increased through the end of 2009 and have fluctuated during the first half of 2010.

In addition to our dependence on primary raw materials, we are also dependent on different sources of energy for our liquid packaging board and paper production, such as coal, fuel oil, electricity and natural gas. If some of our large contracts were to be terminated for any reason, or not renewed upon expiration, or if market conditions were to substantially change resulting in a significant increase in the price of coal, fuel oil, electricity and/or natural gas, we may not be able to find alternative, comparable suppliers or suppliers capable of providing coal, fuel, electricity and/or natural gas on terms or in amounts satisfactory to us. As a result of any of these events, our business, financial condition and operating results may suffer.

We are also dependent on third parties for the transportation of our raw materials as well as the products we sell. In certain jurisdictions, we are exposed to import duties and freight costs, the latter of which is influenced by carrier availability and the fluctuating costs of oil and impacted by changes in global oil prices.

Raw materials, energy and freight costs comprise a significant portion of our costs. Accordingly, the cyclical nature of such commodity pricing, energy and freight costs presents a potential risk to our margins because we primarily purchase a significant portion of our raw material requirements through contracts tied to market prices or in the spot market. SIG's and many of Evergreen's and Closures' contracts do not provide for price adjustment mechanisms that allow us to pass through changes in raw material prices to our customers. Although most of Reynolds Consumer's store branded products are sold under agreements with resin price adjustment mechanisms, its Reynolds branded products, which represent the majority of its total aluminum foil products, do not provide for any such mechanisms for aluminum. Pactiv sells its products under contracts, many of which contain resin cost pass through mechanisms. Reynolds Foodservice generally sells its products either by purchase order or pursuant to formal contacts, many of them containing raw material cost pass-through mechanisms. Even where our contracts provide for price adjustments based on changes in raw material costs, such adjustments are not immediate and may not fully offset our increased costs. As a result, we often are not able to pass on price increases to our customers on a timely basis (if at all) and so do not always recover the lost margin from the price increases. In addition, we generally do not enter into hedging agreements for purchases of plastic resin, although hedging mechanisms are typically used in connection with our purchase of aluminum. Evergreen also uses multi-year agreements that pass-through increases in costs due to index movements. Due to differences in timing between our sales to customers and purchase of raw materials from suppliers, there is often a lead-lag impact during which margins are negatively impacted for the short term in periods of rising raw material prices and positively impacted in periods of falling material prices. For example, from 2007 and until the second half of 2008, our gross margins have been adversely impacted by increases in raw material costs, particularly those of plastic resin and aluminum from 2007 until the second half of 2008. Conversely, in 2009 our gross margins were positively impacted by decreases in raw material costs for plastic resin and aluminum. Due to increasing resin prices in the first half of 2010, our margins were again negatively impacted. Moreover, an increase in the selling prices for the products we produce resulting from a pass-through of increased raw material costs or freight costs could have an adverse impact on the volume of units we sell and decrease our revenue.

Our operating results depend upon a steady supply of wood fiber and any impairment in our ability to procure wood fiber at cost-effective prices may adversely affect our business, financial condition and operating results.

Evergreen does not own or control any timberlands and must buy its fiber either through supply agreements or on the open market. Depending on the manufacturing location, Evergreen's wood fiber requirements vary between wood chips or pulpwood logs. Evergreen has one agreement with IP for the supply of wood chips. The agreement's current term expires on May 14, 2014. The agreement requires minimum purchases and deliveries of wood fiber. This wood fiber currently accounts for approximately 19% of our total requirements. The prices that Evergreen pays this supplier for wood fiber at any particular time may be greater or less than "spot" market prices. Evergreen also has agreements with numerous other suppliers to purchase wood fiber at market prices. If any of these agreements were to be terminated for any reason, or not renewed upon expiration, or if market conditions were to substantially change, we may not be able to find alternative, comparable suppliers or suppliers capable of providing our wood fiber needs on terms or in amounts satisfactory to us. As a result, our business, financial condition and operating results could suffer.

In addition, the cost and availability of wood fiber have at times fluctuated greatly because of weather, economic or general industry conditions. From time to time, timber harvesting may be limited by natural events, such as fire, insect infestation, disease, ice storms, excessive rainfall and windstorms, or by harvesting restrictions. Production levels within the forest products industry are also affected by such factors as currency fluctuations, duties and finished lumber prices. For example, from 2007 to the date of this quarterly report, the timber harvesting business has been negatively impacted by the downturn in the housing market in the United States, leaving a shortage of supply in the wood fiber market. All of these factors can increase the price we must pay for wood fiber from our existing suppliers or from any new suppliers and we may not be able to immediately pass on raw material price increases to our customers, if at all. Due to differences in the timing of the pricing mechanism trigger points between our sales and purchase contracts, there is often a "lead-lag" impact during which margins are negatively impacted for the short term in periods of rising raw material prices and positively impacted in periods of falling raw material prices. Therefore, selling prices of our finished products may not increase in response to raw material price increases. Our operating results may be seriously harmed if we are unable to pass any raw material price increases through to our customers.

We depend on a small number of suppliers for our raw materials and any interruption in our supply of raw materials would harm our business and financial performance.

Most of our raw material requirements, including cartonboard, aluminum foil for our aseptic carton packaging business and plastic resin, wood fiber and chemicals are sourced from a relatively small number of suppliers. In addition, we do not have written contracts with some of our suppliers and many of our contracts can be terminated on short notice. As a consequence, we are highly dependent on these suppliers for an uninterrupted supply of our key raw materials. Such supply could be disrupted for a wide variety of reasons, many of which are beyond our control. Any interruption in the supply of raw materials could have an adverse impact on our business and results of operations. In addition, we rely on one supplier, Stora Enso, for approximately 90% of the cartonboard requirement for our aseptic carton packaging business. If the supply of cartonboard or the manufacturing agreement with Stora Enso is terminated or interrupted and we are unable to obtain a replacement supplier or manufacturer within a reasonable amount of time, we may experience a significant interruption to our production of aseptic carton packaging sleeves, which may adversely affect our business and results of operations.

Our business and financial performance may be adversely affected by downturns in the target markets that we serve.

Demand for aseptic and fresh carton packaging and closure products in the principal end-use markets that we serve is primarily driven by consumer consumption of the products sold in the packages we produce. General economic conditions affect consumption in SIG's, Evergreen's and Closures' primary end-use markets, including beverage products, such as milk, other dairy products, juices, bottled water and carbonated and non-carbonated soft drinks markets, as well as the liquid food market. Our consumer business, including Reynolds Consumer and Hefty Consumer Products, depends on the market conditions in the retail industry and consumer demand for its products, such as aluminum foil, wraps, and bags which are also affected by general economic conditions. Our foodservice business, including Reynolds Foodservice and Pactiv, depends on the market conditions in the foodservice industry and consumer demand for their products. Downturns or periods of economic weakness or increased prices in these consumer markets have resulted in the past, and could result in the future, in decreased demand for our products. In particular, our business has been in the past, and could be in the future, adversely affected by any economic downturn that results in difficulties for any of our major customers, including retailers. These conditions are beyond our control and may have an impact on our sales and results of operations. Macro-economic issues involving the broader financial markets, including the housing and credit systems and general liquidity issues in the securities markets, have negatively impacted the economy and may negatively affect our growth. In addition, weak economic conditions and declines in consumer spending and consumption have in the past harmed, and may in the future harm our operating results. For example, during the latter part of 2008, melamine contamination in China impacted a significant number of milk products; as a result, consumer confidence within the Chinese market significantly declined resulting in lower milk sales. In Russia, the recent economic downturn significantly reduced the demand for liquid packaging in the juice division in 2008 and 2009. In the United States, the economic downturn also reduced demand for branded consumer products such as waste and storage bags, with customers shifting towards purchases of lower priced store branded products.

Increased competition could reduce our sales and profitability and adversely affect our financial condition and results of operations.

Competition in the aseptic carton packaging business is effectively limited to a small number of major producers. In particular, Tetra Pak has a significantly higher market share than we do globally and in most of the geographic markets in which we compete and has substantially greater financial and other resources than we do. The fresh carton market is consolidated with Evergreen's key global competitors being Tetra Pak and Elopak. The global beverage caps and closures market is highly fragmented, with Closures being one of a relatively small number of key global participants. Our key global competitors in the beverage caps and closures market are Bericap, Global Closure Systems, Rexam and Tetra Pak, with most of our remaining competitors being either local or regional companies supplying primarily only one region of the world. The liquid packaging board market is consolidated, with Evergreen competing primarily with Stora Enso, Weyerhaeuser and Clearwater. In particular, Stora Enso is the largest supplier of liquid packaging board and the second largest supplier of fresh liquid packaging board. Evergreen is a relatively small producer of coated groundwood and uncoated freesheet within the concentrated North American markets. Evergreen's competitors in coated groundwood include NewPage, AbitibiBowater, Verso and Kruger and its competitors in uncoated freesheet include IP, Domtar, Georgia Pacific and Boise Cascade. The foodservice market is highly fragmented, with our foodservice business (including Reynolds Foodservice and Pactiv Foodservice) being one of a few participants with a product range that spans most of the foodservice product categories. Our key competitors in the foodservice market are Dart, Solo, Gen-Pak, Anchor Packaging, Handi-Foil and IP Foodservice.

We believe that the aseptic and fresh carton packaging, paper and the beverage caps and closures businesses are highly competitive, and product pricing is a key competitive factor. Besides product pricing, we also compete by offering customers volume rebates, marketing allowances and extended payment terms for purchases of our filling machines. As a result, unless we are able to control our operating costs, our gross margin may be adversely affected. In 2008, as a result of competitive pricing, one of Closures' major customers significantly reduced its purchasing of beverage caps and closures from us in the United States, which adversely affected Closures' business and results of operations. It is possible that we will lose additional customers in the future, which would adversely affect our business and results of operations.

Although capital costs in the aseptic and fresh carton packaging and beverage caps and closures industries are high and there are intellectual property and technological barriers to entry, we face the threat of competition in the future from new entrants from other segments in the packaging market or outside the packaging market, as well as from existing aseptic and fresh carton packaging and beverage caps and closures suppliers. We also face potential competition, particularly in emerging markets like Russia and East Asia, from companies that supply carton sleeves to customers who already own filling machines. These competitors do not incur the capital costs associated with the production and supply of filling machines and are, therefore, able to provide carton sleeves at a lower cost. As a result, to the extent there are new entrants, it may become difficult for us to increase or even maintain our prices. In addition to other aseptic and fresh carton packaging suppliers, our aseptic and fresh carton packaging business also faces competition from packaging made from polyethylene terephthalate ("PET") and other substrates. The prices that we can charge for our products and systems are therefore constrained by the availability and cost of substitutes. For example, in the German market, PET substitution in the juice segment has impacted adversely our results of operations. Certain customers or potential customers of our caps and closures business, especially in emerging markets, might explore the option to self-manufacture caps and closures, which may adversely affect our financial condition and results of operations.

We also compete in the paper, cup stock and ovenable packaging board markets. Some of our competitors in these markets have lower costs than we do and may be less adversely affected than we are by price declines. In addition, several of our competitors in these markets have significantly greater financial and other resources with a lower product cost basis than we have and thus can better withstand adverse economic or market conditions. Moreover, changes within the paper industry, including the consolidation of producers of products that compete with us and consolidation within the distribution channels for our products, have occurred, and may continue to occur, and may adversely affect our business and financial performance.

Our consumer products business, including Reynolds Consumer and Hefty Consumer Products, is subject to intense competition in a marketplace dominated by large retailers. We compete with diverse manufacturers of consumer products including large and well established multinational companies such as Clorox and SC Johnson, as well as regional and local companies. Our principal customers are grocery stores, mass-merchants, clubs, discount stores and drug stores. The rapid growth of these large retailers, together with changes in consumer purchasing patterns, have contributed to the formation of dominant multi-category retailers that have strong negotiating power with suppliers. Current trends among such retailers include fostering high levels of competition among suppliers, demanding innovative new products from suppliers and requiring suppliers to maintain or reduce product prices and deliver products with shorter lead times. Other trends include consumers shifting purchasing channels by moving away from grocery stores and towards clubs and mass-merchants and retailers importing products directly from foreign sources and sourcing and selling products under their own store brands, which compete with our Reynolds and Hefty branded products.

Our foodservice business, including Reynolds Foodservice and Pactiv Foodservice, is subject to intense competition mainly from significantly smaller competitors, many of whom have lower fixed costs. Certain competitors offer a more specialized variety of packaging materials and concepts. Our success in obtaining business in the foodservice market is driven primarily by our breadth of product offerings, price, product features, performance, speed to market, distribution capabilities and value-added services.

The combination of these market influences has created an intensely competitive environment within the consumer products market in which our principal customers continuously evaluate which suppliers to use, resulting in downward pricing pressures and the need for large, consumer-meaningful brands, continuous introduction and commercialization of innovative new products, continuing improvements in customer service and the maintenance of strong relationships with large, high-volume purchasers. We also face intense competition from consumer product companies, as most of our products compete with other widely advertised brands within each product category and with store branded products. We also face the risk of changes in the strategy or structure of our major retailer customers, such as overall store and inventory reductions and retailer consolidation. The intense competition in the retail sector combined with the current economic environment may result in a number of retailers experiencing financial difficulty or failing in the future. As a result of these factors, we may experience reduced sales and profitability and a limited ability to recover our cost increases through price increases.

We are affected by seasonality and cyclicality in certain of our businesses.

Demand for beverages and consequently the related packaging, caps and closures, may be affected by adverse weather conditions, especially during the summer months when prolonged periods of unseasonably cool or wet weather in a particular market may affect sales volumes and therefore our financial condition and the results of our operations. In addition, demand for our consumer products, and in some instances our packaging products, typically increases during the holiday season which leads to increased sales during the November and December holiday season, and our school milk business is typically stronger during the North American school semesters and decreases during the holiday periods.

The market for paper products is highly cyclical and sensitive to changes in general business conditions, industry capacity, consumer preferences and other factors. We have no control over these factors and they can significantly influence our financial performance. Many of our products in the paper segment are commodities and thus are readily substitutable and are subject to robust competition. The prices for our products may fluctuate substantially in the future, and continued or sustained weakness in prices or continued or sustained downturns in market conditions could have a material adverse effect on our business, financial condition and operating results.

Our business and financial performance may be harmed by changes in consumer lifestyle, eating habits, nutritional preferences and health-related and environmental concerns.

We manufacture a range of products which are used by consumers, such as our aseptic and fresh cartons and caps and closures that are used for certain carbonated drinks, non-carbonated soft drinks, dairy and bottled water, our aluminum foil, our store branded wraps and bags and our foodservice products. Any reduction in consumer demand for these product types as a result of lifestyle, environmental, nutritional or health considerations could have a significant impact on our customers and hence on our financial condition and results of operations. For example, there have been recent concerns about the environmental impact resulting from the manufacturing, shipping and/or disposal of resin-based products, such as plastic water bottles and polystyrene containers and packaging that are considered harmful to the environment by consumers. Product stewardship and resource sustainability concerns, including the recycling of products and product packaging and restrictions on the use of potentially harmful materials in products, have received increased attention in recent years and are likely to play an increasing role in brand management and consumer purchasing decisions. In addition, changes in consumer lifestyle, such as the gradual decline of home cooking, may result in decreasing demand for certain of our consumer products and increasing demand for our foodservice products. Our financial position and results of operations might be adversely affected to the extent that such environmental concerns or changes in consumer lifestyle reduce demand for our products.

If our consumer products business, including Reynolds Consumer and Hefty Consumer Products, does not continue to develop and maintain consumer-meaningful brands, our results of operations may suffer.

The ability of our consumer products business, including Reynolds Consumer and Hefty Consumer Products, to compete successfully increasingly depends on our ability to develop and maintain consumer-meaningful brands in order to satisfy consumer demand. The development and maintenance of such brands requires significant investment in product innovation, brand-building, advertising and marketing initiatives. While Reynolds Consumer and Hefty Consumer Products may increase their expenditures for advertising and other brand-building and marketing initiatives, the increased investment may not deliver the desired results. Reynolds Consumer and Hefty Consumer Products focus on developing innovative products to address consumers' unmet needs as well as introducing store branded products that emulate other popular branded consumer products. There are, nevertheless, numerous uncertainties inherent in successfully developing and commercializing new products, and new product launches may not deliver the expected growth in sales or operating income.

If we fail to maintain satisfactory relationships with our major customers, our results of operations could be adversely affected.

SIG, Evergreen and Closures have multi-year supply agreements with many of their customers, many of whom are multinational companies that purchase large quantities of aseptic and fresh carton packaging materials and caps and closures, while Reynolds Consumer generally sells its branded products pursuant to informal trading policies and its store branded products under one or two year contracts. Hefty Consumer Products generally sells its products pursuant to informal trading policies. Reynolds Foodservice and Pactiv Foodservice sell their products under contracts ranging from a few months to a year. In addition, we do not have written contracts with some of our customers and many of our contracts can be terminated on short notice. The significant leverage possessed by many of these customers and potential customers, in addition to the competitive environment in which we operate, results in significant downward pricing pressure, and generally constrains our ability to pass on price increases. SIG, Evergreen and Closures typically offer their major customers a variety of incentives to purchase their filling and capping machines or lease their filling machines. If our major customers reduce purchasing volumes or stop purchasing our products, our business and results of operations would likely be adversely affected. For example, in 2008, one of Closures' major customers significantly reduced purchasing beverage caps and closures from us, which adversely affected Closures' business and results of operations. It is possible that we will lose additional customers in the future, which may adversely affect our business and results of operations.

We could incur significant costs in complying with environmental, health and safety laws or permits or as a result of satisfying any liability or obligation imposed under such laws or permits.

Our operations are subject to various federal, state, local and foreign environmental, health and safety laws and regulations. Among other things, these laws 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 our employees and the end-users of our products, regulate the materials used in and the recycling of products and impose liability for the costs of investigating and remediating, and damages resulting from, present and past releases of hazardous substances. Violations of these laws and regulations or non-compliance with any conditions contained in any environmental permit can result in substantial fines or penalties, injunctive relief, requirements to install pollution or other controls or equipment, civil and criminal sanctions, permit revocations and/or facility shutdowns. We could be held liable for the costs to address contamination of any real property we have ever owned, operated or used as a disposal site. We also could incur fines, penalties, sanctions or be subject to third-party claims for property damage, personal injury or nuisance or otherwise 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 contamination, or the imposition of other environmental liabilities or obligations in the future, including additional investigation or other obligations with respect to any potential health hazards of our products or business activities or the imposition of new permit requirements, may lead to additional compliance or other costs that could have a material adverse effect on our business, financial condition or results of operations.

For a discussion of risks and liabilities relating to the Canton mill's wastewater discharge permit, including challenges filed to such permit and the potential implications thereof, see "Business-Description of Business by Segment-Evergreen-Regulatory" in the Information Statement attached to the Holder Notification-Report on a Material Event-Completion of Acquisition posted on BP II's website on May 5, 2010.

Moreover, as environmental issues, such as climate change, have become more prevalent, federal, state and local governments, as well as foreign governments, have responded, and are expected to continue to respond, to these issues with increased legislation and regulation, which could negatively affect us. For example, the United States Congress has considered legislation to reduce emissions of greenhouse gases. In addition, the United States Environmental Protection Agency (the "EPA") has proposed regulating greenhouse gas emissions under existing laws such as the Clean Air Act. These and other foreign, federal and state climate change initiatives may cause us to incur additional direct costs in complying with new environmental legislation or regulations, such as costs to upgrade or replace equipment, as well as increased indirect costs resulting from our suppliers, customers or both incurring additional compliance costs that could get passed through to us or impact product demand. Additionally, the EPA is continuing the development of other new standards and programs, such as regulations under the Clean Air Act governing emissions from industrial boilers, that when finalized could also result in material additional costs to us.

We may be unable to achieve some or all of the benefits that we expect to achieve from our restructuring and cost savings programs.

We may not be able to realize some or all of the cost savings and other adjustments we expect to achieve in the future as a result of our restructuring and cost savings programs in the time frame we anticipate. For a more detailed description of these cost savings measures and other adjustments expected, refer to Item 5, "Operating and Financial Review and Prospects" of our annual report for the year ended December 31, 2009. A variety of factors could cause us not to realize some of the expected cost savings, including, among others, delays in the anticipated timing of activities related to our cost savings programs, lack of sustainability in cost savings over time and unexpected costs associated with operating our business. For the nine months ended September 30, 2010 and the year ended December 31, 2009, we incurred costs of \$9.0 million and \$37.5 million, respectively, at SIG, \$2.6 million and \$16.1 million, respectively, at Evergreen, \$6.4 million and \$4.8 million, respectively, at Reynolds Consumer, \$1.4 million and \$3.0 million, respectively, at Closures, and nil and \$9.6 million, respectively, at Reynolds Foodservice to implement our cost savings programs. We anticipate incurring additional costs of approximately \$125.0 million to achieve our anticipated cost savings in connection with the Pactiv Acquisition.

Our insurance may not protect us against business and operating risks.

We maintain insurance for some, but not all, of the potential risks and liabilities associated with our business. For some risks, we may not obtain insurance if we believe the cost of available insurance is excessive relative to the risks presented. As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and in some instances, certain insurance policies are economically unavailable or available only for reduced amounts of coverage. For example, we will not be fully insured against all risks associated with pollution and other environmental incidents or impacts which may not be fully insurable. Moreover, we may not be able to maintain adequate insurance in the future at rates we consider reasonable or obtain or renew insurance against certain risks. Any significant uninsured liability may require us to pay substantial amounts which would adversely affect our cash position and results of operations.

We are involved in a number of legal proceedings that could result in substantial liabilities for us.

We are involved in several legal proceedings. It is difficult to predict with certainty the cost of defense or outcome of these proceedings and their impact on our business, including remedies or damage awards. The outcome of these legal proceedings and other contingencies could require us to take or refrain from taking certain actions, which action or inaction could adversely affect our operations or could require us to pay substantial amounts of money or restrict our operations. If liabilities or fines resulting from these proceedings are substantial or exceed our expectations, our business, financial condition or results of operations may be adversely affected.

Loss of one of our key manufacturing facilities could have an adverse effect on our financial condition or results of operation.

While we manufacture most of our products in a large number of diversified facilities, and maintain insurance covering these facilities, a loss of the use of all or a portion of any of our key manufacturing facilities due to an accident, labor issues, weather conditions, natural disaster or otherwise, whether short or long-term, may have a material adverse effect on our financial condition or results of operations. After the recent consolidation of Reynolds Consumer's Richmond and Louisville manufacturing facilities, we can only perform the foil rolling phase of our foil manufacturing process in our Louisville plant and the melting and casting phase in our Malvern facility. Loss or disruption of either of these two facilities would significantly interrupt our production process and adversely affect our business and results of operation. For example, we experienced a flood at one of our locations in 2009, which required us to suspend production at such facility for a short period of time. In 2010, we were affected by an earthquake in Chile, which caused one of Closures' facilities to suspend its operations for approximately two months.

Loss of our key management and other personnel, or an inability to attract new management and other personnel, could impact our business.

We depend on our senior executive officers and other key personnel to operate our businesses and on our in-house technical experts to develop new products and technologies and to service our customers. The loss of any of these officers or other key personnel could adversely affect our operations. Competition for qualified employees among companies that rely heavily on engineering and technology is intense, and the loss of qualified employees or an inability to attract, retain and motivate additional highly skilled employees required for the operation and expansion of our business could hinder our ability to conduct research and development activities successfully or develop and support marketable products.

Future government regulations and judicial decisions affecting the packaging, caps or closures and consumer products we produce or the products contained in or sealed with the packaging, caps or closures we produce could significantly reduce demand for our products.

Government regulations and judicial decisions that affect the packaging, caps or closures and consumer products we produce or the products contained or sealed in the packaging, caps or closures we produce could significantly reduce demand for our products. For example, German legislation has been passed that requires a deposit to be paid for certain disposable beverage packages. It is possible that in the future our products may become subject to such deposit requirements if the recycling of our products falls below acceptable thresholds. Future legislation could also limit the use of our products or impose certain taxes on the use of our products. Such legislation could significantly reduce demand for many of our products and adversely affect our sales.

Changes to health and food safety regulations could increase costs and may also have a material adverse effect on our sales if, as a result, the public's attitude towards our consumer products or the end products for which we provide packaging, caps or closures is substantially affected.

If there is significant consolidation among our customers, demand for our products may decrease or we may become less profitable.

Consolidation among our customers in the food and beverage industry or in the retail or foodservice industries could adversely affect our profitability. Over the last ten years, we have observed a trend toward consolidation among our customers in the food and beverage industry and in the retail and foodservice industries, and we expect that this trend will continue. In particular, consolidation among our customers could increase their ability to apply price pressure, and, thereby, force us to reduce our selling prices or lose sales, which would impact our results of operations. Following a consolidation, our customers in the food and beverage industry may also close production facilities or switch suppliers of packaging, caps or closures which could impact sales of our filling and capping machines and other products, while our customers in the retail industry may close stores, reduce inventory or switch suppliers of consumer products. The loss of significant customers could have a material adverse effect on our business, financial condition and results of operations.

Supply of faulty or contaminated products could harm our reputation and business.

We have control measures and systems in place to ensure the maximum safety and quality of our products is maintained. The consequences of not being able to do so, due to accidental or malicious raw material contamination, or due to supply chain contamination caused by human error or faulty equipment, could be severe. Such consequences may include adverse effects on consumer health, reputation, loss of customers and market share, financial costs or loss of revenue. In addition, if any of our competitors or customers supply faulty or contaminated products to the market, or if manufacturers of the end-products that utilize our beverage packaging, caps or closures produce faulty or contaminated products, our industry, or our end-products' industries, could be negatively impacted, which could have adverse effects on our business. For example, in China during the latter part of 2008, melamine contamination by milk producers impacted a significant number of milk products; as a result, consumer confidence within the Chinese market significantly declined resulting in a downturn in milk sales, which had a negative impact on our sales of beverage packaging products in China.

Developments in electronic data transmission as well as rising postal costs could weaken demand for our paper products.

Recent trends in electronic data transmission and storage and in the use of the internet have tended to reduce the demand for paper products, particularly traditional print media and envelopes. These trends could hurt our paper business. In addition, there has also been a trend toward on-line invoice payment. An increase in the cost of postage, or an increased availability and acceptance of on-line invoice payment options, could lessen demand for envelopes and, as a result, for our envelope papers by envelope converters.

Currency exchange rate fluctuations could adversely affect our results of operations.

Our business is exposed to fluctuations in exchange rates. Although our reporting currency is dollars, we operate in different geographical areas and transact in a range of currencies in addition to dollars. Our other significant transacting currencies are the euro, the Brazilian real, the British pound, the Canadian dollar, the Chinese yuan renminbi, the Japanese yen, the Korean Won, the Mexican peso, the New Zealand dollar, the Russian ruble, the Singapore dollar, the Swiss franc, the Taiwanese dollar and the Thai baht. Where possible, we try to minimize the impact of exchange rate fluctuations by transacting in local currencies so as to create natural hedges. We cannot assure you that we will be successful in protecting against these risks. Under certain circumstances in which we are unable to naturally offset our exposure to these currency risks, we enter into derivative transactions to reduce such exposures. Nevertheless, exchange rate fluctuations may either increase or decrease our revenue and expenses as reported in dollars. Given the volatility of exchange rates, we may not be able to manage our currency transaction risks effectively, and volatility in currency exchange rates may materially adversely affect our financial condition or results of operations.

We may not be successful in adequately protecting our intellectual property rights, including our unpatented proprietary know-how and trade secrets, or in avoiding claims that we infringed on the intellectual property rights of others.

In addition to relying on the patent and trademark rights granted under the laws of countries in Europe, the U.S. and various other countries in which we operate, we rely on unpatented proprietary know-how and trade secrets and employ various methods, including confidentiality agreements with employees and consultants, to protect our know-how and trade secrets. However, these precautions and our patents and trademarks may not afford complete protection against infringement by third parties, and there can be no assurance that others will not independently develop the know-how and trade secrets or develop better production methods than ours. Patent and trademark rights are territorial; thus, the patent and trademark protection we do have will only extend to those countries in which we have been issued patents and have registered trademarks. Even so, the laws of certain countries do not protect our intellectual property rights to the same extent as do the laws of various European countries and the United States. Further, we may not be able to deter current and former employees, contractors and other parties from breaching confidentiality agreements and misappropriating proprietary information. It is possible that third parties may copy or otherwise obtain and use our information and proprietary technology without authorization or otherwise infringe on our intellectual property rights. For example, we believe that the intellectual property of Tetra Pak, our main competitor in the aseptic carton packaging business, has been infringed by local manufacturers in China, who have reproduced and duplicated its carton rolls. A similar infringement to our intellectual property may adversely affect our results of operations and make it more difficult for us to establish a strong market position in countries which may not afford adequate protection of intellectual property. Additionally, we have licensed, and may license in the future, patents, trademarks, trade secrets and similar proprietary rights to third parties. While we attempt to ensure that our intellectual property and similar proprietary rights are protected when entering into business relationships, third parties may take actions that could materially and adversely affect our rights or the value of our intellectual property, similar proprietary rights or reputation. If necessary, we also rely on litigation to enforce our intellectual property rights and contractual rights, and, if not successful, we may not be able to protect the value of our intellectual property. Any litigation could be protracted and costly and could have a material adverse effect on our business and results of operations regardless of its outcome.

Our success depends in part on our ability to obtain, or license from third parties, patents, trademarks, trade secrets and similar proprietary rights without infringing on the proprietary rights of third parties. Although we believe that our intellectual property rights are sufficient to allow us to conduct our business without incurring liability to third parties, our products may infringe on the intellectual property rights of such persons and we may be subject to claims asserting infringement of intellectual property rights. No assurance can be given that we will not be subject to such additional claims seeking damages, the payment of royalties or licensing fees and/or injunctions against the sale of our products. Any such litigation could be protracted and costly and could have a material adverse effect on our business and results of operations.

If we are unable to stay abreast of changing technology in our industry, our profits may decline.

Our businesses are subject to frequent and sometimes significant changes in technology, and if we fail to anticipate or respond adequately to such changes, or do not have sufficient capital to invest in these developments, our profits may decline. Our future financial performance will depend in part upon our ability to develop and market new products and to implement and utilize technology successfully to improve our business operations. We cannot predict all the effects of future technological changes. The cost of implementing new technologies could be significant, and our ability to potentially finance these technological developments may be adversely affected by our debt servicing requirements or our inability to obtain the financing we require to develop or acquire competing technologies.

Employee slowdowns, strikes and similar actions could have a material adverse effect on our business and operations.

A significant proportion of our employees are subject to collective bargaining agreements covering locations in Austria, Canada, Germany, Japan, South Korea, Switzerland, Thailand and the U.S. Many of our employees in Europe, Mexico and South America are represented by works councils. In addition, the transportation and delivery of raw materials to our manufacturing facilities and of our products to our customers by workers that are members of labor unions is critical to our business. In many cases, before we take significant actions with respect to our production facilities, such as workforce reductions or closures, we must reach agreement with applicable labor unions and employee works councils. The failure to maintain satisfactory relationships with our employees and their representatives, or prolonged labor disputes, slowdowns, strikes or similar actions could have a material adverse effect on our business and results of operations.

We face risks associated with certain pension obligations.

We hold investments in equity and debt securities in our qualified defined benefit pension plans. Deterioration in the value of plan assets, resulting from the general financial downturn or otherwise, could cause an increase in the underfunded status of our defined benefit pension plans, thereby increasing our obligation to make contributions to the plans, which in turn would reduce the cash available for our business.

In addition, at the time of the Pactiv spin-off from Tenneco Inc. in 1999, Pactiv became the sponsor of Tenneco Inc. (now Pactiv) pension plans. These plans cover most of Pactiv's employees as well as individuals/beneficiaries from many companies previously owned by Tenneco, but not owned by Pactiv. As a result, while persons who are not current Pactiv employees do not accrue benefits under the plans, the total number of individuals/beneficiaries covered by these plans is much larger than would have been the case if only Pactiv personnel were participants. For this reason, the impact of the pension plans on Pactiv's net income, shareholders' equity and cash from operations is greater than is typically found at similarly sized companies. Changes in the following factors can have a disproportionate effect on Pactiv's results compared with similarly sized companies: (i) assumptions regarding the long-term rate of return on pension assets and other factors, (ii) interest rate used to discount projected benefit obligations, (iii) level of amortization of actuarial gains and losses, (iv) governmental regulations relating to funding of retirement plans in the U.S. and foreign countries and (v) financial market performance. As of December 31, 2009, Pactiv's U.S. pension plan was underfunded by approximately $558 million and subsequent financial market performance and decreases in interest rates may have significantly increased this deficit. Future contributions to our pension plans, including Pactiv's U.S. pension plan, could reduce the cash otherwise available to operate our business and could have an adverse effect on our results of operations.

We may be unable to achieve some or all of the benefits that we expected to achieve from the RGHL Acquisition, the Evergreen Acquisition or the Reynolds Foodservice Acquisition.

We may not be able to achieve the cost savings or purchasing benefits we anticipated in connection with the RGHL Acquisition, the Evergreen Acquisition or the Reynolds Foodservice Acquisition. Acquisitions inherently involve risks, including those associated with assimilating and integrating different business operations, corporate cultures, personnel, infrastructure and technologies or products and increasing the scope, geographic diversity and complexity of our operations. There may be additional costs or liabilities associated with the RGHL Acquisition, the Evergreen Acquisition and the Reynolds Foodservice Acquisition that we did not anticipate at the time each of the RGHL Acquisition, the Evergreen Acquisition and the Reynolds Foodservice Acquisition were consummated, including an unexpected loss of key employees or customers and hiring additional management and other critical personnel. The RGHL Acquisition, the Evergreen Acquisition and the Reynolds Foodservice Acquisition may also be disruptive to our ongoing business and may not be successfully received by our customers. Any of these risks could adversely affect our business, financial condition and results of operations.

Changes in global conditions could adversely affect our business and results of operations.

Our financial results could be substantially affected by global market risks in the countries outside the United States in which we have manufacturing facilities or sell our products. Specifically, we have substantial manufacturing facilities in China, Colombia, El Salvador, Israel, Mexico, Nepal, Panama, the Philippines, Saudi Arabia, South Korea, Taiwan, Thailand and Venezuela, which are countries that are exposed to economic and political instability in their respective regions of the world. For example, Evergreen recently ceased operating in Venezuela due to political turmoil in the region. Other downturns in economic activity, adverse foreign tax consequences or any change in social, political or labor conditions in any of these countries or regions could negatively affect our financial results.

Our third-party equipment leasing arrangements may increase our exposure to credit risk from customer defaults.

SIG enters into arrangements under which filling machines are sold to third-party finance companies that lease the machines to our customers. In the event that a customer defaults under the terms of its lease, under certain circumstances, these finance companies could require us to repurchase the filling machine. As a result, we are exposed to the credit risk of our customers under these leasing arrangements. The potential obligation to buy back filling machines exposed the RGHL Group to a potential maximum liability of $38.9 million as of September 30, 2010 and $86.8 million as of December 31, 2009. If we have to repurchase filling machines, we may have to utilize our availability under our revolving credit facility.

We may pursue and execute acquisitions, which, if not successful, could adversely affect our business.

As part of our strategy, we plan to consider the acquisition of other companies, assets and product lines that either complement or expand our existing business. We cannot assure you that we will be able to consummate any acquisitions or that any future acquisitions will be consummated at acceptable prices and terms or that the acquired businesses will be successfully integrated into our current operations. We periodically evaluate potential acquisition opportunities, including those that could be material in size and scope. Acquisitions involve a number of specific risks, including:

- the diversion of management's attention to the assimilation of the acquired companies and their employees and on the management of expanding operations;

- the incorporation of acquired products into our product lines;

- demands on our operational and financial systems;
- possible adverse effects on our operating results;
- the inability to retain key employees of the acquired business; and
- failure to achieve the results we anticipate from such acquisitions.

There are liabilities associated with the businesses we have acquired, including Pactiv. Acquisitions have the risk that the obligations and liabilities of an acquired company may not be adequately released, indemnified or reflected in the historical financial statements of such company and the risk that such historical financial statements may contain errors. We may also become responsible for liabilities that we failed or were unable to discover in the course of performing due diligence procedures in connection with our historical acquisitions and any future acquisitions. We have typically required the sellers in past acquisitions to indemnify us against certain undisclosed liabilities; however, we cannot be certain that these indemnification rights that we have obtained, or will obtain in the future, will be enforceable, collectible or sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business or property acquired. Any of these liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition or results of operations.

In addition, we may not be able to successfully integrate future acquisitions without substantial costs, delays or other problems. The costs of such integration could have a material adverse effect on our operating results and financial condition.

We have given warranties and indemnities to the purchasers in connection with our recent business disposals, and agreed in some instances to non-compete provisions, which have not yet expired and may give rise to claims against us or our controlled entities or limit our ability to engage in business in certain geographical areas.

From time to time we have disposed of segments or elements of our businesses, and we may dispose of other segments or elements of our businesses in the future. For example, on April 2, 2008, we sold SIG's Beverages business. As part of these types of transactions, we are generally required to indemnify the purchasers of such businesses for various liabilities, and the resulting indemnification obligations may be significant. These types of transactions may also restrict our ability to engage in certain conduct or conduct business in certain geographical areas for a certain period of time. Some of the time periods within which a claim can be brought under warranty and indemnity provisions have not expired, and we have experienced several indemnity claims based on other disposal transactions. If any material claims in respect of these dispositions are successfully brought against us in the future, such claims may have a material adverse effect on our business, financial condition and results of our operations.

Conditions in the global capital and credit markets and the economy in general may have a material adverse effect on our business, results of operations or financial position.

The global capital and credit markets have recently undergone a period of unprecedented volatility and disruption and the global economy recently experienced a recession. Our results of operations and financial position were, and may continue to be, negatively affected by adverse changes in the global capital and credit markets and the economy in general, both in the United States and elsewhere around the world. Economic conditions may also adversely affect the ability of our lenders, customers and suppliers to continue to conduct their respective businesses and may affect our ability to operate our production facilities in an economical manner. Many of our customers rely on access to credit to fund their operations. The inability of our customers to access credit facilities may adversely affect our business by reducing our sales, increasing our exposure to accounts receivable bad debts and reducing our profitability.

Concerns over declining consumer confidence, the availability and cost of credit, reduced consumer spending and business investment, the volatility and strength of global capital and credit markets and inflation have affected, and may continue to affect, the business and economic environment and ultimately the profitability of our business. Economic downturns characterized by higher unemployment, lower family income, lower corporate earnings, lower business investment and lower consumer spending have resulted, and may continue to result, in decreased demand for our products. We are unable to predict the likely duration or severity of any disruption in global capital and credit markets and the economy in general, all of which are beyond our control and may have a significant impact on our business, results of operations, cash flows and financial position.

The impairment of our trade receivable financings could adversely impact our liquidity.

SIG currently sells, and our other segments may sell in the future, a significant portion of its trade receivables through factoring programs to finance our working capital needs. As of September 30, 2010, and as of December 31, 2009, 47% and 46% of SIG's trade receivables, respectively, were subject to non-recourse factoring programs. The factoring programs are an important source of liquidity, even though the SIG program is not reflected on our balance sheet.

Our access to factoring programs depends on the availability of receivables insurance and on our credit rating and those of our customers and insurers. We may be unable to continue to utilize factoring programs or may only be able to do so on less desirable terms if either we are unable to obtain or renew receivables insurance or our credit rating or the credit ratings of our customers or insurers are negatively impacted. An inability to utilize factoring programs would slow our conversion of trade receivables to cash and increase our working capital requirements, which could require us to use revolver availability or cash on hand or seek alternative sources of financing which may not be available or may be more expensive than our existing financing.

The impairment of financial institutions may adversely affect us.

We, our customers and our suppliers have transactions and borrowing arrangements with U.S. and foreign commercial banks and other financial institutions, some of which may be exposed to ratings downgrade, bankruptcy, lack of liquidity, default or similar risks, especially in connection with the recent financial market turmoil. A ratings downgrade, bankruptcy, receivership, default or similar event involving such institutions may adversely affect the institution's performance under letters of credit, limit our access to capital, impact the ability of our suppliers to provide us with raw materials needed for our production, impact the ability of our customers to meet obligations to us or adversely affect our liquidity position, future business and results of operations.

The international scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences.

We are subject to taxation in and to the tax laws and regulations of multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our companies pursuant to, for example, purchase agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could have a material adverse effect on our business, financial condition and results of operations. In addition, the tax authorities in any applicable jurisdiction, including the United States, may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness, including the notes, intercompany loans and guarantees. If any applicable tax authorities, including the U.S. tax authorities, were to successfully challenge the tax treatment or characterization of any of our transactions, it could result in the disallowance of deductions, the imposition of withholding taxes on internal deemed transfers or other consequences that could have a material adverse effect on our business, financial condition and results of operations.

Our aluminum hedging activities may result in significant losses and in period-to-period earnings volatility.

We regularly enter into hedging transactions to limit our exposure to raw material price risks primarily relating to aluminum purchases. If we do not effectively manage our hedging activities, we could incur significant losses or gains. For example, in the past, our hedging strategies have proven to be ineffective and as a result, our Reynolds Consumer segment incurred an unrealized loss of $130.8 million for the year ended December 31, 2008 and an unrealized gain of $101.9 million for the year ended December 31, 2009 on derivative financial instruments related to such hedging strategies. If, in the future, our hedging strategies prove to be ineffective or if we fail to effectively monitor and manage our hedging activities, we could incur significant losses which could adversely affect our financial position and results of operations.

Our accounting and other management systems resources may not be adequately prepared to meet financial reporting and other requirements in the future. Our failure to achieve and maintain effective controls could adversely affect our business, financial position and results of operations.

Prior to the Reynolds Acquisition, the financial results of our Reynolds Consumer, Closures and Reynolds Foodservice segments were included within the consolidated results of Alcoa and were reported under U.S. GAAP, while the financial results of RGHL were reported under IFRS. After the Reynolds Acquisition, the financial results of our Reynolds Consumer, Closures and Reynolds Foodservice segments have been reported under IFRS. Prior to the Initial Evergreen Acquisition, Evergreen's financial results were included in the consolidated results of IP and reported under U.S. GAAP. Since the Initial Evergreen Acquisition, Evergreen's financial results have been reported under IFRS. Following the Evergreen Transaction and Reynolds Foodservice Acquisition, we reported our consolidated results under IFRS and included the financial results of our SIG, Evergreen, Reynolds Consumer, Closures and Reynolds Foodservice segments. In addition, we have never been directly subject to the reporting and other requirements of the Exchange Act. Following the consummation of the Pactiv Acquisition, Pactiv's financial results will be reported in IFRS.

The changes in reporting required as a result of the RGHL Acquisition, the Evergreen Acquisition, the Reynolds Foodservice Acquisition and the Pactiv Acquisition and the additional reporting obligations under the indentures governing the 2009 Notes, the May 2010 Notes and the October 2010 Notes and the agreement governing the Senior Secured Credit Facilities have placed, and will place, significant additional demand on our management and administrative and operational resources, including our accounting resources. Any additional reporting and other requirements of the Exchange Act will place further demand on our management and administrative and operational resources, including our accounting resources. In the future, we may not be able to timely prepare and deliver the financial statements required by the Exchange Act and the indentures governing the notes and the agreement governing the Senior Secured Credit Facilities. Such failure would constitute an event of default under the notes and the Senior Secured Credit Facilities and could affect our businesses, financial position and results of operations.

We have had material weaknesses in our internal control over financial reporting within our Evergreen, Reynolds Consumer and Closures segments. If additional material weaknesses are detected in the future and if we fail to remediate these material weaknesses or if we fail to maintain effective internal controls over financial reporting, our business could be materially and adversely affected.

The businesses of Reynolds Consumer, Closures and Reynolds Foodservice were carved-out from Alcoa. Under Alcoa's ownership, certain accounting and internal control functions were performed by Alcoa's corporate and shared services functions which were not acquired under the Reynolds Acquisition. The business of Evergreen was carved-out from IP. Under IP's ownership, certain accounting and internal control functions were performed by IP's corporate and shared service functions which were not acquired under the Initial Evergreen Acquisition.

During the financial statement audits for the Reynolds Consumer and Closures segments for the year ended December 31, 2008, our auditors identified and reported to us in management letters dated October 14, 2009 for the Reynolds Consumer and July 21, 2009 for the Closures segments, four material weaknesses in our internal control for Reynolds Consumer and two material weaknesses in our internal control for Closures in addition to other significant deficiencies in each case. During the re-issuance of their audit opinion on the financial statements for the years ended December 31, 2007 and 2008, in connection with the Evergreen Transaction, Evergreen's auditors for such periods identified and reported in a management letter dated April 23, 2010, a material weakness in Evergreen's internal control. In addition, Evergreen's auditors for the year ended December 31, 2009, identified and reported in a management letter dated April 23, 2010, a material weakness in Evergreen's internal control.

The four material weaknesses for Reynolds Consumer related to inadequate account reconciliation processes, inappropriate accounting for aluminum derivatives contracts under IFRS, inadequate controls for our inventory costing and valuation and an aggregation of various control weaknesses related to Reynolds Consumer's international operations. The two material weaknesses for Closures related to inappropriate accounting for certain contracts under the applicable derivatives accounting policy and the aggregation of various control weaknesses related to Closures' international operations. The material weakness for Evergreen in each of the 2007, 2008 and 2009 fiscal years related to inadequate preparation and review of Evergreen's consolidated statements of cash flows, which resulted in misstatements not being detected in a timely manner and the improper classification of certain cash flow items, including certain related party borrowings. As a consequence of the material weakness for the 2007 and 2008 fiscal periods, Evergreen restated its historical statements of cash flows for the years ended December 31, 2007 and 2008.

The American Institute of Certified Public Accountants ("AICPA") defines a material weakness as a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. Our Closures and Reynolds Consumer operations began a process of evaluating and improving our internal control over financial reporting including establishment of account reconciliation and management review control processes. In anticipation of future required compliance with the internal control reporting requirements mandated by Section 404(a) of the Sarbanes-Oxley Act of 2002, which will become mandatory after we register with the SEC, we will continue to internally evaluate and improve our internal controls and will begin a formal process of documenting and testing our internal control procedures. On September 15, 2010, the SEC issued a final rule to permanently exempt non-accelerated filers from the internal control audit requirements of the Sarbanes-Oxley Act of 2002. However, as a non-accelerated filer, we will still be required to disclose management's assessment of the effectiveness of internal control over financial reporting. As stand-alone reporting entities, certain adjustments to our Evergreen, Closures and Reynolds Consumer internal control procedures are required. If we fail to achieve and maintain an effective internal control environment, it could have a material adverse effect on our business and our ability to report complete and accurate financial information on a timely basis.

Beginning in the second half of 2009, we initiated a number of activities aimed at addressing the material weaknesses of, and enhancing the overall control environment within, the RGHL Group, including our Closures and Reynolds Consumer businesses. Evergreen has developed a remediation plan and processes to address the material weakness which it has begun implementing.

Additional measures may be necessary to address the material weaknesses at Evergreen, Reynolds Consumer and Closures and the measures we have taken and expect to take to improve our internal controls may not be sufficient to address the issues identified, to ensure that our internal controls are effective or to ensure that such material weakness or other material weaknesses would not result in a material misstatement of our annual or interim financial statements. We expect to continue to undertake activities to improve our internal controls over financial reporting until we are able to conclude such controls are effective but we cannot assure you that will be successful in the time frame anticipated or at all. This process, together with our efforts to become compliant with Section 404(a) of the Sarbanes-Oxley Act of 2002, will be time-consuming and costly.

If we are unable to correct deficiencies in internal controls within our Evergreen, Closures and Reynolds Consumer operations in a timely manner or discover additional material weaknesses or significant deficiencies, our ability to record, process, summarize and report financial information accurately and within the time periods specified in the rules and forms of the SEC, and to prevent fraud, will be adversely affected, and our financial statements could prove unreliable. The discovery of further material weaknesses or significant deficiencies in the future could require the restatement of prior period operating results. Any of the foregoing could negatively affect the market price and trading liquidity of the notes, result in a breach of the covenants under our debt agreements, cause investors to lose confidence in our reported financial information, subject us to regulatory investigations and penalties and generally materially and adversely impact our business, financial condition, results of operations or cash flows.

Risks Related to Our Structure, the Guarantees, the Collateral and the Notes

Our substantial indebtedness could adversely affect our ability to fulfill our obligations under the notes.

We have a substantial amount of outstanding third-party indebtedness. Refer to note 16 of the accompanying interim unaudited condensed financial statements for details of our borrowings as of September 30, 2010. In addition, in connection with the Pactiv Acquisition we (i) issued $1,500 million in aggregate principal amount of October 2010 Senior Secured Notes, (ii) issued $1,500 million in aggregate principal amount of October 2010 Senior Notes and (iii) incurred an additional $2,020.0 million of indebtedness under the September 2010 Incremental Senior Secured Credit Facilities. In addition, as of September 30, 2010, Pactiv had $1,435.0 million of indebtedness (including $6 million of unamortized original issue discount), consisting of (i) outstanding indebtedness of $250.0 million in aggregate principal amount under its 5.875% Notes due 2012, (ii) outstanding indebtedness of $300.0 million in aggregate principal amount under its 8.125% Notes due 2017, (iii) outstanding indebtedness of $250.0 million in aggregate principal amount under its 6.400% Notes due 2018, (iv) outstanding indebtedness of $276.0 million in aggregate principal amount under its 7.95% Notes due 2025, (v) outstanding indebtedness of $200.0 million in aggregate principal amount under its 8.375% Notes due 2027, (vi) outstanding indebtedness of $30.0 million under its revolving credit facility, and (vii) outstanding indebtedness of $130.0 million under its asset securitization program. In connection with the Pactiv Acquisition, Pactiv's asset securitization program and revolving credit facility were terminated. In addition, pursuant to the Pactiv Tender Offer, Pactiv purchased $234.3 million of tendered Pactiv 2018 Notes with funds provided by the RGHL Group. Pursuant to the Pactiv Change of Control Offer, the RGHL Group will provide the funds to purchase any tendered Pactiv 2012 Notes. Our substantial indebtedness could have significant consequences for you. For example, it could:

- make it more difficult for us to generate sufficient cash to satisfy our obligations with respect to the notes and our other indebtedness;
- increase our vulnerability to general adverse economic and market conditions;
- limit our ability to obtain additional financing necessary for our business;
- require us to dedicate a substantial portion of our cash flow from operations to payments in relation to indebtedness, reducing the amount of cash flow available for other purposes, including working capital, capital expenditures, acquisitions and other general corporate purposes;
- require us to sell debt or equity securities or to sell some of our core assets, possibly on unfavorable terms, to meet debt payment obligations;
- restrict us from making strategic acquisitions or exploiting business opportunities;
- limit our flexibility in planning for, or reacting to, changes in our business and industry;
- place us at a possible competitive disadvantage compared to our competitors that have less debt;
- expose us to risks that are inherent in interest rate and currency fluctuations because certain of our indebtedness bears variable rates of interest and is in various currencies; and
- subject us to financial and other restrictive covenants, and if we fail to comply with these covenants and that failure is not waived or cured, could result in an event of default under our indebtedness.

Despite our substantial indebtedness we may be able to incur substantially more debt.

Despite our substantial indebtedness we may be able to incur or issue substantial additional debt in the future. Although restrictions on the incurrence of additional debt are contained in the indentures governing the notes, in the terms of our Senior Secured Credit Facilities and in our other financing arrangements, these restrictions are subject to a number of qualifications and exceptions. Also, these restrictions do not prevent us from incurring obligations that do not constitute indebtedness as defined in such restrictions. Our ability to incur indebtedness depends, in part, upon our satisfaction of certain financial covenants in the indentures governing the notes and in the terms of our Senior Secured Credit Facilities. The amount of indebtedness that we can incur at any point in time will vary materially as a result of historical and pro forma changes in our earnings, cash flows and performance against agreed ratios and other results and factors.

Restrictive covenants in the notes and our other indebtedness could adversely affect our business by limiting our operating and strategic flexibility.

The indentures governing the notes contain restrictive covenants that limit our ability to, among other things:

- incur or guarantee additional indebtedness or issue preferred stock or disqualified stock (including to refinance existing indebtedness);
- pay dividends or make distributions in respect of capital stock;
- purchase or redeem capital stock;
- make certain investments or certain other restricted payments;
- create or incur liens;
- sell assets;

- agree to limitations on the ability of certain of our subsidiaries to make distributions;
- enter into transactions with affiliates; and
- effect a consolidation, amalgamation or merger.

These restrictive covenants could have an adverse effect on our business by limiting our ability to take advantage of financing, mergers and acquisitions, joint ventures or other corporate opportunities. In addition, the Senior Secured Credit Facilities contain, and our future indebtedness may contain, other and more restrictive covenants and also prohibit us from prepaying certain of our other indebtedness, including the notes, prior to discharge of the Senior Secured Credit Facilities or such future indebtedness. The Senior Secured Notes also contain restrictions on our ability to prepay the 2007 Notes prior to the redemption of the Senior Secured Notes. The Senior Secured Credit Facilities require us to maintain leverage ratios and interest coverage ratios. Our future indebtedness may contain similar or other financial ratios set at levels determined by us and our future lenders. The ability to meet those financial ratios could be affected by a deterioration in our operating results, as well as by events beyond our control, including increases in raw material prices and unfavorable economic conditions, and we cannot assure you that those ratios will be met. It may be necessary to obtain waivers or amendments with respect to covenants under the indentures governing the notes, the terms of the Senior Secured Credit Facilities or our future indebtedness from time to time, but we cannot assure you that we will be able to obtain such waivers or amendments. A breach of any of these covenants, ratios or restrictions could result in an event of default under the indentures governing the notes, the terms of the Senior Secured Credit Facilities or our future indebtedness and any of our other indebtedness or result in cross-defaults under certain of our indebtedness. Upon the occurrence of an event of default under the indentures governing the notes, the terms of the Senior Secured Credit Facilities or such other indebtedness, the lenders could terminate their commitment to lend and elect to declare all amounts outstanding under such indebtedness, together with accrued interest, to be immediately due and payable. If the lenders accelerate the payment of that indebtedness or foreclose on the assets securing that indebtedness (including the collateral), we cannot assure you that our assets would be sufficient to repay in full that indebtedness and our other indebtedness then outstanding, including the notes.

Our ability to generate the significant amount of cash needed to pay interest and principal on the notes and service our other debt and the ability to refinance all or a portion of our indebtedness or obtain additional financing depends on many factors beyond our control.

Our ability to generate sufficient cash flow from operations to make scheduled payments on, or to refinance obligations under, our debt will depend on our financial and operating performance, which, in turn, will be subject to prevailing economic and competitive conditions and to financial and business-related factors, many of which may be beyond our control. See "— Risks Related to Our Business" above.

If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce working capital levels, reduce or delay capital expenditures, sell assets, seek to obtain additional equity capital or restructure all or a portion of our debt. In the future, our cash flow and capital resources may not be sufficient to allow us to make payments of principal and interest on our debt. In addition, any alternative measures we may take may not be successful or be on commercially reasonable terms and may not permit us to meet our scheduled debt service obligations, including the payment of interest or principal in respect of the notes. We also cannot assure you that we will be able to refinance any of our indebtedness or obtain additional financing, particularly because of our anticipated high levels of debt, prevailing market conditions and the debt incurrence restrictions imposed by the agreements governing our debt. In the absence of sufficient cash flow and capital resources, we could face substantial liquidity problems and may be required to dispose of material assets or operations to meet our debt service and other obligations. The indentures governing the notes, the terms of the Senior Secured Credit Facilities and the agreements governing our other debt restrict, and our future indebtedness is likely to restrict, both our ability to dispose of assets and the use of proceeds from any such disposition. We cannot assure you that we will be able to consummate any asset sales, or if we do, what the timing of the sales will be or whether the proceeds that we realize will be adequate to meet our debt service obligations when due or that we will be contractually permitted to apply such proceeds for that purpose. Our inability to generate sufficient cash flow to satisfy our debt obligations, or to implement any of these alternative measures, would have a material adverse effect on our business, financial condition and results of operations.

Graeme Hart, our strategic owner, controls us through a number of holding companies, including Packaging Holdings, and may have conflicts of interest with the holders of our debt or us in the future.

Graeme Hart indirectly owns through Packaging Holdings all of our common stock and the actions he is able to undertake as our sole ultimate shareholder may differ from or adversely affect the interests of our debt holders. Because Mr. Hart ultimately controls our voting shares and those of all of our subsidiaries, he has and will continue to have the power, among other things, to affect our legal and capital structure and our day-to-day operations, as well as to elect our directors and those of our subsidiaries, to change our management and to approve any other changes to our operations. Additionally, Mr. Hart is in the business of making investments in companies and may from time to time acquire and hold interests in businesses that compete, directly or indirectly, with us. Mr. Hart may also pursue acquisition opportunities that may be complementary to our business and, as a result, those acquisition opportunities may not be available to us. Finally, because none of our securities is listed on a securities exchange, we are not subject to certain of the corporate governance requirements of a securities exchange, including any requirement to have any independent directors.

An increase in interest rates would increase the cost of servicing our debt and could reduce our profitability.

A significant portion of our outstanding debt, including the indebtedness we have incurred and expect to incur under the Senior Secured Credit Facilities and, potentially, our future indebtedness, bears interest at variable rates. As of September 30, 2010, we had $2,084.2 million of variable rate debt outstanding. As a result, an increase in interest rates, whether because of an increase in market interest rates or an increase in our cost of borrowing, would increase the cost of servicing this debt and could materially reduce our profitability and adversely affect our ability to meet our obligations under the notes. The impact of such an increase would be more significant than it would be for some other companies because of our substantial debt.

The 2009 Notes, the May 2010 Notes and the October 2010 Notes are joint and several obligations of a Luxembourg-based société anonyme (limited liability company), a United States-based corporation and a United States-based limited liability company, each having no independent operations or subsidiaries, and as a result, the Issuers' ability to service the 2009 Notes, the May 2010 Notes and the October 2010 Notes is dependent on cash flow generated by members of the RGHL Group and their ability and willingness to make distributions to the Issuers.

US Issuer is a finance company with no operations of its own, and it has no material assets. US Co-Issuer is a finance company with no operations of its own, and its only material assets are certain intercompany proceeds loans to which it is a party. Lux Issuer is a finance company with no operations of its own, and its only material assets are certain intercompany proceeds loans to which it is a party. As a result of the foregoing, the Issuers' cash flows and their ability to service their indebtedness, including their ability to pay the interest and principal amount in respect of the 2009 Notes, the May 2010 Notes and the October 2010 Notes when due, depend on the performance of the RGHL Group and the ability of members of the RGHL Group to provide funds to the Issuers.

Accordingly, repayment of the Issuers' indebtedness, including the 2009 Notes, the May 2010 Notes and the October 2010 Notes, depends on the generation of cash flow by the RGHL Group, and (if they are not guarantors of the 2009 Notes, the May 2010 Notes and the October 2010 Notes) the ability of RGHL Group members to make such cash available to the Issuers whether by dividend, debt repayment, investment, loan, advance or otherwise. Unless they are guarantors of the 2009 Notes, the May 2010 Notes and the October 2010 Notes, members of the RGHL Group do not have any obligation to pay amounts due on such notes or to make funds available for that purpose. Our subsidiaries may not be able to make payments to each Issuer to enable it to make payments in respect of its indebtedness, including the 2009 Notes, the May 2010 Notes and the October 2010 Notes. Each subsidiary is a distinct legal entity and, under certain circumstances, legal and contractual restrictions may limit the Issuers' ability to obtain cash from our subsidiaries. While the indentures governing the 2009 Notes, the May 2010 Notes and the October 2010 Notes limit the ability of our subsidiaries to incur consensual restrictions on their ability to pay dividends or make other intercompany payments to the Issuers, these limitations are subject to certain qualifications and exceptions. In the event that the Issuers do not receive payments from our subsidiaries, they may be unable to make required principal and interest payments on their indebtedness, including the 2009 Notes, the May 2010 Notes and the October 2010 Notes.

In addition, any payment of interest, dividends, distributions, debt repayments, investments, loans or advances by our subsidiaries to the Issuers could be subject to restrictions on such payments under applicable local law, monetary transfer restrictions, withholding taxes and foreign currency exchange regulations in the jurisdictions in which the subsidiaries operate or under arrangements with local partners.

The 2007 Issuer is a finance subsidiary that has no revenue generating operations and depends on payments received under the proceeds loans to make payments on the 2007 Notes.

The 2007 Issuer is a finance subsidiary that was formed in connection with the offering of the 2007 Notes. The 2007 Issuer is not permitted to engage in any activities other than the issuance of the 2007 Notes, shares, any additional notes and any other permitted debt and activities that are incidental to or necessary or convenient to the foregoing. The 2007 Issuer has no subsidiaries and its only material asset and potential source of income is its right to receive payments under its loans to BP I of the proceeds of the 2007 Notes (the "2007 Proceeds Loans"). The 2007 Issuer's ability to make payments on the 2007 Notes is therefore dependent on the payments received under the 2007 Proceeds Loans and other funds that may be received from BP I and its subsidiaries. However, there is no obligation on the part of BP I and its subsidiaries to provide funds to the 2007 Issuer (other than the guarantees mentioned below and the 2007 Proceeds Loans). If payments on the 2007 Proceeds Loans are not made by BP I, for whatever reason, the 2007 Issuer may not have funds available to it that would permit it to make payments on the 2007 Notes. In such circumstances, the holders of the 2007 Notes would have to rely upon claims for payment under the guarantees and recovery, if any, under the pledges of the 2007 Proceeds Loans (which are not first ranking), which claims and recoveries would be subject to a number of significant risks, including those described below.

BP I, the borrower under the proceeds loans, is an intermediate holding company that is an indirect parent company of our operating subsidiaries. BP I has no material assets other than shares of its subsidiaries and certain intercompany loans, payables and receivables. As a consequence of the foregoing, BP I's ability to make payments under the 2007 Proceeds Loans and, in turn, the 2007 Issuer's ability to make payments on the 2007 Notes, will be substantially dependent upon dividends, loans and other intercompany payments from BP I's subsidiaries. BP I's subsidiaries may not be able to generate sufficient cash to make such payments or have adequate distributable reserves to distribute funds to BP I to enable it to make payments on the 2007 Proceeds Loans. Furthermore, the ability of BP I's subsidiaries to distribute earnings to BP I by way of dividends, distributions, interest returns on investments (including repayment of loans and other payments) is subject to various restrictions arising under applicable corporate law (which, for example, limit the amount that may be paid as a dividend out of the retained profit of the relevant entity) and contained in the debt instruments of such subsidiaries, including restrictions imposed by the Senior Secured Credit Facilities, the October 2010 Notes, the May 2010 Notes and the 2009 Notes and other existing indebtedness. Future indebtedness of BP I's subsidiaries will also likely limit such payments.

The receivables under the proceeds loans are pledged to secure indebtedness under and in connection with the Senior Secured Credit Facilities, the 2009 Notes and the October 2010 Senior Secured Notes on a basis that ranks ahead of the security over such receivables that was granted for the benefits of the holders of the 2007 Notes. In addition, receivables under the 2007 Proceeds

Loans are pledged to secure the indebtedness under the 2007 Senior Notes on a basis that ranks ahead of the security over such receivables that was granted for the benefit of the holders of the 2007 Senior Subordinated Notes.

The 2007 Proceeds Loans are also subject to subordination provisions similar to those applicable to the senior subordinated guarantees of the 2007 Senior Notes and the subordinated guarantees of the 2007 Senior Subordinated Notes, including payment blockage, standstill on enforcement and turnover provisions in favor of the Senior Secured Credit Facilities, the 2009 Notes and the October 2010 Senior Secured Notes.

A failure to comply with the debt covenants in the agreements governing our indebtedness could lead to an acceleration of our debt and possibly bankruptcy.

The Senior Secured Credit Facilities, the notes and our other indebtedness require, and our future indebtedness is also likely to require, us to meet certain covenants. A default under any of our debt instruments could result in the accelerated repayment of our debt and possibly bankruptcy. This will negatively impact our ability to fulfill our obligations on the notes and you will not recover your investment in the notes.

If we default on our obligations to pay our other indebtedness, we may not be able to make payments on the notes.

Any default under the agreements governing our indebtedness that is not cured or waived (as applicable) by the required lenders or noteholders thereunder, and the remedies sought by the holders of such indebtedness, could prevent us from making payments of principal, premium (if any) or interest on the notes and could substantially decrease the market value of the notes. In the event of any such default, the holders of such indebtedness could elect to declare all outstanding amounts thereunder to be due and payable, together with accrued and unpaid interest, and this may also cause a cross default in our other indebtedness. If our operating performance declines, and we breach our covenants under the agreements governing such indebtedness, we may need to seek waivers from the lenders or noteholders under the Senior Secured Credit Facilities, the notes or holders of our other indebtedness to avoid being in default. We may not be able to obtain a waiver from the required number of lenders or noteholders. If this occurs, we would be in default under such indebtedness, the lenders or noteholders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation.

We may be unable to raise the funds necessary to finance the change of control repurchase offers required by the indenture governing the notes and similar requirements in the agreements governing our other indebtedness.

If a specified change of control occurs in relation to us, the Issuers and the 2007 Issuer would be required to make an offer to purchase all of the outstanding notes at a price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of purchase. The occurrence of a change of control under the notes would require that the Senior Secured Credit Facilities, and may require that any of our future indebtedness, be immediately repaid or that we make an offer to repurchase it (possibly at a premium or subject to penalties). The Issuers and the 2007 Issuer may be dependent on RGHL and its subsidiaries for the funds necessary to cure the events of default, or fund any mandatory prepayment or redemption caused by such change of control event. RGHL and its subsidiaries may not have sufficient financial resources to purchase all of the notes that are tendered upon a change of control offer or to redeem such notes. The Issuers' and the 2007 Issuer's failure to purchase the notes after a change of control in accordance with the terms of the indentures requiring such purchases would result in a default under the Senior Secured Credit Facilities, the indentures governing the notes and may result in a default under any future indebtedness.

The occurrence of a change of control may not be under our control and may occur at any time. For example, Packaging Finance Ltd., the direct parent of RGHL, has pledged 100% of its shares in RGHL to certain lenders in connection with a financing arrangement. Consequently, it is possible that such lenders may enforce the pledge against Packaging Finance Ltd. and foreclose on the RGHL shares for reasons outside of our control. Such foreclosure may result in a change of control under the terms of the indentures governing the notes. In the event of a change of control, we cannot assure you that we will have sufficient assets to satisfy all of our obligations under the Senior Secured Credit Facilities, the notes, any future indebtedness and any other debt requiring repayment upon such event.

The terms of the Senior Secured Credit Facilities limit, and our future indebtedness may limit, our right to purchase or redeem certain indebtedness. In addition, the Senior Secured Notes contain restrictions on our ability to repay the 2007 Notes. In the event any purchase or redemption is prohibited, we may seek to obtain waivers from the required lenders under the Senior Secured Credit Facilities or our future lenders to permit the required repurchase or redemption, but the required lenders do not have, and our future lenders are unlikely to have, any obligation to grant, and may refuse to grant, such a waiver.

Each series of our notes and the Senior Secured Credit Facilities will mature in close proximity to each other, which may limit our ability to repay all amounts owing on the notes at maturity or borrow or otherwise raise the amounts necessary to repay such amounts.

The October 2010 notes will mature on April 15, 2019. The May 2010 Notes will mature on May 15, 2018, the 2009 Notes will mature on October 15, 2016, the term loans under the Senior Secured Credit Facilities will mature more than a year before our notes, the revolving facilities under the Senior Secured Credit Facilities mature in November 2014 and our indebtedness under the 2007 Senior Notes and 2007 Senior Subordinated Notes will mature on December 15, 2016 and June 15, 2017, respectively. As a result, we may not have sufficient cash to repay all amounts owing on the notes at maturity. Given that each series of our notes and the Senior Secured Credit Facilities will mature in close proximity to each other, there can be no assurance that we will have the ability to borrow or otherwise raise the amounts necessary to repay such amounts, and the prior maturity of such other indebtedness may make it difficult to refinance our notes.

We may be unable to raise the funds necessary to refinance the Pactiv 2012 Notes.

The Pactiv 2012 Notes have a maturity date of July 15, 2012 and, consequently to the extent they are not repurchased pursuant to the Pactiv Change of Control Offer, they will need to be refinanced prior to their maturity. If our access to capital markets or our ability to enter new financing arrangements is reduced for any reason, we may not be able to refinance the Pactiv 2012 Notes on satisfactory terms or at all, which would adversely affect our business and results of operations.

Not all of our subsidiaries will guarantee the notes, and the notes and the guarantees of the notes will be structurally subordinated to all of the claims of creditors of those non-guarantor subsidiaries.

The notes are guaranteed by RGHL, BP I, and, subject to certain conditions and exceptions, certain subsidiaries of BP I that are borrowers under or guarantee the Senior Secured Credit Facilities, as well as, in the case of the 2007 Notes, the Issuers. The 2007 Issuer does not guarantee the October 2010 Notes, the May 2010 Notes, the 2009 Notes or the Senior Secured Credit Facilities. In the future, other subsidiaries will be required to guarantee the notes only under certain limited circumstances. The indentures governing the notes do not limit the transfer of assets to, or the making of investments in, any of our restricted subsidiaries, including our non-guarantor subsidiaries.

Certain of our subsidiaries that guarantee the 2007 Notes, the 2009 Notes, the May 2010 Notes and the Senior Secured Credit Facilities were not able to provide their guarantees in respect of the October 2010 Notes on the Escrow Release Date and there is no certainty that any such entity will be able to provide a guarantee in the future. For example, certain guarantors organized in Austria will not guarantee the October 2010 Notes until they have passed certain “financial strength tests” required under Austrian capital maintenance law. Also, a guarantor located in Thailand was not able to provide a note guarantee to the October 2010 Notes on the Escrow Release Date because of recent pronouncements of the Thailand Ministry of Commerce. For the same reasons, this Thai guarantor has not yet given its guarantee of the May 2010 Notes. Subject to the terms of the indenture governing the October 2010 Notes each such guarantor will enter into a guarantee concurrently with granting its guarantee or reaffirming its existing guarantee with respect to the indebtedness incurred as incremental term loan borrowings under the September 2010 Incremental Senior Secured Credit Facilities in connection with the Pactiv Acquisition. Although it is intended that all of the entities that currently guarantee the Senior Secured Credit Facilities, the May 2010 Notes, the 2009 Notes and the 2007 Notes will ultimately also provide a guarantee of the October 2010 Notes, not every entity that currently guarantees the Senior Secured Credit Facilities, the May 2010 Notes, the 2009 Notes and the 2007 Notes was able to provide a guarantee on the Escrow Release Date and there is no certainty that any such entity will be able to provide such a guarantee in the future. Therefore, for some period of time after the date of issuance of the October 2010 Notes and potentially for the term of the October 2010 Notes to the extent certain entities are not able to provide the above mentioned guarantees, lenders under the Senior Secured Credit Facilities and holders of the May 2010 Notes, the 2009 Notes and the 2007 Notes will have the benefit of greater guarantee coverage than holders of the October 2010 Notes. Consequently, until such entities are able to guarantee the October 2010 Notes, claims of holders of notes against such entities will be structurally subordinated to similar claims against those entities made by lenders under the Senior Secured Credit Facilities and holders of the May 2010 Notes, the 2009 Notes and the 2007 Notes.

In the event that any non-guarantor subsidiary becomes insolvent, is liquidated, reorganized or dissolved, or is otherwise wound up other than as part of a solvent transaction, the assets of such non-guarantor subsidiary will be used first to satisfy the claims of its creditors, including its trade creditors, banks and other lenders. Only the residual equity value will be available to the Issuers and the 2007 Issuer and any other guarantor (and only to the extent the Issuers or any guarantor are parent companies of such non-guarantor subsidiary). Consequently, the notes and each guarantee of the notes will be structurally subordinated to claims of creditors of non-guarantor subsidiaries. The indentures governing the notes permit our subsidiaries, including our non-guarantor subsidiaries, to incur additional debt (subject to certain conditions and limitations with respect to restricted subsidiaries) and do not limit their ability to incur trade payables and similar liabilities.

As of September 30, 2010, the subsidiaries of RGHL that do not guarantee the notes accounted for, under IFRS $957.3 million, or 12.1% of RGHL’s total assets. For the last twelve months ended September 30, 2010 the subsidiaries of RGHL that do not guarantee the notes accounted for, under IFRS $689.1 million, or 11.1% of RGHL’s total revenue as well as $170.7 million, or 14.9%, of its total Adjusted EBITDA, as defined in the interim unaudited condensed financial statements included elsewhere in this quarterly report.

As of June 30, 2010, the subsidiaries of Pactiv that we anticipate will not guarantee the notes accounted for, under U.S. GAAP $318.6 million, or 8.0 %, of Pactiv’s total assets. For the six months ended June 30, 2010 the subsidiaries of Pactiv that we anticipate will not guarantee the notes accounted for, under U.S. GAAP $162.9 million, or 9.3%, of Pactiv’s total revenue as well as ($110.0) million, or (32)%, of its total EBITDA.

Fraudulent conveyance laws and other limitations on the enforceability of the notes, the guarantees and, with respect to the Senior Secured Notes and the 2007 Notes, any security securing the Senior Secured Notes and the 2007 Notes or related guarantees, may adversely affect the validity and enforceability of the notes, the guarantees and, with respect to the Senior Secured Note and the 2007 Notes, any security securing the Senior Secured Notes and the 2007 Notes or related guarantees.

The notes, the guarantees and any security securing the Senior Secured Notes and the 2007 Notes or the related guarantees may be subject to claims that they should be limited or voided in favor of our existing and future creditors under applicable law (including laws in Australia, Austria, Brazil, British Virgin Islands, Canada, Costa Rica, Germany, Guernsey, Hong Kong, Hungary, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Switzerland, Thailand, England and Wales and the United States). In addition, the enforcement of the notes and the guarantees and the amount that can be recovered under a security interest in respect of any asset is limited to the extent of the amount which can be guaranteed by a particular guarantor, security provider, the Issuers or the 2007 Issuer without rendering the applicable guarantee or security voidable or otherwise ineffective under applicable law. Moreover, the enforcement of the notes, guarantees or security against a Issuer or the 2007 Issuer, relevant guarantor or security provider will be subject to certain defenses available to the Issuers or the 2007 Issuer, guarantors or security providers generally under (i) the laws of New York, which govern the notes and the guarantees, (ii) the laws governing the relevant security document, and (iii) laws applicable to companies and other corporate entities in the jurisdiction in which the relevant Issuer, the 2007 Issuer or guarantor or, if applicable, security provider is organized. These laws and defenses include those that relate to fraudulent conveyance or transfer, fraudulent or voidable preference, financial assistance, corporate purpose or benefit, preservation of share capital, thin capitalization, unlawful dividend and defenses affecting the rights of creditors or other stakeholders generally.

Although laws differ significantly among jurisdictions, in general, under fraudulent conveyance and similar laws, a court could subordinate or void any note obligation, guarantee or security obligation if it found that at the time a Issuer, the 2007 Issuer, any guarantor or security provider, as applicable, issued the notes or incurred obligations under a guarantee or any security, such Issuer, 2007 Issuer, guarantor or security provider did so with the intent of preferring, hindering, delaying or defrauding current or future creditors, or received less than reasonably equivalent value or fair consideration for issuing the notes, incurring the guarantee or providing the security, as applicable, and:

- was insolvent or was rendered insolvent by reason of the incurrence of the indebtedness constituting the notes or the guarantee or providing the security, as applicable;
- was engaged, or about to engage, in a business or transaction for which its assets constituted unreasonably small capital;
- intended to incur, or believed that it would incur, debts beyond its ability to pay as such debts matured;
- was a defendant in an action for money damages, or had a judgment for money damages docketed against it if, in either case, after final judgment the judgment is unsatisfied; or
- in the case of a guarantee or security, the guarantee or security was not in the best interests or for the benefit of the guarantor or security provider.

The measure of insolvency for purposes of the foregoing considerations will vary depending upon the law of the jurisdiction that is being applied in the relevant legal proceeding. Generally, however, an issuer, a guarantor or a security provider could be considered insolvent if:

- it has failed to pay an amount that is due and in relation to which the creditor has served a written demand;
- it has failed to pay its liabilities generally as they become due;
- the sum of its debts, including contingent liabilities, is greater than its assets, at a fair valuation; or
- the present fair saleable value of its assets is less than the amount required to pay the probable liability on its total existing debts and liabilities, including contingent liabilities, as they become absolute and mature.

We cannot give you any assurance as to what standards a court would use to determine whether a Issuer, the 2007 Issuer, a guarantor or a security provider was solvent at the relevant time, or whether, notwithstanding the standard used, the notes or the applicable guarantee or security would not be avoided on other grounds (including those described above).

Laws similar to those described above may also apply to any future guarantee or security granted by one of our subsidiaries.

Insolvency laws could limit your ability to enforce your rights under the notes, the guarantees and, in the case of the Senior Secured Notes and the 2007 Notes, the security.

Any insolvency proceedings with regard to any Issuer, the 2007 Issuer, a guarantor or, if applicable, a security provider would most likely be based on and governed by the insolvency laws of the jurisdiction under which the relevant entity is organized. As a result, in the event of insolvency with regard to any of these entities, the claims of holders of the notes against any Issuer, the 2007 Issuer, a guarantor or a security provider may be subject to the insolvency laws of its jurisdiction of organization. The provisions of such insolvency laws differ substantially from each other, including with respect to rights of creditors, priority of claims and procedure and may contain provisions that are unfavorable to holders of notes. In addition, there can be no assurance as to how the insolvency laws of these jurisdictions will be applied in cross-border insolvency proceedings.

As a general matter, under insolvency law, a Issuer's, the 2007 Issuer's, any guarantor's or any security providers liabilities in respect of the notes and the guarantees and, if applicable, security, may, in the event of insolvency or similar proceedings, rank junior to certain of such Issuer's, the 2007 Issuer's or guarantor's or any security provider's debts that are entitled to priority under the laws of such jurisdiction. Debts entitled to priority may include (i) amounts owed in respect of employee pension schemes, (ii) certain amounts owed to employees, (iii) amounts owed to governmental agencies, including tax authorities, and (iv) expenses of an insolvency practitioner. In addition, in some jurisdictions, an examiner or administrator or similar party may be legally required to consider the interest of third parties (including, for example, employees) or the best interests of the relevant company in connection with the proceedings. In certain cases, the ability of a holder to collect interest accruing on the notes in respect of any period after the commencement of liquidation proceedings and a holder's rights in respect of the guarantees may be limited.

Enforcing your rights as a holder of the notes or under the guarantees, or with respect to the Senior Secured Notes and the 2007 Notes, the security, across multiple jurisdictions may be difficult.

The 2007 Notes were offered by the 2007 Issuer, which is organized under the laws of Luxembourg. The October 2010 Notes, the May 2010 Notes and the 2009 Notes are joint and several obligations of the Lux Issuer and the US Issuers, although in the case of the October 2010 Notes and the 2009 Notes such notes were initially issued by certain escrow issuers. The notes are or will be guaranteed by certain of our subsidiaries which are organized under the laws of Australia, Austria, Brazil, British Virgin Islands, Canada, Costa Rica, Germany, Guernsey, Hong Kong, Hungary, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Switzerland, Thailand, England and Wales and the United States. The Issuers, the 2007 Issuer, BP I and certain of its subsidiaries have also granted security over certain of their assets to secure the obligations of the Issuers and the 2007 Issuer (as applicable) under the Senior Secured Notes and the 2007 Notes and the obligations under the related guarantees. In the event of bankruptcy, insolvency or a similar event, proceedings could be initiated in any of these jurisdictions or in the jurisdiction of organization of a future guarantor. The rights of holders under the notes, the guarantees and the security granted in respect of the 2007 Notes and the Senior Secured Notes will be subject to the laws of several jurisdictions and holders of the 2007 Notes and the Senior Secured Notes may not be able to enforce effectively their rights in multiple bankruptcy, insolvency and other similar proceedings. Moreover, such multi-jurisdictional proceedings are typically complex and costly for creditors and often result in substantial uncertainty and delay in the enforcement of creditors' rights.

In addition, the bankruptcy, insolvency, foreign exchange, administration and other laws of the various jurisdictions in which the Issuers, the 2007 Issuer, guarantors and security providers are located may be materially different from or in conflict with one another and those of the United States, including in respect of creditors' rights, priority of creditors, the ability to obtain post-petition interest and the duration of the insolvency proceeding. The consequences of the multiple jurisdictions involved in the transaction could trigger disputes over which jurisdiction's law should apply and choice of law disputes which could adversely affect the ability of noteholders to enforce their rights and to collect payment in full under the notes, the guarantees and any security.

The beneficial owners of the Senior Secured Notes are not party to any of the security documents. Therefore, in certain jurisdictions, such as Germany, Austria, Switzerland, Hungary and the Netherlands, there are risks regarding the enforceability of the security interests granted by an issuer or guarantor in favor of the noteholders. In order to mitigate this risk the collateral agents entered into a parallel debt undertaking pursuant to which the collateral agents became the holder of the secured claims equal to the principal amount of the Senior Secured Notes plus certain other amounts for the benefit of the trustee and the holders of the Senior Secured Notes. Accordingly, the rights of the holders of Senior Secured Notes are not directly secured by the pledges of the collateral but through this parallel claim. The parallel claim is acknowledged by the applicable issuer or guarantor by way of a parallel debt undertaking to the collateral agent. The parallel debt undertaking secures the Senior Secured Notes and the relevant guarantees and the collateral secures claims under the parallel debt undertaking. There is uncertainty as to the enforceability of this procedure in many jurisdictions, including Germany, Austria, Switzerland, Hungary and the Netherlands. For example, this procedure has not yet been tested under German, Austrian, Swiss, Hungarian or Dutch law, and we cannot assure you that it will eliminate or mitigate the risk of unenforceability posed by German, Austrian, Swiss, Hungarian, Dutch law or the law of any other jurisdiction where parallel debt is used.

You may be unable to enforce judgments obtained in the United States and foreign courts against us, certain of the guarantors or our or their respective directors and executive officers.

Many of our directors and executive officers and most of the guarantors as well as the Lux Issuer and the 2007 Issuer are, and will continue to be, non-residents of the United States, and most of the assets of these companies are located outside of the United States. As a consequence, you may not be able to effect service of process on the Lux Issuer, the 2007 Issuer and guarantors located outside the United States or the non-United States resident directors and officers in the United States or to enforce judgments of United States courts in any civil liabilities proceedings under the United States federal securities laws. Moreover, any judgment obtained in the United States against the non-resident directors, executive officers, the Lux Issuer, the 2007 Issuer or guarantors, including judgments with respect to the payment of principal, premium (if any) and interest on the notes, may not be collectible in the United States. There is also uncertainty about the enforceability in the courts of certain jurisdictions, including judgments obtained in the United States against certain of the guarantors, whether or not predicated upon the federal securities laws of the United States.

In particular, one of the Issuers, Lux Issuer, and the 2007 Issuer are public limited liability companies (société anonyme) organized under the laws of Luxembourg. Certain of their officers and directors may be residents of various jurisdictions outside the United States. All or a substantial portion of their assets may be located outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon such persons or to enforce judgments obtained against such persons in United States courts and predicated upon the civil liability provisions of the United States federal securities laws.

In addition, since the United States and Luxembourg are not currently party to a treaty with respect to the mutual recognition and enforcement of civil judgments, a judgment obtained against a Luxembourg company in the United States courts in a dispute with respect to which the parties have validly agreed that such courts are to have jurisdiction, will not be directly enforced by the courts in Luxembourg. In order to obtain a judgment which is enforceable in Luxembourg, the claim must be re-litigated before a competent court of Luxembourg. The relevant Luxembourg court will have discretion to attach such weight to a judgment of the courts of the United States as it deems appropriate based on Luxembourg case law. The courts of Luxembourg may recognize the binding effect of a final, conclusive and enforceable money judgment of a court of competent jurisdiction in the United States provided that certain conditions as set forth in Article 678 *et seq.* of the Luxembourg New Code of Civil Procedure are satisfied. As a result, even if a favorable judgment is obtained against Lux Issuer or the 2007 Issuer in the United States, such judgment might not be enforced by the courts in Luxembourg and may need to be re-litigated in Luxembourg.

The calculation of EBITDA pursuant to the indentures governing the notes permits certain estimates and assumptions that may differ materially from actual results, and the estimated savings expected from our cost saving plans may not be achieved.

Although the consolidated EBITDA and Adjusted EBITDA presentations included in this quarterly report are derived from our financial statements, the various combined and stand-alone calculations of EBITDA presented in this quarterly report and EBITDA pursuant to the indentures governing the notes ("Indenture EBITDA") permit certain estimates and assumptions that may differ materially from actual results. For example, management adjusts Indenture EBITDA to reflect the full year impact of cost savings initiatives already undertaken by management to reflect anticipated increases in EBITDA. Although we believe these estimates and assumptions are reasonable, investors should not place undue reliance upon any of these calculations given how they are calculated and the possibility that the underlying estimates and assumptions may ultimately not reflect actual results. In addition, the estimated savings expected from our cost savings plans are merely estimates and may not actually be achieved in the timeframe anticipated or at all. These estimated cost savings, for example, increase Indenture EBITDA by the amount of savings expected to be achieved from workforce reductions. The indentures governing the notes permit us to adjust Indenture EBITDA for items that would not meet the standards for inclusion in pro forma financial statements under accounting regulations and other SEC rules, including certain impacts of changing our hedging policy. Some of these adjustments may be too speculative to merit adjustment under accounting regulations; however, the indentures governing the notes permit such adjustments for the purposes of determining Indenture EBITDA. In addition, because of recasting our financial statements, we have had to exercise judgment in allocating items between interim periods. We have not completed our procedures with respect to all interim periods and because our covenants are calculated on a latest twelve-month basis, the allocation of any item to a particular period could impact our ability to take certain actions under the indentures governing the notes. As a result of the adjustments permitted in calculating Indenture EBITDA, we may be able to incur more debt or pay dividends or make other restricted payments in greater amounts than would otherwise be permitted without such adjustments.

We have not presented individual financial statements for the guarantors of the notes, the Issuers, the 2007 Issuer or other members of the RGHL Group and are not required to do so in the future under the indentures governing the notes.

We have not presented individual financial statements for the guarantors of the notes, the Issuers, the 2007 Issuer or other members of the RGHL Group in this quarterly report and may not be required to do so in the future under the indentures governing the notes other than in respect of BP I and, in certain limited circumstances, BP II. The absence of financial statements for the Issuers and the 2007 Issuer and the guarantors may make it difficult for holders of the notes to assess the financial condition or results of the Issuers and the guarantors or their compliance with the covenants in the indentures governing the notes.

Certain jurisdictions may impose withholding taxes on payments under the notes, guarantees or security documents or impose foreign exchange restrictions which may reduce the amount recoverable by noteholders.

Payments made under the notes, guarantees or security granted by guarantors, security providers, the Issuers and the 2007 Issuer in certain jurisdictions may be subject to withholding tax, the amount of which will vary depending on the residency of the recipient, the availability of double-tax treaty relief and your legal relationship with the relevant guarantor, Issuer, the 2007 Issuer or security provider. In addition, government or central bank approvals may be required in order for a guarantor, Issuer, the 2007 Issuer or security provider organized under the laws of certain jurisdictions, such as Thailand, to remit payments under its guarantee or security outside that jurisdiction.

In addition, foreign exchange controls applicable in certain jurisdictions may limit the amount of local currency that can be converted into other currencies (including dollars) upon enforcement of a guarantee or security interest.

You may face currency exchange risks by investing in the notes.

The 2009 Euro Notes and the 2007 Notes are denominated and payable in euros and the 2009 Dollar Notes, the May 2010 Notes and the October 2010 Notes are denominated and payable in dollars. If you measure your investment returns by reference to a currency other than the currency in which your notes are denominated, investment in such notes entails foreign currency exchange-related risks due to, among other factors, possible significant changes in the value of the dollar or the euro, as applicable, relative to the currency you use to measure your investment returns, caused by economic, political and other factors which affect exchange rates and over which we have no control. Depreciation of the dollar or the euro, as applicable, against the currency by reference to which you measure your investment returns would cause a decrease in the effective yield of the notes below their stated coupon rates and could result in a loss to you when the return on the notes is translated into the currency by reference to which you measure your investment returns. There may be tax consequences for you as a result of any foreign exchange gains or losses resulting from your investment in the notes. You should consult your tax advisor concerning the tax consequences to you of acquiring, holding and disposing of the notes.

Our access to capital markets, our ability to enter into new financing arrangements and our business operations could be significantly impaired if our credit ratings are downgraded.

Downgrades in our credit ratings could adversely affect our ability to access the capital markets and/or lead to increased borrowing costs in the future (although the interest rates on our current indebtedness would not be affected). Some rating agencies that provide corporate ratings on us or provide ratings on our debt may downgrade their corporate or debt ratings and the financing thereof. In addition, perceptions of us by investors, producers, other businesses and consumers could also be significantly impaired.

Because each guarantor's or security provider's liability under its guarantee or security may be reduced to zero, avoided or released under certain circumstances, you may not receive any payments from some or all of the guarantors or security providers.

The October 2010 Notes, the May 2010 Notes and the 2009 Notes have the benefit of the guarantees of and, with respect to the Senior Secured Notes, security from RGHL, BP I and certain of its subsidiaries (including the Issuers and Pactiv and certain of its subsidiaries). In addition, the 2007 Notes have the benefit of security from RGHL and the 2007 Issuer. However, the guarantees and, with respect to the Senior Secured Notes and the 2007 Notes, the security, are limited to the maximum amount that the guarantors or the security providers are permitted to guarantee and secure under applicable law. As a result, a guarantor's or, with respect to the Senior Secured Notes and the 2007 Notes, a security provider's liability under a guarantee or in respect of security could be reduced to zero depending on the amount of other obligations of such entity. Further, under certain circumstances, a court under applicable fraudulent conveyance and transfer statutes or other applicable laws could void the obligations under a guarantee or, with respect to the Senior Secured Notes and the 2007 Notes, in respect of security, or subordinate the guarantee or security to other obligations of the guarantor or security provider. See "— Fraudulent conveyance laws and other limitations on the enforceability of the notes, the guarantees and, with respect to the Senior Secured Notes and the 2007 Notes, any security securing the Senior Secured Notes and the 2007 Notes or related guarantees, may adversely affect the validity and enforceability of the notes, the guarantees and, with respect to the Senior Secured Notes and the 2007 Notes, any security securing the Senior Secured Notes and the 2007 Notes or related guarantees."

As a result, an entity's liability under its guarantee or, with respect to the Senior Secured Notes and the 2007 Notes, its security, could be materially reduced or eliminated depending upon the amounts of its other obligations and upon applicable laws. In particular, in certain jurisdictions, a guarantee or security interest granted by a company that is not in the company's corporate interests or where the burden of that guarantee or security exceeds the benefit to the company may not be valid and enforceable. It is possible that a creditor of an entity or the insolvency administrator in the case of an insolvency of an entity may contest the validity and enforceability of the guarantee or security and that the applicable court may determine that the guarantee or security should be limited or voided. In the event that any guarantees or security are deemed invalid or unenforceable, in whole or in part, or to the extent that agreed limitations on the guarantee or secured obligation apply, the notes would be pari passu with, or effectively subordinated to, all liabilities of the applicable guarantor, including trade payables of such guarantor.

Relevant local insolvency laws may not be as favorable to you as United States bankruptcy laws and may preclude holders of the notes from recovering payments due.

Certain members of the group that are either an Issuer or guarantors or security providers (subject to certain exceptions) are organized under the laws of Australia, Austria, Brazil, British Virgin Islands, Canada, Costa Rica, Germany, Guernsey, Hong Kong, Hungary, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Switzerland, Thailand or England and Wales. The procedural and substantive provisions of the insolvency laws of these countries may not be as favorable to creditors as the provisions of United States law.

In the event that any one or more of the Issuers, the guarantors, security providers, any future guarantors or security providers or any other of our subsidiaries experience financial difficulty, it is not possible to predict with certainty in which jurisdiction or jurisdictions insolvency or similar proceedings would be commenced, or the outcome of such proceedings. Pursuant to the E.U. regulation on insolvency proceedings, any insolvency proceeding with regard to any Issuer, security provider or guarantor located within the European Union would most likely be held in, based on and governed by the insolvency laws of the jurisdiction of the relevant entity's center of "main interests" (which will not necessarily be the country in which it is incorporated). We cannot assure you as to how that regulation will be applied in insolvency proceedings relating to several jurisdictions within the European Union.

Primary note obligations, guarantees and security provided by entities organized in jurisdictions not summarized in this quarterly report and, in the case of security governed by the laws of a jurisdiction not summarized in this quarterly report, are also subject to material limitations pursuant to their terms, by statute or otherwise. Any enforcement of the primary note obligations, the guarantees and security after bankruptcy or an insolvency event in such other jurisdictions will possibly be subject to the insolvency laws of the relevant entity's jurisdiction of organization or other jurisdictions. The insolvency and other laws of each of these jurisdictions may be materially different from, or in conflict with, each other, including in the areas of rights of creditors, the ability to void preferential transfer, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the guarantees and security in these jurisdictions and limit any amounts that you may receive.

Most assets of the guarantors guaranteeing the May 2010 Notes and the October 2010 Senior Notes are subject to control by creditors with liens securing the Senior Secured Notes, the 2007 Notes and the Senior Secured Credit Facilities. If there is a default, the value of the assets may not be sufficient to repay the priority creditors and the holders of the May 2010 Notes and the October 2010 Senior Notes.

The May 2010 Notes and the October 2010 Senior Notes are unsecured but are guaranteed by certain subsidiaries of RGHL. Most of the assets of the guarantors of the May 2010 Notes and the October 2010 Senior Notes are pledged, on a priority basis, for the benefit of the lenders under the Senior Secured Credit Facilities and for the benefit of the holders of the Senior Secured Notes. In addition, the 2007 Notes have the benefit of a second lien (in the case of the 2007 Senior Notes) and a third lien (in the case of the 2007 Senior Subordinated Notes) on (i) the proceeds loan from BP II to BP I and (ii) BP I's stock. This may give holders of the 2007 Notes a benefit in a bankruptcy that would not be available to the holders of the May 2010 Notes and the October 2010 Senior Notes and the holders of the May 2010 Notes and the October 2010 Senior Notes could recover less as a result thereof. The indentures governing the notes, as well as the terms of the Senior Secured Credit Facilities allow the incurrence of additional senior secured indebtedness in the future. In the event of an insolvency or liquidation, or if payment under the Senior Secured Notes, the 2007 Notes, the Senior Secured Credit Facilities or any other secured debt is accelerated, the lenders under the Senior Secured Credit Facilities, holders of the Senior Secured Notes, holders of the 2007 Notes and holders of any other secured debt will be entitled to exercise the remedies available to a secured lender under applicable law (in addition to any remedies that may be available under documents pertaining to the Senior Secured Credit Facilities, the Senior Secured Notes, the 2007 Notes or any other secured debt) and will be paid out of the assets pledged as collateral before these assets are made available to holders of the May 2010 Notes and the October 2010 Senior Notes. In such event, the proceeds from the sale of such assets may not be sufficient to satisfy our obligations under the May 2010 Notes and the October 2010 Senior Notes.

The holders of the May 2010 Notes and the October 2010 Senior Notes will have fewer rights than the holders of our "Designated Senior Indebtedness."

The May 2010 Notes and the October 2010 Senior Notes and the related guarantees constitute "Senior Indebtedness" for purposes of the indenture governing the 2007 Senior Subordinated Notes and, as such, in a liquidation, dissolution or bankruptcy of the Issuers or the note guarantors, holders of the May 2010 Notes and the October 2010 Senior Notes and the related note guarantees will be entitled to receive payment in full of such notes and note guarantees before holders of the guarantees of the 2007 Senior Subordinated Notes are entitled to receive any payment (other than certain permitted junior securities) in respect of such guarantees.

However, because the May 2010 Notes and the October 2010 Senior Notes and related note guarantees do not, unlike the Senior Secured Notes, the Senior Secured Credit Facilities and the 2007 Senior Notes, constitute "Designated Senior Indebtedness" for purposes of the indenture governing the 2007 Senior Subordinated Notes, the holders thereof have more rights than the holders of the May 2010 Notes and the October 2010 Senior Notes. Thus, holders of the May 2010 Notes and the October 2010 Senior Notes and related note guarantees are not entitled to the benefit of certain provisions in the indenture governing the 2007 Senior Subordinated Notes relating to the subordination of the 2007 Senior Subordinated Notes that provide rights only to holders of Designated Senior Indebtedness, not Senior Indebtedness, among other things, the benefits of delivering payment blockage notices or enforcing the turnover provisions of the indenture governing the 2007 Senior Subordinated Notes. Accordingly, holders of the May 2010 Notes and the October 2010 Senior Notes may recover less than holders of Designated Senior Indebtedness as a result thereof.

The May 2010 Notes and the October 2010 Senior Notes and related note guarantees rank pari passu in right of payment with the guarantees of the 2007 Senior Notes, the Senior Secured Notes and the Senior Secured Credit Facilities (and, in each case, the related guarantees). Therefore, in the event that an Issuer or a note guarantor becomes a debtor in a United States bankruptcy case, claims of holders of the October 2010 Senior Notes and related note guarantees will rank pari passu in right of payment with the claims of holders of the May 2010 Notes and related guarantees and in the event that claims under the 2007 Senior Notes, the Senior Secured Notes and the Senior Secured Credit Facilities are not fully secured, claims of holders of the May 2010 Notes and the October 2010 Senior Notes and note guarantees will rank pari passu in right of payment with the unsecured portion of claims of holders of the guarantees of the 2007 Senior Notes, the Senior Secured Notes and the Senior Secured Credit Facilities (and, in each case, the related guarantees).

In addition, in such an event, we expect that claims of holders of the May 2010 Notes and the October 2010 Senior Notes and related note guarantees will be senior in right of payment to the claims of holders of the guarantees of the 2007 Senior Subordinated Notes. However, because of the differences in the rights of the holders of the May 2010 Notes and the October 2010 Senior Notes and the holders of Designated Senior Indebtedness, there can be no guarantee that a bankruptcy court would enforce the contractual subordination of the 2007 Subordinated Notes in favor of the May 2010 Notes and the October 2010 Senior Notes in the same manner as the contractual subordination of the 2007 Subordinated Notes in favor of the 2007 Senior Notes, the Senior Secured Notes and the Senior Secured Credit Facilities.

Holders of the Senior Secured Notes will not control certain decisions regarding collateral.

The trustee and collateral agent for the holders of the Senior Secured Notes have entered into an intercreditor agreement with the administrative agent under the Senior Secured Credit Facilities (the "First Lien Intercreditor Agreement"). The First Lien Intercreditor Agreement provides, among other things, that the lenders under the Senior Secured Credit Facilities will control substantially all matters related to the collateral that secures the Senior Secured Credit Facilities (which collateral also secures the Senior Secured Notes) and the lenders under the Senior Secured Credit Facilities may direct the collateral agents to foreclose on or take other actions with respect to such collateral with which holders of the Senior Secured Notes may disagree or that may be contrary to the interests of holders of the Senior Secured Notes. In addition, the First Lien Intercreditor Agreement provides that, to the extent any collateral securing our obligations under the Senior Secured Credit Facilities is released to satisfy such creditor's claims in connection with such a foreclosure, the liens on such collateral securing the Senior Secured Notes will also automatically be released without any further action by the trustee, collateral agents or the holders of the Senior Secured Notes and the holders of the Senior Secured Notes will agree to waive certain of their rights relating to such collateral in connection with a bankruptcy or insolvency proceeding involving us or any guarantor of the Senior Secured Notes. The First Lien Intercreditor Agreement provides that the holders of the Senior Secured Notes may not take any actions to direct foreclosures or take other remedial actions following an event of default under the Senior Secured Credit Facilities or the Senior Secured Notes for at least 90 days and longer if the administrative agent under the Senior Secured Credit Facilities takes action to direct foreclosures or other actions following such event of default.

After the discharge of the obligations with respect to the Senior Secured Credit Facilities whether on enforcement or repayment, at which time the parties to the Senior Secured Credit Facilities will no longer have the right to direct the actions of any collateral agent with respect to the collateral pursuant to the First Lien Intercreditor Agreement, that right passes to the authorized representative of holders of the next largest outstanding principal amount of indebtedness secured by a first lien on the collateral.

In addition, subject to certain conditions, the security documents generally allow us and our subsidiaries to remain in possession of, retain exclusive control over, freely operate, and collect, invest and dispose of any income from, the collateral. This may impact the type and quality of the security interest granted in respect of the collateral. In addition, to the extent we sell any assets that constitute collateral, the proceeds from such sale will be subject to a lien securing the Senior Secured Notes only to the extent such proceeds would otherwise constitute "collateral" securing the Senior Secured Notes under the security documents. To the extent the proceeds from any sale of collateral do not constitute "collateral" under the security documents, the pool of assets securing the notes would be reduced and the Senior Secured Notes would not be secured by the proceeds of the sale.

Your rights to proceeds from the pledges securing the 2007 Notes rank behind priority pledges over the same collateral.

The obligations under the indenture governing the 2007 Senior Notes are secured by a second-priority security interest in the capital stock of BP I and the receivables under the 2007 Proceeds Loans. The obligations under the indenture governing the 2007 Senior Subordinated Notes are secured by a third-priority security interest in such collateral. These security interests rank behind the first-priority security interest in that collateral in respect of the obligations under the Senior Secured Credit Facilities and the Senior Secured Notes. In addition, certain other future indebtedness can be secured by security interests in the collateral that secures the obligations under the indentures governing the 2007 Notes. The distribution of any proceeds realized on enforcement of the security interests in the collateral in respect of the 2007 Notes will be made in accordance with the terms, including the subordination provisions, of the 2009 UK Intercreditor Agreement and the 2007 Notes indentures. It is possible that the amount realized upon enforcement of the security interest in the collateral in respect of the 2007 Notes may not be sufficient to pay all of the indebtedness secured by the security interests in the collateral, and that holders of the 2007 Senior Notes and the 2007 Senior Subordinated Notes will not recover the full amounts due to them under the 2007 Notes (or any amounts at all).

Under the 2009 UK Intercreditor Agreement, the First Lien Intercreditor Agreement and the 2007 Notes indentures, the pledges of the collateral can be released in a variety of circumstances, including the release and retaking of security in order to secure other indebtedness with such collateral. Such a release and retake is likely to restart any applicable preference or hardening periods applicable to such security interests under relevant insolvency laws.

There may not be sufficient collateral to satisfy our obligations under all or any of the Senior Secured Notes and the 2007 Notes.

Much of our assets are not and will not be collateral for the Senior Secured Notes (or our other secured indebtedness) and the collateral for the 2007 Notes is even more limited, and no appraisals of the fair market value of any assets that are collateral were prepared in connection with the offerings of the Senior Secured Notes or the 2007 Notes. [The assets that will be excluded from the collateral include all assets of foreign subsidiaries of our U.S. subsidiaries and Pactiv's "principal manufacturing properties" (as defined in the Pactiv indentures).] The value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the collateral. The book value of our assets may not be indicative of the fair market value of such assets, which could be substantially lower. In addition, a substantial portion of our assets will not constitute collateral for the Senior Secured Notes, the 2007 Notes or our other secured indebtedness. Accordingly, the value of the collateral securing our indebtedness (including the Senior Secured Notes, the 2007 Notes and the Senior Secured Credit Facilities and our other indebtedness that shares in the collateral) could be substantially less than the aggregate principal amount of our secured indebtedness. By their nature, some or all of the pledged assets may be illiquid and may have no readily ascertainable market value or market. The value of the assets pledged as collateral for the Senior Secured Notes, the 2007 Notes or our other secured indebtedness could be impaired in the future as a result of changing economic conditions in the relevant jurisdictions, changing legal regimes, our failure to implement our business strategy, competition and other future trends. In the event of a foreclosure, liquidation, bankruptcy or similar proceeding, the proceeds from any sale or liquidation of the collateral may be insufficient to pay our obligations under the Senior Secured Notes, the 2007 Notes or our other secured indebtedness.

Most of the collateral is subject to the prior or equal claims of other creditors which could diminish any recovery from the collateral. Certain other creditors may have (or in the case of the 2007 Notes, do have) permitted liens which rank prior to the liens of the noteholders in the collateral. In addition, certain other creditors may have permitted liens which rank junior to the liens of the noteholders in the collateral, such as, in the case of the Senior Secured Notes, the collateral securing the 2007 Notes. The indentures governing notes also permit us to incur additional indebtedness that may share in the collateral on a senior or equal lien priority basis. Any additional obligations secured by a lien on the collateral securing the Senior Secured Notes or the 2007 Notes (whether effectively or actually senior to or equal with the lien in favor of the Senior Secured Notes or the 2007 Notes) will adversely affect the relative position of the holders of such Senior Secured Notes or 2007 Notes with respect to the collateral securing such notes. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against us, the proceeds of the enforcement against the collateral will be used first to pay the secured parties under any indebtedness secured on a senior lien priority basis over the collateral in full before making any payments on the Senior Secured Notes and the 2007 Notes and any other indebtedness with an equal lien on the collateral. Any Senior Secured Notes and the 2007 Notes remaining outstanding will be general unsecured claims that are equal in right of payment with our other unsecured unsubordinated or subordinated indebtedness (as relevant). The presence of junior liens may also impair the value recoverable from collateral. As noted above, the guarantees of the 2007 Notes represent mainly unsecured and, in all cases, subordinated obligations of the guarantors.

As of September 30, 2010, we had outstanding secured indebtedness of $3743.7 million that shares in the collateral. In connection with the Pactiv Acquisition, we also incurred $1.50 billion of October 2010 Senior Secured Notes and $2.02 billion in borrowings under the Senior Secured Credit Facilities, which also share the collateral.

Non-U.S. subsidiaries of our U.S. subsidiaries, including Pactiv, have not and will not guarantee the notes and have only been secured by a limited pledge of certain of such foreign subsidiaries' capital stock, with no pledge of the assets of any non-U.S. subsidiaries of our U.S. subsidiaries.

Non-U.S. subsidiaries of our U.S. subsidiaries have not and will not guarantee the notes and the notes will be subordinated to all claims of creditors, including trade creditors, of such non-U.S. subsidiaries.

In addition, with respect to the Senior Secured Notes, the pledge of the securities of any first tier non-U.S. subsidiaries of our U.S. subsidiaries, including Pactiv, will be limited to 100% of their non-voting capital stock and 65% of their voting capital stock. There will be no pledge of the capital stock of non-U.S. subsidiaries of our U.S. subsidiaries other than first-tier non-U.S. subsidiaries. The Senior Secured Notes have not and will not be secured by a pledge of the assets of any non-U.S. subsidiary of our U.S. subsidiaries. Accordingly, the Senior Secured Notes are and will be effectively subordinated to such subsidiaries' secured liabilities and obligations to the extent of the value of any assets that secure such liabilities and obligations.

We are not required to reorganize our corporate structure such that any non-U.S. subsidiaries of our U.S. subsidiaries, including the subsidiaries of Pactiv, will provide a pledge of 100% of their voting and non-voting capital stock or a pledge of their assets.

The value of the collateral securing the Senior Secured Notes may not be sufficient to secure post-petition interest.

In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding against any issuer, guarantor or security provider located in the United States, holders of the notes will only be entitled to post-petition interest under the U.S. federal bankruptcy code to the extent that the value of their security interest in the collateral is greater than their pre-bankruptcy claim. Holders of the Senior Secured Notes may be deemed to have an unsecured claim to the extent that our obligations in respect of the Senior Secured Notes exceed the fair market value of the collateral securing the Senior Secured Notes. As a result, holders of the Senior Secured Notes that have a security interest in collateral with a value equal to or less than their pre-bankruptcy claim will not be entitled to post-petition interest under the bankruptcy code. In addition, it is possible that the bankruptcy trustee, the debtor-in-possession or competing creditors will assert that the fair market value of the collateral with respect to the Senior Secured Notes on the date of the bankruptcy filing was less than the then-current principal amount of the Senior Secured Notes. Upon a finding by a bankruptcy court that the notes are under-collateralized, the claims in the bankruptcy proceeding with respect to the Senior Secured Notes would be bifurcated between a secured claim and an unsecured claim, and the unsecured claim would not be entitled to the benefits of security in the collateral. Other consequences of a finding of under-collateralization would be, among other things, a lack of entitlement on the part of the Senior Secured Notes to receive post-petition interest and a lack of entitlement on the part of the unsecured portion of the Senior Secured Notes to receive other "adequate protection" under U.S. federal bankruptcy laws. In addition, if any payments of post-petition interest had been made at the time of such a finding of under-collateralization, those payments could be re-characterized by the bankruptcy court as a reduction of the principal amount of the secured claim with respect to the Senior Secured Notes. No appraisal of the fair market value of the collateral was prepared in connection with the offerings of the Senior Secured Notes and we therefore cannot assure you that the value of the noteholders' interest in the collateral equals or exceeds the principal amount of the Senior Secured Notes. See "— There may not be sufficient collateral to satisfy our obligations under all or any of the Senior Secured Notes." In addition, in certain other jurisdictions, holders of Senior Secured Notes may not be entitled to post-petition interest.

The pledge of the securities of our subsidiaries (including Pactiv and certain of its subsidiaries but excluding BP I) that secures the Senior Secured Notes will automatically be released to the extent and for so long as that pledge would require the filing of separate financial statements with the SEC for that subsidiary. As a result of any such release, the Senior Secured Notes could be secured by less collateral than our other first-lien indebtedness, including the Senior Secured Credit Facilities.

The Senior Secured Notes are secured by a pledge of the stock and other securities of certain of our subsidiaries held by the Issuers or the guarantors of the Senior Secured Notes. Under the SEC regulations in effect as of the issue date of the Senior Secured Notes, if the par value, book value as carried by us or market value (whichever is greatest) of the capital stock, other securities or similar items of a subsidiary pledged as part of the collateral is greater than or equal to 20% of the aggregate principal amount of the Senior Secured Notes then outstanding, such a subsidiary would be required to provide separate financial statements to the SEC. The indentures governing the Senior Secured Notes provide that, other than with respect to BP I, any capital stock and other securities of any of our subsidiaries will be excluded from the collateral for so long as the pledge of such capital stock or other securities to secure the Senior Secured Notes would cause such subsidiary to be required to file separate financial statements with the SEC pursuant to Rule 3-16 of Regulation S-X or another similar rule. As a result, holders of the Senior Secured Notes could lose a portion or all of their security interest in the capital stock or other securities of those subsidiaries during that period. We conduct substantially all of our business through our subsidiaries, many of which have capital stock with a value in excess of 20% of the aggregate principal amount of the 2009 Notes and the October 2010 Senior Secured Notes. Accordingly, the pledge of stock and securities with respect to each such subsidiary will be limited in value to less than 20% of the aggregate principal amount of the Senior Secured Notes. To the extent that the 2009 Dollar Notes and the 2009 Euro Notes are not treated as a single class for purposes of Rule 3-16 of Regulation S-X, the foregoing collateral limits would apply to each class separately, which could lead to different security interests in the stock securing the 2009 Dollar Notes and the 2009 Euro Notes. As a result, holders of the Senior Secured Notes could lose a portion or all of their security interest in the capital stock or other securities of those subsidiaries during that period. It may be more difficult, costly and time-consuming for holders of the Senior Secured Notes to foreclose on the assets of a subsidiary than to foreclose on its capital stock or other securities, so the proceeds realized upon any such foreclosure could be significantly less than those that would have been received upon any sale of the capital stock or other securities of such subsidiary. In addition, the lenders under the Senior Secured

Credit Facilities and, solely with respect to Pactiv, the holders of the 2009 Notes are not subject to such limitation and may have a substantially more valuable security interest and different interests as a result thereof.

The collateral securing the Senior Secured Notes and the 2007 Notes may be diluted under certain circumstances.

The collateral that secures the Senior Secured Notes and the 2007 Notes also secures obligations under our Senior Secured Credit Facilities. In addition, this collateral may secure additional senior indebtedness that we or our restricted subsidiaries incur in the future, subject to restrictions on our or their ability to incur debt and liens under the indentures governing the notes and other agreements governing our indebtedness. Your rights would be diluted by any increase in the amount of indebtedness secured by this collateral.

In addition, the collateral securing the 2007 Senior Notes on a second priority basis and the 2007 Senior Subordinated Notes on a third priority basis secures the Senior Secured Notes and the Senior Secured Credit Facilities on a first priority basis. As set out in the previous paragraph, the indebtedness which benefits from such first ranking security may be increased, effectively diluting the value of that collateral for the 2007 Notes and reducing the possibility that there will be proceeds from the enforcement of the security in respect of such collateral available for the 2007 Notes. The 2007 Notes also permit other indebtedness to share in the second and third ranking security in respect of the collateral, and any such sharing would dilute the rights of the holders of the 2007 Notes with respect to such collateral.

The collateral is subject to casualty risk.

Even if we maintain insurance, there are certain losses that may be either uninsurable or not economically insurable, in whole or part. Insurance proceeds may not compensate us fully for our losses. If there is a complete or partial loss of any collateral, the insurance proceeds may not be sufficient to satisfy all of our obligations, including the Senior Secured Notes, the 2007 Notes and related guarantees.

Any security granted over collateral might be avoided by a trustee in bankruptcy.

Any security granted over collateral in favor of any collateral agents, including pursuant to security documents delivered after the date of the indentures governing the Senior Secured Notes, might be avoided by the grantor (as debtor in possession) or by its trustee in bankruptcy if certain events or circumstances exist or occur, including, among others, if the grantor is insolvent at the time of granting the security or becomes insolvent as a result of entering into the security or associated documentation (including a guarantee) or a bankruptcy proceeding in respect of the security provider is commenced within a specified number of days following the granting of the security.

In the event that the First Lien Intercreditor Agreement is found to be invalid or unenforceable, the liens in favor of the October 2010 Senior Secured Notes in some foreign jurisdictions will not rank pari passu with the liens in favor of the 2009 Notes and the Senior Secured Credit Facilities.

The security documents that create the liens in favor of the October 2010 Senior Secured Notes, the 2009 Notes and the Senior Secured Credit Facilities with respect to certain foreign collateral rely on the First Lien Intercreditor Agreement for establishing the relative priorities of the holders of the October 2010 Senior Secured Notes, the holders of the 2009 Notes and the lenders and other secured parties under the Senior Secured Credit Facilities. Because the priority of the October 2010 Senior Secured Notes with respect to the 2009 Notes and the Senior Secured Credit Facilities depends on the enforceability of the First Lien Intercreditor Agreement, if the First Lien Intercreditor Agreement is found to be invalid or unenforceable, the liens in favor of the October 2010 Senior Secured Notes in certain jurisdictions will not rank pari passu with the liens in favor of the 2009 Notes and the Senior Secured Credit Facilities. In such a situation the claims of the holders of the October 2010 Senior Secured Notes will be effectively subordinated to claims of the holders of the 2009 Notes and lenders and other secured parties under the Senior Secured Credit Facilities to the extent of the value of the assets secured by such liens.

We may not obtain consents and notifications required in order to enable us to grant certain of the security proposed to be granted to secure the October 2010 Senior Secured Notes.

In order for us to grant security interests over certain of the collateral, we must obtain a number of third-party consents and provide certain notifications. These include consents and notifications in respect of contracts such as those with trade creditors and insurance contracts where the consent of the counterparties is required before any security can be granted in respect of such contracts. We cannot assure you that we will be able to obtain such consents and if we do not obtain them, we will not be able to grant certain security proposed to be granted to secure the October 2010 Senior Secured Notes.

Security interests in respect of the collateral may be adversely affected by the failure to perfect security interests in certain collateral presently owned or acquired in the future.

The security interest in the collateral securing the Senior Secured Notes includes assets now owned or, to the extent permitted by applicable laws, acquired or arising in the future. Applicable law requires that certain property and rights acquired after the grant of a general security interest can only be perfected at the time such property and rights are acquired and identified. There can be no assurance that the trustee or any collateral agent will monitor, or that we will inform the relevant trustee or any collateral agent of, the future acquisition of property and rights that constitute collateral, and that the necessary action will be taken to properly create or perfect the security interest in such after-acquired collateral. Such failure may result in the loss of the security interest therein or the priority of the security interest in favor of the Senior Secured Notes against third parties. In addition, we are not required to take certain perfection steps in respect of particular assets (whether owned now or acquired in the future) in certain jurisdictions for cost or commercial reasons or such perfection steps may only occur at the time of enforcement. For example, although certain of our trade receivables may be assigned by way of security, we are not required, and do not intend, to notify the obligor of such receivables of the existence of such security, which may impair the effectiveness of the security interest.

Certain of the jurisdictions where you will have the benefit of a security interest in collateral securing the Senior Secured Notes or the 2007 Notes do not have public, or other third-party, registers where liens, pledges or other forms of security interests may be centrally recorded and if they do have such registers, registration may not be compulsory to protect a secured party's interests or any registration may not be made or, when made, may not be effective to create priority over other security granted prior to the registration being made. As a result, in these jurisdictions the trustee or collateral agent must rely on any representations and warranties given by us that there are no liens, pledges or applicable other security interests already in place. There can be no assurance that we will accurately inform the relevant trustee or any collateral agent of the status of the collateral securing the Senior Secured Notes or the 2007 Notes and the value of the security interest may be adversely affected thereby.

In addition, in certain jurisdictions security interests created over particular assets can only be perfected by possession of the asset by the secured party. The terms of the security documents may not require possession to be granted to the secured party until enforcement, meaning that the security interest will remain unperfected until possession is granted.

Rights of holders of Senior Secured Notes may be adversely affected by bankruptcy proceedings in the United States.

The right of the collateral agents to repossess and dispose of the collateral securing the Senior Secured Notes upon acceleration is likely to be significantly impaired by U.S. federal bankruptcy law if bankruptcy proceedings are commenced by or against us prior to or possibly even after any collateral agent has repossessed and disposed of the collateral. Under the U.S. Bankruptcy Code, a secured creditor, such as any collateral agent, is prohibited from repossessing its security from a debtor in a bankruptcy case, or from disposing of security repossessed from a debtor, without bankruptcy court approval. Moreover, U.S. bankruptcy law permits the debtor to continue to retain and to use collateral, and the proceeds, products, rents or profits of the collateral, even though the debtor is in default under the applicable debt instruments, provided that the secured creditor is given "adequate protection." The meaning of the term "adequate protection" may vary according to circumstances, but it is intended in general to protect the value of the secured creditor's interest in the collateral and may include cash payments or the granting of additional security, if and at such time as the court in its discretion determines, for any diminution in the value of the collateral as a result of the stay of repossession or disposition or any use of the collateral by the debtor during the pendency of the bankruptcy case. In view of the broad discretionary powers of a bankruptcy court, it is impossible to predict how long payments under the Senior Secured Notes could be delayed following commencement of a bankruptcy case, whether or when any collateral agent would repossess or dispose of the collateral, or whether or to what extent holders of the Senior Secured Notes would be compensated for any delay in payment of loss of value of the collateral through the requirements of "adequate protection." Furthermore, in the event the bankruptcy court determines that the value of the collateral is not sufficient to repay all amounts due on the Senior Secured Notes offered hereby, the holders of the Senior Secured Notes would have "undersecured claims" as to the difference. U.S. federal bankruptcy laws do not permit the payment or accrual of interest, costs and attorneys' fees for "undersecured claims" during the debtor's bankruptcy case.

Security providers may own assets outside the respective jurisdictions in which they were formed.

The guarantors, security providers and issuers granting security in respect of the Senior Secured Notes and the 2007 Notes may own collateral located outside the respective jurisdictions in which such guarantors, security providers or issuers were formed. Where this is the case, the relevant security documents may not purport to create security interests over such collateral. In circumstances where the security documents purport to create security interests over such collateral, such security interests may not be effective, or the enforcement of such security interests in the jurisdiction in which the collateral is located may not be possible.

The use of collateral agents may diminish the rights that a secured creditor would otherwise have with respect to the collateral.

In most cases, the collateral will be taken in the name of a collateral agent for the benefit of the holders of the relevant notes and the relevant trustee. As a result, any collateral agent may effectively control actions with respect to collateral which may impair the rights that a noteholder would otherwise have as a secured creditor. Any collateral agent may take actions that a noteholder disagrees with or fail to take actions that a noteholder wishes to pursue. For example, a collateral agent could decide to credit bid using the value of a noteholder's secured claim even if such noteholder would not individually have done so.

Furthermore, any collateral agent may fail to act in a timely manner which could impair the recovery of noteholders.

In addition, in instances where any collateral agent cannot, or it is impractical for it to, hold a security interest, a gratuitous bailee may hold the security interest for the benefit of the noteholders. The holders will have no rights against any such gratuitous bailee.

The collateral agents may not be able to possess certain collateral on enforcement and may also be prevented from holding security interests in certain collateral.

Applicable laws may restrict the ability of a foreign entity that holds a security interest in particular collateral from taking possession of that collateral on enforcement. In addition, certain jurisdictions restrict the ability of foreign entities to hold the benefit of security interests over certain assets. This may mean that one or both of the collateral agents are unable to benefit from security interests in certain collateral and may also restrict the ability of the applicable collateral agent to transfer collateral into its name on enforcement.

Intercompany movements of collateral may diminish the assets that serve as collateral and the priority of noteholder liens with respect to collateral.

We are generally permitted to freely move assets within the RGHL Group subject to certain restrictions. However, not all members of the RGHL Group are guarantors, security providers or issuers or grant security over the same type of assets. If collateral is transferred to an entity that is not an issuer, security provider, or guarantor, interest of the noteholders will cease to be secured by such assets.

If collateral is moved to another entity that is an issuer, security provider or guarantor, the asset may cease to be collateral or your priority in the asset may be impaired. If a type of collateral is transferred to a guarantor that does not grant security interests (as is the case with respect to guarantors organized in Japan, Costa Rica and Australia) or does not grant security interests with respect to that particular type of asset, then the noteholders will lose the benefit of such collateral. Even if the asset continues as collateral in the hands of the recipient entity, there may be hardening periods before the security interest becomes effective or the security interest might not be as beneficial to noteholders as it was in the possession of the transferring entity.

The Senior Secured Notes and the 2007 Notes are subject to complex intercreditor arrangements governing the relationship between numerous creditors with respect to rights to payments and, with respect to the Senior Secured Notes collateral across several jurisdictions, and there is no certainty how or if any court would enforce the intercreditor arrangements.

The relationship between the holders of the Senior Secured Notes, the 2007 Notes and our other creditors will be governed by two intercreditor agreements. The relationship among the holders of the Senior Secured Notes, the lenders and other secured parties under the Senior Secured Credit Facilities and creditors under any other series of future first lien indebtedness is governed by the First Lien Intercreditor Agreement which is governed by New York law. The relationship between the holders of the Senior Secured Notes and the lenders and other secured parties under the Senior Secured Credit Facilities on the one hand and the holders of the 2007 Notes on the other hand is subject to the 2009 UK Intercreditor Agreement, which is governed by English law.

These intercreditor agreements collectively govern the relationship between certain of our creditors which are located in several countries and have disparate interests. In addition, they govern creditor rights with respect to payment obligations from members of the RGHL Group and collateral located in different countries. Due to the complexity of the arrangements, there is no certainty how a court would interpret the interaction between them. The complexity may also increase the time required to resolve any disputes between creditors and may impair or delay any recovery under the notes and guarantees. Also, given that the arrangements govern matters in several countries, there is no certainty to what extent (if at all) any court would enforce the provisions.

The guarantees of the 2007 Notes are subordinated to senior indebtedness of the guarantors.

Although the 2007 Notes benefit from guarantees from certain members of the group, those guarantees are expressly subordinated in right of payment to indebtedness of the companies providing those guarantees that is senior to the guarantees of the 2007 Notes (including indebtedness in respect of the Senior Secured Notes and the Senior Secured Credit Facilities). The subordination provisions in respect of the 2007 Notes are set forth in the 2009 UK Intercreditor Agreement and the indentures governing the 2007 Notes. Generally, the guarantees of the 2007 Senior Notes are senior subordinated guarantees and are subordinated to the senior guarantees of the Senior Secured Notes and the Senior Secured Credit Facilities. The guarantees of the 2007 Senior Subordinated Notes are subordinated guarantees and are subordinated to the senior guarantees of the Senior Secured Notes, the Senior Secured Credit Facilities, the May 2010 Notes and the October 2010 Senior Notes and the senior subordinated guarantees of the 2007 Senior Notes and any other indebtedness that ranks pari passu with such indebtedness. The guarantees of the 2007 Notes are subordinated to other senior indebtedness, and holders of “Designated Senior Indebtedness” (including holders of indebtedness in respect of the Senior Secured Notes and the Senior Secured Credit Facilities) have the benefit of subordination provisions under the 2009 UK Intercreditor Agreement and the indentures governing the 2007 Notes. See “-The holders of the May 2010 Notes and the October 2010 Senior Notes will have fewer rights than the holders of our “Designated Senior Indebtedness.” The indentures governing the 2007 Notes also permit us to incur certain additional indebtedness, which may be senior indebtedness. If we, or any member of the group that is a guarantor, security provider or a material company under the Senior Secured Notes or the Senior Secured Credit Facilities is declared bankrupt or insolvent, or if there is a payment default under, or an acceleration of, senior indebtedness under the Senior Secured Notes or the Senior Secured Credit Facilities, BP I and any other member of the group that is a borrower, issuer, security provider or guarantor under the Senior Secured Notes and the Senior Secured Credit Facilities will be required to pay the creditors thereunder in full before the 2007 Issuer may use any of our assets to pay holders of the 2007 Notes. Accordingly, there may not be enough assets to pay holders of the 2007 Notes after paying the holders of such senior indebtedness. In addition, the creditors in respect of the Senior Secured Notes and the Senior Secured Credit Facilities and the holders of other “Designated Senior Indebtedness” may prevent a guarantor from making payments to the 2007 Issuer under the loans of the proceeds of the 2007 Notes in the event of a payment default or for a period of up to 179 days in the case of a non-payment event of default under such senior indebtedness.

Furthermore, no enforcement action under the guarantees of the 2007 Notes may be taken unless:

- holders of “Designated Senior Indebtedness” have first accelerated that indebtedness or taken certain enforcement action;

- certain insolvency events in respect of the guarantors are continuing; or
- an event of default under the applicable indenture governing the 2007 Notes has occurred and 179 days have elapsed since notice has been given to the agent under the "Designated Senior Indebtedness" concerning such event of default.

The guarantees of the 2007 Notes are subject to release in a variety of circumstances on the terms provided for in the 2009 UK Intercreditor Agreement and the indentures governing the 2007 Notes, including in the event of certain enforcement actions taken by the creditors in respect of the Senior Secured Notes and the Senior Secured Credit Facilities.

The indentures governing the 2007 Notes permit the trustee and the security agent under the indentures governing the 2007 Notes to agree to an amendment to the 2009 UK Intercreditor Agreement or a new intercreditor agreement (without the consent of the holders of the 2007 Notes) in favor of holders of designated senior indebtedness.

As a result of the subordination provisions described above, in the event of a liquidation, bankruptcy or other insolvency of a guarantor, holders of the 2007 Notes may recover less, ratably, than creditors of the guarantors who are holders of Designated Senior Indebtedness. As a result of the obligation to deliver amounts received in trust to holders of Designated Senior Indebtedness, holders of the 2007 Notes may recover less, ratably, than trade creditors of the guarantors.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Not applicable.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

Not applicable.

ITEM 5. OTHER INFORMATION.

Not applicable.

Reynolds Group Holdings Limited

Contents

Reynolds Group Holdings Limited

Interim unaudited condensed financial statements
for the three and nine month periods ended September 30, 2010

Reynolds Group Holdings Limited

Interim unaudited condensed statements of comprehensive income

(In $ million)	Note	For the three months ended September 30, 2010	For the three months ended September 30, 2009	For the nine months ended September 30, 2010	For the nine months ended September 30, 2009
Revenue	7	1,611.8	1,476.4	4,596.7	4,322.2
Cost of sales		(1,282.2)	(1,165.3)	(3,741.7)	(3,488.4)
Gross profit		**329.6**	**311.1**	**855.0**	**833.8**
Other income	8	18.3	43.0	62.2	159.0
Selling, marketing and distribution expenses		(50.4)	(47.6)	(152.9)	(153.0)
General and administration expenses		(93.9)	(78.8)	(270.5)	(249.5)
Other expenses	9	10.3	(37.5)	(42.0)	(81.0)
Share of profit of associates and joint ventures, net of income tax (equity method)		3.8	2.5	13.2	7.3
Profit from operating activities		**217.7**	**192.7**	**465.0**	**516.6**
Financial income	10	5.5	5.0	16.5	13.0
Financial expenses	10	(106.4)	(127.8)	(456.2)	(351.7)
Net financial expenses		(100.9)	(122.8)	(439.7)	(338.7)
Profit before income tax		**116.8**	**69.9**	**25.3**	**177.9**
Income tax expense	11	(35.8)	(36.8)	(71.1)	(99.2)
Profit (loss) after tax		**81.0**	**33.1**	**(45.8)**	**78.7**
Other comprehensive income (expense) for the period, net of income tax					
Cash flow hedges		-	1.8	-	0.7
Exchange differences on translating foreign operations		(58.2)	(40.5)	136.2	(72.5)
Transfers from foreign currency translation reserve to profit and loss		-	-	48.5	-
Total other comprehensive income (expense) for the period, net of income tax		(58.2)	(38.7)	184.7	(71.8)
Total comprehensive income (expense) for the period		**22.8**	**(5.6)**	**138.9**	**6.9**
Profit (loss) attributable to:					
Equity holder of the Group		81.1	32.9	(45.9)	78.5
Minority interests		(0.1)	0.2	0.1	0.2
		81.0	**33.1**	**(45.8)**	**78.7**
Total other comprehensive income (expense) attributable to:					
Equity holder of the Group		(58.5)	(39.1)	185.1	(71.9)
Minority interests		0.3	0.4	(0.4)	0.1
		(58.2)	**(38.7)**	**184.7**	**(71.8)**

The interim unaudited condensed statements of comprehensive income should be read in conjunction with the notes to the interim unaudited condensed financial statements.

Reynolds Group Holdings Limited

Interim unaudited condensed statements of financial position

(In $ million)	Note	As at September 30, 2010	As at December 31, 2009
Assets			
Cash and cash equivalents		453.8	515.5
Trade and other receivables		722.2	683.1
Derivatives		9.2	6.3
Assets held for sale	12	19.1	33.7
Current tax assets		13.5	8.5
Inventories	13	864.2	755.6
Other assets		47.1	82.6
Total current assets		**2,129.1**	**2,085.3**
Non-current receivables		301.8	339.8
Investments in associates and joint ventures (equity method)		107.0	103.8
Deferred tax assets		151.7	123.7
Property, plant and equipment	14	1,819.0	1,825.0
Investment property		63.4	76.3
Intangible assets	15	3,171.3	3,279.1
Derivatives		15.3	16.8
Other assets		123.9	17.1
Total non-current assets		**5,753.4**	**5,781.6**
Total assets		**7,882.5**	**7,866.9**
Liabilities			
Bank overdrafts		3.3	1.1
Trade and other payables		1,107.6	760.7
Borrowings	16	75.4	112.3
Current tax liabilities		68.3	48.9
Derivatives		3.9	15.3
Employee benefits		137.3	135.4
Provisions	17	57.5	80.9
Other liabilities		-	2.0
Total current liabilities		**1,453.3**	**1,156.6**
Non-current payables		4.4	28.4
Borrowings	16	5,843.5	4,841.8
Deferred tax liabilities		453.8	455.3
Employee benefits		228.2	241.3
Provisions	17	32.5	40.1
Total non-current liabilities		**6,562.4**	**5,606.9**
Total liabilities		**8,015.7**	**6,763.5**
Net assets (liabilities)	2.2	**(133.2)**	**1,103.4**
Equity			
Share capital	18	1,373.0	1,653.9
Reserves	18	(1,299.7)	(437.2)
Retained earnings (accumulated losses)		(211.5)	(129.6)
Equity (deficit) attributable to equity holder of the Group	2.2	**(138.2)**	**1,087.1**
Minority interests		5.0	16.3
Total equity (deficit)	2.2	**(133.2)**	**1,103.4**

The interim unaudited condensed statements of financial position should be read in conjunction with the notes to the interim unaudited condensed financial statements.

Reynolds Group Holdings Limited

Interim unaudited condensed statements of changes in equity

(In $ million)	Note	Share capital	Translation of foreign operations	Other reserves	Hedge reserve	Retained earnings (accumulated losses)	Equity attributable to equity holder of the Group	Minority interests	Total
Balance at the beginning of the period (January 1, 2009)		1,091.9	104.7	71.1	(11.5)	(246.5)	1,009.7	16.7	1,026.4
Issue of shares (net of issue costs)	18	862.7	-	-	-	-	862.7	-	862.7
Total comprehensive income for the period:									
Profit (loss) after tax		-	-	-	-	78.5	78.5	0.2	78.7
Foreign exchange translation reserve		-	(72.6)	-	-	-	(72.6)	0.1	(72.5)
Changes in hedge reserve		-	-	-	0.7	-	0.7	-	0.7
Dividends paid to minority interests		-	-	-	-	-	-	(0.5)	(0.5)
Balance at September 30, 2009		**1,954.6**	**32.1**	**71.1**	**(10.8)**	**(168.0)**	**1,879.0**	**16.5**	**1,895.5**
Balance at the beginning of the period (January 1, 2010)		1,653.9	76.1	(513.3)	-	(129.6)	**1,087.1**	16.3	**1,103.4**
Issue of shares (net of issue costs)	18	624.6	-	-	-	-	**624.6**	-	**624.6**
Total comprehensive income for the period:									
Profit (loss) after tax		-	-	-	-	(45.9)	**(45.9)**	0.1	**(45.8)**
Foreign exchange translation reserve		-	185.1	-	-	-	**185.1**	(0.4)	**184.7**
Common control transactions	21	(905.5)	-	(1,047.6)	-	-	**(1,953.1)**	-	**(1,953.1)**
Purchase of minority interest		-	-	-	-	3.0	**3.0**	(5.4)	**(2.4)**
Disposal of business		-	-	-	-	-	**-**	(3.8)	**(3.8)**
Dividends paid	18	-	-	-	-	(39.0)	**(39.0)**	(1.8)	**(40.8)**
Balance at September 30, 2010		**1,373.0**	**261.2**	**(1,560.9)**	**-**	**(211.5)**	**(138.2)**	**5.0**	**(133.2)**

The interim unaudited condensed statements of changes in equity should be read in conjunction with the notes to the interim unaudited condensed financial statements.

Reynolds Group Holdings Limited

Interim unaudited condensed statements of cash flows

(In $ million)	For the nine months ended September 30, 2010	2009
Cash flows from operating activities		
Cash received from customers	4,678.2	4,418.8
Cash paid to suppliers and employees	(3,940.9)	(3,598.6)
Interest paid	(206.0)	(176.4)
Income taxes paid	(85.3)	(56.7)
Net cash from operating activities	**446.0**	**587.1**
Cash flows from investing activities		
Purchase of Whakatane Mill	(45.8)	-
Acquisition of property, plant and equipment and investment properties	(191.0)	(170.1)
Proceeds from sale of property, plant and equipment, investment properties and other assets	25.6	28.7
Acquisition of intangible assets	(11.9)	(51.8)
Acquisition of businesses, net of cash acquired	(25.4)	(2.7)
Disposal of business, net of cash disposed	32.4	-
Disposal of other investments	8.9	2.4
Related party advances made	-	(5.4)
Receipts of related party advances	60.5	-
Repayments of related party advances	(22.5)	-
Interest received	5.1	3.2
Dividends received from joint ventures	2.9	1.2
Net cash used in investing activities	**(161.2)**	**(194.5)**
Cash flows from financing activities		
Acquisition of businesses under common control	(1,909.1)	-
Drawdown of loans and borrowings:		
2010 Notes	1,000.0	-
2009 Credit Agreement (including the Additional Bank Debt)	800.0	-
Reynolds Senior Credit Facilities	-	95.0
Other borrowings	1.0	5.2
Related party borrowings	-	16.3
Repayment of loans and borrowings:		
2009 Credit Agreement	(24.2)	-
Evergreen revolving credit facility	(43.1)	-
Reynolds Senior Credit Facilities	-	(205.6)
2007 SIG Senior Credit Facilities	-	(25.0)
Other borrowings	(2.4)	(38.1)
Related party borrowings	-	(99.9)
Proceeds from issue of share capital	-	12.0
Payment of finance lease liabilities	(0.2)	(0.5)
Payment of transaction costs	(95.5)	(34.2)
Payment of original issue discounts	(24.0)	-
Payment for acquisition of businesses under common control*	(4.7)	-
Purchase of minority interests	(3.2)	-
Dividends paid to related parties and minority interests	(39.4)	(0.6)
Net cash used in financing activities	**(344.8)**	**(275.4)**
Net increase (decrease) in cash and cash equivalents	**(60.0)**	**117.2**
Cash and cash equivalents at the beginning of the period	514.4	383.3
Effect of exchange rate fluctuations on cash held	(3.9)	16.5
Cash and cash equivalents at September 30	**450.5**	**517.0**
Cash and cash equivalents comprise		
Cash and cash equivalents	453.8	519.1
Bank overdrafts	(3.3)	(2.1)
Cash and cash equivalents at September 30	**450.5**	**517.0**

* Relates to the net payment of the working capital adjustments on the acquisition of the Closures and Reynolds Consumer businesses on November 5, 2009.

The interim unaudited condensed statements of cash flows should be read in conjunction with the notes to the interim unaudited condensed financial statements.

Interim unaudited condensed statements of cash flows

Reconciliation of the profit for the period with the net cash from operating activities

(In $ million)	For the nine months ended September 30, 2010	2009
Profit (loss) for the period	(45.8)	78.7
Adjustments for:		
Depreciation of property, plant and equipment	213.8	253.2
Depreciation of investment properties	1.8	1.2
Amortization of intangible assets	126.3	118.0
Impairment losses on property, plant and equipment reclassified as held for sale and investment property	5.7	11.3
Net foreign currency exchange loss	3.9	4.0
Change in fair value of derivatives	0.4	(119.3)
Gain on sale of property, plant and equipment	(1.1)	(3.8)
Gains on disposal of businesses	(11.4)	-
Net financial (income) expenses	439.7	338.7
Share of profit of equity accounted investees	(13.2)	(7.3)
Income tax expense	71.1	99.2
Interest paid	(206.0)	(176.4)
Income tax paid	(85.3)	(56.7)
Change in trade and other receivables	(86.8)	(21.6)
Change in inventories	(100.1)	19.2
Change in trade and other payables	143.2	19.7
Change in provisions and employee benefits	(42.7)	31.7
Change in other assets and liabilities	32.5	(2.7)
Net cash from operating activities	**446.0**	**587.1**

Significant non-cash financing and investing activities

During the nine month period ended September 30, 2010, Evergreen Packaging Inc. ("EPI") issued shares to Evergreen Packaging US, its parent company at the time of issue, in exchange for the novation of external borrowings, net of debt issue costs, in the amounts of CA$29.5 million ($29.2 million), NZ$775.6 million ($567.5 million) and $27.9 million.

During the nine month period ended September 30, 2010, related party interest income of $10.3 million (2009: $8.3 million) was capitalized as part of the non-current related party receivable balance included in other non-current receivables. Refer to note 18.

During the nine month period ended September 30, 2009, Evergreen Packaging International B.V.'s ("EPIBV") parent company at the time, Evergreen Packaging (Antilles) N.V., contributed €47.4 million ($60.7 million) as a non-stipulated share premium without the issuance of shares.

During the nine month period ended September 30, 2009, the Company issued shares in exchange for the repayment of certain related party borrowings in the amount of NZ$60.0 million ($40.8 million). Further, the Company issued shares in exchange for the novation of certain related party borrowings in the amount of NZ$1,046.7 million ($749.2 million). Refer to note 18.

The interim unaudited condensed statements of cash flows should be read in conjunction with the notes to the interim unaudited condensed financial statements.

Reynolds Group Holdings Limited

Interim unaudited condensed statements of cash flows

Acquisitions and disposals of businesses

	For the nine months ended September 30,			
	2010		2009	
(In $ million)	Acquisitions	Disposals	Acquisitions	Disposals
Inflow (outflow) of cash:				
Cash receipts (payments)	(36.2)	32.4	(2.7) *	-
Net cash acquired (disposed of)	10.8	-	-	-
Consideration received, satisfied in notes receivable	-	14.4	-	-
Consideration subject to post-closing adjustments	-	1.1	2.7	-
	(25.4)	**47.9**	**-**	**-**
Cash and cash equivalents	(10.8)	-	-	-
Net gain on sale before reclassifcation from foreign currenecy translation reserve	-	(9.9)	-	-
Net assets (acquired) disposed of	**(36.2)**	**38.0**	**-**	**-**
Details of net assets acquired/disposed of:				
Cash and cash equivalents	(10.8)	-	-	-
Trade and other receivables	(2.1)	11.7	-	-
Inventories	(10.7)	7.7	-	-
Other current assets	(0.1)	0.4	-	-
Intangible assets	(3.3)	0.4	-	-
Property, plant and equipment	(15.4)	22.2	-	-
Investment in joint venture	-	3.4	-	-
Trade and other payables	5.8	(7.8)	-	-
Provisions	0.1	-	-	-
Employee benefits	0.3	-	-	-
Net assets (acquired) / disposed of	**(36.2)**	**38.0**	**-**	**-**
Amounts reclassified from foreign translation reserve	-	0.8	-	-
	(36.2)	**38.8**	**-**	**-**

The above acquisition relates to Obrist Americas Inc., subsequently renamed Closure Systems International Americas, Inc. Refer to note 20 for further details of acquisitions. The above disposal relates to the envelope window film business and related operations in Avenal, New Jersey and Hazelton, Pennsylvania together with the Group's interest in Multiplastics (Europe) Limited. Refer to note 22 for further details of disposals.

* The cash paid in 2009 was for the post-closing adjustments relating to the acquisition of CSI Guadalajara.

The interim unaudited condensed statements of cash flows should be read in conjunction with the notes to the interim unaudited condensed financial statements.

1. Reporting entity

Reynolds Group Holdings Limited (the "Company") is a company domiciled in New Zealand and registered under the New Zealand Companies Act 1993.

The interim unaudited condensed financial statements of the Company as at and for the period ended September 30, 2010 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and jointly controlled entities.

The Group is principally engaged in the manufacture and supply of consumer food and beverage packaging and storage products, primarily in Europe, North America, South America and Asia.

The address of the registered office of the Company is c/o: Bell Gully, Level 22, Vero Centre, 48 Shortland Street, Auckland, New Zealand.

2. Basis of preparation

2.1 Statement of compliance

The interim unaudited condensed financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The disclosures required in these interim unaudited condensed financial statements are less extensive than the disclosure requirements for annual financial statements.

The interim unaudited condensed financial statements comprise the statements of comprehensive income, financial position, changes in equity and cash flows as well as the relevant notes to the interim unaudited condensed financial statements.

The interim unaudited condensed financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Group for the period ended December 31, 2009 as well as other announcements made by the Group and posted on its website, www.reynoldsgroupholdings.com.

The interim unaudited condensed financial statements were approved by the Board of Directors (the "Directors") on November 26, 2010.

2.2 Going concern

The interim unaudited condensed financial statements have been prepared using the going concern assumption.

The interim unaudited condensed statement of financial position as of September 30, 2010 reflects a negative equity balance of $133.2 million compared to a positive equity balance of $1,103.4 million at December 31, 2009. The negative equity balance is primarily the result of accounting for the common control acquisitions of Evergreen and Reynolds Foodservice during the nine months ended September 30, 2010. The Group accounts for acquisitions under common control of its ultimate shareholder, Graeme Hart, using the carry-over or book value method. Under the carry-over or book value method, the business combinations do not change the historical carrying values of the assets and liabilities of the businesses acquired. Therefore, the excess of the purchase price, which is determined based on the fair value, over the consolidated carrying values of the share capital acquired, is recognized as a reduction to equity. The reduction to equity as a result of the Evergreen and Reynolds Foodservice acquisitions during the nine months ended September 30, 2010 was $1,953.1 million. Refer to note 21 for additional information.

2.3 Basis of measurement

The interim unaudited condensed financial statements have been prepared under the historical cost convention except for:

- certain components of inventory and certain items of deferred tax which are measured at net realizable value;
- defined benefit pension plan liabilities and post-employment medical plan liabilities which are measured under the projected unit credit method; and
- defined benefit pension plan assets, derivatives and investments in securities which are measured at fair value.

The accounting policies applied by the Group in these interim unaudited condensed financial statements are the same as those applied by the Group in the annual financial statements for the period ended December 31, 2009.

2.4 Presentation currency

These interim unaudited condensed financial statements are presented in US dollars ("$"), which is the Group's presentation currency. All financial information presented in $ has been rounded to the nearest tenth of a million, unless otherwise stated.

2.5 Transactions between entities under common control

On May 4, 2010, the Company acquired the Evergreen group of companies ("Evergreen"). For over three years prior to May 2010, the Company and Evergreen had been under common ownership and control through entities ultimately 100% owned by Mr. Graeme Hart. Therefore, the acquisition of Evergreen by indirect subsidiaries of the Company has been accounted for under the principles of common control and all prior periods presented in these financial statements have been recast to include Evergreen in order to comply with the Group's accounting policy for transactions between entities under common control.

On September 1, 2010, the Company acquired the Reynolds Foodservice group of companies ("Reynolds Foodservice"). For over two years prior to September 2010, the Company and Reynolds Foodservice had been under common ownership and control through entities ultimately 100% owned by Mr. Graeme Hart. Therefore, the acquisition of Reynolds Foodservice by indirect subsidiaries of the Company has been accounted for under the principles of common control and all prior periods presented in these financial statements have been recast to include Reynolds Foodservice in order to comply with the Group's accounting policy for transactions between entities under common control.

Acquisitions of entities under common control are accounted for as follows:

- predecessor value method requires the financial statements to be prepared using predecessor book values without any step up to fair values;
- premium or discount on acquisition is calculated as the difference between the total consideration paid and the book value of the issued capital of the acquired entity and is recognized directly in equity as a component of a separate reserve;
- the financial statements incorporate the acquired entities' results as if the acquirer and the acquiree had always been combined; and
- the results of operations and cash flows of the acquired entity are included on a restated basis in the financial statements from the date that common control originally commenced as though the entities had always been combined even though the common control transaction did not occur until the current year.

As a result of applying the principles of common control accounting, the Group's financial statements are prepared on a combined rather than consolidated basis for periods prior to the legal consummation of the common control transactions.

2.6 Comparative information

In addition to the items disclosed in note 33 of the Group's financial statements for the year ended December 31, 2009, which have been reflected in the comparative September 30, 2009 information in these financial statements, certain adjustments have been recorded to correct the classifications of sales allowances between revenue and cost of sales within the statements of comprehensive income to align with the method of presentation adopted by the Group.

For consistency of disclosure within the Group's financial statements and in accordance with IAS 18 "Revenue" and IAS 1 "Presentation of Financial Statements (revised 2007)" correction of these amounts has been made between revenue and cost of sales from the amounts previously reported in the Group's financial statements for each period specified below. These adjustments have no impact on gross profit, profit from operating activities, EBITDA, Adjusted EBITDA, statements of cash flows, net profit or the statements of financial position.

(In $ million)	**As previously reported**	**Adjustment**	**As revised**
For the six month period ended June 30, 2010			
RGHL revenue	3,032.6	(47.7)	2,984.9
RGHL cost of sales	(2,507.2)	47.7	(2,459.5)
RGHL gross profit	525.4	-	525.4
SIG segment revenue	905.8	(47.7)	858.1
SIG segment gross profit	213.8	-	213.8
For the six month period ended June 30, 2009			
RGHL revenue	2,890.6	(44.8)	2,845.8
RGHL cost of sales	(2,367.9)	44.8	(2,323.1)
RGHL gross profit	522.7	-	522.7
SIG segment revenue	813.7	(44.8)	768.9
SIG segment gross profit	180.2	-	180.2
For the twelve month period ended December 31, 2009			
RGHL revenue	6,002.4	(92.4)	5,910.0
RGHL cost of sales	(4,783.7)	92.4	(4,691.3)
RGHL gross profit	1,218.7	-	1,218.7
SIG segment revenue	1,760.5	(92.4)	1,668.1
SIG segment gross profit	409.9	-	409.9
For the twelve month period ended December 31, 2008			
RGHL revenue	6,103.7	(90.9)	6,012.8
RGHL cost of sales	(5,400.1)	90.9	(5,309.2)
RGHL gross profit	703.6	-	703.6
SIG segment revenue	1,838.2	(90.9)	1,747.3
SIG segment gross profit	339.9	-	339.9
For the twelve month period ended December 31, 2007			
RGHL revenue	2,115.9	(74.4)	2,041.5
RGHL cost of sales	(1,849.0)	74.4	(1,774.6)
RGHL gross profit	266.9	-	266.9
SIG segment revenue	1,135.9	(74.4)	1,061.5
SIG segment gross profit	185.9	-	185.9

The revised amounts above will be reflected accordingly in the Group's comparative financial information.

3. Use of estimates and judgments

The preparation of interim unaudited condensed financial statements requires the Directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of uncertainty in respect of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are:

3.1 Impairment of assets

(a) Goodwill and indefinite life intangible assets

Determining whether goodwill and indefinite life intangible assets are impaired requires estimation of the recoverable values of the cash generating units ("CGU") to which these assets have been allocated. Recoverable values have been based on fair value less costs to sell or on value in use (as appropriate for the CGU being reviewed). Significant judgment is involved with estimating the fair value of a CGU. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Details regarding the carrying amount of goodwill and indefinite life intangible assets are provided in note 15.

(b) Rights to supply (finite life intangible asset)

Under the Group’s integrated filler and carton sleeve sale and supply arrangements, the difference between the sales price of a filling machine and the cost to manufacture the machine is capitalized as an intangible asset (rights to supply) at the point of sale and then amortized over the term of the carton sleeve contract. At each reporting date, the unamortized balance is reviewed by management to assess whether it will be recovered from the projected gross margin of the estimated future carton sleeve sales. Any write down in the recoverable amount of the intangible asset is recognized in the statements of comprehensive income as a component of the profit or loss in the period in which the gross margin decline is noted. In undertaking this analysis management is required to make certain estimates in respect of the expected future sales volumes and margins in order to assess the recoverability of this intangible asset.

3.2 Income taxes

The Group is subject to income taxes in multiple jurisdictions which requires significant judgment to be exercised in determining the Group’s provision for income taxes. There are a number of transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Current tax liabilities and assets are recognized at the amount expected to be paid to or recovered from the taxation authorities. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.3 Realization of deferred tax assets

The Group assesses the recoverability of deferred tax assets with reference to estimates of future taxable income. To the extent that actual taxable income differs from management’s estimate of future taxable income, the value of recognized deferred tax assets may be affected. Deferred tax assets have been recognized to offset deferred tax liabilities to the extent that the deferred tax assets and liabilities are expected to be realized in the same jurisdiction and reporting period. Deferred tax assets have also been recognized based on management’s best estimate of the recovery of these assets against future taxable income.

4. Seasonality

The SIG Combibloc segment is impacted by moderate levels of seasonal fluctuations. Although the customers of the SIG Combibloc segment are primarily engaged in providing products such as beverages and food that are generally less sensitive to seasonal effects, some seasonality is experienced as a result of consumer trends (i.e. increased consumption of tea and juices during the summer months in Europe). As a result, carton sleeve sales of the SIG Combibloc segment in the second and third quarters are usually greater than the rest of the year. Sales in the fourth quarter may also increase as a result of the timing of the volume rebate calculations paid in the first quarter in respect of sleeve sales, which encourages customers to purchase additional sleeves prior to the end of the year.

The Evergreen segment is impacted by moderate seasonal fluctuations. The Evergreen segment’s customers are principally engaged in providing products that are generally less sensitive to seasonal effects although Evergreen does experience some seasonality as a result of increased consumption of milk during the North American academic year. Evergreen therefore typically experiences a greater level of carton product sales in the first and fourth quarters when North American schools are in session.

The Reynolds Consumer segment is subject to seasonal consumption patterns which are aligned with certain of the segment’s key product lines. Sales of Reynolds Wrap® brands, the highest sales volume product, peak in North America during the fourth quarter holiday periods. Consequently, revenue is significantly greater during the fourth quarter of the year. In addition, the segment’s food and trash bag sales peak during the summer and early fall months in North America coinciding with the harvest season and outdoor fall clean-up.

The Closures segment’s operations are seasonal, peaking during the summer and fall months in the Northern Hemisphere when hot temperatures lead to increased consumption of bottled water, isotonic and soft drink products. As a result, historically the Closures segment realizes approximately 60% of sales during the second and third quarters of each calendar year. The Closures segment experiences seasonality in its working capital with inventory and receivables levels typically peaking in the first and second quarters, respectively.

The Reynolds Foodservice segment's operations are seasonal, peaking during the summer and fall months in the Northern Hemisphere when the favorable weather, harvest and the oncoming holiday season lead to increased use of the segment's products. Consequently, the segment experiences seasonality in its working capital, with inventory levels peaking in the first and fourth quarters and receivables peaking in June through September.

5. Financial risk management

During the nine months ended September 30, 2010, the Group continued to apply the risk management objectives and policies which were disclosed in the annual financial statements of the Group for the year ended December 31, 2009.

6. Segment reporting

IFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") in order to allocate resources to the segment and to assess its performance.

The Group's CODM comprises the officers and Directors of the Company. Information reported to the Group's CODM for the purposes of resource allocation and assessment of segment performance is focused on the five business segments that exist within the Group. The Group's reportable business segments under IFRS 8 are as follows:

- SIG Combibloc – SIG Combibloc is one of the world's leading manufacturers and suppliers of a broad range of high quality aseptic carton packaging solutions. They are designed to retain taste and nutritional value of beverages and liquid food, without the use of chemical preservatives, even when stored for months without refrigeration. Its business is the supply of aseptic carton packaging systems, which include aseptic filling machines, aseptic cartons, spouts and closures as well as associated technical support and training.

- Evergreen – Evergreen is a leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk markets. Evergreen supplies integrated fresh carton packaging systems, which include fresh cartons, spouts, caps and closures, filling machines and related services. In addition, Evergreen manufactures liquid packaging board for beverage carton manufacturers and paper products for commercial printing.

- Reynolds Consumer – Reynolds Consumer is principally engaged in the manufacture and distribution of household products that are marketed under well recognized brands including Reynolds®, Diamond®, and Cut-Rite®. The segment also manufactures private label products under the Presto® product line, which is a leading supplier of store brand plastic storage and waste management products.

- Closures – Closures is a global closures manufacturing operation. It is principally engaged in the design, manufacture and distribution of plastic and aluminum closures as well as capping systems primarily for the beverage industry. The segment also provides its customers with a full range of capping equipment and machinery as well as associated technical support and training.

- Reynolds Foodservice – Reynolds Foodservice is principally engaged in the manufacture and distribution of a wide range of packaging products including flexible packaging products, thermoformed plastic containers and extruded plastic sheet and film, primarily in North America.

The accounting policies applied by each segment are the same as the Group's accounting policies. Results from operating activities represent the profit earned by each segment without allocation of central administrative revenue and expenses, interest and income tax benefit (expense).

The CODM assesses the performance of the operating segments based on Adjusted EBITDA. Adjusted EBITDA is defined as net profit before income tax expense, net financial expenses, depreciation and amortization adjusted to exclude certain significant items of a non-recurring or unusual nature, including but not limited to restructuring costs, unrealized gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write downs and equity method profit not distributed in cash. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance and is consistent with what was reported in the Group's annual financial statements for the period ended December 31, 2009.

Inter-segment pricing is determined with reference to prevailing market prices on an arm's-length basis.

Reynolds Group Holdings Limited

Notes to the interim unaudited condensed financial statements

Business segment reporting

	For the nine month period ended September 30, 2010						
(In $ million)	**SIG Combibloc**	**Evergreen**	**Reynolds Consumer**	**Closures**	**Reynolds Foodservice**	**Corporate / unallocated ***	**Total**
Total external revenue	1,326.0	1,173.7	807.9	882.9	406.2	-	4,596.7
Total inter-segment revenue	-	-	32.3	5.5	54.1	(91.9)	-
Total segment revenue	**1,326.0**	**1,173.7**	**840.2**	**888.4**	**460.3**	**(91.9)**	**4,596.7**
Gross profit	339.6	134.9	199.0	145.2	36.3	-	855.0
Expenses and other income	(171.9)	(44.9)	(75.3)	(74.5)	(29.9)	(6.7)	(403.2)
Share of profit of associates and joint ventures (equity method)	11.6	1.6	-	-	-	-	13.2
Earnings before interest and tax ("EBIT")	**179.3**	**91.6**	**123.7**	**70.7**	**6.4**	**(6.7)**	**465.0**
Financial income							16.5
Financial expenses							(456.2)
Profit before income tax							**25.3**
Income tax expense							(71.1)
Profit (loss) for the period							**(45.8)**
Earnings before interest and tax ("EBIT")	**179.3**	**91.6**	**123.7**	**70.7**	**6.4**	**(6.7)**	**465.0**
Depreciation and amortization	176.8	45.9	37.4	58.9	22.9	-	341.9
Earnings before interest, tax, depreciation and amortization ("EBITDA")	**356.1**	**137.5**	**161.1**	**129.6**	**29.3**	**(6.7)**	**806.9**
Included in EBITDA:							
Asset impairment charges	-	-	-	-	5.7	-	5.7
Black Liquor Credit	-	(0.3)	-	-	-	-	(0.3)
Business interruption costs	-	-	-	2.1	-	-	2.1
Costs related to business acquisitions	-	1.4	-	1.0	-	2.0	4.4
Equity method joint venture profit not distributed in cash	(8.7)	(1.6)	-	-	-	-	(10.3)
Gain on sale of businesses	-	(2.1)	(0.2)	-	(9.1)	-	(11.4)
Gain on sale of investment properties	(1.7)	-	-	-	-	-	(1.7)
Adjustment related to settlement of a lease obligation	-	-	(1.6)	-	-	-	(1.6)
Operational process engineering-related consultancy costs	-	2.6	6.4	-	-	-	9.0
Related party management fees	-	0.8	-	-	-	-	0.8
Restructuring costs	9.0	-	(2.9)	1.4	(2.2)	-	5.3
Unrealized (gain)/loss on derivatives	0.6	1.9	(2.2)	0.7	(0.6)	-	0.4
VAT and custom duties on historical imports	9.3	-	-	-	-	-	9.3
Adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA")	**364.6**	**140.2**	**160.6**	**134.8**	**23.1**	**(4.7)**	**818.6**
Segment assets as at September 30, 2010	3,436.9	1,184.2	1,709.5	1,696.3	353.6	(498.0)	**7,882.5**

* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments.

	For the nine month period ended September 30, 2009						
(In $ million)	**SIG Combibloc**	**Evergreen**	**Reynolds Consumer**	**Closures**	**Reynolds Foodservice**	**Corporate / unallocated ***	**Total**
Total external revenue	1,202.7	1,043.6	808.3	739.9	527.7		4,322.2
Total inter-segment revenue	-	-	27.1	1.7	40.7	(69.5)	-
Total segment revenue	**1,202.7**	**1,043.6**	**835.4**	**741.6**	**568.4**	(69.5)	**4,322.2**
Gross profit	294.7	269.8	106.5	124.1	36.0	2.7	833.8
Expenses and other income	(176.1)	(62.6)	3.6	(52.6)	(36.4)	(0.4)	(324.5)
Share of profit of associates and joint ventures (equity method)	5.3	1.8	-	-	0.2	-	7.3
Earnings before interest and tax (“EBIT”)	**123.9**	**209.0**	**110.1**	**71.5**	**(0.2)**	2.3	**516.6**
Financial income							13.0
Financial expenses							(351.7)
Profit before income tax							**177.9**
Income tax expense							(99.2)
Profit for the period							**78.7**
Earnings before interest and tax (“EBIT”)	**123.9**	**209.0**	**110.1**	**71.5**	**(0.2)**	2.3	**516.6**
Depreciation and amortization	180.5	46.4	48.6	54.1	42.8	-	372.4
Earnings before interest, tax, depreciation and amortization (“EBITDA”)	**304.4**	**255.4**	**158.7**	**125.6**	**42.6**	2.3	**889.0**
Included in EBITDA:							
Asset impairment charges	4.6	5.8	0.3	-	0.6	-	11.3
Black Liquor Credit	-	(156.5)	-	-	-	-	(156.5)
Elimination of historical Reynolds hedging policy	-	-	90.8	-	4.5	-	95.3
Equity method joint venture profit not distributed in cash	(4.2)	(1.8)	-	-	(0.1)	-	(6.1)
Inventory write-off	-	-	-	-	5.3	-	5.3
Korean insurance claim	-	(0.4)	-	-	-	-	(0.4)
Manufacturing plant flood impact	-	-	4.9	-	-	-	4.9
Operational process engineering-related consultancy costs	-	8.5	-	-	-	-	8.5
Plant realignment costs	-	-	2.1	-	-	-	2.1
Related party management fees	-	1.8	-	-	-	-	1.8
Restructuring costs	31.6	1.2	5.3	2.5	9.8	-	50.4
Transition costs	-	-	15.2	-	-	-	15.2
Unrealized gain on derivatives	(4.8)	-	(95.8)	(9.8)	(8.9)	-	(119.3)
VAT and custom duties on historical imports	3.5	-	-	-	-	-	3.5
Adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”)	**335.1**	**114.0**	**181.5**	**118.3**	**53.8**	**2.3**	**805.0**
Segment assets as at December 31, 2009	4,130.0	1,316.2	1,669.6	1,431.7	511.7	(1,192.3)	**7,866.9**

* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments.

7. Revenue

(In $ million)	For the nine month period ended September 30, 2010	2009
Sale of goods	4,543.7	4,275.4
Services	53.0	46.8
Total revenue	**4,596.7**	**4,322.2**

8. Other income

(In $ million)	For the nine month period ended September 30, 2010	2009
Gain on sale of investment properties	1.7	-
Gain on sale of property, plant and equipment	1.1	3.8
Gain on disposal of businesses and investments	11.4	-
Income from other services	2.5	5.0
Rental income from investment properties	5.0	7.7
Sale of by-products	19.0	11.9
Unrealized gains on derivatives	-	119.3
Adjustment related to settlement of a lease obligation	1.6	-
Other	19.9	11.3
Total other income	**62.2**	**159.0**

9. Other expenses

(In $ million)	Note	For the nine month period ended September 30, 2010	2009
Acquisition costs		(4.4)	-
Asset impairment charges		(5.7)	(11.3)
Business interruption costs		(2.1)	-
Business restructuring costs		(5.3)	(50.4)
Net foreign currency exchange loss		(3.9)	(4.0)
VAT and custom duties on historical imports		(9.3)	(3.5)
Operational process engineering related consultancy costs		(9.0)	(8.5)
Related party management fees	19	(0.8)	(1.8)
Unrealized loss on derivatives		(0.4)	-
Other		(1.1)	(1.5)
Total other expenses		**(42.0)**	**(81.0)**

10. Financial income and expenses

(In $ million)	Note	For the nine month period ended September 30, 2010	2009
Interest income		3.5	4.4
Interest income on related party loans	19	13.0	8.6
Financial income		**16.5**	**13.0**
Interest expense			
2009 Credit Agreement		(84.0)	-
2010 Notes		(34.5)	-
2009 Notes		(99.6)	-
2007 Notes		(77.4)	(80.2)
2008 Reynolds Senior Credit Facilities		-	(58.3)
2007 SIG Senior Credit Facilities		-	(33.3)
CHH Facility		(7.6)	(17.8)
Related party borrowings	19	-	(24.7)
Other borrowings		(8.1)	(0.3)
Amortization of:			
Debt issue costs			
2009 Credit Agreement		(6.0)	-
2010 Notes		(0.8)	-
2009 Notes		(6.3)	-
2007 Notes		(2.8)	(2.3)
2008 Reynolds Senior Credit Facilities		-	(16.2)
2007 SIG Senior Credit Facilities		-	(2.7)
CHH Facility		(0.4)	(0.8)
2010 Debt commitment letter fee		(50.0)	-
2009 Credit Agreement amendment fee		(5.6)	-
Original issue discounts		(4.3)	-
Embedded derivatives		1.5	-
Net change in fair values of derivatives		(9.7)	-
Net foreign currency exchange loss		(59.5)	(113.3)
Other		(1.1)	(1.8)
Financial expenses		**(456.2)**	**(351.7)**
Net financial expenses		**(439.7)**	**(338.7)**

Refer to note 16 for details of the Group's borrowings.

11. Income tax

(In $ million)	For the nine month period ended September 30, 2010	2009
Reconciliation of effective tax rate		
Profit before income tax	**25.3**	**177.9**
Income tax using the Company's domestic tax rate of 30%	(7.6)	(53.4)
Controlled foreign corporation tax	(1.9)	(16.6)
Current period losses for which no deferred tax asset was recognized	(40.1)	(48.8)
Effect of differences of tax rates in foreign jurisdictions	(10.9)	22.7
Effect of state and local tax rates	(1.7)	(3.1)
Non-deductible expenses	(8.1)	(4.6)
Recognition of previously unrecognized tax losses and temporary differences	5.0	3.3
Tax exempt income at a reduced tax rate	2.2	6.0
Tax on disposal of business	(1.3)	-
Tax rate modifications	1.9	-
Over/(under) provided in prior periods	(1.9)	0.3
Withholding tax	(8.0)	(6.1)
Other	1.3	1.1
Total income tax expense	**(71.1)**	**(99.2)**

12. Assets held for sale

(In $ million)	As at September 30, 2010	As at December 31, 2009
Property, plant and equipment	19.1	33.7

During 2009 management announced separate plans to dispose of the property, plant and equipment associated with its now closed Richmond and Downingtown facilities in the United States. At the time of making this election the assets associated with these facilities were re-classified as available for sale (with nil impairment charges) as it was management's view that a sale transaction was highly probable and would occur within twelve months of this election. During the three months ended June 30, 2010 management reassessed the market value of these assets which resulted in the recognition of a $5.7 million impairment charge. The sale of the Downingtown facility was completed in February 2010.

During 2008 management announced its intention to dispose of the assets associated with its Laval facility in Canada. At the time of making this election the assets associated with the facility were re-classified as available for sale (with nil impairment charges) as it was management's view that a sale transaction was highly probable and would occur within twelve months of this election. During 2009 the Group finalized the sale of these assets, which resulted in the recognition of an impairment loss during the period of US$0.6 million resulting from the expected sales price being less than the carrying value of the assets. The sale of the Laval facility was completed in March 2010.

During the three months ended September 30, 2010, the Group completed the sale of investment properties which were held for sale as at June 30, 2010.

13. Inventories

(In $ million)	As at September 30, 2010	As at December 31, 2009
Raw materials and consumables	272.2	234.9
Work in progress	125.9	104.5
Finished goods	432.4	393.8
Engineering and maintenance materials	81.5	69.9
Provision against inventories	(47.8)	(47.5)
Total inventories	**864.2**	**755.6**

During the nine month period ended September 30, 2010, the write-down of inventories to net realizable value amounted to $2.1 million (September 30, 2009: $7.4 million).

The U.S. Internal Revenue Code provided a tax credit for companies that use alternative fuel mixtures to produce energy to operate their businesses. The credit, equal to $0.50 per gallon of alternative fuel contained in the mixture, is refundable to the taxpayer. During May 2009, the Group received notification that its application to be registered as an alternative fuel mixer at its Canton and Pine Bluff facilities (within the Evergreen segment), had been approved. For the year ended December 31, 2009, the Group filed claims for alternative fuel mixture credits covering eligible periods from January 2009 to December 2009, totaling approximately $235 million. As a result of these claims the Group recognized during the nine month periods ended September 30, 2010 and September 30, 2009 a reduction in its cost of sales of $0.3 million and $156.5 million, respectively, being the claim value net of applicable expenses. The alternative fuel mixture credit was considered taxable income in the U.S. federal income tax provision.

14. Property, plant and equipment

(In $ million)	Land	Buildings, plant and equipment	Capital work in progress	Leased assets lessor	Finance leased assets	Total
Cost	145.5	2,056.5	103.8	242.5	4.0	2,552.3
Accumulated depreciation	-	(641.9)	-	(89.4)	(1.7)	(733.0)
Accumulated impairment losses	-	(0.3)	-	-	-	(0.3)
Carrying amount at September 30, 2010	**145.5**	**1,414.3**	**103.8**	**153.1**	**2.3**	**1,819.0**
Cost	124.1	2,074.2	80.2	203.8	4.6	2,486.9
Accumulated depreciation	-	(561.8)	-	(94.0)	(1.3)	(657.1)
Accumulated impairment losses	-	(4.8)	-	-	-	(4.8)
Carrying amount at December 31, 2009	**124.1**	**1,507.6**	**80.2**	**109.8**	**3.3**	**1,825.0**

The total depreciation charge of $213.8 million for the nine month period ended September 30, 2010 (September 30, 2009: $253.2 million) is recognized in the statements of comprehensive income as a component of cost of sales (September 30, 2010: $204.4 million, September 30, 2009: $245.1 million), selling, marketing and distribution expenses (September 30, 2010: $2.6 million, September 30, 2009: $2.3 million) and general and administration expenses (September 30, 2010: $6.8 million, September 30, 2009: $5.8 million).

During the nine month period ended September 30, 2010, no impairment charges or reversals of previously recognized impairment charges were recognized (September 30, 2009: $3.2 million impairment charge).

The Group leases plant and equipment under finance leases. The leased plant and equipment secures the lease obligations.

The majority of the assets are pledged as security for our borrowings. Refer to note 16 for additional details

15. Intangible assets

(In $ million)	Goodwill	Trademarks	Technology & software	Customer relationships	Rights to supply	Other	Total
Cost	1,713.7	677.0	354.4	830.9	159.7	3.0	3,738.7
Accumulated amortization	-	(9.6)	(199.6)	(253.4)	(103.1)	(1.7)	(567.4)
Accumulated impairment losses	-	-	-	-	-	-	-
Carrying amount at September 30, 2010	**1,713.7**	**667.4**	**154.8**	**577.5**	**56.6**	**1.3**	**3,171.3**
Cost	1,730.0	661.2	328.1	831.7	168.3	4.8	3,724.1
Accumulated amortization	-	(6.9)	(144.3)	(196.9)	(94.8)	(2.1)	(445.0)
Accumulated impairment losses	-	-	-	-	-	-	-
Carrying amount at December 31, 2009	**1,730.0**	**654.3**	**183.8**	**634.8**	**73.5**	**2.7**	**3,279.1**

The total amortization charge of $126.3 million for the nine month period ended September 30, 2010 (September 30, 2009: $118.0 million) is recognized in the statements of comprehensive income as a component of cost of sales (September 30, 2010: $58.6 million, September 30, 2009: $59.9 million) and general and administration expenses (September 30, 2010: $67.7 million, September 30, 2009: $58.1 million).

15.1 Impairment testing for CGUs containing indefinite life intangible assets

Goodwill and certain trademarks are the only intangible assets with indefinite useful lives and are therefore not subject to amortization. Instead, recoverable amounts are calculated annually as well as whenever there is an indication that they may be impaired. There were no indicators of impairment at any of the Group’s CGUs at September 30, 2010 and therefore recoverable amounts were not required to be calculated.

For the purpose of impairment testing, indefinite life intangible assets are allocated to the Group’s CGUs which represent the lowest level within the Group at which the goodwill and trademarks are monitored for internal management purposes. The aggregate carrying amounts of indefinite life intangible assets allocated to each CGU are as follows:

	As at September 30, 2010		As at December 31, 2009	
(In $ million)	Goodwill	Indefinite life trademarks	Goodwill	Indefinite life trademarks
Reynolds Consumer– Reynolds Branded	292.0	300.9	292.8	300.9
Reynolds Consumer – Store Branded	102.0	-	102.0	-
Closures	385.0	-	376.9	-
SIG Combibloc	893.7	286.2	917.3	270.4
Evergreen	41.0	33.8	41.0	33.8
	1,713.7	**620.9**	**1,730.0**	**605.1**

The change in the amounts of indefinite life intangible assets from December 31, 2009 to September 30, 2010, is due to foreign exchange movements.

Recoverable amounts of the indefinite life intangible assets allocated to each CGU are determined based on the greater of the fair values less costs to sell or value-in-use calculations.

16. Borrowings

(In $ million)	Note	As at September 30, 2010	As at December 31, 2009
2009 Credit Agreement (a)(g)		72.4	34.8
Blue Ridge Facility (l)		-	43.1
CHH Facility (f)(k)		-	30.0
Related party borrowings	19	0.7	0.7
Other borrowings(m)		2.3	3.7
Current borrowings		**75.4**	**112.3**
2009 Credit Agreement (a)(g)		2,011.8	1,308.8
May 2010 Notes (b)(j)		979.2	-
2009 Notes (c)(h)		1,659.5	1,687.8
2007 Senior Notes (d)(i)		634.5	668.6
2007 Senior Subordinated Notes (e)(i)		554.4	584.4
CHH Facility (f)(k)		-	587.3
Other borrowings (m)		4.1	4.9
Non-current borrowings		**5,843.5**	**4,841.8**
Total Borrowings		**5,918.9**	**4,954.1**
(a) 2009 Credit Agreement (current and non-current)		2,150.7	1,394.2
Transaction costs		(49.1)	(32.5)
Original issue discount		(17.4)	(18.1)
Carrying amount		**2,084.2**	**1,343.6**
(b) May 2010 Notes		1,000.0	-
Transaction costs		(30.0)	-
Embedded derivative		9.2	-
Carrying amount		**979.2**	**-**
(c) 2009 Notes		1,737.0	1,771.8
Transaction costs		(70.1)	(75.6)
Original issue discount		(20.4)	(22.8)
Embedded derivative		13.0	14.4
Carrying amount		**1,659.5**	**1,687.8**
(d) 2007 Senior Notes		652.8	689.8
Transaction costs		(18.3)	(21.2)
Carrying amount		**634.5**	**668.6**
(e) 2007 Senior Subordinated Notes		571.2	603.5
Transaction costs		(16.8)	(19.1)
Carrying amount		**554.4**	**584.4**
(f) CHH Facility (current and non-current)		-	619.6
Transaction costs		-	(2.3)
Carrying amount		**-**	**617.3**

(g) 2009 Credit Agreement

The Company and certain members of the Group are parties to a senior secured credit agreement dated November 5, 2009, as amended from time to time (“2009 Credit Agreement”) which comprises the following term and revolving tranches:

(In million)	Maturity Date	Original Facility Value	Value Drawn or Utilized at September 30, 2010	Applicable interest rate for the nine month period September 30. 2010
Term Tranches				
Tranche A Term Loan ($)	August 6, 2015	$500.0	undrawn	-
Tranche B Term Loan ($)	May 5, 2016	$1,035.0	$1,022.1	6.25%
Tranche C Term Loan ($)	May 5, 2016	$800.0	$795.0	5.75%
Tranche D Term Loan ($)	May 5, 2016	$1,520.0	undrawn	-
European Term Loan (€)	November 5, 2015	€250.0	€ 245.3	6.25%
Revolving Tranches (1)				-
$ Revolving Tranche	November 5, 2014	$120.0	$18.6	-
€ Revolving Tranche	November 5, 2014	€80.0	€ 56.0	-

(1) The Revolving Tranches were utilized in the form of bank guarantees and letters of credit.

The Company and certain members of the Group have guaranteed on a senior basis the obligations under the 2009 Credit Agreement and related documents to the extent permitted by law. The guarantors (other than the entities organized in Australia, Costa Rica, and Japan) have granted security over certain of their assets to support the obligations under the 2009 Credit Agreement. The security is shared on a first priority basis with the note holders under the 2009 Notes (refer to (h) below).

Indebtedness under the 2009 Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortization payments in respect of the term loans.

The 2009 Credit Agreement contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling or acquiring assets and making restricted payments, in each case except as permitted under the 2009 Credit Agreement. The Group also has an interest coverage ratio and leverage ratio covenants as well as limitations on capital expenditure. At September 30, 2010 the Group was in compliance with all of its covenants. The total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 20% or less of the consolidated total assets of the Group and the aggregate of the EBITDA of the non-guarantor companies is required to be 20% or less of the consolidated EBITDA of the Group, in each case calculated in accordance with the 2009 Credit Agreement which may differ to the measure of Adjusted EBITDA as disclosed in note 6.

On September 30, 2010 the 2009 Credit Agreement was amended, among other things, to add Tranche A Term Loan and Tranche D Term Loan as described above, which were used to partially finance the Pactiv Acquisition (as defined in note 26). The amendment resulted in original issue discount payments of $22.0 million and an arrangement fee of $32.9 million, which will be amortized over the period of the loan, commencing November 2010.

(h) 2009 7.75% Senior Secured Notes

On November 5, 2009, Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (Luxembourg) S.A., (together the “Reynolds Issuers”) issued $1,125.0 million principal amount of 7.75% senior secured notes due 2016 and €450.0 million principal amount of 7.75% senior secured notes due 2016 (collectively, the “2009 Notes”). Interest on the 2009 Notes is paid semi-annually on April 15 and October 15. Interest payments commenced on April 15, 2010. All of the guarantors of the 2009 Credit Agreement have also guaranteed the 2009 Notes.

The indenture for the 2009 Notes contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indenture for the 2009 Notes.

Pursuant to a registration rights agreement, the Reynolds Issuers have agreed (i) to file with the U.S. Securities and Exchange Commission (“SEC”) an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the 2009 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the 2009 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the 2009 Notes by November 2010. The Reynolds Issuers do not currently expect to file the required registration statement for the 2009 Notes by November 2010 and consequently will be required to pay additional penalty interest of up to a maximum of 1.00% per annum on the 2009 Notes beginning November 5, 2010 in accordance with the terms of the 2009 Notes until the 2009 Notes are registered.

The Reynolds Issuers, at their option, can elect to redeem the 2009 Notes under terms and conditions specified in the indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the Group’s accounting policy for embedded derivatives, the Group has recognized an embedded derivative in relation to the redemption provisions of the 2009 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2009 Notes have the right to require the Reynolds Issuers to repurchase the 2009 Notes at a premium.

(i) 2007 Senior Notes and 2007 Senior Subordinated Notes

On June 29, 2007, Beverage Packaging Holdings (Luxembourg) II S.A (“BP II”), issued €480.0 million principal amount of 8% senior notes due 2016 (the “2007 Senior Notes”) and €420.0 million principal amount of 9.5% senior subordinated notes due 2017 (the “2007 Senior Subordinated Notes” and together with the 2007 Senior Notes, the “2007 Notes”). BP II pays interest on the 2007 Notes semi-annually on June 15 and December 15. The 2007 Senior Notes are secured on a second-priority basis and the 2007 Senior Subordinated Notes are secured on a third-priority basis, by all of the equity interests of Beverage Packaging Holdings (Luxembourg) I S.A. (“BP I”) held by the Company and the receivables under loan of the proceeds of the 2007 Notes made by BP II to BP I. Since November 5, 2009 all of the guarantors of the 2009 Credit Agreement have also guaranteed the 2007 Notes.

The indentures for the 2007 Notes contain customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indentures for the 2007 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2007 Notes have the right to require the issuer to repurchase the 2007 Notes at a premium.

(j) May 2010 8.5% Senior Unsecured Notes

On May 4, 2010, the Reynolds Issuers issued $1,000.0 million principal amount of 8.5% senior unsecured notes due 2018 (the “May 2010 Notes”). Interest on the May 2010 Notes is paid semi-annually on May 15 and November 15. The Company and certain members of the Group have guaranteed on a senior basis the obligations under the May 2010 Notes to the extent permitted by law.

Pursuant to a registration rights agreement, the Reynolds Issuers have agreed (i) to file with the SEC an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the May 2010 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the May 2010 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the May 2010 Notes by May 2011. Under certain circumstances if the Reynolds Issuers do not meet their obligations under the registration rights agreement the Reynolds Issuers may be required to pay penalty interest of up to a maximum of 1.00% per annum. If applicable, penalty interest would commence from May 4, 2011.

The indenture for the May 2010 Notes contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indenture for the May 2010 Notes.

The Reynolds Issuers, at their option, can elect to redeem the May 2010 Notes under terms and conditions specified in the indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognized an embedded derivative in relation to the redemption provisions of the May 2010 Notes.

In certain circumstances which would constitute a change in control, the holders of the May 2010 Notes have the right to require the Reynolds Issuers to repurchase the May 2010 Notes at a premium.

(k) CHH Facility

EPI and Evergreen Packaging Canada Limited ("EPCL") were borrowers under a syndicated multi-option facility agreement dated December 18, 2006 as amended (the "CHH Facility"). EPI and EPCL were released as borrowers on May 3, 2010 in connection with the Group's acquisition of EPI, Evergreen Packaging (Luxembourg) S.à r.l. and their respective subsidiaries (the "Evergreen Group") from Carter Holt Harvey Limited ("CHHL").

The securities and guarantees in respect of the CHH Facility that had been granted by certain members of the Evergreen Group were released on May 4, 2010, in connection with the Group's acquisition of the Evergreen Group from CHHL. At December 31, 2009 the outstanding principal indebtedness of EPI and EPCL under the CHH Facility was NZ$773.6 million ($561.8 million), $29.6 million and CA$29.7 million ($28.2 million).

(l) Blue Ridge Facility

Blue Ridge Paper Products, Inc. ("Blue Ridge"), was the borrower under a $50.0 million revolving credit agreement dated as of December 17, 2003 among Blue Ridge, BRPP, LLC and General Electric Capital Corporation, as agent and lender (the "GE Agreement"). The GE Agreement was repaid in full on May 3, 2010, prior to the Group's acquisition of Blue Ridge from CHHL. As at December 31, 2009 the GE Agreement was drawn in the amount of $43.1 million.

(m) Other borrowings

In addition to the 2009 Credit Agreement, as amended, the 2009 Notes, the 2007 Notes and the May 2010 Notes, the Group has a number of unsecured working capital facilities extended to certain operating companies of the Group. These facilities bear interest at floating or fixed rates. Other borrowings at September 30, 2010 and December 31, 2009 also included finance lease obligations of $2.6 million and $4.8 million, respectively.

At September 30, 2010, the Group had local working capital facilities in a number of jurisdictions which are secured by the collateral under the 2009 Credit Agreement, the 2009 Notes and certain other assets. The local working capital facilities which are secured by the collateral under the 2009 Credit Agreement and the 2009 Notes rank pari passu with the obligations under the 2009 Credit Agreement and the 2009 Notes. At September 30, 2010, the secured facilities were utilized in the amount of $3.8 million in the form of short-term bank overdraft, letters of credit and bank guarantees.

Assets pledged as security for loans and borrowings

As a result of the pledge of the shares in BP I (a wholly owned subsidiary of the Company), the carrying values of the assets pledged as collateral under the 2009 Credit Agreement and the 2009 Notes equates to the assets of the Group.

16.1 2010 Debt Commitment Letter

During the three months ended September 30, 2010, the Group signed a debt commitment letter which was to be utilized to partially fund the Pactiv Acquisition (as defined in note 26) ("2010 Debt Commitment Letter") in the event that permanent financing was not obtained. The 2010 Debt Commitment Letter was initially for an amount up to $5.0 billion, subject to certain conditions and adjustments. Following the amendment to the 2009 Credit Agreement, as of September 30, 2010 the commitments under the 2010 Debt Commitment Letter reduced by approximately $2.0 billion.

The signing of the 2010 Debt Commitment Letter has resulted in the Group incurring $95.1 million of fees. As of September 30, 2010:

- $25.0 million of these fees had been paid, with the balance of $70.1 million recognized as a current liability, within trade and other payables.
- $45.1 million of these fees have been deferred as a non-current asset, with the balance of $50.0 million being expensed during the period.

During October 2010, the Group completed the issuance of the October 2010 Notes (as defined in note 26). The proceeds from the October 2010 Notes and drawings under the Tranche A Term Loan and Tranche D Term Loan under the 2009 Credit Agreement were used to partially finance the Pactiv Acquisition (as defined in note 26). Upon the issuance of the October 2010 Notes, the commitments under the 2010 Debt Commitment Letter reduced by approximately $3.0 billion. Subsequent to September 30, 2010, $45.1 million of deferred fees will be expensed.

17. Provisions

(In $ million)	Legal & warranty	Restructuring	Workers' compensation	Other	Total
Current	21.7	19.8	9.2	6.8	57.5
Non-current	25.9	0.5	0.2	5.9	32.5
Total provisions at September 30, 2010	**47.6**	**20.3**	**9.4**	**12.7**	**90.0**
Current	23.9	43.4	8.9	4.7	80.9
Non-current	28.4	5.6	0.1	6.0	40.1
Total provisions at December 31, 2009	**52.3**	**49.0**	**9.0**	**10.7**	**121.0**

18. Equity and reserves

18.1 Share capital

On September 1, 2010, the issued capital of Reynolds Packaging Inc. ("RPI") and Reynolds Packaging International B.V. ("RPIBV") was acquired by entities controlled by the Company. From this date, RPI and RPIBV and their respective subsidiaries are consolidated by the Group, and the consolidated issued capital is that of the Company. For periods prior to September 1, 2010, the Group's issued capital represents the aggregation of certain entities under common control.

On May 4, 2010, the issued capital of EPI and EPIBV was acquired by entities controlled by the Company. From this date, each of EPI and EPIBV as well as their respective controlled entities is consolidated by the Group.

Reynolds Group Holdings Limited

	For the	
Number of shares	**Nine month period ended September 30, 2010**	**Twelve month period ended December 31, 2009**
Balance at the beginning of the period	111,000,003	51,000,001
Issue of shares	-	60,000,002
Balance	**111,000,003**	**111,000,003**

On November 6, 2009, the Company issued to its sole shareholder, Packaging Finance Limited ("PFL"), 1 fully paid ordinary share at an issue price of NZ$760.4 million ($544.0 million).

On September 29, 2009, loans payable by the Company to BPC Finance (N.Z.) Limited ("BPCF") in the amount of NZ$478.3 million ($342.4 million), CHHL in the amount of NZ$472.5 million ($338.2 million) and Packaging Holdings Limited ("PHL") in the amount of NZ$95.9 million ($68.6 million) were novated in exchange for the issue of 1 ordinary share to PFL at an issue price of NZ$1,046.7 million ($749.2 million).

On August 14, 2009, the Company issued to its sole shareholder, PFL, 60,000,000 fully paid ordinary shares at an issue price of NZ$1.00 per share (total NZ$60.0 million or $40.8 million) in exchange for payment of outstanding related party borrowings.

The holder of the issued shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to the Company's residual assets in the event of a wind-up.

Evergreen Packaging Inc.

	For the	
Number of shares	**Nine month period ended September 30, 2010**	**Twelve month period ended December 31, 2009**
Balance at the beginning of the period	1,000	1,000
Issue of shares	640	-
Balance	**1,640**	**1,000**

On May 3, 2010, EPI issued to Evergreen Packaging US, its parent company at the time of issue, 640 fully paid shares of common stock at an issue price of $0.01 per share and received a capital contribution of $624.6 million.

On January 7, 2009, EPI received $12.0 million in consideration for the issuance of 405 shares to Evergreen Packaging US.

The holder of the issued shares is entitled to receive dividends, as declared, from time to time and is entitled to one vote per share. All shares rank equally with regard to EPI's residual assets in the event of a wind-up.

Evergreen Packaging International B.V.

	For the	
Number of shares	**Nine month period ended September 30, 2010**	**Twelve month period ended December 31, 2009**
Balance at the beginning of the period	186	186
Issue of shares	-	-
Balance	**186**	**186**

On February 19, 2009, EPIBV's parent company at the time, Evergreen Packaging (Antilles) N.V., contributed €47.4 million ($60.7 million) as a non-stipulated share premium without the issuance of shares.

The holder of the issued shares is entitled to receive dividends, as declared, from time to time and is entitled to one vote per share. All shares rank equally with regard to EPIBV's residual assets in the event of a wind-up.

Reynolds Packaging Inc.

Number of shares	For the Nine month period ended September 30, 2010	Twelve month period ended December 31, 2009
Balance at the beginning of the period	2,000	2,000
Issue of shares	-	-
Balance	**2,000**	**2,000**

During the period ended December 31, 2009 RPI did not issue any shares of common stock.

All issued shares of common stock are fully paid and have an issue value of $0.01 per share.

The holder of the issued shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to RPI's residual assets in the event of a wind-up.

Reynolds Packaging International B.V.

Number of shares	For the Nine month period ended September 30, 2010	Twelve month period ended December 31, 2009
Balance at the beginning of the period	180	180
Issue of shares	-	-
Balance	**180**	**180**

During the period ended December 31, 2009 RPIBV did not issue any shares of common stock.

All issued ordinary shares are fully paid and have an issue price of €100 per share.

The holder of the issued shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All ordinary shares rank equally with regard to RPIBV's residual assets in the event of a wind-up.

18.2 Reserves

(In $ million)	As at September 30, 2010	As at December 31, 2009
Translation reserve	261.2	76.1
Other reserves	(1,560.9)	(513.3)
Balance	**(1,299.7)**	**(437.2)**

(a) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

The transfers from the foreign currency translation reserve to profit and loss during the nine month period ended September 30, 2010 include the impact of reorganizations of wholly owned subsidiaries.

(b) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. On November 5, 2009, certain borrowing facilities were repaid in full and as a result, the interest rate hedges associated with these borrowings became ineffective. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", the cumulative hedge reserve balance at November 5, 2009 was transferred to the profit and loss section of the statements of comprehensive income.

(c) Other reserves

The other reserves comprise balances resulting from transactions with entities under common control. In accordance with the Group's accounting policy for business combinations under common control, the Group has recognized in other reserves the difference between the purchase price paid for the businesses acquired and the book values of the share capital of the parent companies acquired for the transactions which occurred on November 5, 2009, May 4, 2010 and September 1, 2010. Refer to note 21 for details related to movements in this reserve balance for the nine month period ended September 30, 2010.

18.3 Dividends

On August 31, 2010, RPI paid a dividend of $39.0 million, of which $37.6 million was paid in cash and $1.4 million was settled through reductions in related party balances payable, to its shareholder at that time, Reynolds Packaging (NZ) Limited, in advance of the acquisition of Reynolds Foodservice by the Group on September 1, 2010.

There were no other dividends declared or paid by the Company during the nine month period ended September 30, 2010 (2009: nil).

19. Related parties

Parent and ultimate controlling party

The immediate parent of the Group is Packaging Finance Limited ("PFL"), the ultimate parent of the Group is Packaging Holdings Limited ("PHL") and the ultimate shareholder is Mr. Graeme Hart.

Related party transactions

The entities, the nature of the relationship and the types of transactions with which the Group entered into related party transactions during the nine month period ended September 30, 2010 are detailed below:

Entity name	Nature of relationship	Nature of transactions
Packaging Holdings Limited	Ultimate parent	Financing (loan), novation of loan, funding (c)(d)
BPC Finance (N.Z.) Limited	Common ultimate shareholder	Transfer of tax losses, loans from related party(c)
BPC United States Inc.	Common ultimate shareholder	Management fees, trade receivables, loan to related party, sale of property, plant and equipment (e)(g)
Burns Philp Canada Group Limited	Common ultimate shareholder	Loan to related party(f)
Carter Holt Harvey Limited	Common ultimate shareholder	Trade receivables, trade payables, loans from related party, transfer of tax losses, interest expense, sale of goods, settlement of loan, purchase of Whakatane Paper Mill (c) (h)
Carter Holt Harvey Packaging Pty Limited	Common ultimate shareholder	Trade payables
Carter Holt Harvey Pulp & Paper Limited	Common ultimate shareholder	Trade receivables, trade payables, sale of goods, purchase of goods
Closure Systems International (NZ) Limited	Common ultimate shareholder	Trade payables
Evergreen Packaging New Zealand Limited	Common ultimate shareholder	Trade receivables, trade payables, loan from related party, settlement of loan(i)
Evergreen Packaging US	Common ultimate shareholder	Trade payables
Nerva Investments Limited	Common ultimate shareholder	Transfer of tax losses
Rank Group Investments Limited	Common ultimate shareholder	Transfer of tax losses
Rank Group Limited	Common ultimate shareholder	Trade payables, loan to related party (b), interest income, reimbursement of marketing expenses
Reynolds Consumer Products (NZ) Limited	Common ultimate shareholder	Trade receivables, loan from related party with interest at 6.21%
Reynolds Packaging (NZ) Limited	Common ultimate shareholder	Trade payables, dividends paid
Reynolds Packaging Group (NZ) Limited	Common ultimate shareholder	Trade payables
Reynolds Treasury (NZ) Limited	Common ultimate shareholder	Loans from related party with interest at USD Libor + 4.5%, repayment of loan and interest
SIG Combibloc Obeikan FZCO	Joint venture	Sales of goods(a)
SIG Combibloc Obeikan Company Limited	Joint venture	Production(a)

(In $ million)	Transaction values for the period ended September 30, 2010	2009	Balances outstanding as at September 30, 2010	December 31, 2009
Transactions with the immediate and ultimate parent companies				
Due to ultimate parent[d]	-	-	(0.7)	(0.7)
Loan repayment and loan novation in consideration for issue of shares to immediate parent [c][j]	-	109.4	-	-
Funding	(0.1)	-	-	-
Transactions with joint ventures				
Sale of goods[a]	88.9	66.8	25.7	24.1
Purchase of goods[a]	-	-	(1.7)	(3.7)
Transactions with other related parties				
Trade receivables				
BPC United States Inc.	-	-	0.9	0.1
Sale of property, plant and equipment[g]	2.7	-	-	-
Carter Holt Harvey Limited	-	-	1.1	-
Sale of goods	13.7	-	-	-
Carter Holt Harvey Pulp & Paper Limited	-	-	4.7	-
Sale of goods	8.4	-	-	-
Evergreen Packaging New Zealand Limited	-	-	0.1	-
Rank Group Limited – reimbursement of marketing expenses	-	7.5	-	-
Reynolds Consumer Products (NZ) Limited	1.4	-	-	3.9
Reynolds Treasury (NZ) Limited	-	-	-	23.6
Interest charged	0.8	0.3	-	-
Advances	-	14.7	-	-
Repayment of loans	23.9	-	-	-
Trade payables				
BPC United States Inc.	-	-	-	-
Management fees	(0.8)	(1.8)	-	-
Carter Holt Harvey Limited	-	-	(0.7)	(0.1)
Purchase of goods	(0.9)	-	-	-
Purchase of Whakatane Mill[h]	(45.8)	-	-	-
Carter Holt Harvey Packaging Pty Limited	-	-	(0.3)	-
Carter Holt Harvey Pulp and Paper Limited	-	-	(5.0)	-
Purchase of goods	(13.4)	-	-	-
Closure Systems International (NZ) Limited	-	-	-	(7.5)
Evergreen Packaging New Zealand Limited	(18.2)	-	-	-
Evergreen Packaging US	(11.4)	-	-	-
Rank Group Limited	-	-	(3.1)	(0.2)
Reynolds Consumer Products (NZ)	-	-	-	-
Reynolds Packaging (NZ) Limited	(44.6)	(0.6)	(44.6)	(0.6)
Dividends paid	(39.0)	-	-	-
Reynolds Packaging Group (NZ) Limited	(0.4)	-	(0.4)	(0.6)
Reynolds Treasury (NZ) Limited	-	-	-	(0.7)
Collection of cash and payment of suppliers	-	-	-	-
Interest charged	-	(1.8)	-	-
Recharges	-	0.4	-	-

(In $ million)	Transaction values for the period ended September 30, 2010	2009	Balances outstanding as at September 30, 2010	December 31, 2009
Loans receivable				
BPC United States Inc.[(e)]	-	-	-	11.7
Burns Philp Canada Group Limited[(f)]	-	-	-	0.3
Rank Group Limited [(b)]	-	-	237.5	226.3
Interest charged	10.3	8.3	-	-
Reynolds Consumer Products (NZ) Limited	-	-	-	59.3
Interest charged	1.9	-	-	-
Repayment of loan	61.1	-	-	-
Reynolds Treasury (NZ) Limited	-	-	-	-
Transfer	-	34.0	-	-
Repayments	-	(11.6)	-	-
Loans payable				
BPC Finance (N.Z.) Limited	-	-	-	-
Novation of loan	-	342.4	-	-
Carter Holt Harvey Limited [(c)]	-	-	-	-
Interest charged	-	(17.2)	-	-
Advances from related party	-	(16.7)	-	-
Settlements	-	37.0	-	-
Novation of loan	-	338.2	-	-
Evergreen Packaging New Zealand Limited[(i)]	-	-	-	-
Interest charged	-	(0.4)	-	-
Settlements	-	4.1	-	-
Reynolds Consumer Products (NZ) Limited	-	-	-	-
Interest charged	-	(5.3)	-	-
Repayment by way of assignment of loans	-	121.0	-	-
Receivable related to transfer of tax losses to:				
Carter Holt Harvey Limited	4.7	-	4.7	-
Payables related to transfer of tax losses from:				
BPC Finance (N.Z.) Limited	-	(11.2)	(3.1)	(15.5)
Nerva Investments Limited	-	(9.0)	-	(12.4)
Rank Group Investments Limited	-	(0.9)	(1.7)	(1.1)

(a) All transactions with joint ventures are conducted on an arm's length basis and are settled in cash. Sales of services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

(b) The advance due from Rank Group Limited accrued interest at a rate based on the average three month New Zealand bank bill rate, set quarterly, plus a margin of 3.25%. Interest is only charged or accrued if demanded by the lender. During the nine month period ended September 30, 2010, interest was charged at 5.98% to 6.47% (2009: 6.02% to 6.92%). The advance is unsecured and repayable on demand. This loan is subordinated on terms such that no payments can be made until the obligations under a senior secured credit facility are repaid in full.

(c) The following intercompany loans involved CHHL:

(i) On September 29, 2009, loans payable by the Group to BPCF in the amount of NZ$478.3 million ($342.4 million), CHHL in the amount of NZ$472.5 million ($338.2 million) and PHL in the amount of NZ$95.9 million ($68.6 million) were novated in exchange for the issue of 1 ordinary share to PFL at an issue price of NZ$1,046.7 million ($749.2 million). Prior to novation, the advance due to CHHL bore interest at a rate based on the average three month New Zealand bank bill rate plus a margin of 4%. During the nine month period ended September 30, 2009, interest was charged at 6.79% to 7.67%.

(ii) Intercompany loans arising from a Payment in Kind (PIK) note which provided for interest based upon a fixed rate of 9%, compounded semi- annually.

(iii) Intercompany loan bearing interest at the US bill rate plus a margin of 1.75%. Interest of 2.8% was charged during the nine month period ended September 30, 2009. Amounts are unsecured and payable on demand.

(iv) This amount bore interest at the AFR rate with interest of 0.6% to 0.8% charged during the nine month period ended September 30, 2009.

(v) On February 19, 2009, CHHL assigned a loan payable by the Group of €47.4 million ($60.7 million) to Evergreen Packaging Holdings Limited for an issue of shares, subsequently assigned to Evergreen Packaging New Zealand Limited and then to

Evergreen Packaging Antilles N.V. for an issue of shares and converted to equity in Evergreen Packaging International B.V. (a member of the Group). Refer to note 18.

(d) The advance due to PHL is non-interest bearing, unsecured and repayable on demand.

(e) The advance due from BPC United States Inc. accrued interest at a rate based upon the AFR rate, set monthly. Amounts are unsecured and payable on demand.

(f) The advance due from Burns Philp Canada Group Limited was non-interest bearing and unsecured.

(g) On April 29, 2010, Blue Ridge Paper Products Inc. sold land and buildings held in Richmond to BPC United States Inc. The consideration paid was the net book value of the assets at the date of sale, being $2.7 million with settlement being made on the date of sale.

(h) On May 4, 2010, the Group acquired the Whakatane Mill for a purchase price of $48.0 million, being the fair value of the net assets at the date purchased, from CHHL. The consideration paid to the seller of the assets was subject to certain post closing adjustments relating to the closing net working capital, reimbursable wages and other stub period adjustments. The post-closing adjustment resulted in CHHL owing the Group an amount of $2.2 million which was paid on June 25, 2010.

(i) The transactions with Evergreen Packaging New Zealand Limited arise from the following agreements which were settled as of December 31, 2009:

(i) a dollar bond bearing interest at a fixed rate of 6.9%.

(ii) a dollar loan bearing interest at a rate based upon the three month LIBOR, set quarterly, plus a margin of 1.75%.

(iii) a dollar loan bearing interest at a rate based upon the one-month LIBOR, set monthly plus a margin of 1.75%.

(j) On August 14, 2009, the Company issued to its sole shareholder, PFL, 60,000,000 fully paid ordinary shares at an issue price of NZ$1.00 per share (total NZ$60.0 million or $40.8 million) in exchange for payment of outstanding related party borrowings.

20. Business combinations

Closure Systems International Americas, Inc.

On February 1, 2010, the Group purchased 100% of the issued capital of Obrist Americas, Inc., a U.S. manufacturer of plastic non-dispensing screw closures for carbonated soft drinks and water containers. Total consideration for the acquisition was $36.2 million and was paid in cash. The acquired company was subsequently renamed Closure Systems International Americas, Inc. (“CSI Americas”).

This acquisition had the following preliminary effect on the Group’s assets and liabilities at the acquisition date:

(In $ million)	
Cash and cash equivalents	10.8
Trade and other receivables	2.1
Inventories	10.7
Other current assets	0.1
Property, plant and equipment	15.4
Intangible assets	3.3
Trade and other payables	(5.8)
Provisions	(0.1)
Employee benefits	(0.3)
Net assets acquired	36.2
Difference between net assets acquired and consideration paid	-
Consideration paid, settled in cash	36.2
Cash acquired	(10.8)
Net cash outflow	**25.4**

The preliminary values of assets, liabilities and contingent liabilities recognized on acquisition are their estimated fair values. The fair values of all of the items listed above have been determined on a provisional basis, pending completion of independent valuations and U.S. GAAP to IFRS accounting policy analysis.

The acquisition of CSI Americas contributed revenue of $38.6 million and a net loss of $1.3 million to the Group for the nine month period ended September 30, 2010. If the purchase had occurred on January 1, 2010, management estimates that CSI Americas would have contributed additional revenue of $3.8 million, additional EBITDA of $2.6 million and additional profit after tax of $1.1 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2010.

The Group expects to finalize the purchase price accounting adjustments within twelve months from the date of acquisition.

For the nine month period ended September 30, 2010, the Group incurred acquisition related costs of $1.0 million which have been expensed in the Group’s statements of comprehensive income.

21. Business combinations under common control

2010

On May 4, 2010, the Group acquired the business operations of Evergreen from subsidiaries of Rank Group Limited. At the time of this transaction, both the Group and Evergreen were ultimately 100% owned by Mr. Graeme Hart. The original acquisitions of the Evergreen businesses were completed between January 31, 2007 and July 31, 2007.

On September 1, 2010, the Group acquired the business operations of the Reynolds Foodservice segment from subsidiaries of Reynolds (NZ) Limited ("Reynolds (NZ)"). At the time of this transaction, both the Group and Reynolds (NZ) were ultimately 100% owned by Mr. Graeme Hart. The original acquisition of the Reynolds Foodservice businesses was completed on February 29, 2008.

The following table shows the effect of the legal consummation of the acquisitions of Evergreen and Reynolds Foodservice as of their respective date of acquisition by the Group:

(In $ million)	Evergreen	Reynolds Foodservice	Total
Consideration paid in cash*	1,582.0	297.0	1,879.0
Plus working capital adjustments***	30.1	44.0	74.1
Total consideration	1,612.1	341.0	1,953.1
Book value of share capital of the acquired businesses	(712.8)	(192.7)	(905.5)
Difference between total consideration and book value of share capital of the acquired businesses**	899.3	148.3	1,047.6

2009

On November 5, 2009, the Group acquired the business operations of the Closures and Reynolds Consumer segments from subsidiaries of Reynolds (NZ). At the time of this transaction, both the Group and Reynolds (NZ) were ultimately 100% owned by Mr. Graeme Hart. The original acquisition of the Closures and Reynolds Consumer businesses was substantially completed on February 29, 2008. As at November 5, 2009, the effect of the legal consummation of the acquisition was as follows:

(In $ million)	
Consideration paid in cash*	1,687.3
Plus working capital adjustments	5.0
Total consideration	1,692.3
Book value of share capital of the acquired businesses	(1,107.9)
Difference between total consideration and book value of share capital of the acquired businesses**	584.4

* The Group has accounted for the acquisitions under the principles of common control. As a result, the cash acquired as part of the acquisitions is already included in the Group's cash balance and does not form part of the net cash outflow. Further, the results of operations of the businesses acquired are included in the statements of comprehensive income from January 31, 2007 for Evergreen, and from February 29, 2008 for Reynolds Consumer, Closures and Reynolds Foodservice.

** In accordance with the Group's accounting policy for acquisitions under common control, the difference between the share capital of the acquired businesses and the consideration paid has been recognized directly in equity as part of other reserves.

*** The working capital adjustments of $44.0 million in relation to the acquisition of Reynolds Foodservice have not yet been paid.

22. Business disposals

On January 28, 2010, the Group sold to a third party its interest in its envelope window film business and related operations in Avenal, New Jersey and Hazelton, Pennsylvania together with the Group's interest in Multiplastics (Europe) Limited.

The following table presents information for the calculation of the preliminary gain on disposal at the date of sale.

(In $ million)	
Consideration received, satisfied in cash	32.4
Consideration received, satisfied in notes receivable (a)	14.4
Working capital adjustments receivable	1.1
Total consideration	47.9
Carrying amount of net assets sold	38.0
	9.9
Amounts reclassified from foreign currency translation reserve	0.8
Gain on sale	**9.1**

Refer to the statements of cash flows for details of the net assets disposed.

(a) Two secured promissory notes as follows:
1. Principal amount of $12.0 million, due January 28, 2014, bearing interest at 8.0%, increasing by 0.5% for every three month period after January 28, 2012.
2. Principal amount of $2.4 million, due January 28, 2014, bearing interest at LIBOR plus 1.75% to 2.5% contingent upon the debt to EBITDA ratio plus 2.0%.

23. Contingencies

(In $ million)	As at September 30, 2010	As at December 31, 2009
Contingent liabilities	29.4	32.0

The contingent liabilities primarily arise from the guarantees given to banks granting credit facilities to the Group's joint venture company, SIG Combibloc Obeikan Company Limited, in Riyadh, Kingdom of Saudi Arabia.

Litigation and legal proceedings

The Group is subject to litigation in the ordinary course of operations, for which a provision has been recognized. The Group does not believe that it is engaged in any other legal proceedings for which provision has not been made which would be likely to have a material effect on its business, financial position or results of operations.

Security and guarantee arrangements

Certain members of the Group have entered into a guarantee and security arrangement in respect of the Group's indebtedness as described in note 16.

24. Filling machines

The Group has sold some of its filling machines to third party finance companies, which then lease the machines to customers. These filling machines may be replaced or returned due to changes in customers' demands or technological progress. These machines are usually refurbished and resold. Returned machines are recognized as a component of inventories. The related financial risks are evaluated annually based on the net present value of future lease income, and, if necessary, provisions are recognized. As at September 30, 2010, provisions were not required to be recognized. If the Group were to become obligated to buy back filling machines from customers, there is a potential maximum exposure of $38.9 million (December 31, 2009: $86.8 million).

25. Condensed consolidating guarantor financial information

The following condensed consolidating financial information presents:

(1) The condensed consolidating statements of financial position as at September 30, 2010 and December 31, 2009 and the related statements of financial performance for the periods ended September 30, 2010 and 2009, of:

a. Reynolds Group Holdings Limited, the Parent;
b. Reynolds Group Issuer (Luxembourg) S.A., Reynolds Group Issuer Inc. and Reynolds Group Issuer LLC, the issuers of the May 2010 Notes and the 2009 Notes (together the "Issuers");
c. the other guarantor subsidiaries;
d. the non-guarantor subsidiaries; and
e. the Group on a consolidated basis.

(2) Adjustments and elimination entries necessary to consolidate Reynolds Group Holdings Limited, the Parent, with the Issuers, the other guarantor subsidiaries and the non-guarantor subsidiaries.

Provided below are the statements of financial performance and financial position of each of the companies listed above, together with the statements of financial performance and financial position of guarantor and non-guarantor subsidiaries. These statements have been prepared under the Group's accounting policies disclosed in note 2 and comply with IFRS. The financial information in respect of the Parent, the Issuers, the other guarantor subsidiaries and the non-guarantor subsidiaries has been prepared with all subsidiaries accounted for on the cost basis. The other guarantor subsidiaries and non-guarantor subsidiaries are each presented on a combined basis. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions.

Condensed consolidating statement of financial performance

	For the nine month period ended September 30, 2010					
(In $ million)	**Parent**	**Issuers**	**Other guarantor entities**	**Non-guarantor entities**	**Adjustments and eliminations**	**Consolidated**
Revenue	-	-	4,218.6	605.9	(227.8)	4,596.7
Cost of sales	-	-	(3,485.6)	(483.9)	227.8	(3,741.7)
Gross profit	**-**	**-**	**733.0**	**122.0**	**-**	**855.0**
Other income, other expenses and share of profit of associates and joint ventures, net of income tax (equity method)	-	(0.7)	85.6	2.3	(53.8)	33.4
Selling, marketing and distribution expenses	-	-	(134.4)	(18.5)	-	(152.9)
General and administration expenses	(2.5)	(0.1)	(255.1)	(12.8)	-	(270.5)
Profit (loss) from operating activities ("EBIT")	**(2.5)**	**(0.8)**	**429.1**	**93.0**	**(53.8)**	**465.0**
Financial income	10.3	136.6	7.9	81.1	(219.4)	16.5
Financial expenses	(0.7)	(154.1)	(435.8)	(85.0)	219.4	(456.2)
Net financial expenses	**9.6**	**(17.5)**	**(427.9)**	**(3.9)**	**-**	**(439.7)**
Profit (loss) before income tax	**7.1**	**(18.3)**	**1.2**	**89.1**	**(53.8)**	**25.3**
Income tax benefit (expense)	(2.6)	11.3	(65.0)	(14.8)	-	(71.1)
Profit (loss) for the period	**4.5**	**(7.0)**	**(63.8)**	**74.3**	**(53.8)**	**(45.8)**
EBIT	(2.5)	(0.8)	429.1	93.0	(53.8)	465.0
Depreciation and amortization	-	-	298.8	43.1	-	341.9
EBITDA	**(2.5)**	**(0.8)**	**727.9**	**136.1**	**(53.8)**	**806.9**

Condensed consolidating statement of financial position

(In $ million)	Parent	Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
	As at September 30, 2010					
Assets						
Cash and cash equivalents	0.7	0.3	355.7	97.1	-	453.8
Trade and other receivables	4.7	-	571.5	146.0	-	722.2
Inventories	-	-	759.7	104.5	-	864.2
Intra-group recievables	-	97.0	-	31.1	(128.1)	-
Other assets	0.1	-	64.2	24.6	-	88.9
Total current assets	**5.5**	**97.3**	**1,751.1**	**403.3**	**(128.1)**	**2,129.1**
Investments in associates and joint ventures (equity method)	-	-	2.7	104.3	-	107.0
Investment in subsidiaries (cost method)	1,108.2	-	429.4	-	(1,537.6)	-
Property, plant and equipment	-	-	1,521.0	298.0	-	1,819.0
Investment properties	-	-	63.4	-	-	63.4
Intangible assets	-	-	3,033.7	137.6	-	3,171.3
Intra-group receivables	15.8	2,619.0	115.0	1,330.6	(4,080.4)	-
Other assets	237.5	23.4	299.9	31.9	-	592.7
Total non-current assets	**1,361.5**	**2,642.4**	**5,465.1**	**1,902.4**	**(5,618.0)**	**5,753.4**
Total assets	**1,367.0**	**2,739.7**	**7,216.2**	**2,305.7**	**(5,746.1)**	**7,882.5**
Liabilities						
Trade and other payables	5.5	97.0	807.5	197.6	-	1,107.6
Borrowings	0.7	-	72.8	1.9	-	75.4
Intra-group payables	-	-	128.1	-	(128.1)	-
Other liabilities	-	-	240.1	30.2	-	270.3
Total current liabilities	**6.2**	**97.0**	**1,248.5**	**229.7**	**(128.1)**	**1,453.3**
Borrowings	-	2,638.7	2,015.4	1,189.4	-	5,843.5
Intra-group liabilities	-	2.5	3,965.4	112.5	(4,080.4)	-
Other liabilities	-	-	677.1	41.8	-	718.9
Total non-current liabilities	**-**	**2,641.2**	**6,657.9**	**1,343.7**	**(4,080.4)**	**6,562.4**
Total liabilities	**6.2**	**2,738.2**	**7,906.4**	**1,573.4**	**(4,208.5)**	**8,015.7**
Net assets	**1,360.8**	**1.5**	**(690.2)**	**732.3**	**(1,537.6)**	**(133.2)**
Equity						
Equity attributable to equity holder of the Group	1,360.8	1.5	(690.2)	732.3	(1,542.6)	(138.2)
Minority interests	-	-	-	-	5.0	5.0
Total equity	**1,360.8**	**1.5**	**(690.2)**	**732.3**	**(1,537.6)**	**(133.2)**

Condensed consolidating statement of financial performance

	For the nine month period ended September 30, 2009					
(In $ million)	**Parent**	**Issuers**	**Other guarantor entities**	**Non-guarantor entities**	**Adjustments and eliminations**	**Consolidated**
Revenue	-	-	3,983.1	517.1	(178.0)	4,322.2
Cost of sales	-	-	(3,258.3)	(408.1)	178.0	(3,488.4)
Gross profit	**-**	**-**	**724.8**	**109.0**	**-**	**833.8**
Other income, other expenses and share of profit of associates and joint ventures, net of income tax (equity method)	0.1	-	154.1	0.2	(69.1)	85.3
Selling, marketing and distribution expenses	-	-	(131.3)	(21.7)		(153.0)
General and administration expenses	-	-	(293.4)	(18.0)	61.9	(249.5)
Profit (loss) from operating activities	**0.1**	**-**	**454.2**	**69.5**	**(7.2)**	**516.6**
Financial income	8.8	-	8.0	87.4	(91.2)	13.0
Financial expenses	(17.1)	-	(331.5)	(94.3)	91.2	(351.7)
Net financial expenses	**(8.3)**	**-**	**(323.5)**	**(6.9)**	**-**	**(338.7)**
Profit (loss) before income tax	**(8.2)**	**-**	**130.7**	**62.6**	**(7.2)**	**177.9**
Income tax benefit (expense)	2.4	-	(92.1)	(9.5)	-	(99.2)
Profit (loss) for the period	**(5.8)**	**-**	**38.6**	**53.1**	**(7.2)**	**78.7**
EBIT	0.1	-	454.2	69.5	(7.2)	516.6
Depreciation and amortization	-	-	334.4	38.0	-	372.4
EBITDA	**0.1**	**-**	**788.6**	**107.5**	**(7.2)**	**889.0**

Condensed consolidating statement of financial position

(In $ million)	Parent	Issuers	Other guarantor entities	Non-guarantor entities	Adjustments and eliminations	Consolidated
	As at December 31, 2009					
Assets						
Cash and cash equivalents	0.7	11.5	390.9	112.4	-	515.5
Trade and other receivables	-	-	561.1	122.0	-	683.1
Inventories	-	-	673.6	82.0	-	755.6
Other assets	-	-	106.9	24.2	-	131.1
Total current assets	**0.7**	**11.5**	**1,732.5**	**340.6**	**-**	**2,085.3**
Investments in associates and joint ventures (equity method)	-	-	6.2	97.6	-	103.8
Investments in subsidiaries (cost method)	1,093.3	-	445.0	-	(1,538.3)	-
Property, plant and equipment	-	-	1,542.0	283.0	-	1,825.0
Investment property	-	-	76.3	-	-	76.3
Intangible assets	-	-	3,128.8	150.3	-	3,279.1
Intra-group receivables	16.4	1,691.0	123.0	1,409.9	(3,240.3)	-
Other assets	226.3	17.3	227.4	26.4	-	497.4
Total non-current assets	**1,336.0**	**1,708.3**	**5,548.7**	**1,967.2**	**(4,778.6)**	**5,781.6**
Total assets	**1,336.7**	**1,719.8**	**7,281.2**	**2,307.8**	**(4,778.6)**	**7,866.9**
Liabilities						
Trade and other payables	4.3	32.5	586.0	137.9	-	760.7
Borrowings	0.7	-	108.9	2.7	-	112.3
Other liabilities	0.5	-	265.2	17.9	-	283.6
Total current liabilities	**5.5**	**32.5**	**960.1**	**158.5**	**-**	**1,156.6**
Borrowings	-	1,687.8	1,899.4	1,254.6	-	4,841.8
Intra-group liabilities	-	-	3,117.3	123.0	(3,240.3)	-
Other liabilities	-	0.8	725.4	38.9	-	765.1
Total non-current liabilities	**-**	**1,688.6**	**5,742.1**	**1,416.5**	**(3,240.3)**	**5,606.9**
Total liabilities	**5.5**	**1,721.1**	**6,702.2**	**1,575.0**	**(3,240.3)**	**6,763.5**
Net assets	**1,331.2**	**(1.3)**	**579.0**	**732.8**	**(1,538.3)**	**1,103.4**
Equity						
Equity attributable to equity holder of the Group	1,331.2	(1.3)	579.0	732.8	(1,554.6)	1,087.1
Minority interests	-	-	-	-	16.3	16.3
Total equity	**1,331.2**	**(1.3)**	**579.0**	**732.8**	**(1,538.3)**	**1,103.4**

Certain items within the comparative information of the condensed consolidating statement of financial position have been reclassified between Other guarantor entities and Adjustments and eliminations.

26. Subsequent events

On October 15, 2010, certain members of the Group issued $1.5 billion of 7.125% senior secured notes due 2019 (the "October 2010 Senior Secured Notes") and $1.5 billion of 9.000% senior notes due 2019 (the "October 2010 Senior Notes") (together, the "October 2010 Notes"). The proceeds of the October 2010 Notes were held in escrow pending the satisfaction of certain conditions associated with the closing of the Pactiv Acquisition (defined below).

On November 16, 2010, the Group acquired Pactiv Corporation for an aggregate purchase price of approximately $4.5 billion (the "Pactiv Acquisition"). The consideration was paid in cash. There is no contingent consideration payable.

Funding for the purchase consideration, the refinancing of certain Pactiv indebtedness and the payment of certain fees and expenses was provided through a combination of existing cash, additional borrowings and additional equity.

On November 15, 2010, the Company received cash consideration of $322.0 million for the issuance of one additional share to its shareholder.

In connection with the Pactiv Acquisition on November 16, 2010:

- $500.0 million Tranche A Term Loans and $1,520.0 million Tranche D Term Loans were drawn under the 2009 Credit Agreement;
- the proceeds of the October 2010 Notes were released from escrow;
- the proceeds of the October 2010 Notes, the Tranche A Term Loans and the Tranche D Term Loans were used in part to fund the Pactiv Acquisition;
- certain members of the Group guaranteed the October 2010 Notes; and
- Pactiv and certain of its subsidiaries granted guarantees and security for the 2009 Credit Agreement, the 2009 Notes, and the October 2010 Senior Secured Notes and guarantees of the 2007 Notes, the May 2010 Notes and the October 2010 Senior Notes.

Pactiv is a leading manufacturer of consumer and foodservice packaging products in the United States. The acquisition of Pactiv brings together two consumer and foodservice packaging platforms. The combination increases the Group's product, geographic and customer diversification and creates an extensive and diverse distribution network. The Group and Pactiv's products are complementary, providing the combined group with opportunities to generate incremental revenue through cross-selling and category expansion. The Group also expects to realize significant cost savings by consolidating facilities, eliminating duplicate operations, improving supply chain management and achieving other efficiencies.

Due to the proximity of closing the Pactiv Acquisition and the release of these financial statements, it is impractical to provide a preliminary fair value balance sheet of the acquired business. Pactiv is currently finalizing the opening balance sheet. The Group is also undertaking fair value appraisals and the conversion of Pactiv's accounts from U.S. GAAP to IFRS.

Beverage Packaging Holdings Group

Interim unaudited condensed combined financial statements for the three and nine month periods ended September 30, 2010

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of comprehensive income

(In $ million)	Note	For the three months ended September 30, 2010	For the three months ended September 30, 2009	For the nine months ended September 30, 2010	For the nine months ended September 30, 2009
Revenue	7	1,611.8	1,476.4	4,596.7	4,322.2
Cost of sales		(1,282.2)	(1,165.3)	(3,741.7)	(3,488.4)
Gross profit		**329.6**	**311.1**	**855.0**	**833.8**
Other income	8	18.3	43.0	62.2	159.0
Selling, marketing and distribution expenses		(50.4)	(47.6)	(152.9)	(153.0)
General and administration expenses		(91.8)	(78.8)	(267.8)	(249.5)
Other expenses	9	10.3	(37.5)	(42.0)	(81.0)
Share of profit of associates and joint ventures, net of income tax (equity method)		3.8	2.5	13.2	7.3
Profit from operating activities		**219.8**	**192.7**	**467.7**	**516.6**
Financial income	10	1.8	2.2	6.2	4.7
Financial expenses	10	(106.6)	(121.9)	(454.9)	(335.1)
Net financial expenses		(104.8)	(119.7)	(448.7)	(330.4)
Profit before income tax		**115.0**	**73.0**	**19.0**	**186.2**
Income tax expense	11	(34.5)	(37.8)	(68.5)	(99.2)
Profit (loss) after tax		**80.5**	**35.2**	**(49.5)**	**87.0**
Other comprehensive income (expense) for the period, net of income tax					
Cash flow hedges		-	1.8	-	0.7
Exchange differences on translating foreign operations		(72.3)	1.9	133.3	26.3
Transfers from foreign currency translation reserve to profit and loss		-	-	48.5	-
Total other comprehensive income (expense) for the period, net of income tax		(72.3)	3.7	181.8	27.0
Total comprehensive income for the period		**8.2**	**38.9**	**132.3**	**114.0**
Profit (loss) attributable to:					
Equity holder of the combined Group		80.6	35.0	(49.6)	86.8
Minority interests		(0.1)	0.2	0.1	0.2
		80.5	**35.2**	**(49.5)**	**87.0**
Total other comprehensive income (expense) attributable to:					
Equity holder of the combined Group		(72.6)	3.3	182.2	26.9
Minority interests		0.3	0.4	(0.4)	0.1
		(72.3)	**3.7**	**181.8**	**27.0**

The interim unaudited condensed combined statements of comprehensive income should be read in conjunction with the notes to the interim unaudited condensed financial statements.

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of financial position

(In $ million)	Note	As at September 30, 2010	As at December 31, 2009
Assets			
Cash and cash equivalents		453.0	514.8
Trade and other receivables		717.5	683.1
Derivatives		9.2	6.3
Assets held for sale	12	19.1	33.7
Current tax assets		13.4	8.5
Inventories	13	864.2	755.6
Other assets		47.1	82.6
Total current assets		**2,123.5**	**2,084.6**
Non-current receivables		64.2	113.5
Investments in associates and joint ventures (equity method)		107.0	103.8
Deferred tax assets		151.7	123.7
Property, plant and equipment	14	1,819.0	1,825.0
Investment property		63.4	76.3
Intangible assets	15	3,171.3	3,279.1
Derivatives		15.3	16.8
Other assets		123.9	17.1
Total non-current assets		**5,515.8**	**5,555.3**
Total assets		**7,639.3**	**7,639.9**
Liabilities			
Bank overdrafts		3.3	1.1
Trade and other payables		1,100.7	756.0
Borrowings	16	74.7	111.6
Current tax liabilities		68.3	55.7
Derivatives		3.9	15.3
Employee benefits		137.3	135.4
Provisions	17	57.5	80.9
Other liabilities		-	2.0
Total current liabilities		**1,445.7**	**1,158.0**
Non-current payables		4.4	28.4
Borrowings	16	5,859.2	4,858.1
Deferred tax liabilities		453.8	455.3
Employee benefits		228.2	241.3
Provisions	17	32.5	40.1
Total non-current liabilities		**6,578.1**	**5,623.2**
Total liabilities		**8,023.8**	**6,781.2**
Net assets (liabilities)	2.2	**(384.5)**	**858.7**
Equity			
Share capital	18	1,094.9	1,375.8
Reserves	18	(1,325.6)	(460.2)
Retained earnings (accumulated losses)		(158.8)	(73.2)
Equity (deficit) attributable to equity holder of the combined Group		**(389.5)**	**842.4**
Minority interests		5.0	16.3
Total equity (deficit)	2.2	**(384.5)**	**858.7**

The interim unaudited condensed combined statements of financial position should be read in conjunction with the notes to the interim unaudited condensed financial statements.

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of changes in equity

(In $ million)	Note	Share capital	Translation of foreign operations	Other reserves	Hedge reserve	Retained earnings (accumulated losses)	Equity attributable to equity holder of the combined Group	Minority interests	Total
Balance at the beginning of the period (January 1, 2009)		1,603.8	(18.3)	71.1	(11.5)	(196.7)	1,448.4	16.7	1,465.1
Issue of shares (net of issue costs)	18	72.7	-	-	-	-	72.7	-	72.7
Total comprehensive income for the period:									
Profit (loss) after tax		-	-	-	-	86.8	86.8	0.2	87.0
Foreign exchange translation reserve		-	26.2	-	-	-	26.2	0.1	26.3
Changes in hedge reserve		-	-	-	0.7	-	0.7	-	0.7
Dividends paid to minority interests		-		-	-	-	-	(0.5)	(0.5)
Balance at September 30, 2009		**1,676.5**	**7.9**	**71.1**	**(10.8)**	**(109.9)**	**1,634.8**	**16.5**	**1,651.3**
Balance at the beginning of the period (January 1, 2010)		1,375.8	53.1	(513.3)	-	(73.2)	**842.4**	16.3	**858.7**
Issue of shares (net of issue costs)	18	624.6	-	-	-	-	**624.6**	-	**624.6**
Total comprehensive income for the period:									
Profit (loss) after tax						(49.6)	**(49.6)**	0.1	**(49.5)**
Foreign exchange translation reserve		-	182.2	-	-	-	**182.2**	(0.4)	**181.8**
Common control transactions	21	(905.5)	-	(1,047.6)	-	-	**(1,953.1)**	-	**(1,953.1)**
Purchase of minority interest		-	-	-	-	3.0	**3.0**	(5.4)	**(2.4)**
Disposal of business		-	-	-	-	-	**-**	(3.8)	**(3.8)**
Dividends paid	18	-	-	-	-	(39.0)	**(39.0)**	(1.8)	**(40.8)**
Balance at September 30, 2010		**1,094.9**	**235.3**	**(1,560.9)**	**-**	**(158.8)**	**(389.5)**	**5.0**	**(384.5)**

The interim unaudited condensed combined statements of changes in equity should be read in conjunction with the notes to the interim unaudited condensed financial statements.

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of cash flows

(In $ million)	For the nine months ended September 30, 2010	2009
Cash flows from operating activities		
Cash received from customers	4,678.2	4,418.8
Cash paid to suppliers and employees	(3,940.9)	(3,598.6)
Interest paid	(206.0)	(176.4)
Income taxes paid	(85.3)	(56.7)
Net cash from operating activities	**446.0**	**587.1**
Cash flows from investing activities		
Purchase of Whakatane Mill	(45.8)	-
Acquisition of property, plant and equipment and investment properties	(191.0)	(170.1)
Proceeds from sale of property, plant and equipment, investment properties and other assets	25.6	28.7
Acquisition of intangible assets	(11.9)	(51.8)
Acquisition of businesses, net of cash acquired	(25.4)	(2.7)
Disposal of business, net of cash disposed	32.4	-
Disposal of other investments	8.9	2.4
Related party advances made	-	(5.4)
Proceeds from related party advances	60.5	-
Receipts of related party advances	(22.5)	-
Interest received	5.1	3.2
Dividends received from joint ventures	2.9	1.2
Net cash used in investing activities	**(161.2)**	**(194.5)**
Cash flows from financing activities		
Acquisition of businesses under common control	(1,909.1)	-
Drawdown of loans and borrowings:		
2010 Notes	1,000.0	-
2009 Credit Agreement (including the Additional Bank Debt)	800.0	-
Reynolds Senior Credit Facilities	-	95.0
Other borrowings	1.0	5.2
Related party borrowings	-	16.3
Repayment of loans and borrowings:		
2009 Credit Agreement	(24.2)	-
Evergreen revolving credit facility	(43.1)	-
Reynolds Senior Credit Facilities	-	(205.6)
2007 SIG Senior Credit Facilities	-	(25.0)
Other borrowings	(2.4)	(38.1)
Related party borrowings	-	(99.9)
Proceeds from issue of share capital	-	12.0
Payment of finance lease liabilities	(0.2)	(0.5)
Payment of transaction costs	(95.5)	(34.2)
Payment of original issue discounts	(24.0)	-
Payment for acquisition of businesses under common control*	(4.7)	-
Purchase of minority interests	(3.2)	-
Dividends paid to related parties and minority interests	(39.4)	(0.6)
Net cash used in financing activities	**(344.8)**	**(275.4)**
Net increase (decrease) in cash and cash equivalents	**(60.0)**	**117.2**
Cash and cash equivalents at the beginning of the period	513.7	383.2
Effect of exchange rate fluctuations on cash held	(4.0)	16.5
Cash and cash equivalents at September 30	**449.7**	**516.9**
Cash and cash equivalents comprise		
Cash and cash equivalents	453.0	519.0
Bank overdrafts	(3.3)	(2.1)
Cash and cash equivalents at September 30	**449.7**	**516.9**

* Relates to the net payment of the working capital adjustments on the acquisition of the Closures and Reynolds Consumer businesses on November 5, 2009.

The interim unaudited condensed combined statements of cash flows should be read in conjunction with the notes to the interim unaudited condensed financial statements.

Beverage Packaging Holdings Group

Interim unaudited condensed combined statements of cash flows

Reconciliation of the profit for the period with the net cash from operating activities

(In $ million)	For the nine months ended September 30, 2010	2009
Profit (loss) for the period	(49.5)	87.0
Adjustments for:		
Depreciation of property, plant and equipment	213.8	253.2
Depreciation of investment properties	1.8	1.2
Amortization of intangible assets	126.3	118.0
Impairment losses on property, plant and equipment reclassified as held for sale and investment property	5.7	11.3
Net foreign currency exchange loss	3.9	4.0
Change in fair value of derivatives	0.4	(119.3)
Gain on sale of property, plant and equipment	(1.1)	(3.8)
Gains on disposal of businesses	(11.4)	-
Net financial (income) expenses	448.7	330.4
Share of profit of equity accounted investees	(13.2)	(7.3)
Income tax expense	68.5	99.2
Interest paid	(206.0)	(176.4)
Income tax paid	(85.3)	(56.7)
Change in trade and other receivables	(82.3)	(21.6)
Change in inventories	(100.1)	19.2
Change in trade and other payables	136.0	19.7
Change in provisions and employee benefits	(42.7)	31.7
Change in other assets and liabilities	32.5	(2.7)
Net cash from operating activities	**446.0**	**587.1**

Significant non-cash financing and investing activities

During the nine month period ended September 30, 2010, Evergreen Packaging Inc. (“EPI”) issued shares to Evergreen Packaging US, its parent company at the time of issue, in exchange for the novation of external borrowings, net of debt issue costs, in the amounts of CA$29.5 million ($29.2 million), NZ$775.6 million ($567.5 million) and $27.9 million.

During the nine month period ended September 30, 2009, Evergreen Packaging International B.V.’s (“EPIBV”) parent company at the time, Evergreen Packaging (Antilles) N.V., contributed €47.4 million ($60.7 million) as a non-stipulated share premium without the issuance of shares.

The interim unaudited condensed combined statements of cash flows should be read in conjunction with the notes to the interim unaudited condensed financial statements.

Acquisitions and disposals of businesses

	For the nine months ended September 30,			
	2010		2009	
(In $ million)	**Acquisitions**	**Disposals**	**Acquisitions**	**Disposals**
Outflow of cash:				
Cash receipts (payments)	(36.2)	32.4	(2.7) *	-
Net cash acquired	10.8	-	-	-
Consideration received, satisfied in notes receivable	-	14.4	-	-
Consideration subject to post-closing adjustments	-	1.1	2.7	-
	(25.4)	**47.9**	**-**	**-**
Cash and cash equivalents	(10.8)	-	-	-
Net gain on sale before reclassification from foreign currency translation reserve	-	(9.9)	-	-
Net assets acquired	**(36.2)**	**38.0**	**-**	**-**
Details of net assets acquired/disposed of:				
Cash and cash equivalents	(10.8)	-	-	-
Trade and other receivables	(2.1)	11.7	-	-
Inventories	(10.7)	7.7	-	-
Other current assets	(0.1)	0.4	-	-
Intangible assets	(3.3)	0.4	-	-
Property, plant and equipment	(15.4)	22.2	-	-
Investment in joint venture	-	3.4	-	-
Trade and other payables	5.8	(7.8)	-	-
Provisions	0.1	-	-	-
Employee benefits	0.3	-	-	-
Net assets (acquired) / disposed of	**(36.2)**	**38.0**	**-**	**-**

The above acquisition relates to Obrist Americas Inc., subsequently renamed Closure Systems International Americas, Inc. Refer to note 20 for further details of acquisitions. The above disposal relates to the envelope window film business and related operations in Avenal, New Jersey and Hazelton, Pennsylvania together with the Group's interest in Multiplastics (Europe) Limited. Refer to note 22 for further details of disposals.

* The cash paid in 2009 was for the post-closing adjustments relating to the acquisition of CSI Guadalajara.

1. Reporting entity

Beverage Packaging Holdings (Luxembourg) I S.A. and Beverage Packaging Holdings (Luxembourg) II S.A. are domiciled in Luxembourg and registered in the Luxembourg "Registre de Commerce et des Sociétiés".

The interim unaudited condensed combined financial statements of Beverage Packaging Holdings Group (the "Group") as at and for the period ended September 30, 2010 comprise the combination of Beverage Packaging Holdings (Luxembourg) I S.A. ("BP I") and its subsidiaries (the "BP I Group") and Beverage Packaging Holdings (Luxembourg) II S.A. ("BP II" or the "issuer").

The Group is principally engaged in the manufacture and supply of consumer food and beverage packaging and storage products, primarily in Europe, North America, South America and Asia.

The address of the registered office of BP I and BP II is 6 Parc d'Activities Syrdall, L-5365 Munsbach, Luxembourg.

2. Basis of preparation

2.1 Statement of compliance

The interim unaudited condensed combined financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". The disclosures required in these interim unaudited condensed combined financial statements are less extensive than the disclosure requirements for annual financial statements.

The interim unaudited condensed combined financial statements comprise the statements of comprehensive income, financial position, changes in equity and cash flows as well as the relevant notes to the interim unaudited condensed combined financial statements.

The interim unaudited condensed combined financial statements do not include all of the information required for annual financial statements and should be read in conjunction with the annual financial statements of the Group for the period ended December 31, 2009 as well as other announcements made by the Group which are posted on the website of the immediate parent entity, Reynolds Group Holdings Limited ("RGHL"), www.reynoldsgroupholdings.com.

The interim unaudited condensed combined financial statements were approved by the Board of Directors (the "Directors") on November 26, 2010.

2.2 Going concern

The interim unaudited condensed combined financial statements have been prepared using the going concern assumption.

The interim unaudited condensed statements of financial position as of September 30, 2010 reflect a negative equity balance of $384.5 million compared to a positive equity balance of $858.7 million at December 31, 2009. The negative equity balance is primarily the result of accounting for the common control acquisitions of Evergreen and Reynolds Foodservice during the nine months ended September 30, 2010. The Group accounts for acquisitions under common control of its ultimate shareholder, Graeme Hart, using the carry-over or book value method. Under the carry-over or book value method, the business combinations do not change the historical carrying values of the assets and liabilities of the businesses acquired. Therefore, the excess of the purchase price, which is determined based on the fair value, over the consolidated carrying values of the share capital acquired, is recognized as a reduction to equity. The reduction to equity as a result of the Evergreen and Reynolds Foodservice acquisitions during the nine months ended September 30, 2010 was $1,953.1 million. Refer to note 21 for additional information

2.3 Basis of measurement

The interim unaudited condensed combined financial statements have been prepared under the historical cost convention except for:

- certain components of inventory and certain items of deferred tax which are measured at net realizable value;
- defined benefit pension plan liabilities and post-employment medical plan liabilities which are measured under the projected unit credit method; and
- defined benefit pension plan assets, derivatives and investments in securities which are measured at fair value.

The accounting policies applied by the Group in these interim unaudited condensed combined financial statements are the same as those applied by the Group in the annual financial statements for the period ended December 31, 2009.

2.4 Presentation currency

These interim unaudited condensed combined financial statements are presented in US dollars ("$"), which is the Group's presentation currency. All financial information presented in $ has been rounded to the nearest tenth of a million, unless otherwise stated.

2.5 Transactions between entities under common control

On May 4, 2010, the Group acquired the Evergreen group of companies ("Evergreen"). For three years prior to May 2010, the Group and Evergreen had been under common ownership and control through entities ultimately 100% owned by Mr. Graeme Hart. Therefore, the acquisition of Evergreen by indirect subsidiaries of the Group has been accounted for under the principles of common control and all prior periods presented in these financial statements have been recast to include Evergreen in order to comply with the Group's accounting policy for transactions between entities under common control.

On September 1, 2010, the Group acquired the Reynolds Foodservice group of companies ("Reynolds Foodservice"). For over two years prior to September 2010, the Group and Reynolds Foodservice had been under common ownership and control through entities ultimately 100% owned by Mr. Graeme Hart. Therefore, the acquisition of Reynolds Foodservice by indirect subsidiaries of the Group has been accounted for under the principles of common control and all prior periods presented in these financial statements have been recast to include Reynolds Foodservice in order to comply with the Group's accounting policy for transactions between entities under common control.

Acquisitions of entities under common control are accounted for as follows:

- predecessor value method requires the financial statements to be prepared using predecessor book values without any step up to fair values;

- premium or discount on acquisition is calculated as the difference between the total consideration paid and the book value of the issued capital of the acquired entity and is recognized directly in equity as a component of a separate reserve;

- the financial statements incorporate the acquired entities' results as if the acquirer and the acquiree had always been combined; and

- the results of operations and cash flows of the acquired entity are included on a restated basis in the financial statements from the date that common control originally commenced as though the entities had always been combined even though the common control transaction did not occur until the current year.

As a result of applying the principles of common control accounting, the Group's financial statements are prepared on a combined rather than consolidated basis for periods prior to the legal consummation of the common control transactions.

2.6 Comparative information

The items disclosed in note 33 of the Group's financial statements for the year ended December 31, 2009 have been reflected in the comparative September 30, 2009 information in these financial statements.

Certain sales allowances have been recorded to correct their classifications for all periods in the June 30, 2010 and December 2009 financial statements. The corrections have been applied consistently in the Group's statements of comprehensive income for the three month and nine month periods ended September 30, 2010 and September 30, 2009.

3. Use of estimates and judgments

The preparation of interim unaudited condensed combined financial statements requires the Directors to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The key assumptions concerning the future and other key sources of uncertainty in respect of estimates at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial reporting period are:

3.1 Impairment of assets

(a) Goodwill and indefinite life intangible assets

Determining whether goodwill and indefinite life intangible assets are impaired requires estimation of the recoverable values of the cash generating units ("CGU") to which these assets have been allocated. Recoverable values have been based on fair value less costs to sell or on value in use (as appropriate for the CGU being reviewed). Significant judgment is involved with estimating the fair value of a CGU. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value. Details regarding the carrying amount of goodwill and indefinite life intangible assets are provided in note 15.

(b) Rights to supply (finite life intangible asset)

Under the Group's integrated filler and carton sleeve sale and supply arrangements, the difference between the sales price of a filling machine and the cost to manufacture the machine is capitalized as an intangible asset (rights to supply) at the point of sale and then amortized over the term of the carton sleeve contract. At each reporting date, the unamortized balance is reviewed by management to assess whether it will be recovered from the projected gross margin of the estimated future carton sleeve sales. Any write down in the recoverable amount of the intangible asset is recognized in the statements of comprehensive income as a component of the profit or loss in the period in which the gross margin decline is noted. In undertaking this analysis management is required to make certain estimates in respect of the expected future sales volumes and margins in order to assess the recoverability of this intangible asset.

3.2 Income taxes

The Group is subject to income taxes in multiple jurisdictions which requires significant judgment to be exercised in determining the Group's provision for income taxes. There are a number of transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Current tax liabilities and assets are recognized at the amount expected to be paid to or recovered from the taxation authorities. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

3.3 Realization of deferred tax assets

The Group assesses the recoverability of deferred tax assets with reference to estimates of future taxable income. To the extent that actual taxable income differs from management's estimate of future taxable income, the value of recognized deferred tax assets may be affected. Deferred tax assets have been recognized to offset deferred tax liabilities to the extent that the deferred tax assets and liabilities are expected to be realized in the same jurisdiction and reporting period. Deferred tax assets have also been recognized based on management's best estimate of the recovery of these assets against future taxable income.

4. Seasonality

The SIG Combibloc segment is impacted by moderate levels of seasonal fluctuations. Although the customers of the SIG Combibloc segment are primarily engaged in providing products such as beverages and food that are generally less sensitive to seasonal effects, some seasonality is experienced as a result of consumer trends (i.e. increased consumption of tea and juices during the summer months in Europe). As a result, carton sleeve sales of the SIG Combibloc segment in the second and third quarters are usually greater than the rest of the year. Sales in the fourth quarter may also increase as a result of the timing of the volume rebate calculations paid in the first quarter in respect of sleeve sales, which encourages customers to purchase additional sleeves prior to the end of the year.

The Evergreen segment is impacted by moderate seasonal fluctuations. The Evergreen segment's customers are principally engaged in providing products that are generally less sensitive to seasonal effects although Evergreen does experience some seasonality as a result of increased consumption of milk during the North American academic year. Evergreen therefore typically experiences a greater level of carton product sales in the first and fourth quarters when North American schools are in session.

The Reynolds Consumer segment is subject to seasonal consumption patterns which are aligned with certain of the segment's key product lines. Sales of Reynolds Wrap® brands, the highest sales volume product, peak in North America during the fourth quarter holiday periods. Consequently, revenue is significantly greater during the fourth quarter of the year. In addition, the segment's food and trash bag sales peak during the summer and early fall months in North America coinciding with the harvest season and outdoor fall clean-up.

The Closures segment's operations are seasonal, peaking during the summer and fall months in the Northern Hemisphere when hot temperatures lead to increased consumption of bottled water, isotonic and soft drink products. As a result, historically the Closures segment realizes approximately 60% of sales during the second and third quarters of each calendar year. The Closures segment experiences seasonality in its working capital with inventory and receivables levels typically peaking in the first and second quarters, respectively.

The Reynolds Foodservice segment's operations are seasonal, peaking during the summer and fall months in the Northern Hemisphere when the favorable weather, harvest and the oncoming holiday season lead to increased use of the segment's products. Consequently, the segment experiences seasonality in its working capital, with inventory levels peaking in the first and fourth quarters and receivables peaking in June through September.

5. Financial risk management

During the nine months ended September 30, 2010, the Group continued to apply the risk management objectives and policies which were disclosed in the annual financial statements of the Group for the year ended December 31, 2009.

6. Segment reporting

IFRS 8 "Operating segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Chief Operating Decision Maker ("CODM") in order to allocate resources to the segment and to assess its performance.

The Group's CODM comprises the officers and Directors of the immediate parent entity, RGHL. Information reported to the Group's CODM for the purposes of resource allocation and assessment of segment performance is focused on the five business segments that exist within the Group. The Group's reportable business segments under IFRS 8 are as follows:

- SIG Combibloc – SIG Combibloc is one of the world's leading manufacturers and suppliers of a broad range of high quality aseptic carton packaging solutions. They are designed to retain taste and nutritional value of beverages and liquid food, without the use of chemical preservatives, even when stored for months without refrigeration. Its business is the supply of aseptic carton packaging systems, which include aseptic filling machines, aseptic cartons, spouts and closures as well as associated technical support and training.

- Evergreen – Evergreen is a leading manufacturer of fresh carton packaging for beverage products, primarily serving the juice and milk markets. Evergreen supplies integrated fresh carton packaging systems, which include fresh cartons, spouts, caps and closures, filling machines and related services. In addition, Evergreen manufactures liquid packaging board for beverage carton manufacturers and paper products for commercial printing.

- Reynolds Consumer – Reynolds Consumer is principally engaged in the manufacture and distribution of household products that are marketed under well recognized brands including Reynolds®, Diamond®, and Cut-Rite®. The segment also manufactures private label products under the Presto® product line, which is a leading supplier of store brand plastic storage and waste management products.

- Closures – Closures is a global closures manufacturing operation. It is principally engaged in the design, manufacture and distribution of plastic and aluminum closures as well as capping systems primarily for the beverage industry. The segment also provides its customers with a full range of capping equipment and machinery as well as associated technical support and training.

- Reynolds Foodservice – Reynolds Foodservice is principally engaged in the manufacture and distribution of a wide range of packaging products including flexible packaging products, thermoformed plastic containers and extruded plastic sheet and film, primarily in North America.

The accounting policies applied by each segment are the same as the Group's accounting policies. Results from operating activities represent the profit earned by each segment without allocation of central administrative revenue and expenses, interest and income tax benefit (expense).

The CODM assesses the performance of the operating segments based on Adjusted EBITDA. Adjusted EBITDA is defined as net profit before income tax expense, net financial expenses, depreciation and amortization adjusted to exclude certain significant items of a non-recurring or unusual nature, including but not limited to restructuring costs, unrealized gains or losses on derivatives, gains or losses on the sale of non-strategic assets, asset impairments and write downs and equity method profit not distributed in cash. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance and is consistent with what was reported in the Group's annual financial statements for the period ended December 31, 2009.

Inter-segment pricing is determined with reference to prevailing market prices on an arm's-length basis.

Business segment reporting

	For the nine month period ended September 30, 2010						
(In $ million)	**SIG Combibloc**	**Evergreen**	**Reynolds Consumer**	**Closures**	**Reynolds Foodservice**	**Corporate / unallocated ***	**Total**
Total external revenue	1,326.0	1,173.7	807.9	882.9	406.2	-	4,596.7
Total inter-segment revenue	-	-	32.3	5.5	54.1	(91.9)	-
Total segment revenue	**1,326.0**	**1,173.7**	**840.2**	**888.4**	**460.3**	**(91.9)**	**4,596.7**
Gross profit	339.6	134.9	199.0	145.2	36.3	-	855.0
Expenses and other income	(171.9)	(44.9)	(75.3)	(74.5)	(29.9)	(4.0)	(400.5)
Share of profit of associates and joint ventures (equity method)	11.6	1.6	-	-	-	-	13.2
Earnings before interest and tax ("EBIT")	**179.3**	**91.6**	**123.7**	**70.7**	**6.4**	**(4.0)**	**467.7**
Financial income							6.2
Financial expenses							(454.9)
Profit before income tax							**19.0**
Income tax expense							(68.5)
Profit (loss) for the period							**(49.5)**
Earnings before interest and tax ("EBIT")	**179.3**	**91.6**	**123.7**	**70.7**	**6.4**	**(4.0)**	**467.7**
Depreciation and amortization	176.8	45.9	37.4	58.9	22.9	-	341.9
Earnings before interest, tax, depreciation and amortization ("EBITDA")	**356.1**	**137.5**	**161.1**	**129.6**	**29.3**	**(4.0)**	**809.6**
Included in EBITDA:							
Asset impairment charges	-	-	-	-	5.7	-	5.7
Black Liquor Credit	-	(0.3)	-	-	-	-	(0.3)
Business interruption costs	-	-	-	2.1	-	-	2.1
Costs related to business acquisitions	-	1.4	-	1.0	-	2.0	4.4
Equity method joint venture profit not distributed in cash	(8.7)	(1.6)	-	-	-	-	(10.3)
Gain on sale of businesses	-	(2.1)	(0.2)	-	(9.1)	-	(11.4)
Gain on sale of investment properties	(1.7)	-	-	-	-	-	(1.7)
Adjustment related to settlement of a lease obligation	-	-	(1.6)	-	-	-	(1.6)
Operational process engineering-related consultancy costs	-	2.6	6.4	-	-	-	9.0
Related party management fees	-	0.8	-	-	-	-	0.8
Restructuring costs	9.0	-	(2.9)	1.4	(2.2)	-	5.3
Unrealized (gain)/loss on derivatives	0.6	1.9	(2.2)	0.7	(0.6)	-	0.4
VAT and custom duties on historical imports	9.3	-	-	-	-	-	9.3
Adjusted earnings before interest, tax, depreciation and amortization ("Adjusted EBITDA")	**364.6**	**140.2**	**160.6**	**134.8**	**23.1**	**(2.0)**	**821.3**
Segment assets as at September 30, 2010	3,436.9	1,184.2	1,709.5	1,696.3	353.6	(741.2)	**7,639.3**

* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments.

	For the nine month period ended September 30, 2009						
(In $ million)	**SIG Combibloc**	**Evergreen**	**Reynolds Consumer**	**Closures**	**Reynolds Foodservice**	**Corporate / unallocated ***	**Total**
Total external revenue	1,202.7	1,043.6	808.3	739.9	527.7		4,322.2
Total inter-segment revenue	-	-	27.1	1.7	40.7	(69.5)	-
Total segment revenue	**1,202.7**	**1,043.6**	**835.4**	**741.6**	**568.4**	(69.5)	**4,322.2**
Gross profit	294.7	269.8	106.5	124.1	36.0	2.7	833.8
Expenses and other income	(176.1)	(62.6)	3.6	(52.6)	(36.4)	(0.4)	(324.5)
Share of profit of associates and joint ventures (equity method)	5.3	1.8	-	-	0.2	-	7.3
Earnings before interest and tax (“EBIT”)	**123.9**	**209.0**	**110.1**	**71.5**	**(0.2)**	2.3	**516.6**
Financial income							4.7
Financial expenses							(335.1)
Profit before income tax							**186.2**
Income tax expense							(99.2)
Profit for the period							**87.0**
Earnings before interest and tax (“EBIT”)	**123.9**	**209.0**	**110.1**	**71.5**	**(0.2)**	2.3	**516.6**
Depreciation and amortization	180.5	46.4	48.6	54.1	42.8	-	372.4
Earnings before interest, tax, depreciation and amortization (“EBITDA”)	**304.4**	**255.4**	**158.7**	**125.6**	**42.6**	2.3	**889.0**
Included in EBITDA:							
Asset impairment charges	4.6	5.8	0.3	-	0.6	-	11.3
Black Liquor Credit	-	(156.5)	-	-	-	-	(156.5)
Elimination of historical Reynolds hedging policy	-	-	90.8	-	4.5	-	95.3
Equity method joint venture profit not distributed in cash	(4.2)	(1.8)	-	-	(0.1)	-	(6.1)
Inventory write-off	-	-	-	-	5.3	-	5.3
Korean insurance claim	-	(0.4)	-	-	-	-	(0.4)
Manufacturing plant flood impact	-	-	4.9	-	-	-	4.9
Operational process engineering-related consultancy costs	-	8.5	-	-	-	-	8.5
Plant realignment costs	-	-	2.1	-	-	-	2.1
Related party management fees	-	1.8	-	-	-	-	1.8
Restructuring costs	31.6	1.2	5.3	2.5	9.8	-	50.4
Transition costs	-	-	15.2	-	-	-	15.2
Unrealized gain on derivatives	(4.8)	-	(95.8)	(9.8)	(8.9)	-	(119.3)
VAT and custom duties on historical imports	3.5	-	-	-	-	-	3.5
Adjusted earnings before interest, tax, depreciation and amortization (“Adjusted EBITDA”)	**335.1**	**114.0**	**181.5**	**118.3**	**53.8**	**2.3**	**805.0**
Segment assets as at December 31, 2009	4,130.0	1,316.2	1,669.6	1,431.7	511.7	(1,419.3)	**7,639.9**

* Corporate / unallocated includes holding companies and certain debt issuer companies which support the entire Group and which are not part of a specific segment. It also includes eliminations of transactions and balances between segments.

7. Revenue

(In $ million)	For the nine month period ended September 30, 2010	2009
Sale of goods	4,543.7	4,275.4
Services	53.0	46.8
Total revenue	**4,596.7**	**4,322.2**

8. Other income

(In $ million)	For the nine month period ended September 30, 2010	2009
Gain on sale of investment properties	1.7	-
Gain on sale of property, plant and equipment	1.1	3.8
Gain on disposal of businesses and investments	11.4	-
Income from other services	2.5	5.0
Rental income from investment properties	5.0	7.7
Sale of by-products	19.0	11.9
Unrealized gains on derivatives	-	119.3
Adjustment related to settlement of a lease obligation	1.6	-
Other	19.9	11.3
Total other income	**62.2**	**159.0**

9. Other expenses

(In $ million)	Note	For the nine month period ended September 30, 2010	2009
Acquisition costs		(4.4)	-
Asset impairment charges		(5.7)	(11.3)
Business interruption costs		(2.1)	-
Business restructuring costs		(5.3)	(50.4)
Net foreign currency exchange loss		(3.9)	(4.0)
VAT and custom duties on historical imports		(9.3)	(3.5)
Operational process engineering related consultancy costs		(9.0)	(8.5)
Related party management fees	19	(0.8)	(1.8)
Unrealized loss on derivatives		(0.4)	-
Other		(1.1)	(1.5)
Total other expenses		**(42.0)**	**(81.0)**

10. Financial income and expenses

(In $ million)	Note	For the nine month period ended September 30, 2010	2009
Interest income		3.5	4.4
Interest income on related party loans	19	2.7	0.3
Financial income		**6.2**	**4.7**
Interest expense			
2009 Credit Agreement		(84.0)	-
2010 Notes		(34.5)	-
2009 Notes		(99.6)	-
2007 Notes		(77.4)	(80.2)
2008 Reynolds Senior Credit Facilities		-	(58.3)
2007 SIG Senior Credit Facilities		-	(33.3)
CHH Facility		(7.6)	(17.8)
Related party borrowings	19	(0.3)	(11.1)
Other borrowings		(8.1)	(0.3)
Amortization of:			
Debt issue costs			
2009 Credit Agreement		(6.0)	-
2010 Notes		(0.8)	-
2009 Notes		(6.3)	-
2007 Notes		(2.8)	(2.3)
2008 Reynolds Senior Credit Facilities		-	(16.2)
2007 SIG Senior Credit Facilities		-	(2.7)
CHH Facility		(0.4)	(0.8)
2010 Debt commitment letter fee		(50.0)	-
2009 Credit Agreement amendment fee		(5.6)	-
Original issue discounts		(4.3)	-
Embedded derivatives		1.5	-
Net change in fair values of derivatives		(9.7)	-
Net foreign currency exchange loss		(57.9)	(110.3)
Other		(1.1)	(1.8)
Financial expenses		**(454.9)**	**(335.1)**
Net financial expenses		**(448.7)**	**(330.4)**

Refer to note 16 for details of the Group’s borrowings.

11. Income tax

(In $ million)	For the nine month period ended September 30, 2010	2009
Reconciliation of effective tax rate		
Profit before income tax	**19.0**	**186.2**
Income tax using the combined Group’s domestic tax rate of 30%	(5.7)	(56.0)
Controlled foreign corporation tax	(1.9)	(14.0)
Current period losses for which no deferred tax asset was recognized	(40.1)	(48.8)
Effect of differences of tax rates in foreign jurisdictions	(10.9)	22.7
Effect of state and local tax rates	(1.7)	(3.1)
Non-deductible expenses	(8.1)	(4.6)
Recognition of previously unrecognized tax losses and temporary differences	5.0	3.3
Tax exempt income at a reduced tax rate	2.2	6.0
Tax on disposal of business	(1.3)	-
Tax rate modifications	1.9	-
Over/(under) provided in prior periods	(1.2)	0.3
Withholding tax	(8.0)	(6.1)
Other	1.3	1.1
Total income tax expense	**(68.5)**	**(99.2)**

12. Assets held for sale

(In $ million)	As at September 30, 2010	As at December 31, 2009
Property, plant and equipment	19.1	33.7

During 2009 management announced separate plans to dispose of the property, plant and equipment associated with its now closed Richmond and Downingtown facilities in the United States. At the time of making this election the assets associated with these facilities were re-classified as available for sale (with nil impairment charges) as it was management's view that a sale transaction was highly probable and would occur within twelve months of this election. During the three months ended June 30, 2010 management reassessed the market value of these assets which resulted in the recognition of a $5.7 million impairment charge. The sale of the Downingtown facility was completed in February 2010.

During 2008 management announced its intention to dispose of the assets associated with its Laval facility in Canada. At the time of making this election the assets associated with the facility were re-classified as available for sale (with nil impairment charges) as it was management's view that a sale transaction was highly probable and would occur within twelve months of this election. During 2009 the Group finalized the sale of these assets, which resulted in the recognition of an impairment loss during the period of $0.6 million resulting from the expected sales price being less than the carrying value of the assets. The sale of the Laval facility was completed in March 2010.

During the three months ended September 30, 2010, the Group completed the sale of investment properties which were held for sale as at June 30, 2010.

13. Inventories

(In $ million)	As at September 30, 2010	As at December 31, 2009
Raw materials and consumables	272.2	234.9
Work in progress	125.9	104.5
Finished goods	432.4	393.8
Engineering and maintenance materials	81.5	69.9
Provision against inventories	(47.8)	(47.5)
Total inventories	**864.2**	**755.6**

During the nine month period ended September 30, 2010, the write-down of inventories to net realizable value amounted to $2.1 million (September 30, 2009: $7.4 million).

The U.S. Internal Revenue Code provided a tax credit for companies that use alternative fuel mixtures to produce energy to operate their businesses. The credit, equal to $0.50 per gallon of alternative fuel contained in the mixture, is refundable to the taxpayer. During May 2009, the Group received notification that its application to be registered as an alternative fuel mixer at its Canton and Pine Bluff facilities (within the Evergreen segment), had been approved. For the year ended December 31, 2009, the Group filed claims for alternative fuel mixture credits covering eligible periods from January 2009 to December 2009, totaling approximately $235 million. As a result of these claims the Group recognized during the nine month periods ended September 30, 2010 and September 30, 2009 a reduction in its cost of sales of $0.3 million and $156.5 million, respectively, being the claim value net of applicable expenses. The alternative fuel mixture credit was considered taxable income in the U.S. federal income tax provision.

14. Property, plant and equipment

(In $ million)	Land	Buildings, plant and equipment	Capital work in progress	Leased assets lessor	Finance leased assets	Total
Cost	145.5	2,056.5	103.8	242.5	4.0	2,552.3
Accumulated depreciation	-	(641.9)	-	(89.4)	(1.7)	(733.0)
Accumulated impairment losses	-	(0.3)	-	-	-	(0.3)
Carrying amount at September 30, 2010	**145.5**	**1,414.3**	**103.8**	**153.1**	**2.3**	**1,819.0**
Cost	124.1	2,074.2	80.2	203.8	4.6	2,486.9
Accumulated depreciation	-	(561.8)	-	(94.0)	(1.3)	(657.1)
Accumulated impairment losses	-	(4.8)	-	-	-	(4.8)
Carrying amount at December 31, 2009	**124.1**	**1,507.6**	**80.2**	**109.8**	**3.3**	**1,825.0**

The total depreciation charge of $213.8 million for the nine month period ended September 30, 2010 (September 30, 2009: $253.2 million) is recognized in the statements of comprehensive income as a component of cost of sales (September 30, 2010: $204.4 million, September 30, 2009: $245.1 million), selling, marketing and distribution expenses (September 30, 2010: $2.6 million, September 30, 2009: $2.3 million) and general and administration expenses (September 30, 2010: $6.8 million, September 30, 2009: $5.8 million).

During the nine month period ended September 30, 2010, no impairment charges or reversals of previously recognized impairment charges were recognized (September 30, 2009: $3.2 million impairment charge).

The Group leases plant and equipment under finance leases. The leased plant and equipment secures the lease obligations.

The majority of the assets are pledged as security for our borrowings. Refer to note 16 for additional details

15. Intangible assets

(In $ million)	Goodwill	Trademarks	Technology & software	Customer relationships	Rights to supply	Other	Total
Cost	1,713.7	677.0	354.4	830.9	159.7	3.0	3,738.7
Accumulated amortization	-	(9.6)	(199.6)	(253.4)	(103.1)	(1.7)	(567.4)
Accumulated impairment losses	-	-	-	-	-	-	-
Carrying amount at September 30, 2010	**1,713.7**	**667.4**	**154.8**	**577.5**	**56.6**	**1.3**	**3,171.3**
Cost	1,730.0	661.2	328.1	831.7	168.3	4.8	3,724.1
Accumulated amortization	-	(6.9)	(144.3)	(196.9)	(94.8)	(2.1)	(445.0)
Accumulated impairment losses	-	-	-	-	-	-	-
Carrying amount at December 31, 2009	**1,730.0**	**654.3**	**183.8**	**634.8**	**73.5**	**2.7**	**3,279.1**

The total amortization charge of $126.3 million for the nine month period ended September 30, 2010 (September 30, 2009: $118.0 million) is recognized in the statements of comprehensive income as a component of cost of sales (September 30, 2010: $58.6 million, September 30, 2009: $59.9 million) and general and administration expenses (September 30, 2010: $67.7 million, September 30, 2009: $58.1 million).

15.1 Impairment testing for CGUs containing indefinite life intangible assets

Goodwill and certain trademarks are the only intangible assets with indefinite useful lives and are therefore not subject to amortization. Instead, recoverable amounts are calculated annually as well as whenever there is an indication that they may be impaired. There were no indicators of impairment at any of the Group's CGUs at September 30, 2010 and therefore recoverable amounts were not required to be calculated.

For the purpose of impairment testing, indefinite life intangible assets are allocated to the Group's CGUs which represent the lowest level within the Group at which the goodwill and trademarks are monitored for internal management purposes. The aggregate carrying amounts of indefinite life intangible assets allocated to each CGU are as follows:

	As at September 30, 2010		As at December 31, 2009	
(In $ million)	Goodwill	Indefinite life trademarks	Goodwill	Indefinite life trademarks
Reynolds Consumer– Reynolds Branded	292.0	300.9	292.8	300.9
Reynolds Consumer – Store Branded	102.0	-	102.0	-
Closures	385.0	-	376.9	-
SIG Combibloc	893.7	286.2	917.3	270.4
Evergreen	41.0	33.8	41.0	33.8
	1,713.7	**620.9**	**1,730.0**	**605.1**

The change in the amounts of indefinite life intangible assets from December 31, 2009 to September 30, 2010, is due to foreign exchange movements.

Recoverable amounts of the indefinite life intangible assets allocated to each CGU are determined based on the greater of the fair values less costs to sell or value-in-use calculations.

16. Borrowings

(In $ million)	Note	As at September 30, 2010	As at December 31, 2009
2009 Credit Agreement [(a)(g)]		72.4	34.8
Blue Ridge Facility [(l)]		-	43.1
CHH Facility [(f)(k)]		-	30.0
Other borrowings[(m)]		2.3	3.7
Current borrowings		**74.7**	**111.6**
2009 Credit Agreement [(a)(g)]		2,011.8	1,308.8
May 2010 Notes [(b)(j)]		979.2	-
2009 Notes [(c)(h)]		1,659.5	1,687.8
2007 Senior Notes [(d)(i)]		634.5	668.6
2007 Senior Subordinated Notes [(e)(i)]		554.4	584.4
CHH Facility [(f)(k)]		-	587.3
Interest bearing related party borrowings	19	15.7	16.3
Other borrowings [(m)]		4.1	4.9
Non-current borrowings		**5,859.2**	**4,858.1**
Total Borrowings		**5,933.9**	**4,969.7**
(a) 2009 Credit Agreement (current and non-current)		2,150.7	1,394.2
Transaction costs		(49.1)	(32.5)
Original issue discount		(17.4)	(18.1)
Carrying amount		**2,084.2**	**1,343.6**
(b) May 2010 Notes		1,000.0	-
Transaction costs		(30.0)	-
Embedded derivative		9.2	-
Carrying amount		**979.2**	**-**
(c) 2009 Notes		1,737.0	1,771.8
Transaction costs		(70.1)	(75.6)
Original issue discount		(20.4)	(22.8)
Embedded derivative		13.0	14.4
Carrying amount		**1,659.5**	**1,687.8**
(d) 2007 Senior Notes		652.8	689.8
Transaction costs		(18.3)	(21.2)
Carrying amount		**634.5**	**668.6**
(e) 2007 Senior Subordinated Notes		571.2	603.5
Transaction costs		(16.8)	(19.1)
Carrying amount		**554.4**	**584.4**
(f) CHH Facility (current and non-current)		-	619.6
Transaction costs		-	(2.3)
Carrying amount		**-**	**617.3**

(g) 2009 Credit Agreement

RGHL and certain members of the Group are parties to a senior secured credit agreement dated November 5, 2009, as amended from time to time (“2009 Credit Agreement”) which comprises the following term and revolving tranches:

(In million)	Maturity Date	Original Facility Value	Value Drawn or Utilized at September 30, 2010	Applicable interest rate for the nine month period September 30. 2010
Term Tranches				
Tranche A Term Loan ($)	August 6, 2015	$500.0	undrawn	-
Tranche B Term Loan ($)	May 5, 2016	$1,035.0	$1,022.1	6.25%
Tranche C Term Loan ($)	May 5, 2016	$800.0	$795.0	5.75%
Tranche D Term Loan ($)	May 5, 2016	$1,520.0	undrawn	-
European Term Loan (€)	November 5, 2015	€ 250.0	€ 245.3	6.25%
Revolving Tranches [(1)]				-
$ Revolving Tranche	November 5, 2014	$120.0	$18.6	-
€ Revolving Tranche	November 5, 2014	€ 80.0	€ 56.0	-

(1) The Revolving Tranches were utilized in the form of bank guarantees and letters of credit.

RGHL and certain members of the Group have guaranteed on a senior basis the obligations under the 2009 Credit Agreement and related documents to the extent permitted by law. The guarantors (other than the entities organized in Australia, Costa Rica, and Japan) have granted security over certain of their assets to support the obligations under the 2009 Credit Agreement. The security is shared on a first priority basis with the note holders under the 2009 Notes (refer to (h) below).

Indebtedness under the 2009 Credit Agreement may be voluntarily repaid in whole or in part and must be mandatorily repaid in certain circumstances. The borrowers also make quarterly amortization payments in respect of the term loans.

The 2009 Credit Agreement contains customary covenants which restrict RGHL and the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling or acquiring assets and making restricted payments, in each case except as permitted under the 2009 Credit Agreement. RGHL and the Group also have an interest coverage ratio and leverage ratio covenants as well as limitations on capital expenditure. At September 30, 2010, RGHL and the Group were in compliance with all of their covenants. The total assets of the non-guarantor companies (excluding intra-group items but including investments in subsidiaries) are required to be 20% or less of the consolidated total assets of RGHL and the Group and the aggregate of the EBITDA of the non-guarantor companies is required to be 20% or less of the consolidated EBITDA of RGHL and the Group, in each case calculated in accordance with the 2009 Credit Agreement which may differ to the measure of Adjusted EBITDA as disclosed in note 6.

On September 30, 2010 the 2009 Credit Agreement was amended, among other things, to add Tranche A Term Loan and Tranche D Term Loan as described above, which were used to partially finance the Pactiv Acquisition (as defined in note 25). The amendment resulted in original issue discount payments of $22.0 million and an arrangement fee of $32.9 million which will be amortized over the period of the loan, commencing November 2010.

(h) 2009 7.75% Senior Secured Notes

On November 5, 2009, Reynolds Group Issuer LLC, Reynolds Group Issuer Inc. and Reynolds Group Issuer (Luxembourg) S.A., (together the “Reynolds Issuers”) issued $1,125.0 million principal amount of 7.75% senior secured notes due 2016 and €450.0 million principal amount of 7.75% senior secured notes due 2016 (collectively, the “2009 Notes”). Interest on the 2009 Notes is paid semi-annually on April 15 and October 15. Interest payments commenced on April 15, 2010. All of the guarantors of the 2009 Credit Agreement have also guaranteed the 2009 Notes.

The indenture for the 2009 Notes contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indenture for the 2009 Notes.

Pursuant to a registration rights agreement, the Reynolds Issuers have agreed (i) to file with the U.S. Securities and Exchange Commission (“SEC”) an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the 2009 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the 2009 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the 2009 Notes by November 2010. The Reynolds Issuers do not currently expect to file the required registration statement for the 2009 Notes by November 2010 and consequently will be required to pay additional penalty interest of up to a maximum of 1.00% per annum on the 2009 Notes beginning November 5, 2010 in accordance with the terms of the 2009 Notes until the 2009 Notes are registered.

The Reynolds Issuers, at their option, can elect to redeem the 2009 Notes under terms and conditions specified in the indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the Group’s accounting policy for embedded derivatives, the Group has recognized an embedded derivative in relation to the redemption provisions of the 2009 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2009 Notes have the right to require the Reynolds Issuers to repurchase the 2009 Notes at a premium.

(i) 2007 Senior Notes and 2007 Senior Subordinated Notes

On June 29, 2007, BP II, issued €480.0 million principal amount of 8% senior notes due 2016 (the “2007 Senior Notes”) and €420.0 million principal amount of 9.5% senior subordinated notes due 2017 (the “2007 Senior Subordinated Notes” and together with the 2007 Senior Notes, the “2007 Notes”). BP II pays interest on the 2007 Notes semi-annually on June 15 and December 15. The 2007 Senior Notes are secured on a second-priority basis and the 2007 Senior Subordinated Notes are secured on a third-priority basis, by all of the equity interests of BP I held by RGHL and the receivables under loan of the proceeds of the 2007 Notes made by BP II to BP I. Since November 5, 2009 all of the guarantors of the 2009 Credit Agreement have also guaranteed the 2007 Notes.

The indentures for the 2007 Notes contain customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indentures for the 2007 Notes.

In certain circumstances which would constitute a change in control, the holders of the 2007 Notes have the right to require the issuer to repurchase the 2007 Notes at a premium.

(j) May 2010 8.5% Senior Unsecured Notes

On May 4, 2010, the Reynolds Issuers issued $1,000.0 million principal amount of 8.5% senior unsecured notes due 2018 (the “May 2010 Notes”). Interest on the May 2010 Notes is paid semi-annually on May 15 and November 15. RGHL and certain members of the Group have guaranteed on a senior basis the obligations under the May 2010 Notes to the extent permitted by law.

Pursuant to a registration rights agreement, the Reynolds Issuers have agreed (i) to file with the SEC an exchange offer registration statement pursuant to which the Reynolds Issuers will exchange the May 2010 Notes for a like aggregate principal amount of new registered notes that are identical in all material respects to the May 2010 Notes, except for certain provisions, among others, relating to additional interest and transfer restrictions or (ii) under certain circumstances, to file a shelf registration statement with the SEC with respect to the May 2010 Notes by May 2011. Under certain circumstances if the Reynolds Issuers do not meet their obligations under the registration rights agreement the Reynolds Issuers may be required to pay penalty interest of up to a maximum of 1.00% per annum. If applicable, penalty interest would commence from May 4, 2011.

The indenture for the May 2010 Notes contains customary covenants which restrict the Group from certain activities including, among other things, incurring debt, creating liens over assets, selling assets and making restricted payments, in each case except as permitted under the indenture for the May 2010 Notes.

The Reynolds Issuers, at their option, can elect to redeem the May 2010 Notes under terms and conditions specified in the indenture. The terms of the early redemption constitute an embedded derivative. In accordance with the Group's accounting policy for embedded derivatives, the Group has recognized an embedded derivative in relation to the redemption provisions of the May 2010 Notes.

In certain circumstances which would constitute a change in control, the holders of the May 2010 Notes have the right to require the Reynolds Issuers to repurchase the May 2010 Notes at a premium.

(k) CHH Facility

EPI and Evergreen Packaging Canada Limited ("EPCL") were borrowers under a syndicated multi-option facility agreement dated December 18, 2006 as amended (the "CHH Facility"). EPI and EPCL were released as borrowers on May 3, 2010 in connection with the Group's acquisition of EPI, Evergreen Packaging (Luxembourg) S.à r.l. and their respective subsidiaries (the "Evergreen Group") from Carter Holt Harvey Limited ("CHHL").

The securities and guarantees in respect of the CHH Facility that had been granted by certain members of the Evergreen Group were released on May 4, 2010, in connection with the Group's acquisition of the Evergreen Group from CHHL. At December 31, 2009 the outstanding principal indebtedness of EPI and EPCL under the CHH Facility was NZ$773.6 million ($561.8 million), $29.6 million and CA$29.7 million ($28.2 million).

(l) Blue Ridge Facility

Blue Ridge Paper Products, Inc. ("Blue Ridge"), was the borrower under a $50.0 million revolving credit agreement dated as of December 17, 2003 among Blue Ridge, BRPP, LLC and General Electric Capital Corporation, as agent and lender (the "GE Agreement"). The GE Agreement was repaid in full on May 3, 2010, prior to the Group's acquisition of Blue Ridge from CHHL. As at December 31, 2009 the GE Agreement was drawn in the amount of $43.1 million.

(m) Other borrowings

In addition to the 2009 Credit Agreement, as amended, the 2009 Notes, the 2007 Notes and the May 2010 Notes, the Group has a number of unsecured working capital facilities extended to certain operating companies of the Group. These facilities bear interest at floating or fixed rates. Other borrowings at September 30, 2010 and December 31, 2009 also included finance lease obligations of $2.6 million and $4.8 million, respectively.

At September 30, 2010, the Group had local working capital facilities in a number of jurisdictions which are secured by the collateral under the 2009 Credit Agreement, the 2009 Notes and certain other assets. The local working capital facilities which are secured by the collateral under the 2009 Credit Agreement and the 2009 Notes rank pari passu with the obligations under the 2009 Credit Agreement and the 2009 Notes. At September 30, 2010, the secured facilities were utilized in the amount of $3.8 million in the form of short-term bank overdraft, letters of credit and bank guarantees.

Assets pledged as security for loans and borrowings

As a result of the pledge of the shares in BP I (a wholly owned subsidiary of RGHL), the carrying values of the assets pledged as collateral under the 2009 Credit Agreement and the 2009 Notes equates to the assets of the Group.

16.1 2010 Debt Commitment Letter

During the three months ended September 30, 2010, the Group signed a debt commitment letter which was to be utilized to partially fund the Pactiv Acquisition (as defined in note 25) ("2010 Debt Commitment Letter ") in the event that permanent financing was not obtained. The 2010 Debt Commitment Letter was initially for an amount up to $5.0 billion, subject to certain conditions and adjustments. Following the amendment to the 2009 Credit Agreement, as of September 30, 2010 the commitments under the 2010 Debt Commitment Letter reduced by approximately $2.0 billion.

The signing of the 2010 Debt Commitment Letter has resulted in the Group incurring $95.1 million of fees. As of September 30, 2010:

i. $25.0 million of these fees had been paid, with the balance of $70.1 million recognized as a current liability, within trade and other payables.

ii. $45.1 million of these fees have been deferred as a non-current asset, with the balance of $50.0 million being expensed during the period.

During October 2010, the Group completed the issuance of the October 2010 Notes (as defined in note 25). The proceeds from the October 2010 Notes and drawings under the Tranche A Term Loan and Tranche D Term Loan under the 2009 Credit Agreement were used to partially finance the Pactiv Acquisition (as defined in note 25). Upon the issuance of the October 2010 Notes, the commitments under the 2010 Debt Commitment Letter reduced by approximately $3.0 billion. Subsequent to September 30, 2010, $45.1 million of deferred fees will be expensed.

17. Provisions

(In $ million)	Legal & warranty	Restructuring	Workers' compensation	Other	Total
Current	21.7	19.8	9.2	6.8	57.5
Non-current	25.9	0.5	0.2	5.9	32.5
Total provisions at September 30, 2010	**47.6**	**20.3**	**9.4**	**12.7**	**90.0**
Current	23.9	43.4	8.9	4.7	80.9
Non-current	28.4	5.6	0.1	6.0	40.1
Total provisions at December 31, 2009	**52.3**	**49.0**	**9.0**	**10.7**	**121.0**

18. Equity and reserves

18.1 Share capital

On September 1, 2010, the issued capital of Reynolds Packaging Inc. ("RPI") and Reynolds Packaging International B.V. ("RPIBV") were acquired by entities controlled by BP I. From this date, RPI and RPIBV and their respective subsidiaries are consolidated by BP I, and the combined issued capital is that of BP I and BP II. For periods prior to September 1, 2010, the Group's issued capital represents the aggregation of certain entities under common control.

On May 4, 2010, the issued capital of EPI and Evergreen Packaging International B.V. ("EPIBV") was acquired by entities controlled by BP I. From this date, each of EPI and EPIBV as well as their respective controlled entities are consolidated by BP I.

Beverage Packaging Holdings (Luxembourg) I S.A.

	For the	
Number of shares	**Nine month period ended September 30, 2010**	**Twelve month period ended December 31, 2009**
Balance at the beginning of the period	13,063,527	13,063,527
Issue of shares	-	-
Balance	**13,063,527**	**13,063,527**

On November 5, 2009 Reynolds Group Holdings Limited ("RGHL") (the sole shareholder) contributed €368.6 million ($544.0 million) to the special reserve account connected to the share capital of BP I. No additional shares were issued in connection with this capital contribution.

The holder of the shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to BP I's residual assets in the event of a wind-up.

Beverage Packaging Holdings (Luxembourg) II S.A.

	For the	
Number of shares	**Nine month period ended September 30, 2010**	**Twelve month period ended December 31, 2009**
Balance at the beginning of the period	1,000	1,000
Issue of shares	-	-
Balance	**1,000**	**1,000**

The holder of the shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to BP II's residual assets in the event of a wind-up.

Evergreen Packaging Inc.

	For the	
Number of shares	**Nine month period ended September 30, 2010**	**Twelve month period ended December 31, 2009**
Balance at the beginning of the period	1,000	1,000
Issue of shares	640	-
Balance	**1,640**	**1,000**

On May 3, 2010, EPI issued to Evergreen Packaging US, its parent company at the time of issue, 640 fully paid shares of common stock at an issue price of $0.01 per share and received a capital contribution of $624.6 million.

On January 7, 2009, EPI received $12.0 million in consideration for the issuance of 405 shares to Evergreen Packaging US.

The holder of the issued shares is entitled to receive dividends, as declared, from time to time and is entitled to one vote per share. All shares rank equally with regard to EPI's residual assets in the event of a wind-up.

Evergreen Packaging International B.V.

Number of shares	For the Nine month period ended September 30, 2010	Twelve month period ended December 31, 2009
Balance at the beginning of the period	186	186
Issue of shares	-	-
Balance	**186**	**186**

On February 19, 2009, EPIBV's parent company at the time, Evergreen Packaging (Antilles) N.V., contributed €47.4 million ($60.7 million) as a non-stipulated share premium without the issuance of shares.

The holder of the issued shares is entitled to receive dividends, as declared, from time to time and is entitled to one vote per share. All shares rank equally with regard to EPIBV's residual assets in the event of a wind-up.

Reynolds Packaging Inc.

Number of shares	For the Nine month period ended September 30, 2010	Twelve month period ended December 31, 2009
Balance at the beginning of the period	2,000	2,000
Issue of shares	-	-
Balance	**2,000**	**2,000**

During the period ended December 31, 2009 RPI did not issue any shares of common stock.

All issued shares of common stock are fully paid and have an issue value of $0.01 per share.

The holder of the issued shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All shares rank equally with regard to RPI's residual assets in the event of a wind-up.

Reynolds Packaging International B.V.

Number of shares	For the Nine month period ended September 30, 2010	Twelve month period ended December 31, 2009
Balance at the beginning of the period	180	180
Issue of shares	-	-
Balance	**180**	**180**

During the period ended December 31, 2009 RPIBV did not issue any shares of common stock.

All issued ordinary shares are fully paid and have an issue price of €100 per share.

The holder of the issued shares is entitled to receive dividends as declared from time to time and is entitled to one vote per share. All ordinary shares rank equally with regard to RPIBV's residual assets in the event of a wind-up.

18.2 Reserves

(In $ million)	As at September 30, 2010	As at December 31, 2009
Translation reserve	235.3	53.1
Other reserves	(1,560.9)	(513.3)
Balance	**(1,325.6)**	**(460.2)**

(a) Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

The transfers from the foreign currency translation reserve to profit and loss during the nine month period ended September 30, 2010 include the impact of reorganizations of wholly owned subsidiaries.

(b) Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. On November 5, 2009, certain borrowing facilities were repaid in full and as a result, the interest rate hedges associated with these borrowings became ineffective. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement", the cumulative hedge reserve balance at November 5, 2009 was transferred to the profit and loss section of the statements of comprehensive income.

(c) Other reserves

The other reserves comprise balances resulting from transactions with entities under common control. In accordance with the Group's accounting policy for business combinations under common control, the Group has recognized in other reserves the difference between the purchase price paid for the businesses acquired and the book values of the share capital of the parent companies acquired for the transactions which occurred on November 5, 2009, May 4, 2010 and September 1, 2010. Refer to note 21 for details related to movements in this reserve balance for the nine month period ended September 30, 2010.

18.3 Dividends

On August 31, 2010, RPI paid a dividend of $39.0 million, of which $37.6 million was paid in cash and $1.4 million was settled through reductions in related party balances payable, to its shareholder at that time, Reynolds Packaging (NZ) Limited, in advance of the acquisition of Reynolds Foodservice by the Group on September 1, 2010.

There were no other dividends declared or paid by BP I or BP II, during the nine month period ended September 30, 2010 (2009: nil).

19. Related parties

Parent and ultimate controlling party

The immediate parent of the Group is RGHL, the ultimate parent of the Group is Packaging Holdings Limited and the ultimate shareholder is Mr. Graeme Hart.

Related party transactions

The entities, the nature of the relationship and the types of transactions with which the Group entered into related party transactions during the nine month period ended September 30, 2010 are detailed below:

Entity name	Nature of relationship	Nature of transactions
RGHL	Immediate parent	Financing (loan), interest expense [b]
BPC Finance (N.Z.) Limited	Common ultimate shareholder	Transfer of tax losses
BPC United States Inc.	Common ultimate shareholder	Management fees, trade receivables, loan to related party, sale of property, plant and equipment [d][f]
Burns Philp Canada Group Limited	Common ultimate shareholder	Loan to related party[e]
Carter Holt Harvey Limited	Common ultimate shareholder	Trade receivables, trade payables, loans from related party, transfer of tax losses, interest expense, sale of goods, settlement of loan, acquisition of Whakatane Paper Mill [c]
Carter Holt Harvey Packaging Pty Limited	Common ultimate shareholder	Trade payables
Carter Holt Harvey Pulp & Paper Limited	Common ultimate shareholder	Trade receivables, trade payables, sale of goods, purchase of goods
Closure Systems International (NZ) Limited	Common ultimate shareholder	Trade payables
Evergreen Packaging New Zealand Limited	Common ultimate shareholder	Trade receivables, trade payables, loan from related party, settlement of loan[h]
Evergreen Packaging US	Common ultimate shareholder	Trade payables
Nerva Investments Limited	Common ultimate shareholder	Transfer of tax losses
Rank Group Investments Limited	Common ultimate shareholder	Transfer of tax losses
Rank Group Limited	Common ultimate shareholder	Trade payables, interest income, reimbursement of marketing expenses
Reynolds Consumer Products (NZ) Limited	Common ultimate shareholder	Trade receivables, loan from related party with interest at 6.21%
Reynolds Packaging (NZ) Limited	Common ultimate shareholder	Trade payables
Reynolds Packaging Group (NZ) Limited	Common ultimate shareholder	Trade payables, dividends paid
Reynolds Treasury (NZ) Limited	Common ultimate shareholder	Loans from related party with interest at USD Libor + 4.5%, repayment of loan and interest
SIG Combibloc Obeikan FZCO	Joint venture	Sales of goods[a]
SIG Combibloc Obeikan Company Limited	Joint venture	Production[a]

(In $ million)	Transaction values for the period ended September 30, 2010	Transaction values for the period ended September 30, 2009	Balances outstanding as at September 30, 2010	Balances outstanding as at December 31, 2009
Transactions with the immediate and ultimate parent companies				
Loan due to immediate parent[(b)]	-	-	(15.7)	(16.3)
Interest charged	(0.3)	(0.5)	-	-
Transactions with joint ventures				
Sale of goods[(a)]	88.9	66.8	25.7	24.0
Purchase of goods[(a)]	-	-	(1.7)	(3.7)
Transactions with other related parties				
Trade receivables				
BPC United States Inc.	-	-	0.9	0.1
Sale of property, plant and equipment[(f)]	2.7	-	-	-
Carter Holt Harvey Limited	-	-	1.1	-
Sale of goods	13.7	-	-	-
Carter Holt Harvey Pulp & Paper Limited	-	-	4.7	-
Sale of goods	8.4	-	-	-
Evergreen Packaging New Zealand Limited	-	-	0.1	-
Rank Group Limited – reimbursement of marketing expenses	-	7.5	-	-
Reynolds Consumer Products (NZ) Limited	1.4	-	-	3.9
Reynolds Treasury (NZ) Limited	-	-	-	23.6
Interest charged	0.8	0.3	-	-
Advances	-	14.7	-	-
Repayment of loans	23.9	-	-	-
Trade payables				
BPC United States Inc.	-	-	-	-
Management fees	(0.8)	(1.8)	-	-
Carter Holt Harvey Limited	-	-	(0.7)	(0.1)
Purchase of goods	(0.9)	-	-	-
Purchase of Whakatane Mill[(g)]	(45.8)	-	-	-
Carter Holt Harvey Packaging Pty Limited	-	-	(0.3)	-
Carter Holt Harvey Pulp and Paper Limited	-	-	(5.0)	-
Purchase of goods	(13.4)	-	-	-
Closure Systems International (NZ) Limited	-	-	-	(7.5)
Evergreen Packaging New Zealand Limited	(18.2)	-	-	-
Evergreen Packaging US	(11.4)	-	-	-
Rank Group Limited	-	-	(3.1)	(0.2)
Reynolds Consumer Products (NZ)	-	-	-	-
Reynolds Packaging (NZ) Limited	(44.6)	(0.6)	(44.6)	(0.6)
Dividends paid	(39.0)	-	-	-
Reynolds Packaging Group (NZ) Limited	(0.4)	-	(0.4)	(0.6)
Reynolds Treasury (NZ) Limited	-	-	-	(0.7)
Collection of cash and payment to suppliers	-	-	-	-
Interest charged	-	(1.8)	-	-
Recharges	-	0.4	-	-

(In $ million)	Transaction values for the period ended September 30, 2010	2009	Balances outstanding as at September 30, 2010	December 31, 2009
Loans receivable				
BPC United States Inc.[(d)]	-	-	-	11.7
Burns Philp Canada Group Limited[(e)]	-	-	-	0.3
Reynolds Consumer Products (NZ) Limited	-	-	-	59.3
Interest charged	1.9	-	-	-
Repayment of loan	61.1	-	-	-
Reynolds Treasury (NZ) Limited	-	-	-	-
Transfer	-	34.0	-	-
Repayments	-	(11.6)	-	-
Loans payable				
Carter Holt Harvey Limited [(c)]	-	-	-	-
Interest charged	-	(3.1)	-	-
Advances from related party	-	(16.7)	-	-
Settlements	-	37.0	-	-
Evergreen Packaging New Zealand Limited[(h)]	-	-	-	-
Interest charged		(0.4)	-	-
Settlements	-	4.1	-	-
Reynolds Consumer Products (NZ) Limited	-	-	-	-
Interest charged	-	(5.3)	-	-
Repayment by way of assignment of loans	-	121.0	-	-
Payables related to transfer of tax losses from:				
BPC Finance (N.Z.) Limited	-	(11.2)	-	(12.4)
Nerva Investments Limited	-	(9.0)	-	(12.4)

(a) All transactions with joint ventures are conducted on an arm's length basis and are settled in cash. Sales of services are negotiated on a cost-plus basis allowing a margin ranging from 3% to 6%. All amounts are unsecured, non-interest bearing and repayable on demand.

(b) The advance due from RGHL accrued interest at a rate based on EURIBOR plus a margin of 2.38%. During the nine month period ended September 30, 2010, interest was charged at 3.01% to 3.16% (2009: 3.45% to 5.22%). The loan is subordinated to the obligations under the 2009 Credit Agreement and the 2009 Notes and is subject to certain other payment restrictions including in favor of the 2007 Notes under the terms of inter-creditor arrangements.

(c) The following intercompany loans involved CHHL:

(i) Intercompany loans arising from a Payment in Kind (PIK) note which provided for interest based upon a fixed rate of 9%, compounded semi- annually.

(ii) Intercompany loan bearing interest at the US bill rate plus a margin of 1.75%. Interest of 2.8% was charged during the nine month period ended September 30, 2009. Amounts are unsecured and payable on demand.

(iii) This amount bore interest at the AFR rate with interest of 0.6% to 0.8% charged during the nine month period ended September 30, 2009.

(iv) On February 19, 2009, CHHL assigned a loan payable by the Group of €47.4 million ($60.7 million) to Evergreen Packaging Holdings Limited for an issue of shares, subsequently assigned to Evergreen Packaging New Zealand Limited and then to Evergreen Packaging Antilles N.V. for an issue of shares and converted to equity in Evergreen Packaging International B.V. (a member of the Group). Refer to note 18.

(d) The advance due from BPC United States Inc. accrued interest at a rate based upon the AFR rate, set monthly. Amounts are unsecured and payable on demand.

(e) The advance due from Burns Philp Canada Group Limited was non-interest bearing and unsecured.

(f) On April 29, 2010, Blue Ridge Paper Products Inc. sold land and buildings held in Richmond to BPC United States Inc. The consideration paid was the net book value of the assets at the date of sale, being $2.7 million with settlement being made on the date of sale.

(g) On May 4, 2010, the Group acquired the Whakatane Mill for a purchase price of $48.0 million, being the fair value of the net assets at the date purchased, from CHHL. The consideration paid to the seller of the assets was subject to certain post closing adjustments relating to the closing net working capital, reimbursable wages and other stub period adjustments. The post-closing adjustment resulted in CHHL owing the Group an amount of $2.2 million which was paid on June 25, 2010.

(h) The transactions with Evergreen Packaging New Zealand Limited arise from the following agreements, which were settled as of December 31, 2009:

(i) a dollar bond bearing interest at a fixed rate of 6.9%.

(ii) a dollar loan bearing interest at a rate based upon the three month LIBOR, set quarterly, plus a margin of 1.75%.

(iii) a dollar loan bearing interest at a rate based upon the one-month LIBOR, set monthly plus a margin of 1.75%.

20. Business combinations

Closure Systems International Americas, Inc.

On February 1, 2010, the Group purchased 100% of the issued capital of Obrist Americas, Inc., a U.S. manufacturer of plastic non-dispensing screw closures for carbonated soft drinks and water containers. Total consideration for the acquisition was $36.2 million and was paid in cash. The acquired company was subsequently renamed Closure Systems International Americas, Inc. (“CSI Americas”).

This acquisition had the following preliminary effect on the Group’s assets and liabilities at the acquisition date:

(In $ million)	
Cash and cash equivalents	10.8
Trade and other receivables	2.1
Inventories	10.7
Other current assets	0.1
Property, plant and equipment	15.4
Intangible assets	3.3
Trade and other payables	(5.8)
Provisions	(0.1)
Employee benefits	(0.3)
Net assets acquired	36.2
Difference between net assets acquired and consideration paid	-
Consideration paid, settled in cash	36.2
Cash acquired	(10.8)
Net cash outflow	**25.4**

The preliminary values of assets, liabilities and contingent liabilities recognized on acquisition are their estimated fair values. The fair values of all of the items listed above have been determined on a provisional basis, pending completion of independent valuations and U.S. GAAP to IFRS accounting policy analysis.

The acquisition of CSI Americas contributed revenue of $38.6 million and a net loss of $1.3 million to the Group for the nine month period ended September 30, 2010. If the purchase had occurred on January 1, 2010, management estimates that CSI Americas would have contributed additional revenue of $3.8 million, additional EBITDA of $2.6 million and additional profit after tax of $1.1 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on January 1, 2010.

The Group expects to finalize the purchase price accounting adjustments within twelve months from the date of acquisition.

For the nine month period ended September 30, 2010, the Group incurred acquisition related costs of $1.0 million which have been expensed in the Group’s statements of comprehensive income.

21. Business combinations under common control

2010

On May 4, 2010, the Group acquired the business operations of Evergreen from subsidiaries of Rank Group Limited. At the time of this transaction, both the Group and Evergreen were ultimately 100% owned by Mr. Graeme Hart. The original acquisitions of the Evergreen businesses were completed between January 31, 2007 and July 31, 2007.

On September 1, 2010, the Group acquired the business operations of the Reynolds Foodservice segment from subsidiaries of Reynolds (NZ) Limited (“Reynolds (NZ)”). At the time of this transaction, both the Group and Reynolds (NZ) were ultimately 100% owned by Mr. Graeme Hart. The original acquisition of the Reynolds Foodservice businesses was completed on February 29, 2008.

The following table shows the effect of the legal consummation of the acquisitions of Evergreen and Reynolds Foodservice as of their respective date of acquisition by the Group:

(In $ million)	**Evergreen**	**Reynolds Foodservice**	**Total**
Consideration paid in cash*	1,582.0	297.0	1,879.0
Plus working capital adjustments***	30.1	44.0	74.1
Total consideration	1,612.1	341.0	1,953.1
Book value of share capital of the acquired businesses	(712.8)	(192.7)	(905.5)
Difference between total consideration and book value of share capital of the acquired businesses**	899.3	148.3	1,047.6

2009

On November 5, 2009, the Group acquired the business operations of the Closures and Reynolds Consumer segments from subsidiaries of Reynolds (NZ). At the time of this transaction, both the Group and Reynolds (NZ) were ultimately 100% owned by Mr. Graeme Hart. The original acquisition of the Closures and Reynolds Consumer businesses was substantially completed on February 29, 2008. As at November 5, 2009, the effect of the legal consummation of the acquisition was as follows:

(In $ million)	
Consideration paid in cash*	1,687.3
Plus working capital adjustments	5.0
Total consideration	1,692.3
Book value of share capital of the acquired businesses	(1,107.9)
Difference between total consideration and book value of share capital of the acquired businesses**	584.4

* The Group has accounted for the acquisitions under the principles of common control. As a result, the cash acquired as part of the acquisitions is already included in the Group's cash balance and does not form part of the net cash outflow. Further, the results of operations of the businesses acquired are included in the statements of comprehensive income from January 31, 2007 for Evergreen, and from February 29, 2008 for Reynolds Consumer, Closures and Reynolds Foodservice.

** In accordance with the Group's accounting policy for acquisitions under common control, the difference between the share capital of the acquired businesses and the consideration paid has been recognized directly in equity as part of other reserves.

*** The working capital adjustments of $44.0 million in related to the acquisition of Reynolds Foodservice have not yet been paid.

22. Business disposals

On January 28, 2010, the Group sold to a third party its interest in its envelope window film business and related operations in Avenal, New Jersey and Hazelton, Pennsylvania together with the Group's interest in Multiplastics (Europe) Limited.

The following table presents information for the calculation of the preliminary gain on disposal at the date of sale.

(In $ million)	
Consideration received, satisfied in cash	32.4
Consideration received, satisfied in notes receivable [(a)]	14.4
Working capital adjustments payable	1.1
Total consideration	47.9
Carrying amount of net assets sold	38.0
	9.9
Amounts reclassified from foreign currency translation reserve	0.8
Gain on sale	**9.1**

Refer to the statements of cash flows for details of the net assets disposed.

(a) Two secured promissory notes as follows:
1. Principal amount of $12.0 million, due January 28, 2014, bearing interest at 8.0%, increasing by 0.5% for every three month period after January 28, 2012.
2. Principal amount of $2.4 million, due January 28, 2014, bearing interest at LIBOR plus 1.75% to 2.5% contingent upon the debt to EBITDA ratio plus 2.0%.

23. Contingencies

(In $ million)	As at September 30, 2010	As at December 31, 2009
Contingent liabilities	29.4	32.0

The contingent liabilities primarily arise from the guarantees given to banks granting credit facilities to the Group's joint venture company, SIG Combibloc Obeikan Company Limited, in Riyadh, Kingdom of Saudi Arabia.

Litigation and legal proceedings

The Group is subject to litigation in the ordinary course of operations, for which a provision has been recognized in the Group's interim unaudited condensed combined financial statements as at September 30, 2010. The Group does not believe that it is engaged in any other legal proceedings for which provision has not been made which would be likely to have a material effect on its business, financial position or results of operations.

Security and guarantee arrangements

Certain members of the Group have entered into a guarantee and security arrangement in respect of the Group's indebtedness as described in note 16.

24. Filling machines

The Group has sold some of its filling machines to third party finance companies, which then lease the machines to customers. These filling machines may be replaced or returned due to changes in customers' demands or technological progress. These machines are usually refurbished and resold. Returned machines are recognized as a component of inventories. The related financial risks are evaluated annually based on the net present value of future lease income, and, if necessary, provisions are recognized. As at September 30, 2010, provisions were not required to be recognized. If the Group were to become obligated to buy back filling machines from customers, there is a potential maximum exposure of $38.9 million (December 31, 2009: $86.8 million).

25. Subsequent events

On October 15, 2010, certain members of the Group issued $1.5 billion of 7.125% senior secured notes due 2019 (the "October 2010 Senior Secured Notes") and $1.5 billion of 9.000% senior notes due 2019 (the "October 2010 Senior Notes") (together, the "October 2010 Notes"). The proceeds of the October 2010 Notes were held in escrow pending the satisfaction of certain conditions associated with the closing of the Pactiv Acquisition (defined below).

On November 16, 2010, the Group acquired Pactiv Corporation ("Pactiv") for an aggregate purchase price of approximately $4.5 billion (the "Pactiv Acquisition"). The consideration was paid in cash. There is no contingent consideration payable.

Funding for the purchase consideration, the refinancing of certain Pactiv indebtedness and the payment of certain fees and expenses was provided through a combination of existing cash, additional borrowings and additional equity.

On November 15, 2010, BP I received cash consideration of $322.0 million for the issuance of one additional share to its shareholder.

In connection with the Pactiv Acquisition on November 16, 2010:

- $500.0 million Tranche A Term Loans and $1,520.0 million Tranche D Term Loans were drawn under the 2009 Credit Agreement;
- the proceeds of the October 2010 Notes were released from escrow;
- the proceeds of the October 2010 Notes, the Tranche A Term Loans and the Tranche D Term Loans were used in part to fund the Pactiv Acquisition;
- certain members of the Group guaranteed the October 2010 Notes; and
- Pactiv and certain of its subsidiaries granted guarantees and security for the 2009 Credit Agreement, the 2009 Notes, and the October 2010 Senior Secured Notes and guarantees of the 2007 Notes, the May 2010 Notes and the October 2010 Senior Notes.

Pactiv is a leading manufacturer of consumer and foodservice packaging products in the United States. The acquisition of Pactiv brings together two consumer and foodservice packaging platforms. The combination increases the Group's product, geographic and customer diversification and creates an extensive and diverse distribution network. The Group's and Pactiv's products are complementary, providing the combined group with opportunities to generate incremental revenue through cross-selling and category expansion. The Group also expects to realize significant cost savings by consolidating facilities, eliminating duplicate operations, improving supply chain management and achieving other efficiencies.

Due to the proximity of closing the Pactiv Acquisition and the release of these financial statements, it is impractical to provide a preliminary fair value balance sheet of the acquired business. Pactiv is currently finalizing the opening balance sheet. The Group is also undertaking fair value appraisals and the conversion of Pactiv's accounts from U.S. GAAP to IFRS.