Packaging Corporation of America

Citi
2014 Basic Materials Conference

December 3, 2014

Packaging Corporation of America

Certain statements in this presentation are forward-looking statements. Forward-looking statements include statements about our future financial condition, our industry and our business strategy. Statements that contain words such as “anticipate”, “believe”, “expect”, “intend”, “estimate”, “hope” or similar expressions, are forward-looking statements. These forward-looking statements are based on the current expectations of PCA.

Because forward-looking statements involve inherent risks and uncertainties, the plans, actions and actual results of PCA could differ materially. Among the factors that could cause plans, actions and results to differ materially from PCA’s current expectations are those identified under the caption “Risk Factors” in PCA’s Form 10K filed with the Securities and Exchange Commission and available at the SEC’s website at “www.sec.gov”.

Why PCA

- **Right Product – Corrugated Containers (85% of EBITDA)**
  - **Corrugated has established its place in society – no real substitutes**
  - **Good industry dynamics – supply / demand balance, industry consolidation, no import threat**
  - **Prospect of better industry demand – onshoring**

Why PCA

- Right Product – Corrugated Containers (85% of EBITDA)
- **Best Performing Company Over an Extended Period of Time**
  - Best volume growth and margins in the industry
  - Strongest customer base – 2/3 local accounts
  - Low cost virgin mills
  - Lowest OCC usage in the industry
  - High vertical integration
  - Strong management / track record

Why PCA

- Right Product – Corrugated Containers (85% of EBITDA)
- Best Performing Company Over an Extended Period of Time
- **Proven and Unique Strategy**
  - **Focus on providing the best value and be easy to do business with**
  - **Boxes are not a commodity. PCA leverages revenue growth, not cost reduction, to drive profitability in our box plants**
  - **We have developed considerable capabilities and expertise in doing the hard-to-do things that provides our customers the best value**
  - **Our strategy is very difficult to replicate because of the know-how and resources required**

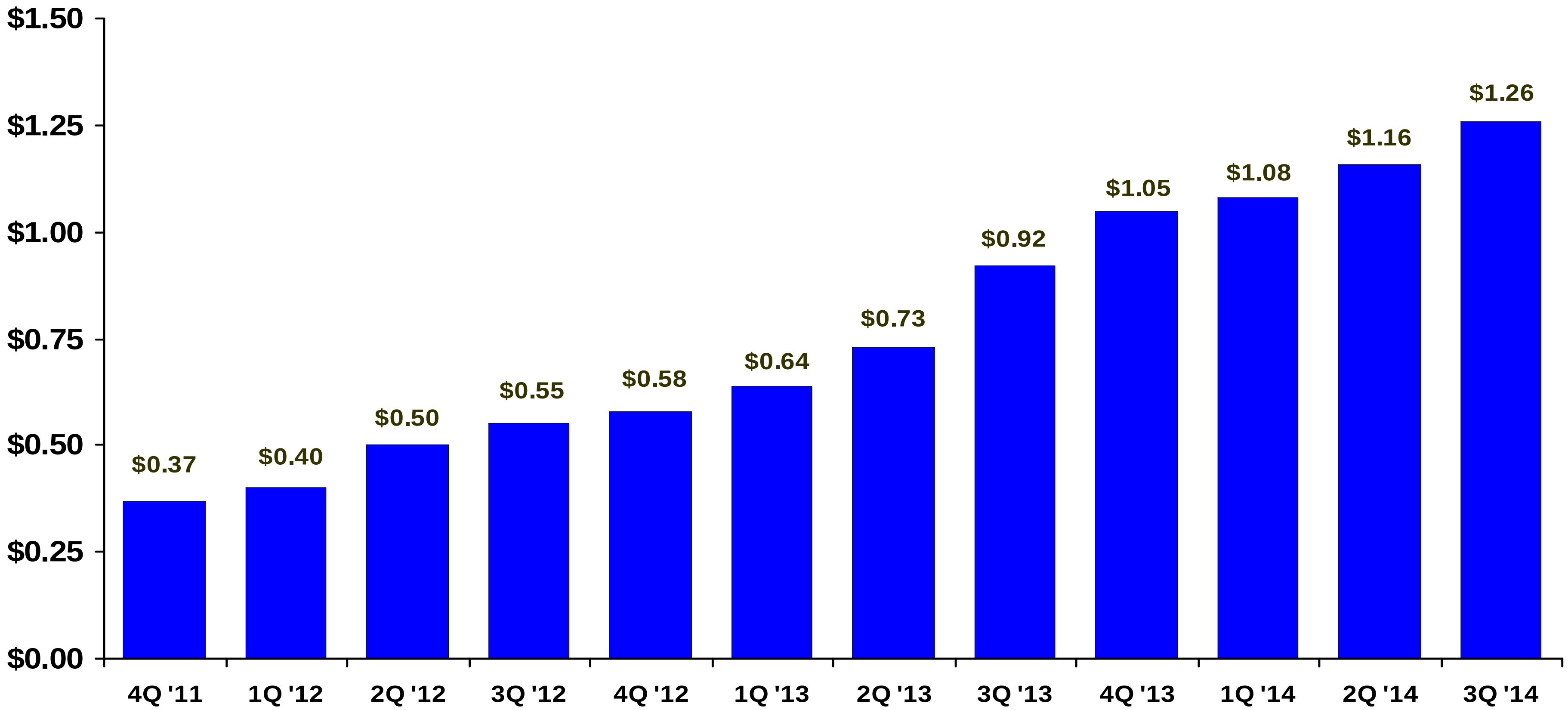
Why PCA

- Right Product – Corrugated Containers (85% of EBITDA)
- Best Performing Company Over an Extended Period of Time
- Proven and Unique Strategy
- **Special Opportunity – Boise Acquisition**
  - **Highly accretive to earnings immediately**
  - **Quality assets that provide a platform for continued growth**
  - **Substantial synergies ($175MM)**
  - **Excellent fit**
  - **DeRidder conversion project (30% DCF return)**

Why PCA

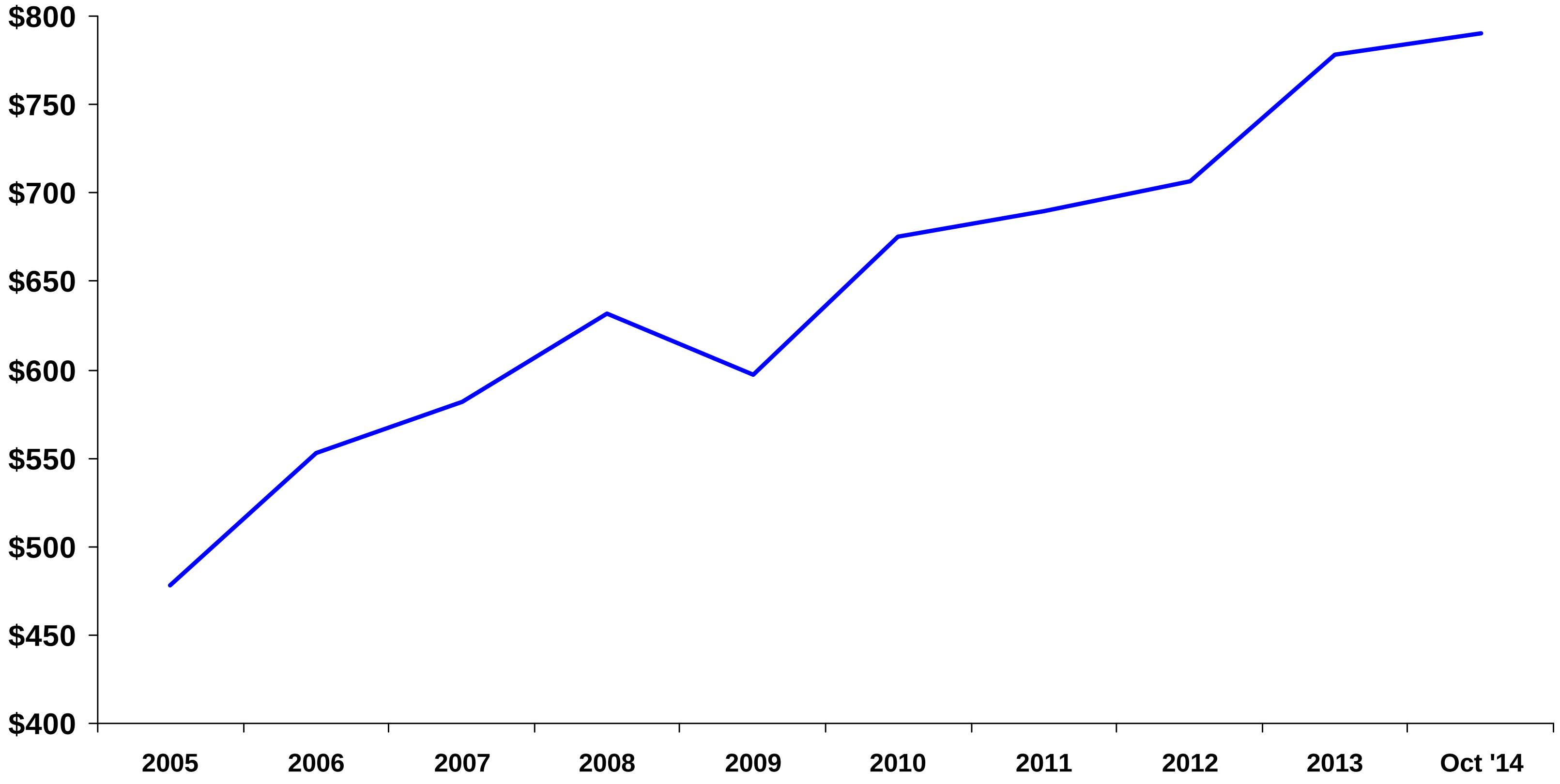
- Right Product – Corrugated Containers (85% of EBITDA)
- Best Performing Company Over an Extended Period of Time
- Proven and Unique Strategy
- Special Opportunity – Boise Acquisition
- **Focus and History of Returning Value to Shareholders**
  - **Capital spending discipline**
  - **Dividends and share buybacks**
  - **Debt paydown**

Earnings Per Share
(Excluding Special Items)[1]



1) *See Appendix for reconciliation of reported earnings per share to earnings per share shown above.*

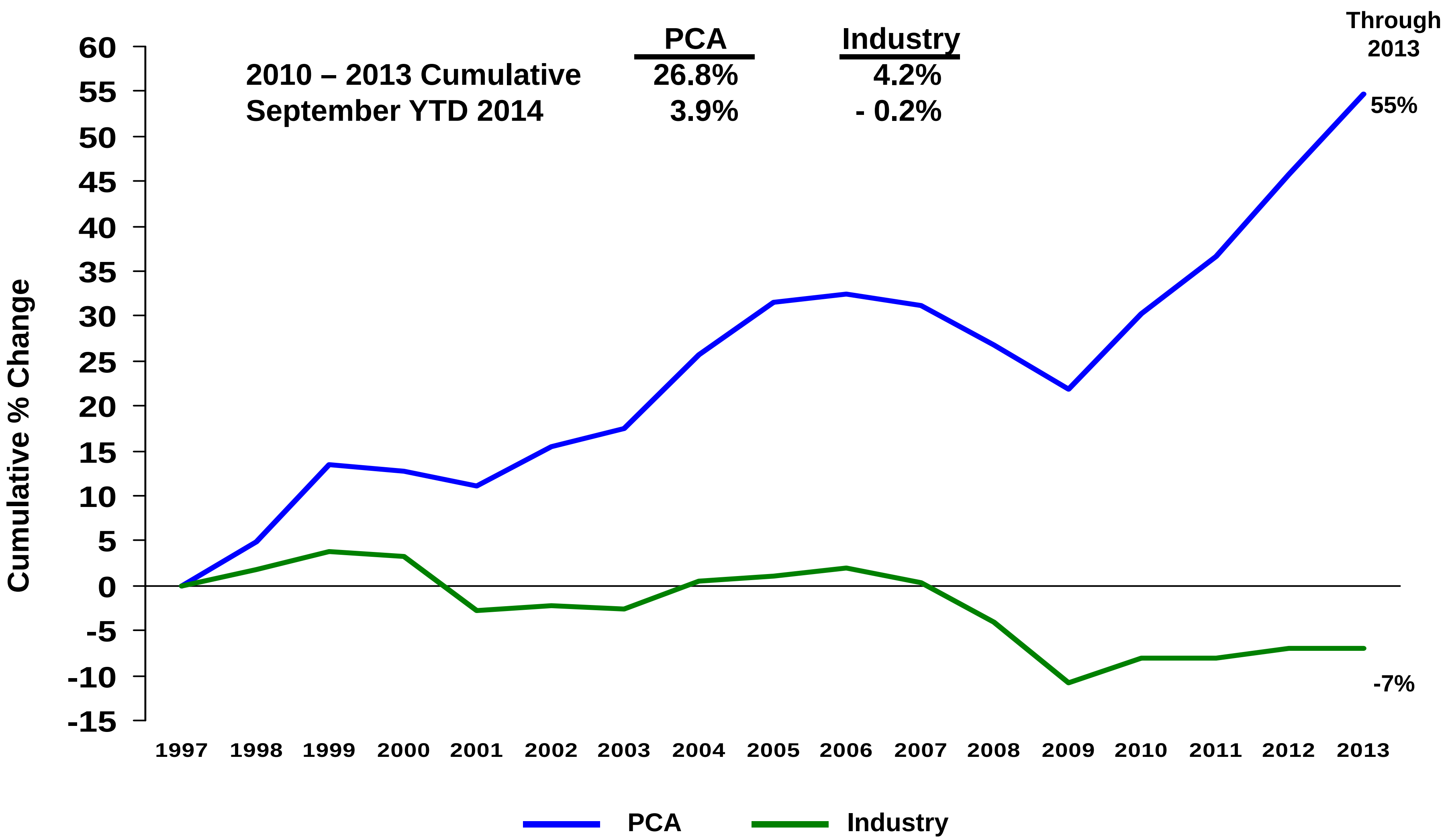
Historical Rollstock Pricing(1)
42# Linerboard



Average Price/Year:	$ 478	$ 553	$ 582	$ 632	$ 597	$ 675	$ 690	$ 707	$ 778	$ 790

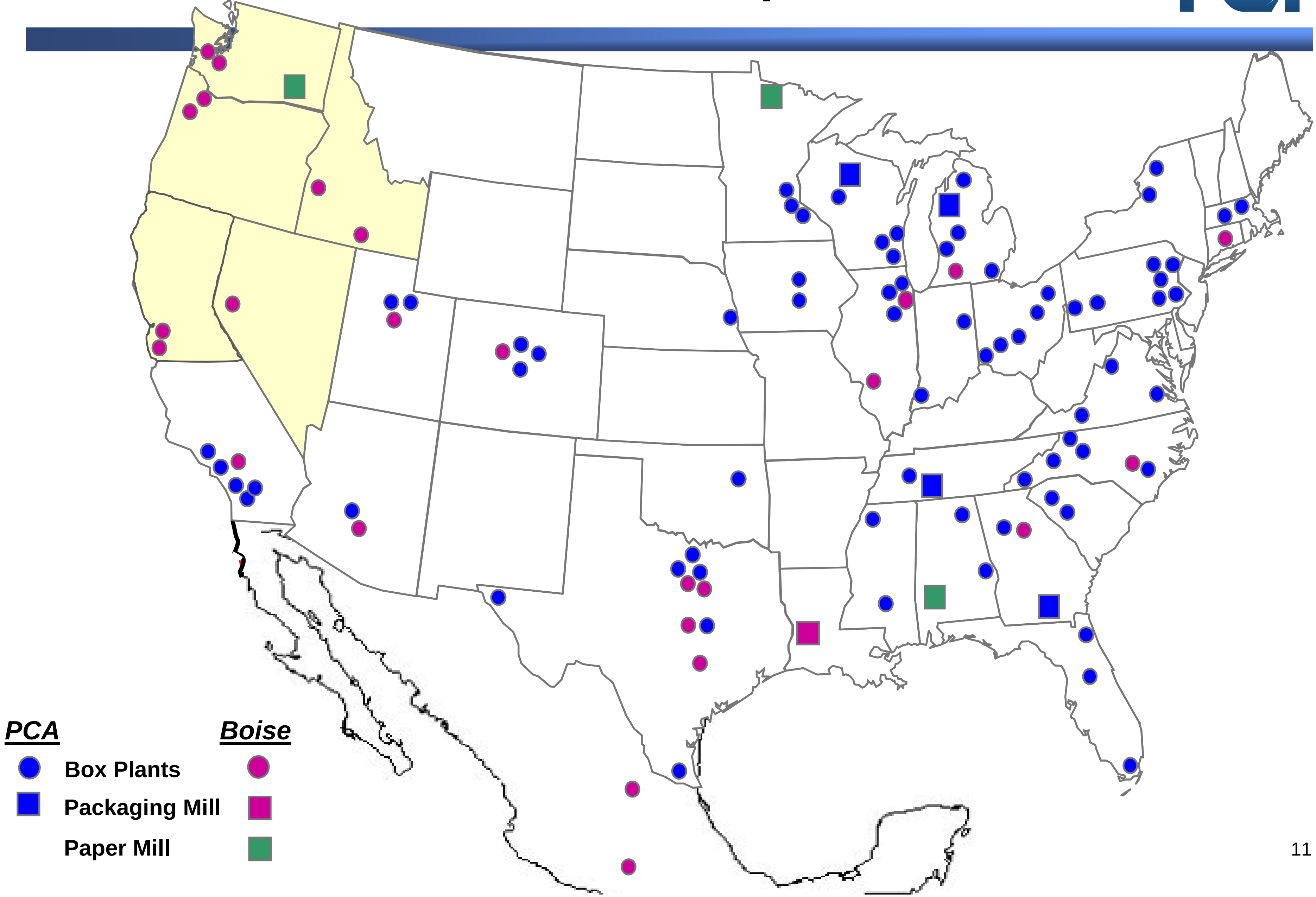
(1) Source: Pulp and Paper

PCA Corrugated Products Growth(1)

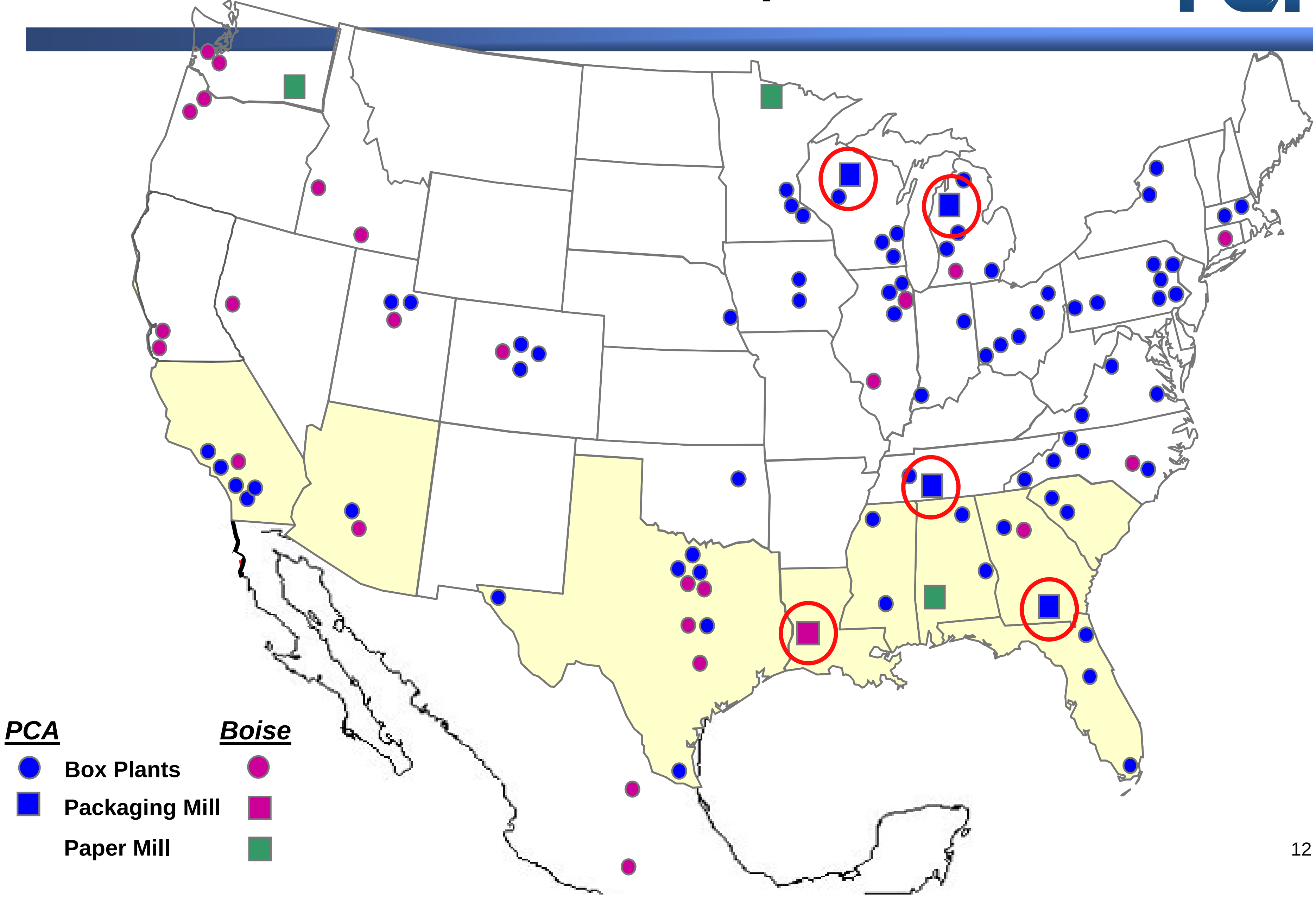


(1) Excludes volume from Boise acquisition.

PCA & Boise Combined Footprint



PCA & Boise Combined Footprint



DeRidder Machine Conversion

- Converted DeRidder, D3 newsprint machine to produce lightweight linerboard and corrugating medium on October 17, 2014 with annual capacity of 355,000 tons
- Start-up proceeding as planned.
- Capital costs of $120 million
- Financial benefits
  - 30% after-tax discounted cash flow return
  - Projected increase of $60MM in EBITDA, or $0.36 per share, at full capacity
- System-wide containerboard capacity of 3,750,000 tons

Financial Position at September 30, 2014

Debt & Liquidity

($ Millions)	Amount
Initial Post-Acquisition Debt	$ 2,657
Debt Paydown to Date	($ 300)
Total Debt[(1)]	$ 2,357
Cash at 9/30/14	(154)
Net Debt	$ 2,203

Variable Interest Rate Bank Debt	$ 710
Fixed Interest Rate Debt	1,647
Total Debt	$ 2,357

Debt Covenants

Interest Coverage Ratio (min. 3.75x)	12.0x
Leverage Ratio (max. 3.75x)	2.1x

(1) *Excludes capitalized leases of $24MM.*

Shareholder Value Creation
(2015 – 2016)

- **Growth**
  - **Organic – Industry Leader**
  - **Box Plant Acquisitions**
  - **DeRidder #3 – 355,000 Tons**

- **Synergies**
  - **At Least $175 Million**

- **Return Value to Shareholders**

Free Cash Flow Uses

- Quarterly Dividends
- Share Repurchases
- Debt Paydown
- Strategic Investments
  - Internal High Return Projects
  - Acquisitions

PCA

Appendix

	Q4 '11	Q1 '12	Q2 '12	Q3 '12	Q4 '12	Q1 '13	Q2 '13	Q3 '13	Q4 '13	Q1 '14	Q2 '14	Q3 '14
Earnings per Share												
Earnings per share, as reported (1)	$ 0.37	$ 0.16	$ 0.47	$ 0.41	$ 0.60	$ 0.64	$ 0.68	$ 0.87	$ 2.34	$ 0.92	$ 1.01	$ 1.06
Class action lawsuit settlement (2)	-	-	-	-	-	-	-	-	-	0.11	-	-
DeRidder restructuring (3)	-	-	-	-	-	-	-	-	-	0.02	0.12	0.17
Alternative energy tax credits (4)	-	0.24	-	-	-	-	-	-	(1.70)	-	-	-
Acquisition-related costs (5)	-	-	-	-	-	-	-	0.01	0.10	-	-	-
Acquisition-related financing costs (6)	-	-	-	-	-	-	-	0.02	0.06	-	-	-
Acquisition inventory step-up (7)	-	-	-	-	-	-	-	-	0.14	-	-	-
Integration-related and other costs (8)	-	-	-	-	-	-	-	-	0.11	0.03	0.03	0.03
Pension curtailment charges (9)	-	-	-	-	-	-	0.05	0.02	-	-	-	-
Plant closure charges (10)	-	-	-	-	0.01	-	-	-	-	-	-	-
Debt refinancing charges (11)	-	-	0.03	0.14	-	-	-	-	-	-	-	-
State income tax adjustments (12)	-	-	-	-	(0.03)	-	-	-	-	-	-	-
Adjusted earnings per share	$ 0.37	$ 0.40	$ 0.50	$ 0.55	$ 0.58	$ 0.64	$ 0.73	$ 0.92	$ 1.05	$ 1.08	$ 1.16	$ 1.26

(1) Reported earnings per share for 2011 – 2013 have been adjusted to reflect the change in method of accounting for inventories that the Company elected on January 1, 2014. See the Company's current report on Form 8-K that was filed on May 9, 2014.
(2) Represents costs accrued for the settlement of the *Kleen Products LLC vs. Packaging Corp of America et al* class action lawsuit.
(3) Represents charges related to the restructuring of the DeRidder mill.
(4) Represents earnings impact from the alternative fuel mixture and cellulosic biofuel tax credits.
(5) Represents costs related to the acquisition of Boise in 2013.
(6) Represents expenses related to the financing of the acquisition of Boise.
(7) Represents expenses related to the step-up of Boise inventory that was charged as the inventory was sold.
(8) Represents costs related primarily to the integration of Boise.
(9) Represents non-cash pension curtailment charges related to changes in the Company's hourly defined benefit pension plan.
(10) Represents charges from plant closures.
(11) Represents charges from the Company's debt refinancing completed in 2012.
(12) Represents income from state income tax adjustments.