AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON MAY 28, 1999
REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

PACKAGING CORPORATION OF AMERICA
DAHLONEGA PACKAGING CORPORATION
DIXIE CONTAINER CORPORATION
PCA HYDRO, INC.
PCA TOMAHAWK CORPORATION
PCA VALDOSTA CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	2631	36-4277050
DELAWARE	2631	76-0302048
VIRGINIA	2631	54-0193683
DELAWARE	2631	76-0328424
DELAWARE	2631	76-0328421
DELAWARE	2631	76-0328422
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)

1900 WEST FIELD COURT
LAKE FOREST, ILLINOIS 60045
TELEPHONE: (847) 482-2000
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

RICHARD B. WEST PACKAGING CORPORATION OF AMERICA 1900 WEST FIELD COURT LAKE FOREST, ILLINOIS 60045 TELEPHONE: (847) 482-2000 (Name, address, including zip code, and telephone number, including area code, of agent for service)	Copy to: JAMES S. ROWE KIRKLAND & ELLIS 200 EAST RANDOLPH DRIVE CHICAGO, ILLINOIS 60601 TELEPHONE: (312) 861-2000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE OF THE SECURITIES TO THE PUBLIC: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act Registration Statement number of the earlier effective Registration Statement for the same offering. / /

CALCULATION OF REGISTRATION FEE

TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	AMOUNT TO BE REGISTERED	PROPOSED MAXIMUM OFFERING PRICE PER UNIT(1)	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
9 5/8% Series B Senior Subordinated Notes due 2009	$550,000,000	100%	$550,000,000	$152,900
Guarantees of Series B Senior Subordinated Notes due 2009	$550,000,000	(2)	(2)	None
12 3/8% Series B Senior Exchangeable Preferred Stock due 2010	$182,280,000(3)	100%	$182,280,000(3)	$50,674
12 3/8% Subordinated Exchange Debentures due 2010	$182,280,000(3)	(4)	(4)	None

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f).

(2) No further fee is payable pursuant to Rule 457(n).

(3) Includes the maximum amount of pay-in-kind dividends payable over the entire period in which pay-in-kind dividends may be paid.

(4) No further fee is payable pursuant to Rule 457(i).

THE REGISTRANTS HEREBY AMEND THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANTS SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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SUBJECT TO COMPLETION, DATED MAY 28, 1999.

THE INFORMATION IN THIS PRELIMINARY PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE ARE NOT OFFERING TO SELL, OR ASKING YOU TO BUY, ANY SECURITIES. WE WILL NOT MAKE ANY OFFER TO SELL THESE SECURITIES OR ACCEPT OFFER TO BUY THEM UNTIL WE HAVE DELIVERED THIS PROSPECTUS IN ITS FINAL FORM. WE ALSO WILL NOT SELL THESE SECURITIES IN ANY JURISDICTION WHERE IT WOULD BE ILLEGAL TO OFFER OR SELL THEM, OR SOLICIT PURCHASERS, PRIOR TO REGISTERING OR QUALIFYING THEN UNDER THAT JURISDICTION'S SECURITIES LAWS.

PRELIMINARY PROSPECTUS

[LOGO]

PACKAGING CORPORATION OF AMERICA

OFFER TO EXCHANGE ALL OUTSTANDING
9 5/8% SENIOR SUBORDINATED NOTES DUE 2009
($550,000,000 AGGREGATE PRINCIPAL AMOUNT OUTSTANDING) FOR
9 5/8% SERIES B SENIOR SUBORDINATED NOTES DUE 2009 AND
OFFER TO EXCHANGE ALL OUTSTANDING
12 3/8% SENIOR EXCHANGEABLE PREFERRED STOCK DUE 2010
($100,000,000 AGGREGATE PRINCIPAL AMOUNT OUTSTANDING) FOR
12 3/8% SERIES B SENIOR EXCHANGEABLE PREFERRED STOCK DUE 2010

INTEREST ON THE EXCHANGE NOTES PAYABLE APRIL 1 AND OCTOBER 1
DIVIDENDS ON THE NEW PREFERRED STOCK PAYABLE APRIL 1 AND OCTOBER 1

TERMS OF THE EXCHANGE OFFER

- The exchange offer will expire at 5:00 p.m. New York City time, , 1999, unless extended.
- We will exchange all notes and preferred stock that you validly tender and do not validly withdraw.
- You may withdraw your tender of notes or preferred stock any time prior to the expiration of the exchange offer.
- The exchange offer is not subject to any condition, other than that it not violate any applicable law or interpretation of the staff of the Securities and Exchange Commission.
- We will not receive any proceeds from the exchange offer.
- The exchange of notes and preferred stock will not be a taxable exchange for U.S. federal income tax purposes.
- The terms of the exchange notes and new preferred stock are substantially identical to the outstanding notes and preferred stock, except for certain transfer restrictions and registration rights relating to the outstanding notes and preferred stock.
- There is no existing market for the exchange notes or new preferred stock, and we do not intend to apply for their listing on any securities exchange.

SEE "RISK FACTORS" BEGINNING ON PAGE 21 FOR A DISCUSSION OF CERTAIN RISKS THAT SHOULD BE CONSIDERED IN CONNECTION WITH THE EXCHANGE OFFER AND AN INVESTMENT IN THE EXCHANGE NOTES AND THE NEW PREFERRED STOCK.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the exchange notes or the new preferred stock or determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is , 1999

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PROSPECTUS SUMMARY

THIS SUMMARY CONTAINS BASIC INFORMATION ABOUT PACKAGING CORPORATION OF AMERICA AND THE EXCHANGE OFFER. IT MAY NOT CONTAIN ALL OF THE INFORMATION THAT MAY BE IMPORTANT TO YOU. YOU SHOULD READ THIS ENTIRE PROSPECTUS, INCLUDING THE FINANCIAL DATA AND RELATED NOTES AND THE DOCUMENTS TO WHICH WE HAVE REFERRED YOU, BEFORE MAKING AN INVESTMENT DECISION. UNLESS THE CONTEXT OTHERWISE INDICATES, REFERENCES IN THIS PROSPECTUS TO "PCA," "WE," "OUR" AND "US" REFER TO PACKAGING CORPORATION OF AMERICA AND ITS SUBSIDIARIES AS A COMBINED ENTITY, AND REFERENCES TO "TPI" REFER TO TENNECO PACKAGING, INC. UNLESS THE CONTEXT OTHERWISE REQUIRES, REFERENCES TO THE "GROUP" ARE TO THE CONTAINERBOARD GROUP OF TPI AS DESCRIBED IN THE NOTES TO THE AUDITED FINANCIAL STATEMENTS INCLUDED ELSEWHERE IN THIS PROSPECTUS.

COMPANY OVERVIEW

PCA is a leading integrated producer of containerboard and corrugated packaging products in North America. We manufacture a broad range of linerboard and corrugating medium in our four mills, each of which is located near its primary fiber supply. In 1998, our mills produced 2.1 million tons of containerboard, ranking us as the sixth largest containerboard producer in North America.

Through our nationwide network of 67 converting plants, consisting of 39 corrugator plants and 28 sheet/specialty and other plants, we convert approximately 75% to 80% of the containerboard produced at our mills into corrugated packaging products for sale to both local and national customers. In 1998, our converting plants shipped approximately 25 billion square feet of corrugated packaging products, including shipping boxes, point-of-sale packages, point-of-purchase displays and other advertising and promotional products, ranking us as one of the top six integrated producers of corrugated packaging products in North America.

Based on two cost studies performed by Jacobs-Sirrine, an industry consultant, in 1998, we have one of the lowest cash cost containerboard mill systems in the industry, with from 70% to 85% of our production capacity ranked in the lowest-cost quartile of the industry. The Jacobs-Sirrine study ranked our two largest mills, Counce and Tomahawk, among the lowest cash cost kraft linerboard and semi-chemical corrugating medium mills, respectively, in North America. As a result of our low cost operations and the implementation of our differentiated business strategy, we have historically been able to generate EBITDA margins that are relatively more stable and higher than industry averages. For the fiscal year ended December 31, 1998, PCA's revenues and adjusted EBITDA (as defined below) were $1,571.0 million and $327.4 million, respectively, on a pro forma basis. For the three months ended March 31, 1999, PCA's revenues and EBITDA were $391.3 million and $70.0 million respectively, on a pro forma basis.

In addition to our mills and converting plants, we own or control approximately 950,000 acres of timberland located in close proximity to our mills, providing favorable access to our primary fiber requirements. We also own three sawmills, three recycling facilities, a 50% interest in a wood chipping venture and an air-dry yard operation.

INDUSTRY OVERVIEW

Corrugated containers are a safe and economical means of transporting industrial and consumer goods and products. More goods and products are shipped in corrugated containers than in any other type of packaging. Since 1975, the demand for corrugated containers has grown at a compound annual rate of 3.1%, with demand for corrugated containers increasing in all but four years during this 23-year period. At no time during this period did demand for corrugated containers decrease in consecutive years.

Containerboard, consisting of linerboard and corrugating medium, is the principal raw material used to manufacture corrugated containers. Linerboard is used as the inner and outer facing (liner) of a corrugated container. Corrugating medium is fluted and laminated to linerboard in corrugator plants to produce corrugated sheets. The sheets are subsequently printed, cut, folded and glued in corrugator plants or sheet plants to produce corrugated containers.

The market for containerboard is highly cyclical. Historically, prices for containerboard have generally reflected changes in supply, which is primarily determined by additions and reductions to industry capacity and inventory levels and, to a lesser extent, changes in demand. Containerboard demand is dependent upon both the demand for corrugated packaging products, which closely tracks industrial production, and export activity. Domestic demand for corrugated packaging products is more stable than export demand and generally corresponds to changes in the rate of growth in the U.S. economy.

COMPETITIVE STRENGTHS AND BUSINESS STRATEGY

The key elements of our competitive strengths and business strategy are the following:

- LOW-COST PRODUCER. We are a leading low-cost producer of containerboard and corrugated packaging products in North America. According to two cost studies performed by Jacobs-Sirrine in 1998, our mills are among the lowest cash cost integrated containerboard mills in the industry, with from approximately 70% to 85% of our production capacity ranked in the lowest-cost quartile of the industry. The Jacobs-Sirrine study ranked our two largest mills, Counce and Tomahawk, among the lowest cash cost kraft linerboard and semi-chemical corrugating medium mills, respectively, in North America. Management attributes our low-cost status to (1) our productivity enhancement programs, which resulted in more than $80 million in annual mill cost savings from late-1996 through 1998, (2) strategic capital investments over the past five years designed to enhance mill efficiency and improve our manufacturing processes, and (3) substantial reductions in our fiber cost (the single largest cost in containerboard production) since 1996 (up to $15 per ton) by increasing the amount of low-cost hardwood and recycled fiber in our fiber mix and achieving greater yield from softwood in our production of linerboard.

- INTEGRATED OPERATIONS. We are a highly integrated producer of containerboard and corrugated packaging products. The relative earnings stability of our converting plants acts to partially offset the more cyclical earnings of our mills. Because each of our converting plants seeks to maximize its own profitability by selecting the appropriate customers, product mix and production levels for its operations, our converting plants have been able to generate strong and consistent cash flow despite fluctuations in containerboard prices. Rather than using our converting plants as captive outlets for our mill production, we pursue a "demand pull" strategy by which our converting plants generally purchase from our mills only the amount of containerboard which they believe is necessary to support their respective customers' requirements and to maximize plant profitability. Since the price of corrugated containers tends to fluctuate in direct proportion to containerboard prices, our converting plants generally are able to earn a relatively stable spread over the price of containerboard.

- FOCUS ON VALUE-ADDED PRODUCTS AND SERVICES. We have pursued a strategy of providing our customers with value-added products such as custom die cut and specialty boxes, point-of-sale packaging and point-of-purchase displays and superior customer service through shorter production runs, faster turnaround times and enhanced graphics capabilities. Since 1995, we have acquired four graphics plants and five sheet/specialty plants to augment our existing graphics and manufacturing capabilities. We have also created a nationwide network of five graphic design centers to meet sophisticated customer needs. Through our nationwide network of 67 converting facilities, including our large number of sheet/specialty plants, we are able to offer coast-to-coast "local" coverage and provide additional services and converting capabilities. As a result, our selling price per thousand square feet ("MSF") has consistently exceeded the industry average since 1995.

- DIVERSIFIED CUSTOMER BASE. With over 8,000 active customers and over 13,000 shipping locations, our customer base is broadly diversified across industries and geographic locations, reducing our dependence on any single customer or market. No customer represents more than 5% of our total sales and our top ten customers represent less than 20% of our total sales. We have focused our sales efforts on smaller, local accounts, which usually demand more customized products and services than higher volume national accounts. Approximately 75% of our current revenues are derived from local accounts.

- PROVEN AND EXPERIENCED MANAGEMENT. We have an experienced management team with an average of 23 years of industry experience, including an average of 15 years of service with PCA. Upon the closing of the Transactions, Paul T. Stecko resigned from his post as President and Chief Operating Officer of Tenneco in order to become our Chairman and Chief Executive Officer. In addition, William J. Sweeney, formerly Executive Vice President of TPI, now serves as our Executive Vice President. Mr. Sweeney has over 30 years of experience in the paperboard packaging industry. Since 1993, TPI has recruited a number of seasoned, technically-skilled industry veterans to PCA's management.

EQUITY SPONSOR

Madison Dearborn Partners, LLC ("Madison Dearborn" or "MDP"), the financial sponsor for the Transactions, is a leading private equity investment firm. MDP, through limited partnerships of which it is the general partner, has approximately $4 billion of assets under management. Madison Dearborn focuses on investments in several specific sectors including natural resources, communications, consumer, health care and industrial. MDP's objective is to invest, in partnership with outstanding management teams, in companies which have the potential for significant long-term equity appreciation. Since 1980, MDP's principals have invested approximately $2 billion in more than 100 management buyout and private equity transactions in which the firm acted as a leading investor. Previous investments sponsored by Madison Dearborn include Buckeye Cellulose Corporation, Nextel Communications, Reiman Publications, The Georgia Marble Company, Spectrum Healthcare, Hines Horticulture and Tuesday Morning Corporation. PCA is Madison Dearborn's largest equity investment to date.

THE TRANSACTIONS

On April 12, 1999, TPI, a wholly owned subsidiary of Tenneco Inc., sold its containerboard and corrugated packaging products business to PCA for $2.2 billion. PCA Holdings LLC, an entity organized and controlled by MDP and its coinvestors, acquired a 55% common equity interest in PCA, and TPI contributed its containerboard and corrugated packaging products business to PCA in exchange for cash, the assumption of debt and a 45% common equity interest in PCA (in each case before giving effect to the issuances of common equity to management expected to be made in June 1999).

The financing of the Transactions consisted of (1) borrowings under a new $1.46 billion senior credit facility for which J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated are co-lead arrangers, (2) the offering of the notes and the preferred stock, (3) a cash equity investment of $236.5 million by Madison Dearborn and its coinvestors and (4) a rollover equity investment by TPI valued at $193.5 million.

The following sets forth the ownership of PCA, after giving effect to purchases of common stock by management that are expected to occur in June 1999:

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* PCA also intends to issue options to management in June 1999 to purchase common stock, which when issued would result in management owning in the aggregate up to approximately 8.8% of the common equity of PCA on a fully-diluted basis.

THE EXCHANGE NOTES

NOTES REGISTRATION RIGHTS AGREEMENT.....	You are entitled to exchange your outstanding notes for registered notes with terms that are identical in all material respects. This exchange offer is intended to satisfy these rights. After this exchange offer is complete, you will no longer be entitled to the benefits of the exchange or registration rights granted under the notes registration rights agreement which we entered into as part of the offering of the notes.
THE EXCHANGE OFFER.....	We are offering to exchange $1,000 principal amount of 9 5/8% Series B Senior Subordinated Notes due 2009 which have been registered under the Securities Act for each $1,000 principal amount of our outstanding 9 5/8% Senior Subordinated Notes due 2009 which were issued on April 12, 1999 in a transaction exempt from registration under the Securities Act in accordance with Rule 144A and Regulation S. Your outstanding notes must be properly tendered and accepted in order to be exchanged. All outstanding notes that are validly tendered and not validly withdrawn will be exchanged. $550,000,000 in aggregate principal amount of our notes is currently outstanding. We will issue the exchange notes, which have been registered under the Securities Act, on or promptly after the expiration of this exchange offer.
EXPIRATION DATE.....	This exchange offer will expire at 5:00 p.m., New York City time, on , 1999, unless we decide to extend the expiration date.
CONDITIONS TO THE EXCHANGE OFFER.....	This exchange offer is subject to the condition that it does not violate applicable law or staff interpretations of the Securities and Exchange Commission. If we determine that this exchange offer is not permitted by applicable federal law, we may terminate the exchange offer. This exchange offer is not conditioned upon any minimum principal amount of our outstanding notes being tendered. The holders of our outstanding notes have certain rights against us under the notes registration rights agreement should we fail to consummate this exchange offer.
RESALE OF THE EXCHANGE NOTES.....	We believe that the exchange notes issued pursuant to this exchange offer in exchange for our outstanding notes may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act. We have based this belief on letters issued in connection with past offerings of this kind in which the staff of the Securities and Exchange Commission has interpreted the laws and regulations relating to the resale of notes to the public without the requirement of further registration under the Securities Act. In order for the exchange notes to be offered for resale, resold or otherwise transferred: - you must acquire the exchange notes in the ordinary course of your business;

- you must not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the exchange notes issued to you pursuant to this exchange offer;

- you must not be a broker-dealer who purchased your outstanding notes directly from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act; and

- you must not be an "affiliate" of ours within the meaning of Rule 405 under the Securities Act.

If our belief is inaccurate and you transfer any exchange note issued to you in pursuant to this exchange offer in violation of the prospectus delivery provisions of the Securities Act or without an exemption from registration thereunder, you may incur liability under the Securities Act. We do not assume or indemnify you against any such liability.

Each broker-dealer that is issued exchange notes pursuant to this exchange offer for its own account in exchange for outstanding notes which were acquired by such broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such exchange notes. The letter of transmittal relating to the exchange notes states that a broker-dealer who makes this acknowledgment and delivers such a prospectus will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. A broker-dealer may use this prospectus for an offer to resell, resale or other transfer of the exchange notes issued to it pursuant to this exchange offer. We have agreed that, for a period of 180 days after the date this exchange offer is completed, we will make this prospectus and any amendment or supplement to this prospectus available to any such broker-dealer for use in connection with any such resales. We believe that no registered holder of the outstanding notes is an affiliate of PCA within the meaning of Rule 405 under Securities Act.

This exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of outstanding notes in any jurisdiction in which this exchange offer or its acceptance would not comply with the securities or blue sky laws of such jurisdiction. Furthermore, persons who acquire the exchange notes are responsible for compliance with these securities or blue sky laws regarding resales. We assume no responsibility for compliance with these requirements.

ACCRUED INTEREST ON THE EXCHANGE NOTES AND THE OUTSTANDING NOTES.....

Each exchange note will bear interest from its issuance date. The holders of notes that are accepted for exchange will receive, in cash, accrued interest on such notes to, but not including, the issuance date of the exchange notes. Such interest will be paid with the first interest payment on the exchange notes. Interest on the notes accepted for exchange will cease to accrue upon issuance of the exchange notes.

Consequently, those holders who exchange their outstanding notes for exchange notes will receive the same interest payment on October 1, 1999, which is the first interest payment date with respect to the outstanding notes and the exchange notes to be issued pursuant to this exchange offer, that they would have received had they not accepted this exchange offer.

PROCEDURES FOR TENDERING NOTES.... If you wish to tender your notes for exchange pursuant to this exchange offer, you must transmit to United States Trust Company of New York, as notes exchange agent, on or prior to the expiration date either:

- a properly completed and duly executed copy of the letter of transmittal accompanying this prospectus, or a facsimile of such letter of transmittal, together with your outstanding notes and any other documentation required by such letter of transmittal, at the address set forth on the cover page of the letter of transmittal; or

- if you are effecting delivery by book-entry transfer, a computer-generated message transmitted by means of the Automated Tender Offer Program System of The Depository Trust Company in which you acknowledge and agree to be bound by the terms of the letter of transmittal and which, when received by the notes exchange agent, forms a part of a confirmation of book-entry transfer.

In addition, you must deliver to the notes exchange agent on or prior to the expiration date:

- if you are effecting delivery by book-entry transfer, a timely confirmation of book-entry transfer of your outstanding notes into the account of the notes exchange agent at The Depository Trust Company pursuant to the procedures for book-entry transfers described in this prospectus under the heading "The Exchange Offer-Procedures for Tendering;" or

- if necessary, the documents required for compliance with the guaranteed delivery procedures described in this prospectus under the heading "The Exchange Offer-Guaranteed Delivery Procedures."

By executing and delivering the accompanying letter of transmittal or effecting delivery by book-entry transfer, you are representing to us that, among other things:

- the person receiving the exchange notes pursuant to this exchange offer, whether or not such person is the holder, is receiving them in the ordinary course of business;

- neither the holder nor any such other person has an arrangement or understanding with any person to participate in the distribution of such exchange notes and that such holder is not engaged in, and does not intend to engage in, a distribution of the exchange notes; and

- neither the holder nor any such other person is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act.

SPECIAL PROCEDURES FOR BENEFICIAL OWNERS	If you are a beneficial owner of the notes and your name does not appear on a security position listing of The Depository Trust Company as the holder of such notes or if you are a beneficial owner of notes that are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender such notes in this exchange offer, you should promptly contact the person in whose name your notes are registered and instruct such person to tender on your behalf. If you, as a beneficial holder, wish to tender on your own behalf you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder. The transfer of record ownership may take considerable time.
GUARANTEED DELIVERY PROCEDURES	If you wish to tender your outstanding notes and time will not permit the letter of transmittal or any of the documents required by the letter of transmittal to reach the notes exchange agent by the expiration date, or the procedure for book-entry transfer cannot be completed on time or certificates for your notes cannot be delivered on time, you may tender your notes pursuant to the guaranteed delivery procedures described in this prospectus under the heading "The Exchange Offer-Guaranteed Delivery Procedures."
SHELF REGISTRATION STATEMENT	If any changes in law or of the applicable interpretation of the staff of the Securities and Exchange Commission do not permit us to effect this exchange offer or upon the request of any holder of our outstanding notes under certain circumstances, we have agreed to register the notes on a shelf registration statement and use our best efforts to cause such shelf registration statement to be declared effective by the Securities and Exchange Commission. We have agreed to maintain the effectiveness of the shelf registration statement for, under certain circumstances, at least two years from the date of the original issuance of the outstanding notes to cover resales of such notes held by such holders.
WITHDRAWAL RIGHTS	You may withdraw the tender of your outstanding notes at any time prior to 5:00 p.m., New York City time, on the expiration date.
ACCEPTANCE OF OUTSTANDING NOTES AND DELIVERY OF EXCHANGE NOTES	Subject to certain conditions, we will accept for exchange any and all outstanding notes which are properly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on the expiration date. The exchange notes issued pursuant to this exchange offer will be delivered promptly following the expiration date.
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES	The exchange of your outstanding notes for the exchange notes will not be a taxable exchange for United States federal income tax purposes. See "Certain United States Federal Tax Considerations."
NOTES EXCHANGE AGENT	United States Trust Company of New York is serving as the notes exchange agent in connection with the exchange offer.

THE NEW PREFERRED STOCK

PREFERRED STOCK REGISTRATION RIGHTS AGREEMENT.....	You are entitled to exchange your outstanding preferred stock for registered preferred stock with terms that are identical in all material respects. This exchange offer is intended to satisfy these rights. After this exchange offer is complete, you will no longer be entitled to the benefits of the exchange or registration rights granted under the preferred stock registration rights agreement which we entered into as part of the offering of the preferred stock.
THE EXCHANGE OFFER.....	We are offering to exchange $100 liquidation preference of 12 3/8% Series B Senior Exchangeable Preferred Stock due 2010 which has been registered under the Securities Act for each $100 liquidation preference of our outstanding 12 3/8% Senior Exchangeable Preferred Stock due 2010 which was issued on April 12, 1999 in a transaction exempt from registration under the Securities Act in accordance with Rule 144A. Your outstanding preferred stock must be properly tendered and accepted in order to be exchanged. All outstanding preferred stock that is validly tendered and not validly withdrawn will be exchanged. $100,000,000 in aggregate liquidation preference of our preferred stock is currently outstanding. We will issue the new preferred stock, which has been registered under the Securities Act, on or promptly after the expiration of this exchange offer.
EXPIRATION DATE.....	This exchange offer will expire at 5:00 p.m., New York City time, on , 1999, unless we decide to extend the expiration date.
CONDITIONS TO THE EXCHANGE OFFER.....	This exchange offer is subject to the condition that it does not violate applicable law or staff interpretations of the Securities and Exchange Commission. If we determine that this exchange offer is not permitted by applicable federal law, we may terminate the exchange offer. This exchange offer is not conditioned upon any minimum principal amount of our outstanding preferred stock being tendered. The holders of our outstanding preferred stock have certain rights against us under the preferred stock registration rights agreement should we fail to consummate this exchange offer.
RESALE OF THE NEW PREFERRED STOCK.....	We believe that the new preferred stock issued pursuant to this exchange offer in exchange for our outstanding preferred stock may be offered for resale, resold and otherwise transferred by you without compliance with the registration and prospectus delivery provisions of the Securities Act. We have based this belief on letters issued in connection with past offerings of this kind in which the staff of the Securities and Exchange Commission has interpreted the laws and regulations relating to the resale of preferred stock to the public without the requirement of further registration under the Securities Act. In order for the new preferred stock to be offered for resale, resold or otherwise transferred: - you must acquire the new preferred stock in the ordinary course of your business;

- you must not intend to participate, and have no arrangement or understanding with any person to participate, in the distribution of the new preferred stock issued to you pursuant to this exchange offer;

- you must not be a broker-dealer who purchased your outstanding preferred stock directly from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act; and

- you must not be an "affiliate" of ours within the meaning of Rule 405 under the Securities Act.

If our belief is inaccurate and you transfer new preferred stock issued to you in pursuant to this exchange offer in violation of the prospectus delivery provisions of the Securities Act or without an exemption from registration thereunder, you may incur liability under the Securities Act. We do not assume or indemnify you against any such liability.

Each broker-dealer that is issued new preferred stock pursuant to this exchange offer for its own account in exchange for outstanding preferred stock which was acquired by such broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of such new preferred stock. The letter of transmittal relating to the new preferred stock states that a broker-dealer who makes this acknowledgment and delivers such a prospectus will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. A broker-dealer may use this prospectus for an offer to resell, resale or other transfer of the new preferred stock issued to it pursuant to this exchange offer. We have agreed that, for a period of 180 days after the date this exchange offer is completed, we will make this prospectus and any amendment or supplement to this prospectus available to any such broker-dealer for use in connection with any such resales. We believe that no registered holder of the outstanding preferred stock is an affiliate of PCA within the meaning of Rule 405 under Securities Act.

This exchange offer is not being made to, nor will we accept surrenders for exchange from, holders of outstanding preferred stock in any jurisdiction in which this exchange offer or its acceptance would not comply with the securities or blue sky laws of such jurisdiction. Furthermore, persons who acquire the new preferred stock are responsible for compliance with these securities or blue sky laws regarding resales. We assume no responsibility for compliance with these requirements.

ACCRUED DIVIDENDS ON THE NEW PREFERRED STOCK AND THE OUTSTANDING PREFERRED STOCK..... New preferred stock will bear dividends from its issuance date. The holders of preferred stock that is accepted for exchange will receive accrued dividends on such preferred stock to, but not including, the issuance date of the new preferred stock. Such dividends will be

paid with the first dividend payment on the new preferred stock. Dividends on the preferred stock accepted for exchange will cease to accrue upon issuance of the new preferred stock.

Consequently, those holders who exchange their outstanding preferred stock for new preferred stock will receive the same dividend payment on October 1, 1999, which is the first dividend payment date with respect to the outstanding preferred stock and the new preferred stock to be issued pursuant to this exchange offer, that they would have received had they not accepted this exchange offer.

PROCEDURES FOR TENDERING PREFERRED STOCK.....

If you wish to tender your preferred stock for exchange pursuant to this exchange offer, you must transmit to United States Trust Company of New York, as preferred stock exchange agent, on or prior to the expiration date either:

- a properly completed and duly executed copy of the letter of transmittal accompanying this prospectus, or a facsimile of such letter of transmittal, together with your outstanding preferred stock and any other documentation required by such letter of transmittal, at the address set forth on the cover page of the letter of transmittal; or

- if you are effecting delivery by book-entry transfer, a computer-generated message transmitted by means of the Automated Tender Offer Program System of The Depository Trust Company in which you acknowledge and agree to be bound by the terms of the letter of transmittal and which, when received by the preferred stock exchange agent, forms a part of a confirmation of book-entry transfer.

In addition, you must deliver to the preferred stock exchange agent on or prior to the expiration date:

- if you are effecting delivery by book-entry transfer, a timely confirmation of book-entry transfer of your outstanding preferred stock into the account of the preferred stock exchange agent at The Depository Trust Company pursuant to the procedures for book-entry transfers described in this prospectus under the heading "The Exchange Offer-Procedures for Tendering;" or

- if necessary, the documents required for compliance with the guaranteed delivery procedures described in this prospectus under the heading "The Exchange Offer-Guaranteed Delivery Procedures."

By executing and delivering the accompanying letter of transmittal or effecting delivery by book-entry transfer, you are representing to us that, among other things:

- the person receiving the new preferred stock pursuant to this exchange offer, whether or not such person is the holder, is receiving them in the ordinary course of business;

	- neither the holder nor any such other person has an arrangement or understanding with any person to participate in the distribution of such new preferred stock and that such holder is not engaged in, and does not intend to engage in, a distribution of the new preferred stock; and - neither the holder nor any such other person is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act.
SPECIAL PROCEDURES FOR BENEFICIAL OWNERS.....	If you are a beneficial owner of the preferred stock and your name does not appear on a security position listing of The Depository Trust Company as the holder of such preferred stock or if you are a beneficial owner of preferred stock that is registered in the name of a broker, dealer, commercial bank, trust company or other nominee and you wish to tender such preferred stock in this exchange offer, you should promptly contact the person in whose name your preferred stock is registered and instruct such person to tender on your behalf. If you, as a beneficial holder, wish to tender on your own behalf you must, prior to completing and executing the letter of transmittal and delivering your outstanding preferred stock, either make appropriate arrangements to register ownership of the outstanding preferred stock in your name or obtain a properly completed bond power from the registered holder. The transfer of record ownership may take considerable time.
GUARANTEED DELIVERY PROCEDURES....	If you wish to tender your outstanding preferred stock and time will not permit the letter of transmittal or any of the documents required by the letter of transmittal to reach the preferred stock exchange agent by the expiration date, or the procedure for book-entry transfer cannot be completed on time or certificates for your preferred stock cannot be delivered on time, you may tender your preferred stock pursuant to the guaranteed delivery procedures described in this prospectus under the heading "The Exchange Offer-Guaranteed Delivery Procedures."
SHELF REGISTRATION STATEMENT.....	If any changes in law or of the applicable interpretation of the staff of the Securities and Exchange Commission do not permit us to effect this exchange offer or upon the request of any holder of our outstanding preferred stock under certain circumstances, we have agreed to register the preferred stock on a shelf registration statement and use our best efforts to cause such shelf registration statement to be declared effective by the Securities and Exchange Commission. We have agreed to maintain the effectiveness of the shelf registration statement for, under certain circumstances, at least two years from the date of the original issuance of the outstanding preferred stock to cover resales of such preferred stock held by such holders.
WITHDRAWAL RIGHTS.....	You may withdraw the tender of your outstanding preferred stock at any time prior to 5:00 p.m., New York City time, on the expiration date.

ACCEPTANCE OF OUTSTANDING PREFERRED STOCK AND DELIVERY OF NEW PREFERRED STOCK.....	Subject to certain conditions, we will accept for exchange any and all outstanding preferred stock which is properly tendered and not validly withdrawn prior to 5:00 p.m., New York City time, on the expiration date. The new preferred stock issued pursuant to this exchange offer will be delivered promptly following the expiration date.
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES.....	The exchange of your outstanding preferred stock for the new preferred stock will not be a taxable exchange for United States federal income tax purposes. See "Certain United States Federal Tax Considerations."
PREFERRED STOCK EXCHANGE AGENT....	United States Trust Company of New York is serving as the preferred stock exchange agent in connection with the exchange offer.
USE OF PROCEEDS	
USE OF PROCEEDS.....	We will not receive any proceeds from the issuance of the exchange notes or the new preferred stock pursuant to this exchange offer. We will pay all of our and our subsidiary guarantors' expenses relating to this exchange offer.

THE EXCHANGE NOTES AND THE NEW PREFERRED STOCK

ISSUER.....	Packaging Corporation of America.
THE EXCHANGE NOTES	
GENERAL.....	The form and terms of the exchange notes are identical in all material respects to the form and terms of the outstanding notes except that: - the exchange notes will bear a Series B designation; - the exchange notes have been registered under the Securities Act and, therefore, will generally not bear legends restricting their transfer; and - the holders of exchange notes will not be entitled to rights under the notes registration rights agreement. The exchange notes will evidence the same debt as the outstanding notes and will be entitled to the benefits of the indenture under which the notes were issued.
TOTAL AMOUNT OF EXCHANGE NOTES OFFERED.....	$550 million in aggregate principal amount of 9 5/8% Series B Senior Subordinated Notes due 2009.
MATURITY.....	April 1, 2009.
INTEREST.....	Annual fixed rate of 9 5/8%, payable every six months, beginning October 1, 1999.
SUBSIDIARY GUARANTORS.....	Each of our current and future domestic subsidiaries (other than any receivables subsidiaries) will be a guarantor of the exchange notes. If we create any foreign subsidiaries, they will not be guarantors of the exchange notes. If we cannot make payments on the exchange notes when they are due, the guarantor subsidiaries must make them instead.
RANKING.....	The exchange notes and the subsidiary guarantees will be senior subordinated debts. They will rank behind all current and future indebtedness (other than trade payables) of PCA and the guarantor subsidiaries, except indebtedness that expressly provides that it is not senior to the exchange notes and the subsidiary guarantees. They will also effectively rank behind all current and future liabilities (including trade payables) of our future foreign subsidiaries, if any. As of May 1, 1999, the exchange notes and the subsidiary guarantees would have been subordinated to $1,219 million of senior debt (and $250 million would have been available for borrowings under the senior credit facility), and would have ranked equally with no other senior subordinated debt.
OPTIONAL REDEMPTION.....	We may redeem some or all of the exchange notes at any time after April 1, 2004, at the redemption prices listed in "Description of Exchange Notes" under the heading "Optional Redemption."

	Before April 1, 2002, we may redeem up to 35% of the exchange notes with the proceeds of certain offerings of our equity or equity of our parent or certain timberland sales at the price listed in "Description of Exchange Notes" under the heading "Optional Redemption." In addition, before April 1, 2004, if we undergo specific kinds of changes in control, we may also redeem all, but not part, of the exchange notes at the price described in "Description of Exchange Notes" under the heading "Optional Redemption."
MANDATORY OFFER TO REPURCHASE.....	If we sell certain assets or undergo specific kinds of changes of control, we must offer to repurchase the exchange notes at the prices listed in "Description of Exchange Notes."
BASIC COVENANTS OF INDENTURE.....	We will issue the exchange notes under an indenture among us, our subsidiary guarantors and United States Trust Company of New York. The notes indenture, among other things, imposes certain specified restrictions upon our ability and the ability of certain of our subsidiaries to: - borrow money; - pay dividends on or purchase stock; - make investments; - use assets as security in other transactions; and - sell certain assets or merge with or into other companies. These covenants are subject to important exceptions and qualifications which are described in "Description of Exchange Notes" under the heading "Certain Covenants."
THE NEW PREFERRED STOCK	
GENERAL.....	The form and terms of the new preferred stock are identical in all material respects to the form and terms of the outstanding preferred stock except that: -the new preferred stock will bear a Series B designation; -the new preferred stock has been registered under the Securities Act and, therefore, will generally not bear legends restricting its transfer; and -the holders of new preferred stock will not be entitled to rights under the preferred stock registration rights agreement. The new preferred stock will evidence the same equity as the outstanding preferred stock and will be entitled to the benefits of the certificate of designation under which the preferred stock was issued.
TOTAL AMOUNT OF NEW PREFERRED STOCK OFFERED.....	$100 million of 12 3/8% Series B Senior Exchangeable Preferred Stock due 2010.
LIQUIDATION PREFERENCE.....	$100 per share plus accrued and unpaid dividends.
DIVIDENDS.....	Cumulative from the date of issuance.

	Annual fixed rate of 12 3/8%, payable every six months, beginning October 1, 1999. Through April 1, 2004, payable in cash or additional shares of new preferred stock at our option. After April 1, 2004, payable only in cash.
MANDATORY REDEMPTION.....	On April 1, 2010, we must redeem all of the new preferred stock outstanding.
OPTIONAL REDEMPTION.....	We may redeem some or all of the new preferred stock at any time after April 1, 2004, at the redemption prices listed in "Description of New Preferred Stock" under the heading "New Preferred Stock-Optional Redemption." Before April 1, 2002, we may redeem all, or if less than all, up to 35% of the new preferred stock with the proceeds of certain offerings of our equity or equity of our parent or certain timberland sales at the price listed in "Description of New Preferred Stock" under the heading "New Preferred Stock-Optional Redemption." In addition, before April 1, 2004, if we undergo specific kinds of changes in control, we may also redeem all, but not part, of the new preferred stock at the price described in "Description of New Preferred Stock" under the heading "New Preferred Stock-Optional Redemption."
RANKING.....	The new preferred stock will rank senior to all other classes of our capital stock that do not expressly provide that they rank on a parity with the new preferred stock as to dividends and distributions upon our liquidation, winding up and dissolution. It will rank on a parity with any of our future capital stock which expressly provides that such class or series will rank on a parity with the new preferred stock as to dividends and distributions upon our liquidation, winding up and dissolution. The new preferred stock will be subordinated to all of our current and future liabilities (including trade payables), including the exchange notes.
MANDATORY OFFER TO REDEEM.....	If we sell certain assets or undergo specific kinds of changes of control, we must offer to redeem the new preferred stock at the prices listed in "Description of New Preferred Stock."
BASIC COVENANTS OF CERTIFICATE OF DESIGNATION.....	We will issue the new preferred stock under a certificate of designation that is part of our certificate of incorporation. The certificate of designation, among other things, imposes certain specified restrictions upon our ability and the ability of certain of our subsidiaries to: - borrow money; - pay dividends on stock or purchase stock; - make investments; and - sell certain assets or merge with or into other companies.

	These covenants are subject to important exceptions and qualifications which are described in "Description of New Preferred Stock" under the heading "New Preferred Stock-Certain Covenants."
VOTING RIGHTS.....	The new preferred stock will have no voting rights except as required by law and as specified in the certificate of designation. If we fail to pay dividends or meet our obligations under the covenants contained in the certificate of designation, the holders of the new preferred stock will be entitled to elect two additional members to our board of directors.
EXCHANGE FEATURE.....	We may exchange all but not less than all of the shares of the new preferred stock for subordinated exchange debentures on any date on which dividends are scheduled to be paid.

THE SUBORDINATED EXCHANGE DEBENTURES

THE SUBORDINATED EXCHANGE DEBENTURES.....	12 3/8% Subordinated Exchange Debentures due 2010.
MATURITY.....	April 1, 2010.
INTEREST.....	Annual fixed rate of 12 3/8%, payable every six months, beginning the first April 1 or October 1 after the exchange date. Through April 1, 2004, payable in cash or additional subordinated exchange debentures at our option. After April 1, 2004 payable only in cash.
RANKING.....	The subordinated exchange debentures will be subordinated debts. They will rank behind all of our current and future indebtedness (other than trade payables), including the exchange notes, except indebtedness that expressly provides that it is not senior to the subordinated exchange debentures. They will not be guaranteed by any of our subsidiaries. As a result, they will also effectively rank behind all current and future liabilities (including trade payables) of our subsidiaries.
OPTIONAL REDEMPTION.....	We may redeem some or all of the subordinated exchange debentures at any time after April 1, 2004 at the redemption prices listed in "Description of New Preferred Stock" under the heading "Subordinated Exchange Debentures-Optional Redemption." Before April 1, 2002, we may redeem all, or if less than all, up to 35% of the subordinated exchange debentures with the proceeds of certain offerings of our equity or equity of our parent or certain timberland sales at the price listed in "Description of New Preferred Stock" under the heading "Subordinated Exchange Debentures-Optional Redemption." In addition, before April 1, 2004, if we undergo specific kinds of changes in control, we may also redeem all, but not part, of the subordinated exchange debentures at the price described in "Description of New Preferred Stock" under the heading "Subordinated Exchange Debentures-Optional Redemption."

MANDATORY OFFER TO REPURCHASE.....	If we sell certain assets or experience specific kinds of changes of control, we must offer to repurchase the subordinated exchange debentures at the prices listed in "Description of New Preferred Stock."
BASIC COVENANTS OF INDENTURE.....	The subordinated exchange debentures indenture contains covenants substantially identical to those contained in the certificate of designation for the new preferred stock.

PRINCIPAL EXECUTIVE OFFICES

Our principal executive offices are located at 1900 West Field Court, Lake Forest, Illinois 60045 and our telephone number is (847) 482-2000.

SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA

Set forth below are the summary historical and pro forma financial data of PCA. The historical financial data as of and for the years ended December 31, 1996, 1997 and 1998 has been derived from the audited combined financial statements of the Group and the related notes thereto included elsewhere in this prospectus. The historical financial data as of and for the years ended December 31, 1994 and 1995 has been derived from the unaudited financial statements of the Group. The historical financial data as of and for the quarters ended March 31, 1998 and 1999 has been derived from the unaudited condensed combined financial statements of the Group included elsewhere in this prospectus. The unaudited pro forma financial data as of and for the three months ended March 31, 1999 and as of and for the year ended December 31, 1998 was derived from the unaudited pro forma financial information included elsewhere in this prospectus. The information in the following table should be read in conjunction with "The Transactions," "Unaudited Pro Forma Financial Information," "Selected Financial and Other Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations," and the historical combined financial statements of the Group and the related notes contained elsewhere in this prospectus.

	YEAR ENDED DECEMBER 31,					PRO FORMA YEAR ENDED DECEMBER 31,	THREE MONTHS ENDED MARCH 31,	
	1994	1995	1996	1997	1998	1998	1998	1999
DOLLARS IN THOUSANDS								
STATEMENT OF INCOME DATA:								
Net sales	$1,441,673	$1,844,708	$1,582,222	$1,411,405	$1,571,019	$ 1,571,019	$ 432,901	$ 391,279
Cost of sales	(1,202,996)	(1,328,838)	(1,337,410)	(1,242,014)	(1,289,644)	(1,270,184)	(354,855)	(332,117)
Gross profit	238,677	515,870	244,812	169,391	281,375	300,835	78,046	59,162
Selling and administrative expenses	(71,312)	(87,644)	(95,283)	(102,891)	(108,944)	(102,568)	(26,841)	(28,759)
Corporate overhead allocation (1)	(34,678)	(38,597)	(50,461)	(61,338)	(63,114)	(63,114)	(14,326)	(13,283)
Restructuring/impairment charge (2)	-	-	-	-	(14,385)	(14,385)	--	(230,112)
Other income (expense)	(4,701)	(16,915)	56,243	44,681	26,818	41,592	(2,742)	(1,377)
Income (loss) before interest, income taxes and extraordinary item	127,986	372,714	155,311	49,843	121,750	162,360	34,137	(214,369)
Interest expense, net	(740)	(1,485)	(5,129)	(3,739)	(2,782)	(159,851)	(741)	(221)
Income (loss) before income taxes and extraordinary item	127,246	371,229	150,182	46,104	118,968	2,509	33,396	(214,590)
Income tax expense	(50,759)	(147,108)	(59,816)	(18,714)	(47,529)	(366)	(13,315)	88,362
Income (loss) before extraordinary item	76,487	224,121	90,366	27,390	71,439	2,143	20,081	(126,228)
Extraordinary loss	-	-	-	-	-	-	-	(6,327)
Net Income (loss)	$ 76,487	$ 224,121	$ 90,366	$ 27,390	$ 71,439	$ 2,143	$ 20,081	$(132,555)
OTHER DATA:								
EBITDA (3)	$ 276,449	$ 547,435	$ 272,498	$ 166,814	$ 264,832	$ 269,309	$ 79,569	$(167,800)
Adjusted pro forma EBITDA (4)	-	-	-	-	-	327,448	-	-
Cash interest expense (5)	-	-	-	-	-	151,515	-	-
Ratio of adjusted pro forma EBITDA to cash interest expense	-	-	-	-	-	2.2x	-	-
Ratio of debt to adjusted pro forma EBITDA	-	-	-	-	-	5.4x	-	-
Ratio of earnings to fixed charges (6)	4.3x	10.3x	4.4x	2.3x	4.4x	1.0x	5.0x	N/A
Ratio of earnings to combined fixed charges and preferred stock dividends (6)	4.3x	10.3x	4.4x	2.3x	4.4x	N/A	5.0x	N/A
Capital expenditures	$ 110,853	$ 252,745	$ 168,642	$ 110,186	$ 103,429	$ 103,429	$ 16,339	$ 19,460
BALANCE SHEET DATA:								
Working capital (7)								$(163,204)
Total assets								1,372,523
Total long-term obligations (8)								466
Total stockholders' equity								666,438

	PRO FORMA THREE MONTHS ENDED MARCH 31, 1999
DOLLARS IN THOUSANDS	
STATEMENT OF INCOME DATA:	

Net sales	$ 391,279
Cost of sales	(328,545)
Gross profit	62,734
Selling and administrative expenses	(27,574)
Corporate overhead allocation (1)	(13,283)
Restructuring/impairment charge (2)	-
Other income (expense)	992
Income (loss) before interest, income taxes and extraordinary item	22,869
Interest expense, net	(39,486)
Income (loss) before income taxes and extraordinary item	(16,617)
Income tax expense	9,304
Income (loss) before extraordinary item	(7,313)
Extraordinary loss	(6,327)
Net Income (loss)	$ (13,640)
OTHER DATA:	
EBITDA (3)	$ 69,956
Adjusted pro forma EBITDA (4)	-
Cash interest expense (5)	-
Ratio of adjusted pro forma EBITDA to cash interest expense	-
Ratio of debt to adjusted pro forma EBITDA	-
Ratio of earnings to fixed charges (6)	N/A
Ratio of earnings to combined fixed charges and preferred stock dividends (6)	N/A
Capital expenditures	$ 19,460
BALANCE SHEET DATA:	
Working capital (7)	$ 229,376
Total assets	2,387,863
Total long-term obligations (8)	1,869,000
Total stockholders' equity	294,452

NOTES TO SUMMARY HISTORICAL AND PRO FORMA FINANCIAL DATA
(DOLLARS IN THOUSANDS)

1) The corporate overhead allocation represents the amounts charged by Tenneco and TPI to the Group for its share of Tenneco's and TPI's corporate expenses. On a stand-alone basis, management estimates that PCA's overhead expense will be $30,160 for the first twelve months following the Acquisition.

2) This line item consists of non-recurring charges recorded in the fourth quarter of 1998 and the first quarter of 1999 pertaining to a restructuring charge and an impairment charge, respectively. For further information about these charges, refer to Notes 7 and 14 to the Group's combined financial statements.

3) "EBITDA" represents income before interest and income taxes plus (a) depreciation, depletion and amortization and (b) lease expense relating to the operating leases for which the related assets were purchased in connection with the Transactions; and plus or minus (c) other income (expense), which is excluded because it is not reflective of recurring earnings. PCA's EBITDA is included in this prospectus because it is a basis upon which PCA assesses its financial performance and debt service capabilities, and because certain covenants in PCA's borrowing arrangements are tied to similar measures. However, EBITDA should not be considered in isolation or viewed as a substitute for cash flow from operations, net income or other measures of performance as defined by generally accepted accounting principles or as a measure of a company's profitability or liquidity. PCA understands that while EBITDA is frequently used by securities analysts, lenders and others in their evaluation of companies, EBITDA as used herein is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

4) Adjusted pro forma EBITDA for 1998 represents EBITDA plus adjustments to eliminate the effect of non-recurring items and to adjust for certain other stand-alone considerations, as follows:

Pro forma EBITDA for 1998	$269,309
Adjustments:	
Non-recurring restructuring charge	14,385
Reduction in corporate overhead	32,954
Cost savings from restructuring	10,800
Adjusted pro forma EBITDA for 1998	$327,448

5) Cash interest expense is defined as interest expense excluding amortization of (a) debt issuance costs and (b) the settlement payment on the interest rate protection agreement related to the outstanding notes.

6) The ratio of earnings to fixed charges has been calculated by dividing (a) income before income taxes plus fixed charges by (b) fixed charges. Fixed charges are equal to interest expense (including amortization of deferred financing costs) plus the portion of rent expense estimated to represent interest. The ratio of earnings to combined fixed charges and preferred stock dividends has been calculated by dividing (a) income before income taxes plus fixed charges by (b) fixed charges and preferred stock dividends (grossed-up to obtain a "pre-tax" equivalent).
On an actual basis for the three months ended March 31, 1999, earnings were insufficient to cover fixed charges by $214,590. On a pro forma basis for the three months ended March 31, 1999, earnings were insufficient to cover (i) fixed charges by $16,642 and (ii) fixed charges and preferred stock dividends by $19,586. On a pro forma basis for the year ended December 31, 1998, earnings were insufficient to cover fixed charges and preferred stock dividends by $18,116.

7) Working capital represents (a) total current assets excluding cash and cash equivalents less (b) total current liabilities excluding the current maturities of long-term debt.

8) Total long-term obligations includes long-term debt, the current maturities of long-term debt, and redeemable preferred stock. The amount excludes amounts due to TPI or other Tenneco affiliates as part of the Group's interdivision account.

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING FACTORS IN ADDITION TO THE OTHER INFORMATION SET FORTH IN THIS PROSPECTUS BEFORE DECIDING WHETHER TO MAKE AN INVESTMENT IN THE EXCHANGE NOTES OR THE NEW PREFERRED STOCK.

LEVERAGE-OUR SUBSTANTIAL INDEBTEDNESS COULD ADVERSELY AFFECT OUR FINANCIAL HEALTH AND PREVENT US FROM FULFILLING OUR OBLIGATIONS UNDER THE EXCHANGE NOTES AND THE NEW PREFERRED STOCK OR, IF ISSUED, THE SUBORDINATED EXCHANGE DEBENTURES.

To finance the Transactions, we have incurred a significant amount of indebtedness. The following chart shows certain important credit statistics and is presented assuming we had completed the Transactions as of the date or at the beginning of the period specified below and applied the proceeds as intended:

	AT MARCH 31, 1999
DOLLARS IN MILLIONS	
Total indebtedness	$1,769.0
Preferred stock	$100.0
Stockholders' equity	$294.5

For the three months ended March 31, 1999 on a pro forma basis, earnings were insufficient to cover fixed charges by $16.6 million, and earnings were insufficient to cover combined fixed charges and preferred stock dividends by $19.6 million.

From the date of issuance until April 1, 2004, we will be permitted to pay dividends on the new preferred stock in cash or in kind. Thereafter, we will be required to pay dividends on the new preferred stock in cash. After giving effect to the payment-in-kind dividends permitted through April 1, 2004, and assuming that all dividends are paid in kind, the new preferred stock outstanding upon which we would be required to pay cash dividends would equal $182.3 million. Furthermore, subject to certain conditions, the new preferred stock will be exchangeable, at our option, for subordinated exchange debentures.

Our substantial indebtedness and our future cash dividend obligations could have important consequences to you. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the exchange notes or the new preferred stock or, if issued, the subordinated exchange debentures;

- increase our vulnerability to general adverse economic and industry conditions;

- limit our ability to fund future working capital, capital expenditures, research and development costs and other general corporate requirements;

- require us to dedicate a substantial portion of our cash flow from operations to payments on our indebtedness and preferred stock, thereby reducing the availability of our cash flow to fund working capital, capital expenditures, research and development efforts and other general corporate purposes;

- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- limit our ability to make strategic acquisitions or take other corporate action;

- place us at a competitive disadvantage compared to our competitors that have less debt; and

- limit, along with the financial and other restrictive covenants contained in the agreements governing our indebtedness and preferred stock, our ability to borrow additional funds and increase the cost of any such borrowings. Our failure to comply with such covenants could result in an event of default which, if not cured or waived, could have a material adverse effect on us.

See "Description of Exchange Notes," "Description of New Preferred Stock" and "Description of Senior Credit Facility."

ADDITIONAL BORROWINGS AVAILABLE-DESPITE OUR CURRENT LEVELS OF INDEBTEDNESS, WE AND OUR SUBSIDIARIES MAY STILL BE ABLE TO INCUR SUBSTANTIALLY MORE DEBT. THIS COULD FURTHER EXACERBATE THE RISKS DESCRIBED ABOVE.

We and our subsidiaries may be able to incur substantial additional indebtedness in the future. The terms of the notes indenture and the certificate of designation and, if the subordinated exchange debentures are issued, the subordinated exchange debentures indenture, do not fully prohibit us or our subsidiaries from doing so. The senior credit facility permits additional borrowings of up to $250.0 million, and all of those borrowings would be senior to the exchange notes, the subsidiary guarantees of the exchange notes, the new preferred stock and, if issued, the subordinated exchange debentures. If new debt is added to our and our subsidiaries' current debt levels, the related risks that we and they now face could intensify.

See "Capitalization," "Selected Financial and Other Data," "Description of Exchange Notes," "Description of New Preferred Stock" and "Description of Senior Credit Facility."

ABILITY TO SERVICE DEBT AND NEW PREFERRED STOCK-TO MAKE PAYMENTS ON THE EXCHANGE NOTES, SERVICE OUR OTHER INDEBTEDNESS AND MAKE CASH PAYMENTS ON THE NEW PREFERRED STOCK AND, IF ISSUED, THE SUBORDINATED EXCHANGE DEBENTURES, WE WILL REQUIRE A SIGNIFICANT AMOUNT OF CASH. OUR ABILITY TO GENERATE CASH DEPENDS ON MANY FACTORS BEYOND OUR CONTROL.

Our ability to make payments on the exchange notes and the new preferred stock and, if issued, the subordinated exchange debentures, to refinance our indebtedness, including the exchange notes and, if issued, the subordinated exchange debentures, and to fund planned capital expenditures and research and development efforts will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control.

Based on our current level of operations and anticipated cost savings and operating improvements, we believe our cash flow from operations, available cash and available borrowings under the senior credit facility will be adequate to meet our future liquidity needs for at least the next few years.

We cannot assure you, however, that our business will generate sufficient cash flow from operations, that currently anticipated cost savings and operating improvements will be realized on schedule or at all or that future borrowings will be available to us under the senior credit facility in amounts sufficient to enable us to pay our indebtedness, including the exchange notes and, if issued, the subordinated exchange debentures, pay dividends on the new preferred stock, redeem the new preferred stock or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the exchange notes and if issued, the subordinated exchange debentures, and redeem the new preferred stock on or before maturity. We cannot assure you that we will be able to redeem the new preferred stock or refinance any of our indebtedness, including the senior credit facility, the exchange notes, and, if issued, the subordinated exchange debentures, on commercially reasonable terms or at all.

SUBORDINATION-YOUR RIGHT TO RECEIVE CASH PAYMENTS ON THE EXCHANGE NOTES, THE NEW PREFERRED STOCK AND, IF ISSUED, THE SUBORDINATED EXCHANGE DEBENTURES IS JUNIOR TO OUR EXISTING INDEBTEDNESS AND POSSIBLY ALL OF OUR FUTURE BORROWINGS. FURTHER, THE SUBSIDIARY GUARANTEES OF THE EXCHANGE NOTES ARE JUNIOR TO ALL OUR SUBSIDIARY GUARANTORS' EXISTING INDEBTEDNESS AND POSSIBLY TO ALL THEIR FUTURE BORROWINGS.

The exchange notes and the subsidiary guarantees rank behind all of our and our subsidiary guarantors' existing indebtedness (other than trade payables) and all of our and their future borrowings (other than trade payables), except any future indebtedness (such as the subordinated exchange debentures) that expressly provides that it ranks equal with, or subordinated in right of payment to, the exchange notes and the subsidiary guarantees. The new preferred stock ranks junior in right of payment to all of our existing and future liabilities or obligations (including trade payables), other than our common stock and any preferred stock which by its terms is on parity with or junior to the new preferred stock. The subordinated exchange debentures, if issued, will rank behind all of our existing and future indebtedness that is senior to the subordinated exchange debentures, including the exchange notes. As a result, upon any distribution to our creditors or, in the case of the subsidiary guarantees, the creditors of our subsidiary guarantors, in a bankruptcy, liquidation or reorganization or similar proceeding relating to us or our subsidiary guarantors or our or their property:

- the holders of our and our subsidiary guarantors' debt senior to the exchange notes will be entitled to be paid in full in cash before any payment may be made with respect to the exchange notes or the subsidiary guarantees; and

- payments may be made with respect to the new preferred stock only after our assets have been used to satisfy all of our obligations to our creditors, including holders of the exchange notes, or if the subordinated exchange debentures have been issued, only after all of the debt that is senior to the subordinated exchange debentures, including the exchange notes, has been paid in full.

In addition, all payments on the exchange notes and the subsidiary guarantees will be blocked in the event of a payment default on designated senior debt and may be blocked for up to 179 of 360 consecutive days in the event of certain non-payment defaults on senior debt. Furthermore, all payments on the subordinated exchange debentures will be blocked in the event of a payment default on any designated debt that is senior to the subordinated exchange debentures and may be blocked for up to 179 of 360 consecutive days in the event of certain non-payment defaults on debt that is senior to the subordinated exchange debentures.

In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to us or, in the case of the subsidiary guarantees, our subsidiary guarantors:

- holders of the exchange notes will participate with trade creditors and all other holders of subordinated indebtedness of us and our subsidiary guarantors that is deemed to be of the same class as the exchange notes in the assets remaining after we and our subsidiary guarantors have paid all of the debt senior to the exchange notes;

- holders of the subordinated exchange debentures, if issued, will participate with all holders of subordinated indebtedness of us that is deemed to be of the same class as the subordinated exchange debentures, and potentially with all other general creditors of PCA, in our remaining assets; and

- holders of the new preferred stock will receive assets only after we have paid all other indebtedness.

However, because the notes indenture and the subordinated exchange debentures indenture require that amounts otherwise payable to holders of the exchange notes, in the case of the notes indenture or holders of the subordinated exchange debentures, in the case of the subordinated exchange debentures indenture, in a bankruptcy or similar proceeding be paid to holders of debt senior to such security instead, holders of the exchange notes and holders of the subordinated exchange debentures may receive less, ratably, than holders of trade payables in any such proceeding. In any of these cases, we and, in the case of the exchange notes, our

subsidiary guarantors may not have sufficient funds to pay all of our creditors and holders of exchange notes and holders of subordinated exchange debentures may receive less, ratably, than the holders of debt senior to such security.

Assuming we had completed the Transactions on March 31, 1999:

- the exchange notes and the subsidiary guarantees would have been subordinated to $1.219 billion of debt senior to the exchange notes, and $241 million would have been available for borrowing as additional senior debt under the senior credit facility;

- the new preferred stock would have been subordinated to all $1.77 billion of our outstanding debt, including the exchange notes; and

- the subordinated exchange debentures, if issued, would have been subordinated to all $1.77 billion of our outstanding debt, including the exchange notes.

We are and will continue to be permitted to borrow substantial additional indebtedness, including senior debt, in the future under the terms of the notes indenture, the certificate of designation and the subordinated exchange debentures indenture.

DIVIDEND RESTRICTIONS-OUR ABILITY TO PAY CASH DIVIDENDS ON THE NEW PREFERRED STOCK OR REDEEM THE NEW PREFERRED STOCK OR, IF ISSUED, REPURCHASE THE SUBORDINATED EXCHANGE DEBENTURES FOR CASH, IS LIMITED IN MANY WAYS.

The senior credit facility generally prohibits the payment of cash dividends on the new preferred stock and the redemption, repurchase or other acquisition of any new preferred stock or subordinated exchange debentures by us for cash.

In addition, the notes indenture generally restricts our ability to pay cash dividends on the new preferred stock, and redeem, repurchase or otherwise acquire the new preferred stock or, if issued, subordinated exchange debentures for cash. Moreover, under Delaware law, we may only pay a dividend on the new preferred stock out of our surplus or net profits for the fiscal year in which the dividend is declared and/or the preceding year. In addition, our board of directors must approve the payment of any such dividend.

There can be no assurances that we will be able to generate a surplus or net profits after making our payments under the senior credit facility or the exchange notes, to other creditors or for any other reason. As a result, we do not expect to be able to pay cash dividends on the new preferred stock or redeem, purchase or otherwise acquire any new preferred stock or, if issued, subordinated exchange debentures for cash in the foreseeable future.

RESTRICTIONS IMPOSED BY THE SENIOR CREDIT FACILITY, THE NOTES INDENTURE AND THE CERTIFICATE OF DESIGNATION-THE SENIOR CREDIT FACILITY, THE NOTES INDENTURE AND THE CERTIFICATE OF DESIGNATION LIMIT US IN CERTAIN SIGNIFICANT RESPECTS.

Our senior credit facility and the notes indenture impose certain restrictions on our ability, among other things, to:

- incur additional indebtedness;

- pay dividends and make distributions;

- issue stock of subsidiaries;

- make certain investments;

- repurchase stock; and

- create liens;

- enter into transactions with affiliates;

- enter into sale and leaseback transactions;

- merge or consolidate our company;

- transfer and sell assets.

The certificate of designation governing the new preferred stock and the subordinated exchange debentures indenture, if the subordinated exchange debentures are issued, contain similar restrictions.

In addition, we must maintain minimum debt service, minimum net worth and maximum leverage ratios under the senior credit facility. A failure to comply with the restrictions contained in the senior credit facility could lead to an event of default, which could result in an acceleration of such indebtedness. Such an acceleration would also constitute an event of default under the notes indenture or the subordinated exchange debentures indenture, if the subordinated exchange debentures are issued, and could cause a voting rights triggering event under the certificate of designation. See "Description of Senior Credit Facility."

INDUSTRY AND CYCLICAL FACTORS-THE CYCLICALITY OF OUR INDUSTRY, WHICH IS IMPACTED BY BOTH THE SUPPLY AND DEMAND FOR CONTAINERBOARD, COULD ADVERSELY IMPACT OUR FINANCIAL RESULTS.

The market for containerboard is highly cyclical. Historically, prices for containerboard have generally reflected changes in supply, which is primarily determined by additions and reductions to industry capacity and inventory levels, and, to a lesser extent, changes in demand.

Containerboard demand is dependent upon both the demand for corrugated packaging products, which closely tracks industrial production, and export activity. Domestic demand for corrugated packaging products is more stable, and generally corresponds to changes in the rate of growth in the U.S. economy.

During the period from 1994 to 1996, capacity additions outpaced domestic and export demand, leading to lower industry operating rates and generally declining prices from late-1995 until mid-1997. Although prices generally improved from mid-1997 through mid-1998, the containerboard markets were adversely affected by weaker containerboard exports, particularly to Asia in the second half of 1998. These factors contributed to higher inventories, lower operating rates and lower prices during this period.

Although industry fundamentals have improved in recent months, industry conditions may deteriorate in the future. Any deterioration in industry conditions is likely to substantially reduce our cash flow and could have a material adverse effect on our financial condition and results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

COMPETITION-WE OPERATE IN A HIGHLY COMPETITIVE INDUSTRY AGAINST A NUMBER OF LARGE, VERTICALLY INTEGRATED COMPANIES.

The containerboard and corrugated packaging products industries are highly competitive. Containerboard is largely a commodity, resulting in substantial price competition. Our competitors include large, vertically integrated containerboard and corrugated packaging products companies and numerous smaller companies. Although no company enjoys a dominant position in the industry, some of our competitors are less leveraged and have greater financial and other resources than we do and are able to better withstand the cyclicality within our industry.

We may also face increased competition from new or existing producers of containerboard. Although containerboard mills generally require approximately two years to construct and require substantial capital investment, we believe that some of our competitors have idle machines that could potentially be restarted and used in containerboard production in a shorter period and with less significant capital investment.

Competition in the corrugated packaging industry is based on innovation, price, design, quality and service, to varying degrees depending on the product line. We cannot assure you that we will be able to compete successfully with respect to any of these factors. We compete with national, regional and local corrugated products manufacturers, as well as manufacturers of other types of packaging products in each of our geographic and product markets. Our failure to compete successfully could have a material adverse effect on our business, financial position and results of operations.

COST OF RAW MATERIALS-AN UNEXPECTED INCREASE IN THE COST OF FIBER OR LACK OF CONTINUED ACCESS TO VIRGIN FIBER MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS.

The average cost of virgin fiber has been increasing due to greater demand for wood chips from timberland located in the Southern United States. It is possible that virgin fiber costs will increase further in the future. We

are considering the possible sale of a significant portion of our timberland. A sale of timberland could increase our susceptibility to volatile fiber costs. We cannot assure you that we will have continued access to sufficient quantities of virgin fiber, the largest component we use in producing containerboard. The loss of a stable supply of virgin fiber could have a material adverse effect on us. See "Business-Raw Materials."

DEPENDENCE UPON KEY PERSONNEL-A LOSS OF KEY PERSONNEL COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS.

Our success is largely dependent on the skills, experience and efforts of our senior management. The loss of services of one or more members of our senior management could have a material adverse effect on our company. In addition, as our business develops and expands, we believe that our future success will depend on our continued ability to attract and retain highly skilled and qualified personnel. We cannot assure you that we will be able to continue to employ key personnel or that we will be able to attract and retain qualified personnel in the future. Failure to retain or attract such key personnel could have a material adverse effect on our business, financial condition and results of operations.

LACK OF OPERATING HISTORY AS A STAND-ALONE ENTITY--THE ABILITY OF OUR MANAGEMENT TO EFFECT THE TRANSITION FROM OPERATING AS A DIVISION OF A LARGE, INVESTMENT GRADE COMPANY TO OPERATING AS A HIGHLY-LEVERAGED STAND-ALONE BUSINESS IS KEY TO OUR SUCCESS.

Prior to consummation of the Transactions, PCA operated as a division of TPI, which is currently a subsidiary of Tenneco. As such, PCA was not responsible for financing its operations and complying with the related financial covenants and other debt agreement restrictions. In addition, PCA participated in Tenneco's extensive business and support service network, which afforded PCA leverage with respect to purchasing goods and services and leasing office facilities and eliminated the need for its management to focus on such matters. We have entered into various agreements with TPI to assist us with this transition, but these agreements are of a limited duration. See "Certain Transactions-Transition Agreements" and "-Purchase/Supply Agreements." There can be no assurance that we will be able to complete the transition on a cost-effective basis or at all, particularly after the termination of the transition agreements.

In addition, TPI and certain of its affiliates have entered into purchase/supply agreements whereby they have agreed to purchase containerboard and corrugated packaging products from us for a period of five years from the closing of the Transactions at prices based on market rates with no volume discount. As a result of these agreements, TPI and its affiliates are our largest customer and second largest customer of corrugated products. There can be no assurance that these agreements will be extended beyond five years, and the loss of TPI and its affiliates as customers could have a material impact on our operations.

CONTROLLING STOCKHOLDERS; POTENTIAL CONFLICTS-THE INTERESTS OF OUR CONTROLLING STOCKHOLDERS COULD CONFLICT WITH THOSE OF THE HOLDERS OF THE EXCHANGE NOTES, THE NEW PREFERRED STOCK AND, IF ISSUED, THE SUBORDINATED EXCHANGE DEBENTURES.

As of May 1, 1999, PCA Holdings and TPI beneficially owned 55% and 45%, respectively, of the outstanding common stock of PCA on a fully diluted basis and have entered into a stockholders agreement governing the composition of our board of directors and restricting their ability to transfer their shares to third parties. As a result, PCA Holdings and TPI have the ability to elect all of the members of our board of directors, appoint new management and approve any action requiring the approval of our stockholders. The directors have the authority to make decisions affecting our capital structure, including the issuance of additional indebtedness and the declaration of dividends. There can be no assurance that the interests of PCA Holdings and TPI do not and will not conflict with the interests of the holders of the exchange notes or the new preferred stock or, if issued, the subordinated exchange debentures. See "Security Ownership" and "Certain Transactions-Stockholders Agreement."

ENVIRONMENTAL MATTERS-ENVIRONMENTAL LAWS WILL REQUIRE US TO INCUR SIGNIFICANT COSTS TO MAINTAIN COMPLIANCE AND COULD IMPOSE LIABILITY TO REMEDY THE EFFECTS OF HAZARDOUS SUBSTANCE CONTAMINATION.

Compliance with environmental requirements is a significant factor in our company's operations, and we must occasionally commit substantial resources to maintaining environmental compliance and managing environmental risk. We are subject to, and must comply with, a variety of federal, state and local environmental laws, particularly those relating to air and water quality, waste disposal and the cleanup of contaminated soil and groundwater. Because environmental regulations are constantly evolving, we have incurred, and will continue to incur, significant costs to maintain compliance with those laws.

The United States Environmental Protection Agency recently adopted a set of comprehensive rules, often referred to as the Cluster Rules, governing all pulp and paper mill operations, including those at our mills. Over the next several years, the Cluster Rules will affect our allowable discharges of air and water pollutants, and require us and our competitors to spend money to ensure compliance with these new rules. We currently project future costs for compliance with the Cluster Rules at our four mills at approximately $63.6 million for all of our mill operations. We expect to incur these costs from 1999 through 2005. (From 1997 through 1998, we spent approximately $3 million on Cluster Rule compliance.) However, actual costs of such compliance may exceed this amount, in part because it is inherently difficult to predict future environmental expenditures and in part because not all of the regulations relating to the Cluster Rules have been finalized.

We have, in the past, incurred costs associated with the remediation of soil or groundwater contamination and expect that, from time to time, we will incur similar remedial obligations in the future. Cleanup requirements arise with respect to properties we currently own or operate, former facilities and off-site properties where we have disposed of hazardous substances. While we maintain reserves for environmental remediation liability, and we currently believe those reserves are adequate, we could, in light of the retroactive nature of the environmental laws, incur unanticipated environmental liabilities in the future and those liabilities could be material.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations-Environmental Matters" and "Business-Environmental Matters."

YEAR 2000 ISSUE-OUR FAILURE, OR THE FAILURE OF OUR THIRD PARTY SUPPLIERS OR RETAILER CUSTOMERS, TO ADDRESS INFORMATION TECHNOLOGY ISSUES RELATED TO THE YEAR 2000 COULD ADVERSELY AFFECT OUR OPERATIONS.

Year 2000 issues are the result of computer programs that were written using two-digits rather than four to define the applicable year. Any of our computer programs that use two digits rather than four digits to specify the year will be unable to interpret dates belonging to the year 2000. PCA has substantially completed an inventory of its systems to identify and assess Year 2000 issues and is in the process of installing a comprehensive Year 2000 compliant, upgraded customer and management system. This system includes remediation, replacement and alternative procedures for non-compliant Year 2000 issues, including upgrades to the mill system as well as compliance and remediation measures with respect to the order entry, corrugator scheduling, converting scheduling, shop floor manufacturing, shipping, inventory management and invoicing systems at our converting plants. Installation of our Year 2000 compliant system was completed at certain locations in 1998. We expect to complete the installation of this system at all of our locations prior to the end of the third quarter of 1999 although we cannot be assured of such completion. In addition, we are in the process of identifying those customers, suppliers and others with whom we conduct business to determine whether such persons will be able to resolve in a timely manner any Year 2000 problems that may affect PCA. Our failure or failure of our suppliers or customers to achieve Year 2000 compliance could materially and adversely affect our business and results of operations.

See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Year 2000."

CERTAIN TAX CONSIDERATIONS-HOLDERS OF NEW PREFERRED STOCK SHOULD BE AWARE OF CERTAIN TAX CONSEQUENCES THAT MAY APPLY TO THEM AS A RESULT OF THEIR OWNING THE NEW PREFERRED STOCK.

If we make distributions on the new preferred stock out of current or accumulated earnings and profits, as determined under U.S. federal income tax principles, such distributions will be taxable as ordinary income whether paid in cash or in additional shares of new preferred stock. In addition, to the extent that there is more than a de minimis redemption premium, representing the difference between the redemption price and issue price of the new preferred stock, holders may be required to treat the difference as constructive distributions that are includable in income on an economic accrual basis. If shares of new preferred stock (including additional shares of new preferred stock distributed by us in lieu of cash dividend payments) bear a redemption premium, such shares generally will have different tax characteristics than other shares of preferred stock not having such premium and might trade separately, which might adversely affect the liquidity of such shares. See "Certain United States Federal Tax Considerations-Tax Consequences to United States Holders-New Preferred Stock-Redemption Premium."

Holders should also note that if shares of new preferred stock are exchanged for subordinated exchange debentures with a stated redemption price at maturity that exceeds their issue price by more than a de minimis amount, the subordinated exchange debentures will be treated as having original issue discount equal to the entire amount of such excess. Subordinated exchange debentures issued on or before April 1, 2004, the date through which we have the option to pay interest on the subordinated exchange debentures in additional subordinated exchange debentures, will have original issue discount and subordinated exchange debentures issued thereafter may have original issue discount. Each holder of subordinated exchange debentures with original issue discount will be required to include in gross income an amount equal to the sum of the daily portions of the original issue discount for all days during the taxable year in which such holder holds the subordinated exchange debentures, regardless of the holder's regular method of accounting and regardless of whether interest is paid by us in cash or in additional subordinated exchange debentures. See "Certain United States Federal Tax Considerations-Tax Consequences to United States Holders-Subordinated Exchange Debentures-Original Issue Discount."

FINANCING CHANGE OF CONTROL OFFER-WE MAY NOT HAVE THE ABILITY TO RAISE THE FUNDS NECESSARY TO FINANCE THE CHANGE OF CONTROL OFFER REQUIRED BY THE NOTES INDENTURE, THE CERTIFICATE OF DESIGNATION AND THE SUBORDINATED EXCHANGE DEBENTURES INDENTURE.

Upon the occurrence of certain specific kinds of change of control events, we will be required to offer to repurchase all outstanding exchange notes and redeem the new preferred stock, or, if issued, repurchase the subordinated exchange debentures. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of exchange notes and redemption of new preferred stock, or, if issued, repurchase of the subordinated exchange debentures, or that restrictions in the senior credit facility will not allow such repurchases and redemptions. In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a "Change of Control" under the notes indenture, the certificate of designation or the subordinated exchange debentures indenture. See "Description of Exchange Notes-Repurchase at the Option of Holders," "Description of New Preferred Stock-New Preferred Stock-Repurchase at the Option of Holders" and "-Subordinated Exchange Debentures-Repurchase at the Option of Holders."

FRAUDULENT CONVEYANCE MATTERS-FEDERAL AND STATE STATUTES ALLOW COURTS, UNDER SPECIFIC CIRCUMSTANCES, TO VOID THE EXCHANGE NOTES AND THE SUBSIDIARY GUARANTEES AND REQUIRE NOTEHOLDERS TO RETURN PAYMENTS RECEIVED FROM US OR OUR SUBSIDIARY GUARANTORS.

Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, the exchange notes and the subsidiary guarantees could be voided, or claims in respect of the exchange notes or the subsidiary

guarantees could be subordinated to all other debts of PCA or any subsidiary guarantor if, among other things, PCA or such subsidiary guarantor, at the time it incurred the indebtedness evidenced by the exchange notes or its subsidiary guarantee:

- received less than reasonably equivalent value or fair consideration for the incurrence of such indebtedness; and

- was insolvent or rendered insolvent by reason of such incurrence; or

- was engaged in a business or transaction for which PCA's or such subsidiary guarantor's remaining assets constituted unreasonably small capital; or

- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

In addition, any payment by us or such subsidiary guarantor pursuant to the exchange notes or a subsidiary guarantee could be voided and required to be returned to us or such subsidiary guarantor, or to a fund for the benefit of the creditors of us or such subsidiary guarantor.

The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, PCA or a subsidiary guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets, or

- if the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature, or

- it could not pay its debts as they become due.

On the basis of historical financial information, recent operating history and other factors, neither PCA nor any of our subsidiary guarantors believes that, after giving effect to the issuance of the exchange notes, the subsidiary guarantees and the new preferred stock, it will be insolvent, will have unreasonably small capital for the business in which it is engaged or will have incurred debts beyond its ability to pay such debts as they mature. There can be no assurance, however, as to what standard a court would apply in making such determinations or that a court would agree with our or our subsidiary guarantors' conclusions in this regard.

NO PRIOR MARKET FOR THE EXCHANGE NOTES, THE NEW PREFERRED STOCK OR THE SUBORDINATED EXCHANGE DEBENTURES-YOU CANNOT BE SURE THAT AN ACTIVE TRADING MARKET WILL DEVELOP.

The exchange notes and the new preferred stock are each a new issue of securities for which no market currently exists. J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated, the initial purchasers of the outstanding notes and preferred stock, have informed us that they intend to make a market in the exchange notes and new preferred stock. However, they are not obligated to do so and the initial purchasers may cease their market-making at any time without notice. Accordingly, there can be no assurance as to the development or liquidity of any market for the exchange notes or the new preferred stock. The exchange notes and the new preferred stock are expected to be eligible for trading by qualified buyers in the PORTAL market. We do not intend to apply for listing of the exchange notes or the new preferred stock on any securities exchange or for quotation through The Nasdaq National Market. In addition, the liquidity of the trading market in the exchange notes and the new preferred stock, and the market price quoted for the exchange notes and the new preferred stock, may be adversely affected by changes in the overall market for high yield securities and by changes in our financial performance or prospects or in the prospects for companies in our industry generally. As a result, you cannot be sure that an active trading market will develop for the exchange notes, the new preferred stock or the subordinated exchange debentures, if issued.

FAILURE TO EXCHANGE OUTSTANDING NOTES AND PREFERRED STOCK--YOUR ABILITY TO RESELL YOUR NOTES AND PREFERRED STOCK WILL REMAIN RESTRICTED IF YOU FAIL TO EXCHANGE THEM IN THE EXCHANGE OFFER.

Untendered outstanding notes and preferred stock that are not exchanged for the registered exchange notes and new preferred stock pursuant to the exchange offer will remain restricted securities, subject to the following restrictions on transfer:

- the notes and the preferred stock may be resold only if registered pursuant to the Securities Act or if an exemption from registration is available;

- the notes and the preferred stock will bear a legend restricting transfer in the absence of registration or an exemption; and

- a holder of the notes or the preferred stock who wants to sell or otherwise dispose of all or any part of its notes or preferred stock under an exemption from registration under the Securities Act, if requested by us, must deliver to us an opinion of independent counsel experienced in Securities Act matters, reasonably satisfactory in form and substance to us, stating that such exemption is available.

FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements regarding, among other things, our financial condition and business strategy. We have based these forward-looking statements on our current expectations and projections about future events. While we believe these expectations and projections are reasonable, such forward-looking statements are inherently subject to risks, uncertainties and assumptions about us, including, among other things, those risks identified under the caption "Risk Factors."

We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this prospectus might not occur.

On January 25, 1999, TPI entered into a definitive agreement (the "Contribution Agreement") to sell its containerboard and corrugated packaging products business to PCA for $2.2 billion (the "Acquisition"). Under the terms of the Contribution Agreement, PCA Holdings, an entity organized and controlled by MDP and its coinvestors, acquired a 55% common equity interest in PCA, and TPI contributed the containerboard business to PCA in exchange for cash, the assumption of debt and a 45% common equity interest in PCA (in each case before giving effect to issuances of common equity to management).

The financing of the Transactions consisted of (1) borrowings under the senior credit facility, (2) the offering of the notes, (3) the offering of the preferred stock, (4) a cash equity investment of $236.5 million by PCA Holdings (the "PCA Holdings Equity Investment") and (5) a rollover equity investment by TPI valued at $193.5 million (the "TPI Equity Investment").

The transactions and financings described above are collectively referred to herein as the "Transactions." The PCA Holdings Equity Investment and the TPI Equity Investment are collectively referred to herein as the "Equity Investments."

The following table sets forth the estimated sources and uses of funds for the Transactions.

DOLLARS IN THOUSANDS	
SOURCES OF FUNDS:	
Senior Credit Facility	
Revolving Credit Facility (a)	$ 9,000
Tranche A Term Loan	460,000
Tranche B Term Loan	375,000
Tranche C Term Loan	375,000
Notes	550,000
Preferred stock	100,000
PCA Holdings Equity Investment	236,500
TPI Equity Investment	193,500
Total	$2,299,000
USES OF FUNDS:	
Acquisition consideration (b)	$2,200,000
Estimated fees, expenses and working capital (c)	99,000
Total	$2,299,000

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(a) Immediately subsequent to the closing of the Transactions, we had $241 million in additional availability under our new revolving credit facility. See "Description of Senior Credit Facility." As of May 1, 1999, we had $250 million in availability under the revolving credit facility.

(b) The Acquisition consideration is subject to adjustment based on changes to the net working capital of the containerboard business since September 30, 1998. The amount of the adjustment, if any, has not yet been determined.

(c) Includes a fee paid to Madison Dearborn at the closing of the Transactions of $15 million plus out-of-pocket expenses incurred in connection with the Transactions. See "Certain Transactions-The Transactions."

In June 1999, certain members of management of PCA will be offered the right to purchase up to 3.5% of the common stock of PCA at the same price per share paid by PCA Holdings in the PCA Holdings Equity Investment. PCA intends to issue to management or reserve for future issuance to management options to purchase additional shares representing 6.5% of the common stock of PCA. On a fully diluted basis, management will be entitled to purchase up to 9.8% of PCA's common stock.

Prior to the closing of the Transactions, TPI agreed under the terms of the Contribution Agreement to purchase certain timberland that was leased by TPI for use by the containerboard business and buy-out all remaining mill operating leases (collectively, the "Lease Buy-out"). As a result of the Lease Buy-out, PCA owns approximately 805,000 acres of timberland and continues to control 145,000 acres under lease or long-term cutting rights arrangements, and owns all of its mills.

USE OF PROCEEDS

We will not receive any proceeds from the issuance of the exchange notes and the new preferred stock in the exchange offer.

We received net proceeds of $530.9 million from the sale of the outstanding notes and net proceeds of $95.1 million from the sale of the outstanding preferred stock. We used the net proceeds from the sale of the notes and the preferred stock, the PCA Holdings Equity Investment, the TPI Equity Investment and borrowings under the senior credit facility to finance the Acquisition and to pay related fees and expenses of the Transactions. See "The Transactions."

CAPITALIZATION

The following table sets forth the capitalization of PCA as of March 31, 1999, and as adjusted on a pro forma basis to give effect to the Transactions, including the offerings of the notes and the preferred stock, as if they had occurred on that date. The information in this table should be read in conjunction with "Unaudited Pro Forma Financial Information," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the audited combined financial statements, including the notes thereto, which appear elsewhere in this prospectus.

DOLLARS IN THOUSANDS	MARCH 31, 1999 (ACTUAL)	MARCH 31, 1999 (PRO FORMA)
Cash	$ 1	$4,820
Debt:		
Senior Credit Facility		
Revolving Credit Facility (a)	-	9,000
Tranche A Term Loan	-	460,000
Tranche B Term Loan	-	375,000
Tranche C Term Loan	-	375,000
Notes	-	550,000
Other	466	-
Total debt	466	1,769,000
Preferred stock	-	100,000
Stockholders' equity (b)	666,438	294,452
Total capitalization	$666,904	$2,163,452

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(a) As of March 31, 1999 on a pro forma basis, we had $241 million in additional availability under our new revolving credit facility. See "Description of Senior Credit Facility."

(b) Stockholders' equity includes 100 shares of junior preferred stock, having a liquidation preference of $1.00 per share. Any references to "preferred stock" contained in this prospectus do not include the 100 shares of junior preferred stock unless otherwise indicated. PCA Holdings and TPI collectively hold all of the shares of the junior preferred stock. Holders of the junior preferred stock are not entitled to receive any dividends or distributions thereon. Holders of junior preferred stock have the right to elect one director to PCA's board of directors. Pursuant to the stockholders agreement, such holders have agreed to elect the individual serving as PCA's chief executive officer to fill such vacancy. Shares of junior preferred stock may not be reissued after being reacquired in any manner by PCA.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma financial information has been derived by the application of pro forma adjustments, which give effect to the Transactions, to the historical combined financial statements of the Group included elsewhere in this prospectus. The Transactions include the following related events:

- Borrowings under the senior credit facility;
- The Lease Buy-out;
- TPI's contribution of the containerboard and corrugated packaging products business to PCA in exchange for the TPI Equity Investment and cash;
- Issuance of PCA common stock to PCA Holdings in exchange for cash; and
- PCA's issuance of the outstanding notes and preferred stock in the offerings.

The unaudited pro forma balance sheet gives effect to the Transactions as if the Transactions had occurred on March 31, 1999. The unaudited pro forma statements of income for the year ended December 31, 1998 and the three months ended March 31, 1999 give effect to the Transactions as if the Transactions had been consummated on January 1, 1998. The pro forma adjustments exclude the impacts, if any, on cash, debt and stockholders' equity resulting from (a) a post-closing adjustment based on working capital, (b) a sale of stock to PCA management and (c) the potential effect of interest rate hedges on the senior credit facility. See "Management's Discussion and Analysis of Financial Condition and Results of Operations--Market Risk and Risk Management Policies."

The unaudited pro forma financial information is for comparative purposes only and does not purport to represent what PCA's financial position or results of operations would actually have been had the Transactions in fact occurred on the assumed dates or to project PCA's financial position or results of operations for any future date or future period. The unaudited pro forma financial information should be read in conjunction with the Group's historical combined financial statements and related notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations," and other financial information included elsewhere in this prospectus.

The Transactions represented a series of related transactions that fall within the scope of EITF Issue No. 88-16 ("EITF 88-16"), BASIS IN LEVERAGED BUY-OUT TRANSACTIONS. However, in accordance with the guidance in EITF 88-16, because a change in control was deemed not to have occurred due to the existence of certain participating veto rights held by PCA directors designated by TPI, the Transactions are considered a recapitalization-restructuring for which a change in accounting basis is not appropriate. Accordingly, PCA has recorded the Group net assets contributed by TPI at their historical values.

The pro forma and other adjustments, as described in the accompanying notes to the unaudited pro forma balance sheet and statement of income, are based on available information and certain assumptions that management believes are reasonable.

UNAUDITED PRO FORMA BALANCE SHEET

MARCH 31, 1999

DOLLARS IN THOUSANDS	GROUP HISTORICAL	PRO FORMA ADJUSTMENTS		PCA PRO FORMA
ASSETS				
Current assets:				
		$ (1)	(a)	
		3,700	(c)	
Cash and cash equivalents	$ 1	1,120	(l)	$ 4,820
		(27,122)	(a)	
Accounts and notes receivable	74,661	150,987	(b)	198,526
Inventories	151,583			151,583
Deferred income taxes	13,362	(13,362)	(a)	--
Prepaids and other current assets	14,816			14,816
Total current assets	254,423	115,322		369,745
		1,100,000	(d)	
Property, plant and equipment, net	998,178	(183,906)	(e)	1,914,272
		(46,206)	(e)	
		(38,231)	(a)	
Other assets, net	119,922	68,361	(f)	103,846
Total assets	$ 1,372,523	$ 1,015,340		$ 2,387,863
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
		$ (216)	(a)	
Current portion of debt	$ 216	40,625	(g)	$ 40,625
Accounts payable	118,956	(39,779)	(a)	79,177
Loss reserve	230,112	(230,112)	(e)	--
		1,120	(l)	
Other current liabilities	68,558	(13,306)	(a)	56,372
Total current liabilities	417,842	(241,668)		176,174
		(250)	(a)	
		(40,625)	(g)	
Long-term debt	250	1,769,000	(h)	1,728,375
		(263,936)	(a)	
Deferred income taxes	263,936	76,400	(i)	76,400
Other non-current liabilities	24,057	(11,595)	(a)	12,462
Total liabilities	706,085	1,283,326		1,993,411
Redeemable preferred stock	--	100,000	(j)	100,000
Stockholders' equity	666,438	(371,986)	(k)	294,452
Total liabilities and stockholders' equity	$ 1,372,523	$ 1,015,340		$ 2,387,863

NOTES TO UNAUDITED PRO FORMA BALANCE SHEET

(DOLLARS IN THOUSANDS)

(a) To reflect the elimination of the following Group assets not acquired and Group liabilities not assumed by PCA in connection with the Transactions:

Cash		$ 1
Notes receivable-Caraustar sale		27,122
Current deferred income tax asset		13,362
Other assets:		
Prepaid pension asset	34,727	
Lease prepayments and deferred financing costs	3,504	
		38,231
Accounts Payable:		
Non-trade payables to TPI or affiliates	13,085	
Outstanding Checks and Disbursements	26,694	
		39,779
Other current liabilities:		
Employee Deductions--Insurance and Taxes	8,904	
Severance accruals	2,942	
OPEB liability-current portion	1,460	
		13,306
Current portion of debt		216
Long-term debt, less current portion		250
Non-current deferred tax liability		263,936
Other non-current liabilities:		
OPEB liability, less current portion	7,589	
Environmental reserves	4,006	
		11,595
		$ 250,366
Net increase to equity		(included in item k)

(b) To record $150,987 of uncollected Group trade accounts receivable generally sold without recourse to Tenneco financing affiliates. Because they have been sold, those factored receivables are not included in the Group's historical balance sheet. However, as part of the Transactions, uncollected factored receivables are part of TPI's contribution to PCA.

(c) To reflect the net effect on cash of the Transactions, as follows:

Proceeds from borrowings under the Senior Credit Facility	$1,219,000	
Proceeds from the Notes	550,000	
Proceeds from the Preferred Stock	100,000	
Proceeds from the issuance of common stock	236,500	
		$2,105,500
Acquisition Consideration to TPI	(2,200,000)	
Less Equity Rollover Component	193,500	
		(2,006,500)*
Estimated transaction fees and expenses		(95,300)
Net effect on cash		$ 3,700

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* TPI received total consideration of $2,200,000, which includes approximately $1,100,000 used for the Lease Buy-out after March 31, 1999, a roll-over common equity investment in PCA valued at $193,500, and net cash of $906,500. Net cash to TPI consists of $246,500 received for its contribution of the containerboard and corrugated packaging products business to PCA, and $660,000 of term debt proceeds retained by TPI ($1,760,000) in excess of the Lease Buy-out cost paid after March 31, 1999 ($1,100,000). This adjustment does not reflect any adjustment to the Acquisition consideration based on changes to the net working capital of the containerboard business since September 30, 1998. The amount of that adjustment, if any, has not yet been determined.

(d) Represents approximately $1,100,000 paid by TPI after March 31, 1999 to buy-out certain timber and mill asset operating leases in the Lease Buy-out.

(e) As a result of the contributed net assets having a carrying value greater than their fair value (as determined by the value of the acquisition consideration), an asset impairment was recorded by TPI in connection with the Transactions relating to the Group's fixed and intangible assets. The pre-tax impairment charge, which has been excluded from the pro forma statement of income due to its non-recurring impact, was reflected in the Group's separate financial statements in the first quarter of 1999 and consists of the following components:

Write-off remaining goodwill	$ 46,206
Reduction in property, plant and equipment	183,906
	$ 230,112

The $230,112 is recorded as a loss reserve liability on the Group's historical March 31, 1999 balance sheet because the allocation to specific assets is still being finalized. For pro forma purposes, the components to the impaired asset categories have been reclassified.

(f) To record the component of the transaction costs that represents (1) the estimated $60,000 of capitalizable debt issuance costs and (2) the $8,361 paid by PCA in settlement of the interest rate protection agreement related to the outstanding notes. For purposes of the pro forma balance sheet, the $68,361 total is shown as part of other assets. For purposes of the pro forma statement of income, the $60,000 is amortized over the weighted average life of the debt issued under the senior credit facility and the outstanding notes

(approximately 8 years), and the $8,361 interest rate protection settlement payment is amortized over the 10 year term of the outstanding notes, both of which are materially consistent with using the effective interest method.

The remaining $26,939 of transaction costs has been recorded as a charge to equity (i.e., a reduction to the new capital investment). See (k) below.

(g) To reclassify the principal of the term loan borrowings due within the first year ($31,625) and the balance outstanding under the revolver ($9,000) as current portion of debt.

(h) To record the new debt resulting from the Transactions, as follows:

Senior Credit Facility:		
Revolving Credit Facility ($250,000 limit)	$ 9,000	
Tranche A Term Loan	460,000	
Tranche B Term Loan	375,000	
Tranche C Term Loan	375,000	
		1,219,000
Senior Subordinated Notes		550,000
Total new debt		$1,769,000

(i) To record the estimated deferred taxes resulting from the Transactions.

(j) To record the issuance of the outstanding preferred stock as part of the Transactions. The outstanding preferred stock has a fixed redemption date and, therefore, is classified outside of stockholders' equity.

(k) To record the impact on stockholders' equity of the Transactions, as follows:

Net impact of Group net liabilities not assumed (see a)		$ 250,366
Sold receivables included in TPI contribution (see b)		150,987
Issuance of common stock to PCA Holdings for cash (see c)		236,500
Net cash payments to TPI (see c)		(906,500)*
Transaction costs (see f)	$ (95,300)	
Less portion capitalized as financing costs	68,361	
		(26,939)
Deferred income taxes recorded for PCA (see i)		(76,400)
Pro forma adjustment		$(371,986)

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* There is no other equity adjustment with respect to TPI's contributed equity because such amount is recorded at TPI's historical cost. TPI will receive total consideration of $2,200,000, which includes the $1,100,000 used for the Lease Buy-out after March 31, 1999, a roll-over common equity investment in PCA valued at $193,500, and net cash of $906,500. Net cash to TPI consists of $246,500 received for its contribution of the containerboard and corrugated packaging products business to PCA, and $660,000 of term debt proceeds retained by TPI ($1,760,000) in excess of the Lease Buy-out cost paid after March 31, 1999 ($1,100,000).

(l) To record funding by TPI of $1,120 in deferred compensation liabilities transferred to PCA as required under the Transactions.

UNAUDITED PRO FORMA STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 1998

DOLLARS IN THOUSANDS	GROUP HISTORICAL	PRO FORMA ADJUSTMENTS		PCA PRO FORMA
Net sales	$ 1,571,019	$		$ 1,571,019
		7,200	(a)	
Cost of sales	(1,289,644)	12,260	(b)	1,270,184
Gross profit	281,375	19,460		300,835
		1,449	(b)	
		(1,973)	(c)	
		2,500	(d)	
Selling and administrative expenses	(108,944)	4,400	(e)	(102,568)
Corporate overhead allocation	(63,114)			(63,114)
Non-recurring restructuring charge	(14,385)			(14,385)
Other income	26,818	14,774	(f)	41,592
Income before interest and income taxes	121,750	40,610		162,360
Interest expense, net	(2,782)	157,069	(g)	159,851
Income before income taxes	118,968	116,459		2,509
Income tax (expense) benefit	(47,529)	47,163	(h)	(366)
Net income	$ 71,439	$ (69,296)		$ 2,143
OTHER DATA:				
Income before interest and income taxes	$ 121,750	$ 40,610		$ 162,360
Deduct other income (i)	(26,818)	(14,774)	(f)	(41,592)
		(13,709)	(b)	
Add: Depreciation, depletion, and amortization	96,950	65,300	(a)	148,541
Lease expense (i)	72,500	(72,500)	(a)	--
	169,450	20,909		148,541
EBITDA (i)	$ 264,382	$ 4,927		$ 269,309(j)

UNAUDITED PRO FORMA STATEMENT OF INCOME

THREE MONTHS ENDED MARCH 31, 1999

DOLLARS IN THOUSANDS	GROUP HISTORICAL	PRO FORMA ADJUSTMENTS		PCA PRO FORMA
Net sales	$ 391,279	$ --		$ 391,279
		507	(a)	
Cost of sales	(332,117)	3,065	(b)	(328,545)
Gross profit	59,162	3,572		64,027
		329	(b)	
		(493)	(c)	
		625	(d)	
Selling and administrative expenses	(28,759)	724	(e)	(27,574)
Corporate overhead allocation	(13,283)	--		(13,283)
Non-recurring impairment charge	(230,112)	230,117		--
Other income	(1,377)	2,369	(f)	992
Income (loss) before interest, income taxes and extraordinary item	(214,369)	237,238		22,869
Interest expense, net	(221)	(39,265)	(g)	(39,486)
Loss before income taxes	(214,590)	197,973		(16,617)
Income tax benefit	88,362	(79,058)	(h)	9,304
Loss before extraordinary item	$ (126,228)	$ 118,915		$ (7,313)
OTHER DATA:				
Income (Loss) before interest, income taxes and extraordinary item	$ (214,369)	$ 237,238		$ 23,869
Deduct other income (i)	1,377	(2,369)	(f)	(992)
		3,394	(b)	
Add: Depreciation, depletion, and amortization	28,360	16,325	(a)	48,079
Lease expense (i)	16,832	(16,832)		--
	45,192	2,887		48,079
EBITDA (i)	$ (167,800)	$ 238,206		$ 69,956

NOTES TO UNAUDITED PRO FORMA STATEMENT OF INCOME

(DOLLARS IN THOUSANDS)

(a) To record the estimated depletion/depreciation on the timber and mill assets acquired in the Lease Buy-out, and to remove the operating lease expense related to those leases, resulting in a net decrease to cost of sales as follows:

	YEAR ENDED DECEMBER 31, 1998	THREE MONTHS ENDED MARCH 31, 1999
New depreciation/depletion	$ 65,300	16,325
Eliminate lease expense	(72,500)	(16,832)
	(7,200)	(507)

(b) The following adjustment reflects reduced depreciation and amortization resulting from the impairment charge recorded by the Group in connection with the Transactions as follows. See note (e) to pro forma balance sheet.

	YEAR ENDED DECEMBER 31, 1998	THREE MONTHS ENDED MARCH 31, 1999
Goodwill amortization	$ 1,449	$ 329
Property, plant and equipment depreciation	12,260	3,065
	$ 13,709	3,394

In addition, because the impairment loss is directly related to the transaction, it is excluded from the pro forma statement of income.

(c) To eliminate the deferred gain amortization related to the Meridian lease that is part of the Lease Buy-out.

(d) To reduce OPEB expense relating to the portion of the Group post-retirement health care benefit obligations being retained by TPI as part of the Transactions and not assumed by PCA.

(e) To eliminate specialty rebates provided by the Group on boxes sold to Tenneco affiliates. As part of the Transactions, TPI has agreed that PCA will no longer provide such rebates.

(f) To eliminate the discount expense recognized on the sale of factored receivables because such receivables will be acquired by PCA in connection with the Transactions.

(g) To record interest expense and amortization of deferred financing costs on the debt incurred to finance the Transactions, calculated as follows:

	YEAR ENDED DECEMBER 31, 1998	THREE MONTHS ENDED MARCH 31, 1999
Revolving Credit Facility ($9,000 @7.75%)	$ 698	$ 174
Tranche A Term Loan ($460,000 @ 7.75%)	35,185	8,409
Tranche B Term Loan ($375,000 @ 8.25%)	30,879	7,676
Tranche C Term Loan ($375,000 @ 8.50%)	31,815	7,909
Senior Subordinated Notes ($550,000 @ 9.625%)	52,938	13,234
	151,515	37,402
Eliminate interest on debt not assumed	(2,782)	(221)
Amortization of deferred financing costs	7,500	1,875
Amortization of settlement payment on interest rate protection agreement related to the Notes	836	209
Pro forma interest adjustment	$ 157,069	39,265

The above interest amounts on the Revolver and Term Loans assume a Eurodollar rate (equivalent to LIBOR) of 5% and give effect to the principal payments required on the Term Loans during the first 15 months. The effect on interest expense pertaining to the variable rate Revolver and Term Loans of a 1/8(th) of one percent variance in interest rates would be $1,515 and $371 for the year ended December 31, 1998 and the three months ended March 31, 1999, respectively.

(h) To record the 40% effective income tax effect on all of the above pro forma adjustments, except for the non-deductible goodwill amortization adjustment.

(i) "EBITDA" represents income before interest and income taxes plus (a) depreciation, depletion and amortization and (b) lease expense relating to the operating leases for which the related assets were purchased in the Lease Buy-out; and minus (c) other income, which is excluded because it is not reflective of recurring earnings. PCA's EBITDA is included in this prospectus because it is a basis upon which PCA assesses its financial performance and debt service capabilities, and because certain covenants in PCA's borrowing arrangements are tied to similar measures. However, EBITDA should not be considered in isolation or viewed as a substitute for cash flow from operations, net income, or other measures of performance as defined by generally accepted accounting principles or as a measure of a company's profitability or liquidity. PCA understands that while EBITDA is frequently used by securities analysts, lenders, and others in their evaluation of companies, EBITDA as used herein is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

(j) The following other adjustments to 1998 EBITDA do not qualify as pro forma adjustments under the SEC's and its staff's published rules (principally Article 11 of Regulation S-X), but are included to eliminate the effect of non-recurring items and to adjust for certain other stand-alone considerations:

Pro forma EBITDA for 1998	$ 269,309
Adjustments:	
Non-recurring restructuring charge (1)	14,385
Reduction in corporate overhead (2)	32,954
Cost savings from restructuring (3)	10,800
Adjusted pro forma EBITDA for 1998	$ 327,448

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(1) During 1998, TPI adopted a restructuring plan to eliminate certain personnel and close down certain facilities associated with the Group's business. As of December 31, 1998, substantially all actions specified in the plan had been completed. A charge of $14,385 was recorded for severance benefits, exit costs, and asset impairments, and is reflected in the Group's 1998 operating profit. PCA believes that this non-recurring charge is not relevant in analyzing recurring EBITDA.

(2) As part of Tenneco, the Group was allocated $63,114 of corporate and TPI overhead expenses based on a variety of allocation methods. In analyzing the Group business on a stand-alone basis, PCA estimates that these costs will be approximately $30,160 for the first twelve months following the Acquisition. The determination of that estimate is based on detailed analyses that consider (a) compensation and benefits for TPI and new employees who are employed by PCA in the corporate functions (e.g., information technology, human resources, finance and legal) and (b) non-payroll costs incurred by these departments. Where applicable, the estimates consider the terms of transition service arrangements between PCA and Tenneco.

(3) The restructuring referred to in footnote 1 above will result in reduced cost of sales and selling and administrative expenses. This adjustment represents the Group's estimate of the cost savings that would have been achieved in 1998 if the restructuring had been in effect for all of 1998.

SELECTED FINANCIAL AND OTHER DATA

The following table sets forth the selected historical financial and other data of PCA as of and for the five years ended December 31, 1998, and certain pro forma financial and other data as of and for the year ended December 31, 1998. The selected historical financial and other data as of and for the years ended December 31, 1996, 1997 and 1998 was derived from the audited combined financial statements of the Group and the related notes thereto included elsewhere in this prospectus. The selected historical financial and other data as of and for the years ended December 31, 1994 and 1995 was derived from the unaudited combined financial statements of the Group not contained herein. The historical financial data as of and for the three months ended March 31, 1998 and 1999 was derived from the unaudited condensed combined financial statements of the Group included elsewhere in this prospectus. The pro forma financial and other data as of and for the three months ended March 31, 1999 and for the year ended December 31, 1998 was derived from the unaudited pro forma financial information included elsewhere in this prospectus. The pro forma financial data does not purport to represent what PCA's financial position or results of operations would actually have been had the Transactions in fact occurred on the assumed dates or to project PCA's financial position or results of operations for any future date or period. The information contained in the following table also should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Unaudited Pro Forma Financial Information," and the historical combined financial statements of the Group including the notes thereto, contained elsewhere in this prospectus.

	YEAR ENDED DECEMBER 31,					PRO FORMA YEAR ENDED DECEMBER 31,	THREE MONTHS ENDED MARCH 31,
	1994	1995	1996	1997	1998	1998	1998
DOLLARS IN THOUSANDS							
STATEMENT OF INCOME DATA:							
Net sales	$1,441,673	$1,844,708	$1,582,222	$1,411,405	$1,571,019	$ 1,571,019	$ 432,901
Cost of sales	(1,202,996)	(1,328,838)	(1,337,410)	(1,242,014)	(1,289,644)	(1,270,184)	(354,855)
Gross profit	238,677	515,870	244,812	169,391	281,375	300,835	78,046
Selling and administrative expenses	(71,312)	(87,644)	(95,283)	(102,891)	(108,944)	(102,568)	(26,841)
Corporate overhead allocation (1)	(34,678)	(38,597)	(50,461)	(61,338)	(63,114)	(63,114)	(14,326)
Restructuring/impairment charge (2)	-	-	-	-	(14,385)	(14,385)	-
Other income (expense) (3)	(4,701)	(16,915)	56,243	44,681	26,818	41,592	(2,742)
Income (loss) before interest, income taxes and extraordinary item	127,986	372,714	155,311	49,843	121,750	162,360	34,137
Interest expense, net	(740)	(1,485)	(5,129)	(3,739)	(2,782)	(159,851)	(741)
Income (loss) before income taxes and extraordinary item	127,246	371,229	150,182	46,104	118,968	2,509	33,396
Income tax expense	(50,759)	(147,108)	(59,816)	(18,714)	(47,529)	(366)	(13,315)
Income (loss) before extraordinary item	76,487	224,121	90,366	27,390	71,439	2,143	20,081
Extraordinary Loss	-	-	-	-	-	-	-
Net income (loss)	$ 76,487	$ 224,121	$ 90,366	$ 27,390	$ 71,439	$ 2,143	$ (20,081)
OTHER DATA:							
EBITDA (4)	$ 276,449	$ 547,435	$ 272,498	$ 166,814	$ 264,382	$ 269,309	$ 79,736
Adjusted pro forma EBITDA (5)	-	-	-	-	-	327,448	-
Depreciation, depletion, amortization, and lease expense (6)	143,762	157,806	173,430	161,652	169,450	148,541	42,690
Capital expenditures	110,853	252,745	168,642	110,186	103,429	103,429	16,339
Cash interest expense (7)	-	-	-	-	-	151,515	-
Ratio of adjusted pro forma EBITDA to cash interest expense	-	-	-	-	-	2.2x	-
Ratio of debt to adjusted pro forma EBITDA	-	-	-	-	-	5.4x	-
BALANCE SHEET DATA:							
Working capital (deficit) (8)	$ (101,281)	$ (150,429)	$ (102,278)	$ 34,314	$ 80,027	$ -	$ 54,689
Total assets	863,568	1,202,536	1,261,051	1,317,263	1,367,403	-	1,314,275
Total long-term obligations (9)	20,267	21,739	20,316	27,864	17,552	-	27,767
Total stockholders' equity (10)	389,981	640,483	784,422	854,060	908,392	-	843,060

	1999	PRO FORMA THREE MONTHS ENDED MARCH 31, 1999
DOLLARS IN THOUSANDS		
STATEMENT OF INCOME DATA:		
Net sales	$ 391,279	$ 391,279
Cost of sales	(332,117)	(328,545)
Gross profit	59,162	62,734
Selling and administrative expenses	(28,759)	(27,574)
Corporate overhead allocation (1)	(13,283)	(13,283)
Restructuring/impairment charge (2)	(230,112)	

Other income (expense) (3)	(1,377)	992
Income (loss) before interest, income taxes and extraordinary item	(214,369)	22,869
Interest expense, net	(221)	(39,486)
Income (loss) before income taxes and extraordinary item	(214,590)	(16,617)
Income tax expense	88,362	9,304
Income (loss) before extraordinary item	(126,228)	(7,313)
Extraordinary Loss	(6,327)	(6,327)
Net income (loss)	$ 132,555	$ (13,640)
OTHER DATA:		
EBITDA (4)	$(167,800)	$ 69,956
Adjusted pro forma EBITDA (5)	-	-
Depreciation, depletion, amortization, and lease expense (6)	45,192	48,079
Capital expenditures	19,460	19,460
Cash interest expense (7)	-	-
Ratio of adjusted pro forma EBITDA to cash interest expense	-	-
Ratio of debt to adjusted pro forma EBITDA	-	-
BALANCE SHEET DATA:		
Working capital (deficit) (8)	$(163,204)	$ 229,376
Total assets	1,372,523	2,387,863
Total long-term obligations (9)	466	1,869,000
Total stockholders' equity (10)	666,438	294,452

NOTES TO SELECTED FINANCIAL AND OTHER DATA
(DOLLARS IN THOUSANDS)

1) The corporate overhead allocation represents the amounts charged by Tenneco and TPI to the Group for its share of Tenneco's and TPI's corporate expenses. On a stand-alone basis, management estimates that PCA's overhead expense will be $30,160 for the first twelve months following the Acquisition.

2) This line item consists of non-recurring charges recorded in the fourth quarter of 1998 and first quarter of 1999 pertaining to a restructuring charge and an impairment charge, respectively. For further information about these charges, refer to Notes 7 and 14 to the Group's combined financial statements.

3) Other income, net consists of nonrecurring items, the largest components of which are as follows:

Fiscal year 1994	No individually significant items that are considered non- recurring.
Fiscal year 1995	No individually significant items that are considered non-recurring.
Fiscal year 1996	A $50,000 gain on the sale of recycled mills.
Fiscal year 1997	A $37,730 gain on the refinancing of operating leases.
Fiscal year 1998	A $16,944 gain on the sale of non-strategic woodlands and a $15,060 gain on the sale of the Caraustar recycling joint venture interest.
Fiscal quarter 1998	No individually significant items that are considered non-recurring.
Fiscal quarter 1999	No individually significant items that are considered non-recurring.

4) "EBITDA" represents income before interest and income taxes plus (a) depreciation, depletion and amortization and (b) lease expense relating to the operating leases for which the related assets were purchased in the Lease Buy-out; and plus or minus (c) other income (expense), which is excluded because it is not reflective of recurring earnings. PCA's EBITDA is included in this prospectus because it is a basis upon which PCA assesses its financial performance and debt service capabilities, and because certain covenants in PCA's borrowing arrangements are tied to similar measures. However, EBITDA should not be considered in isolation or viewed as a substitute for cash flow from operations, net income, or other measures of performance as defined by generally accepted accounting principles or as a measure of a company's profitability or liquidity. PCA understands that while EBITDA is frequently used by securities analysts, lenders, and others in their evaluation of companies, EBITDA as used herein is not necessarily comparable to other similarly titled captions of other companies due to potential inconsistencies in the method of calculation.

5) Adjusted pro forma EBITDA for 1998 represents EBITDA plus adjustments to eliminate the effect of non-recurring items and to adjust for certain other stand-alone considerations, as follows:

Pro forma EBITDA for 1998	$ 269,309
Adjustments:	
Non-recurring restructuring charge (a)	14,385
Reduction in corporate overhead (b)	32,954
Cost savings from restructuring (c)	10,800
Adjusted pro forma EBITDA for 1998	$ 327,448

(a) During 1998, TPI adopted a restructuring plan to eliminate certain personnel and close down certain facilities associated with the Group business. As of December 31, 1998, substantially all

actions specified in the plan had been completed. A charge of $14,385 was recorded for severance benefits, exit costs and asset impairments, and is reflected in the Group's 1998 operating profit. PCA believes that this non-recurring charge is not relevant in analyzing recurring EBITDA.

(b) As part of Tenneco, the Group was allocated $63,114 of corporate and TPI overhead expenses based on a variety of allocation methods. In analyzing the carved-out business on a stand-alone basis, PCA estimates that these costs will be approximately $30,160 for the first year. The determination of that estimate is based on detailed analyses that consider (1) compensation and benefits for TPI and new employees who are employed by PCA in the corporate functions (e.g., information technology, human resources, finance, legal, etc.) and (2) non-payroll costs incurred by these departments. Where applicable, the estimates consider the terms of transition service arrangements between PCA and Tenneco.

(c) The restructuring referred to in footnote 4(a) above will result in reduced cost of sales and selling and administrative expenses. This adjustment represents the Group's estimate of the cost savings that would have been achieved in 1998 if the restructuring had been in effect for all of 1998.

6) The lease expense included with depreciation, depletion and amortization relates to certain timber and mill operating leases that were bought-out in connection with the Transactions in the Lease Buy-out (with the previously leased property being acquired). Accordingly, the relevant operating lease expense has been treated like depreciation and depletion expense for purposes of the EBITDA calculation, and consists of the following amounts for the periods indicated:

Fiscal year 1994	$ 93,600
Fiscal year 1995	94,900
Fiscal year 1996	94,700
Fiscal year 1997	73,900
Fiscal year 1998	72,500
First quarter 1998	17,958
First quarter 1999	16,832

7) Cash interest expense is defined as interest expense excluding amortization of (a) debt issuance costs and (b) the settlement payment on the interest rate protection agreement related to the outstanding notes.

8) Working capital represents (a) total current assets excluding cash and cash equivalents less (b) total current liabilities excluding the current maturities of long-term debt.

9) Total long-term obligations includes long-term debt, the current maturities of long-term debt, and redeemable preferred stock. The amount excludes amounts due to TPI or other Tenneco affiliates as part of the containerboard business' interdivision account or other financing arrangement.

10) Represents the Group's interdivision account with TPI for the historical period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of historical results of operations and financial condition should be read in conjunction with the audited combined financial statements and the notes thereto which appear elsewhere in this prospectus.

OVERVIEW

In connection with the Acquisition, PCA acquired substantially all of the assets and operations of The Containerboard Group of TPI (as described in the notes to audited financial statements included elsewhere in this prospectus, the "Group"). See "The Transactions." Since its formation in January 1999 and through the closing of the Acquisition on April 12, 1999, PCA did not have any significant operations. Accordingly, the historical financial results described below are those of the Group.

The Group has historically operated as a division of TPI, and has not historically operated as a separate, stand-alone entity. As a result, the historical financial information included in this prospectus does not necessarily reflect what the Group's financial position and results of operations would have been had the Group been operated as a separate, stand-alone entity during the periods presented.

As a division of TPI, the Group was allocated corporate overhead expenses in the amounts of $50.5 million, $61.3 million and $63.1 million for the years ended December 31, 1996, 1997 and 1998, respectively. PCA estimates that these expenses will be approximately $30.2 million on a stand-alone basis for the first twelve months following the Acquisition, based on detailed analyses of compensation benefits for employees who are now employed by PCA as a result of the Acquisition and related non-payroll costs incurred after the Acquisition. In addition, future operating results are expected to be affected by changes in depreciation and amortization expense related to impaired assets, elimination of certain lease financing costs and intercompany transactions with affiliates of Tenneco, and other items resulting from the Transactions. See "Unaudited Pro Forma Financial Information" included elsewhere in this prospectus. We cannot assure you that we will be able to realize all of the benefits we expect as a stand-alone entity.

The Acquisition was accounted for using historical values for the contributed assets. Complete or partial new basis accounting (I.E., purchase accounting) was not applied because, under the applicable accounting guidance, a change of control was deemed not to have occurred as a result of the participating veto rights held by TPI after the closing of the Transactions under the terms of the stockholders agreement. See "Certain Transactions-Stockholders Agreement."

GENERAL

The market for containerboard is highly cyclical. Historically, prices for containerboard have generally reflected changes in supply, which is primarily determined by additions and reductions to industry capacity and inventory levels, and, to a lesser extent, changes in demand.

Containerboard demand is dependent upon both the demand for corrugated packaging products, which closely tracks industrial production, and export activity. Domestic demand for corrugated packaging products is more stable, and generally corresponds to changes in the rate of growth in the U.S. economy.

During the period from 1994 to 1996, capacity additions outpaced domestic and export demand, leading to lower industry operating rates and generally declining prices from late-1995 until mid-1997. Although prices generally improved from mid-1997 through mid-1998, the containerboard markets were adversely affected by weaker containerboard exports, particularly to Asia in the second half of 1998. Those factors contributed to higher inventories, lower operating rates and lower prices during this period.

In recent months, several major containerboard manufacturers have announced production curtailments and mill shutdowns, and only minimal capacity additions have been publicly announced through 2001 according to the American Forest & Paper Association.

Industry-wide containerboard price declines during the second half of 1998 adversely affected the Group's financial performance in the first three months of 1999 in comparison to the comparable period in 1998. For the three months ended March 31, 1999, the Group's sales prices of corrugated products and containerboard shipped to third parties fell 7% and 14%, respectively. These price declines were partially offset by increases in the Group's shipments of corrugated products and containerboard to third parties, which increased 12% and 3%, respectively, for the period. The net impact of these factors was a 10% decrease in net sales and a decrease in earnings before interest expense and taxes from approximately $34.1 million for the three months ended March 31, 1998 to approximately $15.7 million for the three months ended March 31, 1999 before accounting for extraordinary items and the non-recurring impairment charge.

Pulp & Paper Week, an industry publication, reported in March 1999 that major containerboard manufacturers had implemented price increases for kraft linerboard and corrugating medium of $50 and $60 per ton, respectively. According to Pulp & Paper Week, after giving effect to the price increase, average industry list prices in 1999 for linerboard and corrugating medium were 1% and 3%, respectively, lower than the list prices in March 1998. Both integrated and independent box producers announced price increases for corrugated products of 10% to 13% in February 1999.

RESULTS OF OPERATIONS

The historical results of operations of the Group are set forth below:

	FOR THE YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1998	1999
DOLLARS IN MILLIONS					
Net Sales	$ 1,582.2	$ 1,411.4	$ 1,571.0	432.9	391.3
Operating Income	$ 155.3	$ 49.8	$ 121.7	34.1	(214.4)
Interest Expense	5.1	3.7	2.8	.7	.2
Income Before Taxes	150.2	46.1	118.9	33.4	(214.6)
Provision for Income Taxes	59.8	18.7	47.5	13.3	(88.4)
Income Before Extraordinary Loss	$ 90.4	$ 27.4	$ 71.4	20.1	(126.2)
Extraordinary Loss	--	--	--	--	6.3
Net Income	90.4	27.4	71.4	20.1	(132.6)

Operating income included several significant unusual or non-recurring items for each of the periods presented. Excluding these items, operating income would have been as follows (dollars in millions):

	FOR THE YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1998	1999
DOLLARS IN MILLIONS					
Operating Income as Reported	$ 155.3	$ 49.8	$ 121.7	34.1	(214.4)
Recycled Paperboard Mills Divestiture					
Divestiture Gain (1)	(50.0)	-	(15.1)	-	-
Earnings	(4.0)	-	-	-	-
Joint Venture Income (1)	(0.6)	(1.7)	(0.3)	(0.3)	-
Non-Strategic Woodlands Divestitures (1)	-	(4.4)	(16.9)	-	-
Mill Lease Refinancing (1)	-	(37.7)	-	-	-
Restructuring Charge	-	-	14.4	-	-
Impairment Charge	-	-	-	-	230.1
Adjusted Operating Income	$ 100.7	$ 6.0	$ 103.8	33.8	15.7

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(1) Included in other income as part of the audited financial statements.

RECYCLED PAPERBOARD MILLS DIVESTITURE

In 1996, the Group sold two recycled paperboard mills (located in Rittman, Ohio and Tama, Iowa) and a recycling center and brokerage operation to a joint venture with Caraustar Industries. The Group received cash and a 20 percent interest in the joint venture as a result of the transaction and recognized a gain of $50.0 million in the second quarter as a result of the transaction.

In 1998, the Group divested its 20 percent interest in the joint venture with Caraustar and recognized a $15.1 million gain in the second quarter on the divestiture.

Operating income for the recycling business reported in 1996 prior to the formation of the joint venture was approximately $4.0 million.

The Group's share of operating income from the joint venture was $0.6 million, $1.7 million and $0.3 million, respectively, for the years ended December 31, 1996, 1997 and 1998.

NON-STRATEGIC WOODLANDS DIVESTITURES

In the third quarter of 1998, the Group recognized a $16.9 million gain on the sale of approximately 18,500 acres of woodlands used as a fiber source for the Counce mill, which were not considered as a strategic fiber source for the Counce operation.

In the third quarter of 1997, the Group recognized a $4.4 million gain on the sale of non-strategic woodlands located near the Tomahawk mill (known as the Willow Flowage property).

MILL LEASE REFINANCING

On January 31, 1997, TPI entered into an operating lease agreement with Credit Suisse Leasing 92A, L.P., as Lessor, and a group of financial institutions led by Citibank, N.A., as Agent. The agreement refinanced previous operating leases between General Electric Credit Corporation ("GECC") and TPI, which were entered into at the same time as GECC's purchase of certain assets from Georgia-Pacific Corporation in January 1991. Through this

refinancing, several capital lease obligations were extinguished as the assets were incorporated into the new operating lease. In connection with this refinancing, certain fixed assets and deferred credits were eliminated, resulting in a net gain recognized in the first quarter of 1997 of approximately $37.7 million.

RESTRUCTURING CHARGE

In the fourth quarter of 1998, the Group recorded a pre-tax restructuring charge of $14.4 million. This charge was recorded following the approval by Tenneco's board of directors of a comprehensive restructuring plan for all of Tenneco's operations, including those of the Group. In connection with this restructuring plan, the Group has or will eliminate a total of 109 positions, including the closing of four converting facilities. The following table reflects the components of this charge:

	RESTRUCTURING CHARGE	FOURTH QUARTER ACTIVITY	DECEMBER 31, 1998 BALANCE	1999 FIRST QUARTER ACTIVITY	MARCH 31, 1999 BALANCE
DOLLARS IN MILLIONS					
Cash Charges:					
Severance.....	$ 5.1	$(0.8)	$4.3	(1.4)	2.9
Facility Exit Costs and Other.....	3.8	(0.4)	3.4	(0.9)	2.5
Total Cash Charges...	8.9	(1.2)	7.7	(2.3)	5.4
Non-cash Charges:					
Asset Impairments....	5.5	(3.9)	1.6	(.9)	0.7
	$14.4	$(5.1)	$9.3	(3.2)	6.1

The fixed assets at the closed facilities were written down to their estimated fair value. No significant cash proceeds are expected from the ultimate disposal of these assets. Of the $7.7 million remaining cash charges at December 31, 1998, approximately $7.3 million is expected to be spent in 1999.

IMPAIRMENT CHARGE

As a result of the Transactions, the Group recorded a non-cash impairment charge of $230.1 million in the first quarter of 1999. Refer to Note 14 of the Group's combined financial statements.

EXTRAORDINARY LOSS

In the first quarter of 1999, the Group incurred a loss of $6.3 million (net of tax) in extinguishing certain debt. See Note 15 to the Group's combined financial statements.

THREE MONTHS ENDED MARCH 31, 1999 COMPARED TO THREE MONTHS ENDED MARCH 31, 1998

NET SALES

Net sales decreased by $41.6 million, or 9.6%, for the three months ended March 31, 1999 from the comparable period in 1998. The decrease was primarily the result of decreases in prices of corrugated products and containerboard shipped to third parties.

Average prices for corrugated products decreased by 6.6% for the three months ended March 31, 1999 from the comparable period in 1998, while corrugated volume increased by 12.1%, from 5.9 billion square feet in 1998 to 6.7 billion square feet in 1999.

Average containerboard prices for third party sales decreased by 13.6% for the three months ended March 31, 1999 from the comparable period in 1998, while volume to external domestic and export customers increased 3.1%, to 131,839 tons in 1999 from 127,938 tons in 1998.

According to Pulp & Paper Week, an industry publication, average linerboard and semi-chemical medium prices for 42 lb. Liner-East and 26 lb. Medium-East (which are representative benchmark grades) were $368 and $305, respectively, per ton in the first quarter of 1999. This compares to $390 and $340, respectively, per ton in the first quarter of 1998. According to the Fibre Box Association, average sales prices for corrugated products decreased by 4.5% in the first quarter of 1999 from the first quarter of 1998.

INCOME BEFORE INTEREST EXPENSE AND INCOME TAXES (OPERATING INCOME)

Adjusted operating income decreased by $18.1 million for the three months ended March 31, 1999 from the comparable period in 1998 as a result of both lower sales prices and partially offset by increased sales volume.

Gross margins decreased $18.9 million for the three months ended March 31, 1999 from the comparable period in 1998. Gross margins declined from 18.0% of sales in the first quarter of 1998 to 15.1% of sales in the first quarter of 1999, primarily due to the price decrease described above.

Selling and administrative expenses increased by $1.9 million, or 7.2%, for the three months ended March 31, 1999 from the comparable period in 1998 primarily as a result of salary increases and fringe benefit costs related to the timing of 1998 incentive payments which were paid in the first quarter of 1999.

Corporate allocations for the three months ended March 31, 1999 decreased by $1.0 million, or 7.3%, primarily due to a change in allocation rates from the prior year.

INTEREST EXPENSE AND INCOME TAXES

Interest expense decreased by $0.5 million for the three months ended March 31, 1999 from the comparable period in 1998, primarily due to the repayment of debt.

The Group's effective tax rate was 41.2% for the three months ended March 31, 1999 and 39.9% for the comparable period in 1998. The tax rate was higher than the federal statutory rate of 35% due to state income taxes.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO YEAR ENDED DECEMBER 31, 1997

NET SALES

Net sales increased by $159.6 million, or 11.3%, from 1997 to 1998. The increase was primarily the result of increases in prices for both corrugated products and containerboard and, to a lesser extent, increases in shipments of corrugated products.

Average prices for corrugated products increased by 7.3% in 1998 from 1997, while corrugated volume increased by 4.6% in 1998, from 23.9 billion square feet in 1997 to 25.0 billion square feet in 1998.

Average containerboard prices for external third party sales increased by 11.7% in 1998 from 1997, while volume to external domestic and export customers decreased 8.4%, to 527,000 tons in 1998 from 575,000 tons in 1997.

According to Pulp & Paper Week, an industry publication, average linerboard and semi-chemical medium prices for 42 lb. Liner-East and 26 lb. Medium-East (which are representative benchmark grades) were $373 and $315, respectively, per ton in 1998. This compares to $333 and $268, respectively, per ton in 1997. According to the Fibre Box Association, average sale prices for corrugated products increased by 4.5% in 1998 from 1997.

INCOME BEFORE INTEREST EXPENSE AND INCOME TAXES (OPERATING INCOME)

Adjusted operating income increased by $97.8 million, from 1997 to 1998 as a result of both higher sales prices and sales volumes, which primarily contributed to the gross margin improvement of $112.0 million.

Gross margins improved from 12.0% of sales in 1997 to 17.9% of sales in 1998, primarily due to the price increases described above. These price increases were partially offset by a higher level of depreciation attributable to the Group's capital expenditure program and to higher costs incurred as a result of changes in product mix.

Selling and administrative expenses increased by $6.1 million, or 5.9%, from 1997 to 1998, primarily as a result of costs incurred to support the increased focus on graphics design and other value added product services in corrugated products.

Corporate allocations increased by $1.8 million, or 2.9%, primarily as a result of the Group's increased use of the Tenneco shared services center located in The Woodlands, Texas.

INTEREST EXPENSE AND INCOME TAXES

The Group's interest expense for 1998 and 1997 primarily related to the interest cost of debt incurred to finance a boiler at the Counce mill. The interest expense declined by approximately $1.0 million in 1998, as a portion of this debt was retired during the year.

The Group's effective tax rate was 40.0% in 1998 and 40.6% in 1997. The tax rate is higher than the federal statutory rate of 35% due to state income taxes.

YEAR ENDED DECEMBER 31, 1997 COMPARED TO YEAR ENDED DECEMBER 31, 1996

NET SALES

Net sales decreased by $170.8 million, or 10.8%, from 1996 to 1997. Approximately $48.3 million of the decrease was the result of the divestiture in June 1996 of two recycled paperboard mills. The balance of the decrease was primarily the result of decreases in prices for both corrugated products and containerboard, partially offset by increases in shipments of corrugated products and containerboard to external third parties.

Average prices for corrugated products decreased by 8.4% in 1997 from 1996, while corrugated volume increased by 1.3% in 1998 from 23.6 billion square feet in 1996 to 23.9 billion square feet in 1997.

Average containerboard prices for external third party sales decreased by 10.2% in 1997 from 1996, while volume to external domestic and export customers increased 30.4% to 575,000 tons in 1997 from 441,000 tons in 1996.

According to Pulp & Paper Week, average linerboard and semi-chemical medium prices for 42 lb. Liner-East and 26 lb. Medium-East (which are representative benchmark grades) were $333 and $268, respectively, per ton in 1997. This compares to $382 and $315, respectively, per ton in 1996. According to the Fibre Box Association, average sale prices for corrugated products decreased by 10.3% in 1997 from 1996.

INCOME BEFORE INTEREST EXPENSE AND INCOME TAXES (OPERATING INCOME)

Excluding one-time transactions and the reported income from recycled mill operations in 1996, adjusted operating income declined $94.7 million from 1996 to 1997. This decline was primarily the result of the lower pricing described above, partially offset by variable cost reductions at the mills resulting in a net decline in gross profit of $75.4 million.

These factors, combined with the impact of the 1996 divestiture of the recycled mills, contributed to a decline in gross margins from 15.5% in 1996 to 12.0% in 1997.

Selling and administrative expenses increased by $7.6 million, or 8.0%, from 1996 to 1997. This increase was primarily the result of greater expenses incurred to increase the number of sales and design personnel for the corrugated products business.

Corporate allocations increased by $10.9 million, or 21.6%, from 1996 to 1997. The increase was the result of an overall increase in TPI's overhead, and consequently higher allocations to the Group.

INTEREST EXPENSE AND INCOME TAXES

The Group's interest expense declined by $1.4 million from 1996 to 1997, primarily as a result of the termination of capital leases that were extinguished when the new mill operating lease agreement was entered into in January 1997.

The Group's effective tax was 40.6% in 1997 and 39.8% in 1996. The tax rate was higher than the federal statutory rate of 35% due to state income taxes.

LIQUIDITY AND CAPITAL RESOURCES

HISTORICAL

As a division of TPI, the Group did not maintain separate cash accounts other than for petty cash. The Group's disbursements for payroll, capital projects, operating supplies and expenses were processed and funded by TPI through centrally managed accounts. In addition, cash receipts from the collection of accounts receivable and the sales of assets were remitted directly to bank accounts controlled by TPI.

Because of TPI's centrally managed cash system, in which the cash receipts and disbursements of TPI's various divisions were commingled, it was not feasible to segregate cash received from TPI (E.G., as financing for the business) from cash transmitted to TPI (E.G., as a distribution). Accordingly, the net effect of these cash transactions with TPI is represented as a single line item within the financing section of the statement of cash flows. Similarly, the activity of the interdivision account presents the net transfer of funds and charges between TPI and the Group as a single line item.

The following table sets forth the Group's cash flows for the periods shown:

	FOR THE YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1996	1997	1998	1998	1999
DOLLARS IN MILLIONS					
CASH PROVIDED (USED) BY:					
Operating Activities	$ 55.8	$ 107.2	$ 195.4	34.7	145.3
Investing Activities	(74.2)	(111.9)	(177.7)	(21.1)	(15.4)
Financing Activities	16.8	3.7	(17.7)	(13.5)	(129.9)
Net Cash Change	$ (1.6)	$ (1.0)	$ -	-	-

OPERATING ACTIVITIES

Cash flow provided by operating activities increased $110.6 million for the three months ended March 31, 1999 from the comparable period in 1998. The increase was primarily attributable to the tax asset related to the impairment, which was effectively distributed to TPI (see financing activities).

Cash flow provided by operating activities increased by $88.2 million from 1997 to 1998. The increase was due primarily to higher net income of $44.0 million, collection of a higher level of receivables and increased non-cash charges for restructuring and depreciation.

Cash provided by operating activities increased by $51.4 million from 1996 to 1997. The lower net income of $63.0 million resulting from lower pricing was more than offset by a deferred tax increase of $76.8 million resulting from accelerated depreciation on tax owned assets and higher depreciation, depletion and amortization.

INVESTING ACTIVITIES

Net cash used for investing activities decreased $5.7 million for the three months ended March 31, 1999 from the comparable period in 1998.

Cash used for investing activities increased by $65.8 million from 1997 to 1998. The increase was primarily attributable to a prepaid lease payment made in late-December 1998 of $84.2 million to acquire timberland as part of the Lease Buy-out. Proceeds from assets sales were $15.8 million higher in 1998, due to the 1998 timberland sale transaction previously described. During 1997 and 1998, additions to plant, property and equipment totaled $110.2 million and $103.4 million, respectively.

Net cash used for investing activities increased by $37.7 million from 1996 to 1997. During 1996 and 1997, additions to property, plant and equipment totaled $168.6 million and $110.2 million, respectively. The higher level of capital expenditures in 1996 was attributable to the rebuild of a machine at the Counce mill, for which a total of $78.4 million in capital expenditures was spent, with the majority of the spending occurring in 1996. Included in the 1996 investing activities are $122.7 million of proceeds from disposals (primarily the sale of the 80% interest in the recycled paperboard assets to Caraustar Industries) compared to $10.5 million in 1997. Cash expended for other long-term assets decreased $16.5 million, primarily due to lower cash funding of pension assets.

FINANCING ACTIVITIES

Cash used for financing activities increased $116.4 million for the three months ended March 31, 1999 from the comparable period in 1998. The increase was primarily attributable to the tax asset related to the impairment, which was effectively distributed to TPI (see operating activities) and the repayment of the debt related to the boiler at the Counce mill.

Cash provided by financing activities decreased by $21.4 million from 1997 to 1998, primarily reflecting the change in the net transfer of funds between the Group and TPI. The Group also retired $10.3 million of debt during 1998, which related to the financing of a boiler at the Counce mill.

Cash provided by financing activities decreased by $13.1 million from 1996 to 1997, primarily due to changes in the net transfer of funds between the Group and TPI.

AFTER THE TRANSACTIONS

Following the Transactions, PCA's primary sources of liquidity are cash flow from operations and borrowings under PCA's new revolving credit facility. PCA's primary uses of cash are for debt service and capital expenditures, which PCA expects to be able to fund from these sources.

PCA incurred substantial indebtedness in connection with the Transactions. On a pro forma basis, after giving effect to the Transactions as if they had occurred on March 31, 1999, PCA would have had approximately $1,769.0 million of indebtedness outstanding as compared to historical indebtedness outstanding of approximately $0.5 million. PCA's significant debt service obligations following the Transactions could, under certain circumstances, have material consequences to PCA's securityholders, including holders of the exchange notes and the new preferred stock. See "Risk Factors."

Concurrently with the Transactions, PCA issued the outstanding notes and preferred stock and entered into the senior credit facility. The senior credit facility provides for three tranches of term loans in an aggregate amount of $1,210.0 million and a revolving credit facility with up to $250.0 million in availability. Upon the closing of the Acquisition, PCA borrowed the full amount available under the term loans and $9.0 million under the revolving credit facility. The borrowings under the revolving credit facility are available to fund PCA's working capital requirements, capital expenditures and other general corporate purposes. The Tranche A Term Loan will mature in quarterly installments from September 1999 through 2005. The Tranche B Term Loan will mature in quarterly installments from September 1999 through 2007. The Tranche C Term Loan will mature in quarterly installments from September 1999 through 2008. The revolving credit facility will terminate in 2005. See "Description of Senior Credit Facility."

On May 18, 1999, PCA prepaid $75.0 million on the term loans using excess cash. In addition, the $9.0 million drawn on the revolver as of the closing of the Acquisition, has been repaid using excess cash.

The instruments governing PCA's indebtedness and the new preferred stock, including the senior credit facility, the notes indenture and the certificate of designation governing the new preferred stock, contain financial and other covenants that restrict, among other things, the ability of PCA and its subsidiaries to incur additional indebtedness, pay dividends or make certain other restricted payments, consummate certain asset sales, incur liens, enter into certain transactions with affiliates, or merge or consolidate with any other person or sell or otherwise dispose of all or substantially all of the assets of PCA. These limitations, together with the highly leveraged nature of PCA, could limit corporate and operating activities. See "Risk Factors-Leverage."

PCA estimates that it will make approximately $118 million in capital expenditures in 1999. These expenditures will be used primarily for cost reduction, business growth, maintenance and environmental and other regulatory compliance.

PCA is currently contemplating the possible sale of a significant portion of its timberland. The net proceeds of these sales, if any, would be used to reduce borrowings under the senior credit facility. PCA is permitted under the terms of the senior credit facility, the notes indenture and the certificate of designation, subject to certain limitations, to use net proceeds in excess of $500.0 million, if any, to redeem up to $100.0 million of the exchange notes, to repurchase or redeem up to $100.0 million of the new preferred stock or the subordinated exchange debentures, or to pay a dividend on or repurchase its equity interests. See "Description of Senior Credit Facility," "Description of Exchange Notes" and "Description of New Preferred Stock."

PCA believes that cash generated from operations and amounts available under the revolving credit facility will be adequate to meet its anticipated debt service requirements, capital expenditures and working capital needs for the foreseeable future. There can be no assurance, however, that PCA's business will generate sufficient cash flow from operations or that future borrowings will be available under the senior credit facility or otherwise to enable it to service its indebtedness, including the senior credit facility, the exchange notes and, if issued, the subordinated exchange debentures, to pay cash dividends on the new preferred stock beginning in 2004, to retire or redeem the exchange notes or the new preferred stock or, if issued, the subordinated exchange debentures when required or to make anticipated capital expenditures. PCA's future operating performance and its ability to service or refinance the exchange notes and, if issued, the subordinated exchange debentures, to service, extend or refinance the senior credit facility and to pay cash dividends, redeem or refinance the new preferred stock will be subject to future economic conditions and to financial, business and other factors, many of which are beyond PCA's control. See "Risk Factors."

ENVIRONMENTAL MATTERS

We are subject to, and must comply with, a variety of federal, state and local environmental laws, particularly those relating to air and water quality, waste disposal and the cleanup of contaminated soil and groundwater. Because environmental regulations are constantly evolving, we have incurred, and will continue to incur, costs to maintain compliance with those laws. In particular, the United States Environmental Protection Agency recently finalized the Cluster Rules which govern pulp and paper mill operations, including those at the Counce, Filer City, Valdosta and Tomahawk mills. Over the next several years, the Cluster Rules will affect our allowable discharges of air and water pollutants, and require us to spend money to ensure compliance with those new rules. See "Business-Environmental Matters."

As is the case with any industrial operation, we have, in the past, incurred costs associated with the remediation of soil or groundwater contamination, as required by the federal Comprehensive Environmental Response, Compensation and Liability Act (the federal "Superfund" law) and analogous state laws. Cleanup requirements arise with respect to properties we currently own or operate, former facilities and off-site facilities where we have disposed of hazardous substances. However, because liability under such laws is retroactive (imposing future liability for past conduct), we could receive notifications of cleanup liability in the future and such liability could be material. Under the terms of the Contribution Agreement, TPI has agreed to retain all liability for all former facilities and all sites associated with pre-closing off-site waste disposal, and TPI has retained certain environmentally impaired real property in Filer City, Michigan unrelated to current mill operations. See "Business-Environmental Matters."

YEAR 2000 ISSUE

Many of our computer software systems, as well as certain hardware and equipment utilizing date-sensitive data, were structured to use a two-digit data field, meaning that these systems will not be able to properly recognize dates in the Year 2000. PCA has substantially completed an inventory of its systems to identify and assess Year 2000 issues and is in the process of installing a comprehensive Year 2000 compliant, upgraded customer and management system. This system includes remediation, replacement and alternative procedures for non-compliant Year 2000 issues, including upgrades to the mill system as well as compliance and remediation measures with respect to the order entry, corrugator scheduling, converting scheduling, shop floor manufacturing, shipping, inventory management and invoicing systems at our converting plants. Installation of our Year 2000 compliant system was completed at certain locations in 1998. We expect to complete the installation of this system at all of our locations prior to the end of the third quarter of 1999 although we cannot be assured of such completion. In addition, we are in the process of identifying those customers, suppliers and others with whom we conduct business to determine whether such persons will be able to resolve in a timely manner any Year 2000 problems that may affect PCA. Our failure or the failure of our suppliers or customers to achieve Year 2000 compliance could materially and adversely affect our business and results of operations.

Based on current estimates, PCA believes it will incur costs that may range from approximately $5 million to $7 million to address Year 2000 issues, of which approximately $2 million has been incurred as of March 31, 1999. Approximately 20% to 30% of the remaining costs will be reimbursed by TPI under the Transition Services Agreement. See "Certain Transactions-Transition Agreements." These costs are being expensed as they are incurred, except that in certain instances PCA may determine that replacing existing computer systems or equipment may be more effective and efficient, particularly where additional functionality is available.

In the event PCA is unable to complete the remediation, replacement or alternative procedures for critical systems and equipment in a timely manner or if those with whom PCA conducts business are unsuccessful in implementing timely solutions, Year 2000 issues could have a material adverse effect on PCA's results of operations. At this time, the potential effect in the event PCA and/or third parties are unable to timely resolve Year 2000 problems is not determinable; however, PCA believes it will be able to resolve its own Year 2000 issues.

IMPACT OF INFLATION

PCA does not believe that inflation has had a material impact on its financial position or results of operations during the past three years.

MARKET RISK AND RISK MANAGEMENT POLICIES

Historically, PCA has not had any material market risk due to the fact that its debt financing and risk management activities were conducted by TPI or Tenneco. Under the terms of the senior credit facility, PCA is required to maintain for at least two years after the closing of the Transactions interest rate protection agreements establishing a fixed maximum interest rate with respect to at least 50% of the outstanding term loans under the senior credit facility.

On March 5, 1999, PCA entered into an interest rate protection agreement with J.P. Morgan Securities Inc. to lock in then current interest rates on 10-year U.S. Treasury notes. PCA entered into this agreement to protect it against increases in the 10-year U.S. Treasury note rate, which served as a reference in determining the interest rate applicable to the notes, which have a comparable term. The agreement has a notional amount of $450.0 million and a 10-year U.S. Treasury note reference rate of 5.41%. As a result of a decrease in the interest rate on 10-year U.S. Treasury notes, PCA was obligated to make a single payment of approximately $8.4 million to the counterparty upon settlement of the agreement which was made on the date of the closing of the notes offering.

NEW ACCOUNTING STANDARDS

For a description of changes in accounting principles affecting PCA, see Note 2 to the audited financial statements included elsewhere in this prospectus.

GENERAL

PCA is a leading integrated producer of containerboard and corrugated packaging products in North America. We manufacture a broad range of linerboard and corrugating medium in our four mills, each of which is located near its primary fiber supply. In 1998, our mills produced 2.1 million tons of containerboard, ranking us as the sixth largest containerboard producer in North America.

Through our nationwide network of 67 converting plants, consisting of 39 corrugator plants and 28 sheet/specialty and other plants, we convert approximately 75% to 80% of the containerboard produced at our mills into corrugated packaging products for sale to both local and national customers. In 1998, our converting plants shipped approximately 25 billion square feet of corrugated packaging products, including shipping boxes, point-of-sale packages, point-of-purchase displays and other advertising and promotional products, ranking us as one of the top six integrated producers of corrugated packaging products in North America.

Based on two cost studies performed by Jacobs-Sirrine, an industry consultant, in 1998, we have one of the lowest cash cost containerboard mill systems in the industry, with from 70% to 85% of our production capacity ranked in the lowest-cost quartile of the industry. The Jacobs-Sirrine study ranked our two largest mills, Counce and Tomahawk, among the lowest cash cost kraft linerboard and corrugating medium mills, respectively, in North America. As a result of our low cost operations and the implementation of our differentiated business strategy, we have historically been able to generate EBITDA margins that are relatively more stable and higher than industry averages. For the fiscal year ended December 31, 1998, PCA's revenues and adjusted EBITDA (as defined below) were $1,571.0 million and $327.4 million, respectively, on a pro forma basis. For the three months ended March 31, 1999, PCA's revenues and EBITDA were $391.3 million and $70.0 million respectively, on a pro forma basis.

In addition to our mills and converting plants, we own or control approximately 950,000 acres of timberland located in close proximity to our mills, providing favorable access to our primary fiber requirements. We also own three sawmills, three recycling facilities, a 50% interest in a wood chipping venture and an air-dry yard operation.

INDUSTRY OVERVIEW

Corrugated containers are a safe and economical means of transporting industrial and consumer goods and products. More goods and products are shipped in corrugated containers than in any other type of packaging. Since 1975, the demand for corrugated containers has grown at a compound annual rate of 3.1%, with demand for corrugated containers increasing in all but four years during this 23-year period. At no time during this period did demand for corrugated containers decrease in consecutive years.

The primary end-use markets for corrugated containers are food, beverage and agricultural products; paper and fiber products; petroleum, petrochemical resins, plastics and rubber products; glass and metal containers; electronic appliances; and electrical and other machinery. National customer accounts seek suppliers with wide geographic coverage that can service most of their locations with long-run, low-cost products. Local customer accounts tend to place a greater emphasis on a reliable source of supply on a timely and, in some cases, just-in-time basis. Both types of consumers focus on price and quality and place a strong emphasis on access to steady supplies.

Containerboard is manufactured from softwood and hardwood fibers and, in some cases, recycled fibers, such as old corrugated containers and clippings from converting operations. Virgin fiber is obtained in the form of wood chips or pulp wood from company-owned timberland or acquired through open market purchases. These chips are chemically treated to form softwood and hardwood pulp, which are then blended (together, in some cases, with recycled fibers). The pulp is then processed through paper machines, which consist of a paper-forming section, a press section (where water is removed by pressing the wet containerboard between rolls), and a drying section. The containerboard is then wound into rolls, which are then shipped to company-owned converting box plants or to outside converters.

Containerboard, consisting of linerboard and corrugating medium, is the principal raw material used to manufacture corrugated containers. Linerboard is used as the inner and outer facing (liner) of a corrugated container. Corrugating medium is fluted and laminated to linerboard in corrugator plants to produce corrugated sheets. The sheets are subsequently printed, cut, folded and glued in corrugator plants or sheet plants to produce corrugated containers.

Generally, corrugated containers are delivered by truck due to the large number of customers and demand for timely service. The dispersion of customers and the high bulk, low density and low value of corrugated containers make shipping costs a relatively high percentage of total costs. As a result, corrugator plants tend to be located in proximity to customers to minimize freight costs. Most corrugator plants serve markets within a 150-mile radius of the plant and employ a local sales force to service the market area.

There are primarily two types of converting plants: corrugator plants (612 in the United States) which have a corrugator on site and manufacture and convert corrugated sheets into corrugated containers and sheet plants (860 in the United States) which purchase corrugated sheets from corrugator plants and convert them into finished corrugated containers. According to the Fibre Box Association, corrugator plants account for 84% of the industry's corrugated container shipments, while sheet plants contribute the remaining 16%.

Most major North American containerboard manufacturers maintain a high degree of integration with converting plants. Approximately 75% of containerboard produced in the United States (excluding exports) is consumed by converters owned or otherwise controlled by containerboard producers.

To reduce the cost of shipping containerboard from mills to widely dispersed corrugator plants, vertically integrated containerboard manufacturers routinely enter into agreements with other containerboard manufacturers to exchange containerboard from mills in one location for containerboard having a similar value from mills located elsewhere in the United States, thus reducing freight costs. Producers also exchange containerboard to take advantage of manufacturing efficiencies resulting from operating paper machines in their most efficient basis weight ranges and trim widths and to obtain paper grades they do not produce.

The United States is the largest kraft linerboard producer in the world. Unbleached kraft linerboard is produced at large, integrated facilities utilizing primarily virgin fiber sources. Unbleached kraft linerboard is produced primarily from softwood fibers which are longer than hardwood fibers and give the sheet superior strength characteristics. The abundant supply of softwood in North America provides U.S. companies a distinct advantage in linerboard production.

Most linerboard produced in the U.S. is unbleached, but grades with a solid white or mottled white printing surface are growing in importance. White linerboard, produced in mottled, white top and solid bleached grades, has experienced significant growth due to increased demand for improved graphic quality boxes. White linerboard sells at a premium relative to unbleached linerboard.

Corrugating medium is made from semi-chemical pulp using hardwood and recycled fiber. Approximately 60% of the corrugating medium produced in the United States is made primarily from semi-chemical pulp supplemented with a growing percentage of recycled fiber. Approximately 40% of corrugating medium is now produced entirely from recycled fiber. Recycled corrugating medium mills are typically located near major urban areas and are generally located near recovered paper suppliers and box converters, thus reducing their transportation costs.

Recycled linerboard production has grown rapidly in recent years due to favorable economics, customer demand for recycled packaging, producer efforts to cut fiber costs and new technology that has made recycled materials more comparable in quality to virgin linerboard. Recycled linerboard accounted for approximately 18% of total U.S. linerboard production in 1998. A recycled linerboard mill is typically smaller, less capital intensive and located near major East and Midwest urban areas where the supply of recycled materials is abundant and a customer base is within a short shipping distance.

U.S. linerboard producers export almost 20% of their production. The top three markets are Europe, Asia and Latin America, which, together, consumed 85% of the United States linerboard exports during the first half of 1998. Linerboard exports have grown at an average of 6.3% a year during the last 15 years, reaching a record

4.5 million tons in 1997. Due to the strong U.S. dollar and weak Asian markets, exports were significantly lower in 1998. The export market is considerably smaller for corrugating medium than linerboard, with only about 4% of corrugating medium produced in the United States sold as exports.

The market for containerboard is highly cyclical. Historically, prices for containerboard have generally reflected changes in supply, which is primarily determined by additions and reductions to industry capacity and inventory levels and, to a lesser extent, changes in demand. Containerboard demand is dependent upon both the demand for corrugated packaging products, which closely tracks industrial production, and export activity. Domestic demand for corrugated packaging products is more stable than export demand and generally corresponds to changes in the rate of growth in the U.S. economy. During the period from 1994 to 1996, capacity additions outpaced domestic and export demand, leading to lower industry operating rates and generally declining prices from late-1995 until mid-1997. Although prices generally improved from mid-1997 through mid-1998, the containerboard markets were adversely affected by weaker containerboard exports, particularly to Asia in the second half of 1998. These factors contributed to higher inventories, lower operating rates and lower prices during this period.

In recent months, several major containerboard manufacturers have announced production curtailments and mill shut downs, and only minimal capacity additions have been publicly announced through 2001 according to the American Forest & Paper Association.

Current inventory levels further support the positive industry dynamics. According to the Fibre Box Association, total containerboard inventories at mills and converting plants declined by 122,000 tons to 2.6 million tons or 4.6 weeks of supply by the end of December 1998, the lowest level in 13 months, and the lowest inventory for the month of December since 1994. This is the first time in 25 years of monthly inventory data that inventories have declined in the month of December.

COMPETITIVE STRENGTHS AND BUSINESS STRATEGY

The key elements of our competitive strengths and business strategy are the following:

- LOW-COST PRODUCER. We are a leading low-cost producer of containerboard and corrugated packaging products in North America. According to two cost studies performed by Jacobs-Sirrine, our mills are among the lowest cash cost integrated containerboard mills in the industry, with from approximately 70% to 85% of our production capacity ranked in the lowest-cost quartile of the industry. The Jacobs-Sirrine study ranked our two largest mills, Counce and Tomahawk, among the lowest cash cost kraft linerboard and corrugating medium mills, respectively, in North America. Management attributes our low-cost status to (1) our productivity enhancement programs, which resulted in more than $80 million in annual mill cost savings from late-1996 through 1998, (2) strategic capital investments over the past five years designed to enhance mill efficiency and improve our manufacturing processes, and (3) substantial reductions in our fiber cost (the single largest cost in containerboard production) since 1996 (up to $15 per ton) by increasing the amount of low-cost hardwood and recycled fiber in our fiber mix and achieving greater yield from softwood in our production of linerboard.

- INTEGRATED OPERATIONS. We are a highly integrated producer of containerboard and corrugated packaging products. The relative earnings stability of our converting plants acts to partially offset the more cyclical earnings of our mills. Because each of our converting plants seeks to maximize its own profitability by selecting the appropriate customers, product mix and production levels for its operations, our converting plants have been able to generate strong and consistent cash flow despite fluctuations in containerboard prices. Rather than using our converting plants as captive outlets for our mill production, we pursue a "demand pull" strategy by which our converting plants generally purchase from our mills only the amount of containerboard which they believe is necessary to support their respective customers' requirements and to maximize plant profitability. Since the price of corrugated containers tends to fluctuate in direct proportion to containerboard prices, our converting plants generally are able to earn a relatively stable spread over the price of containerboard.

- FOCUS ON VALUE-ADDED PRODUCTS AND SERVICES. We have pursued a strategy of providing our customers with value-added products such as custom die cut and specialty boxes, point-of-sale packaging and point-of-purchase displays and superior customer service through shorter production runs, faster turnaround times and enhanced graphics capabilities. Since 1995, we have acquired four graphics plants and five sheet/specialty plants to augment our existing graphics and manufacturing capabilities. We have also created a nationwide network of five graphic design centers to meet sophisticated customer needs. Through our nationwide network of 67 converting facilities, including our large number of sheet/specialty plants, we are able to offer coast-to-coast "local" coverage and provide additional services and converting capabilities. As a result, our selling price per thousand square feet ("MSF") has consistently exceeded the industry average since 1995.

- DIVERSIFIED CUSTOMER BASE. With over 8,000 active customers and over 13,000 shipping locations, our customer base is broadly diversified across industries and geographic locations, reducing our dependence on any single customer or market. No customer represents more than 5% of our total sales and our top ten customers represent less than 20% of our total sales. We have focused our sales efforts on smaller, local accounts, which usually demand more customized products and services than higher volume national accounts. Approximately 75% of our current revenues are derived from local accounts.

- PROVEN AND EXPERIENCED MANAGEMENT. We have an experienced management team with an average of 23 years of industry experience, including an average of 15 years of service with PCA. Upon the closing of the Transactions, Paul T. Stecko resigned from his post as President and Chief Operating Officer of Tenneco in order to become our Chairman and Chief Executive Officer. In addition, William J. Sweeney, formerly Executive Vice President of TPI, now serves as our Executive Vice President. Mr. Sweeney has over 30 years of experience in the paperboard packaging industry. Since 1993, TPI has recruited a number of seasoned, technically-skilled industry veterans to PCA's management.

OPERATIONS AND PRODUCTS

MILLS

Our mills manufacture a broad range of linerboard (26 lb. to 96 lb.) grades including high-performance and lightweight grades at our two linerboard mills and corrugating medium (21 lb. to 47 lb.) grades including high-performance and lightweight grades at our two corrugating medium mills. All four of our mills are ISO 9002 certified.

We have focused on improving our premium grade capabilities, including the production of mottled white, wet strength, high rings, tare weights, lightweights and super heavyweights. In comparison to non-premium grades, these grades typically maintain better pricing over a cycle due to their more limited availability and greater manufacturing complexity. From 1994 to 1998, premium grades increased from 31% to 45% based on total tons produced.

COUNCE. Our Counce mill, located in Tennessee, is one of the largest linerboard mills in the world, with production capacity of approximately 937,000 tons per year. In 1998, we produced approximately 880,600 tons of kraft linerboard on two paper machines at our Counce mill, which produce a broad range of basis weights from 26 lb. to 96 lb. Our Counce mill machines also produce a variety of performance and specialty grades of linerboard including, among other things, high-ring crush, full and half wet strength, high mullen, high porosity, tare weight, recycled content (up to 30%) and super heavyweight. In 1998, we developed the capability to produce linerboard grades with a mottled white printing surface. Mottled white (which has a marble-like coloration) is typically priced from $130 to $175 per ton higher than kraft linerboard, but is more expensive to produce. We have the capacity to produce up to 75,000 tons of mottled white linerboard grades per year.

VALDOSTA. Our Valdosta mill, located in southern Georgia, is a kraft linerboard mill and has a production capacity of approximately 450,000 tons per year. In 1998, our single paper machine at our Valdosta mill

produced approximately 424,500 tons of linerboard, which included a broad range of 41 linerboard grades and 20 basis weights. Our Valdosta mill machine primarily produces medium weight linerboard ranging from 42 lb. to 56 lb., and heavyweight linerboard ranging from 57 lb. to 96 lb.

TOMAHAWK. Our Tomahawk mill, located in north-central Wisconsin, is the second largest corrugating medium mill in the world, with a production capacity of 533,000 tons per year. In 1998, we produced approximately 503,900 tons of semi-chemical medium at Tomahawk using three paper machines, one of which is the third largest corrugating medium machine in the world. These machines produce a broad range of basis weights (from 23 lb. to 47 lb.), and also produce a variety of performance and specialty grades of corrugating medium including, among other things, high-ring crush, wet strength, tare weight and super heavyweight.

FILER CITY. Our Filer City mill, located in west central Michigan, is the fourth largest corrugating medium mill in the United States, with a production capacity of 355,000 tons per year. In 1998, we produced approximately 295,500 tons of heavyweight and lightweight semi-chemical medium using three paper machines at our Filer City mill. One of the three machines at Filer City was shut down on July 1, 1998, but can be restarted if we require additional capacity. Our Filer City mill produces lightweight corrugating medium grades (21 lb. to 23 lb.) as well as 100% recycled linerboard in basis weights from 21 lb. to 38 lb. We also have the capability to manufacture 100% recycled corrugating medium and to produce a variety of specialty corrugating medium grades including, among other things, high-ring crush, wet strength and tare weight.

CORRUGATED PRODUCTS

We operate 39 corrugator plants, 28 sheet/specialty and other plants (which do not have corrugators on-site) and five major design centers. Our 67 converting facilities are located in 26 states, enabling us to offer coast-to-coast "local" coverage. Of these facilities, our 28 sheet/specialty and other plants are generally located in close proximity to our larger corrugating facilities, enabling us to offer additional services and converting capabilities. Currently, we consume, directly or through exchange arrangements with other containerboard producers, approximately 75% to 80% of the linerboard and corrugating medium produced at our mills. Our corrugated converting plants combine the linerboard and corrugating medium into corrugated sheets that are converted into corrugated shipping containers, point-of-sale graphics packaging, point-of-purchase displays and other specialized packaging such as wax coated boxes for the agriculture and meat industries. Each of our corrugator plants operates as a profit center with its own general manager and sales force, whose compensation is tied to profitability rather than volume. We currently operate our corrugator plants at approximately 65% to 70% of their available manufacturing capacity. Each corrugator plant serves a market radius that typically averages 100 miles. Over 90% of our corrugator plants are ISO 9000 certified.

TIMBERLAND

We own, lease, manage or have cutting rights with respect to approximately 950,000 acres of timberland located near our Counce, Valdosta and Tomahawk mills. Our timberland is generally located within 100 miles of our mills, resulting in lower wood transportation costs and favorable access to our virgin fiber requirements. In 1998, wood supplied from timberland under our control accounted for approximately 25% of our total virgin fiber requirements. The timberland under our control consists of approximately 54% softwood, which is primarily pine, and 46% hardwood. Our Filer City mill is located in a "wood basket" where timber growth exceeds harvest rates, thus providing a stable source of wood without the need to own or control acreage. From time to time, we may acquire or dispose of timberland in the ordinary course of business.

In addition to the timberland under our control, our Forest Management Assistance Program ("FMAP") provides management assistance to nearby private landowners (who own over 228,000 acres of timberland) in return for a right of first refusal over timber sales from those lands. These private lands are expected to generate approximately 165,000 cords of pulpwood per year under FMAP.

We also participate in the Sustainable Forestry Initiative ("SFI"), which is aimed at ensuring the long-term health and conservation of the forestry resources. SFI-related activities include limiting tree harvest sizes, replanting harvested acreage, preserving biodiversity, participating in flora and fauna research and protecting water streams.

SOLID WOOD AND RECYCLING FACILITIES

We own sawmills in Ackerman, Mississippi; Selmer, Tennessee; and Fulton, Mississippi, a recycling facility in Jackson, Tennessee and two recycling facilities in Nashville, Tennessee. We also have a 50% interest in a wood chipping joint venture in Fulton, Mississippi and own an air-dry yard operation in Burnsville, Mississippi.

PERSONNEL

Each of our mills is managed by an individual mill manager. In addition to the papermaking and timberland operations personnel, each of our mills has operational support groups that include: scheduling and shipping; technical services and process control; maintenance and reliability; and engineering and technology. Our administrative support groups include accounting, information systems, payroll and human resources. All of the groups mentioned above report to each respective mill manager. Our corporate support includes a containerboard sales and production scheduling group which processes customer orders and a 14-member corporate mill engineering staff that provides engineering, procurement, construction and start-up services for capital and defined maintenance projects.

Each of our converting plants is serviced by a management team which usually includes a general manager, a sales manager, a production manager, a controller and a customer service manager. Our converting plants are collectively serviced by a 14-member technical support group, comprised of packaging engineers and technicians, that provides services to our operating locations including testing, engineering, manufacturing and technical support. Our technical support group also administers technical support, joint improvement teams and performs process analysis at our customers' sites to assure that our customers' quality and performance standards are consistently met. Our converting plants are grouped into seven geographic areas, each reporting to an area general manager.

SALES AND MARKETING

Our containerboard sales group provides all of the sales-related services for domestic and export sales of linerboard and corrugating medium, as well as order processing for all integrated shipments of containerboard from our mills to our converting plants. These personnel also coordinate and execute all containerboard trade agreements.

We maintain a direct sales and marketing organization of approximately 350 sales personnel for our corrugated products, serving both local and national accounts. The sales organization consists primarily of sales representatives and a sales manager at each manufacturing facility serving local and regional accounts, a dedicated graphics sales force at our design centers and corporate account managers who serve large national accounts at multiple customer locations. We maintain general marketing support at our corporate headquarters.

As a part of our direct sales and marketing organization, we have established a nationwide network of new product development and creative packaging design centers to develop and manufacture product packaging and product display solutions to meet more sophisticated, complex customer needs. This network includes five graphic design centers, 11 primary and 11 secondary graphics facilities, and almost 100 additional support personnel, including new product development engineers and product graphics and design specialists. These centers offer state-of-the-art computers and equipment that are capable of 24-hour design turnaround and reduced product delivery times.

DISTRIBUTION

Finished goods produced in our mills are usually shipped by rail or truck. Our individual mills do not own or maintain outside warehousing facilities, although we use several third-party warehouses for short-term storage, which is generally 30 days or less, for cross docking or for customer convenience purposes.

In general, each of our converting plants has a dedicated carrier which transports 60% to 90% of its shipments. Our corrugated containers are usually delivered by truck due to our large number of customers and their demand for timely service. The dispersion of our customers and the high bulk and low value of corrugated containers

make shipping costs a relatively high percentage of our total costs. As a result, we have generally positioned our converting plants in proximity to our customers to minimize our freight costs. Most of our converting plants serve customers within a 100-mile radius.

CUSTOMERS

Our converting plants, either directly or through exchange agreements with trading partners, consume approximately 75% to 80% of our mills' containerboard production. These agreements, which are common in the industry, enable a company to achieve two key objectives: (1) supply company-owned corrugator plants from mills that are geographically closer, thus reducing freight costs; and (2) enhance each mill's grade mix by trading for grades which the mill can run more profitably and efficiently. To the extent our mill production is not consumed by our converting plants or traded pursuant to exchange arrangements with other containerboard producers, our mill containerboard production is sold primarily to independent domestic and export box converters, as well as to customers who manufacture fiber drums, air bags, protective packaging and other specialty products. In 1998, 9% of our containerboard shipments were to the export market and 16% were to independent domestic converters.

We have over 8,000 active customers for our corrugated products and ship to over 13,000 locations. Our customer base consists primarily of smaller, local accounts and is broadly diversified across a number of industries and geographic locations. Based on an internal customer survey conducted in 1998, we estimate that nearly 40% of our customers have purchased corrugated packaging products from us for over five years. Our top ten corrugated products customers generated approximately 18% of our total 1998 gross revenues. No single unaffiliated customer represented over 5% of our gross revenues.

In connection with the Transactions, TPI and its affiliates, Tenneco Automotive Inc. and Tenneco Packaging Speciality and Consumer Products Inc., which account for approximately 6% of our sales, each entered into five-year purchase/supply agreements with us under which TPI and its affiliates agreed to purchase from us a substantial percentage of their requirements for linerboard, corrugating medium and other containerboard products and various types of corrugated products used in TPI's business as conducted as of the closing of the Transactions. See "Certain Transactions-Purchase/Supply Agreements."

RAW MATERIALS

FIBER SUPPLY. Fiber is the single largest cost in the manufacture of containerboard. As of December 31, 1998, we owned, leased, managed or had cutting rights with respect to approximately 950,000 acres of timberland in Alabama, Florida, Georgia, Mississippi, Tennessee and Wisconsin. In 1996, 1997 and 1998, approximately 37%, 35% and 36%, respectively, of the virgin fiber used in our mill operations or sold to the open market was harvested from timberland that we owned or controlled. We currently satisfy our remaining fiber requirements through purchases from open market wood sellers. The average cost of wood chips has been increasing due to greater demand for wood chips from timberland located in the Southern United States, and it is possible that wood chip costs will continue to increase.

To reduce our fiber costs, we have invested in processes and equipment to ensure a high degree of fiber flexibility. Our mills have the capability to shift a portion of their fiber consumption between softwood, hardwood and recycled sources in order to optimize fiber costs and, with the exception of our Valdosta mill, all of our mills can utilize recycled fiber in their containerboard production. Our ability to use various types of virgin fiber and recycled fiber in our containerboard production mitigates the impact on our operations of changes in the price of fiber.

ENERGY SUPPLY. We receive energy from both internal and external sources. A significant portion of our mills' energy requirements is generated from internal sources, including recovered fuel materials and bark from processed wood. In addition, each of our mills has boilers which produce steam to generate electricity. Purchased sources include coal, natural gas, oil supplied by contract, bark, black liquor, tire-derived fuel and electricity.

Our two kraft linerboard mills at Counce and Valdosta use internal fuel sources such as bark and black liquor for approximately 70% and 60%, respectively, of their fuel requirements. Electricity produced internally accounted for 55% of our total electricity consumption in 1998.

COMPETITION

The containerboard and corrugated packaging products industries are highly competitive. Containerboard is largely a commodity, resulting in substantial price competition. To the extent that we sell linerboard and corrugating medium not used by our own converting plants, we compete directly with a number of large, diversified paper companies, including Georgia-Pacific Corporation, International Paper Company, MacMillan Bloedel Limited, Smurfit-Stone Container Corporation, Temple-Inland Inc., Union Camp Corporation, Weyerhaeuser Company and Willamette Industries, Inc., as well as other regional manufacturers. Many of our competitors are less leveraged and have greater financial and other resources than we do and may therefore be better able to withstand the cyclicality within our industry.

We may also face increased competition from new or existing producers of containerboard. Although containerboard mills generally require approximately two years to construct and require substantial capital investment, some of our competitors have idle machines that could potentially be restarted and used in containerboard production in a shorter period and with less significant capital investment.

Competition in the corrugated products industry is based on innovation, price, design, quality and service, to varying degrees depending on the product line. We compete with national, regional and local corrugated products manufacturers, as well as with manufacturers of other types of packaging products in each of our geographic and product markets. On a national level, our competitors include Four M Corporation, Gaylord Container Corporation, Georgia-Pacific Corporation, International Paper Company, Smurfit-Stone Container Corporation, Temple-Inland Inc., Union Camp Corporation, Weyerhaeuser Company and Willamette Industries, Inc. However, due to our focus on smaller, regional accounts, we believe we more frequently compete with regional or local independent converters rather than with national, integrated producers.

EMPLOYEES

As of March 31, 1999, we had approximately 7,500 employees, of which approximately 2,100 were salaried and approximately 5,400 were hourly employees. Approximately 76% of our hourly employees are represented by unions. Our unionized employees are represented primarily by the United Paperworkers International Union, the Graphic Communications International Union and the United Steel Workers of America. Our union contracts for our unionized mill employees expire between October 2000 and September 2003. Our union contracts for unionized converting plant employees expire between May 1999 and March 2005. We are currently in negotiations to renew or extend any union contracts expiring in the near future. None of our material union contracts expire prior to October 2000. Although we anticipate renewing or extending our union contracts prior to the expiration of the respective contract, there can be no assurance that this will occur. We have not experienced any labor problems resulting in a significant work stoppage, and we believe we have satisfactory relations with our employees.

ENVIRONMENTAL MATTERS

Compliance with environmental requirements is a significant factor in our business operations, and we commit substantial resources to maintaining environmental compliance and managing environmental risk. We are subject to, and must comply with, a variety of federal, state and local environmental laws, particularly those relating to air and water quality, waste disposal and the cleanup of contaminated soil and groundwater. We believe that we are currently in material compliance with all applicable environmental rules and regulations. Because environmental regulations are constantly evolving, we have incurred, and will continue to incur, costs to maintain compliance with those laws. We work diligently to anticipate and budget for the impact of applicable environmental regulations and do not currently expect that future environmental compliance obligations will materially affect our business or financial condition.

In April 1998, the United States Environmental Protection Agency finalized the Cluster Rules which govern all pulp and paper mill operations, including those at our mills. Over the next several years, the Cluster Rules will affect our allowable discharges of air and water pollutants, and require us and our competitors to spend money to ensure compliance with these new rules. We currently project future costs for compliance with the Cluster Rules at our four mills at approximately $63.6 million. We expect to incur these costs from 1999 through 2005. (From 1997 through 1998, we spent approximately $3 million on Cluster Rule compliance.) We currently estimate total capital costs for environmental matters (including Cluster Rule compliance) at $16 million for the 1999 fiscal year and $22 million for the 2000 fiscal year.

As is the case with any industrial operation, we have, in the past, incurred costs associated with the remediation of soil or groundwater contamination. We are currently addressing such conditions at several sites and expect that, from time to time, we will incur similar remedial obligations in the future. Cleanup requirements arise with respect to properties we currently own or operate, former facilities and off-site properties where we have disposed of hazardous substances. We do not believe that any ongoing remedial projects are material in nature. We maintain reserves for environmental remediation liability and currently believe those reserves are adequate. Under the terms of the Contribution Agreement, TPI agreed to retain all liability for all former facilities and all sites associated with pre-closing off-site waste disposal, and TPI retained certain environmentally impaired real property in Filer City, Michigan unrelated to current mill operations.

PROPERTIES

The table below provides a summary of the location of our mills, their general use and the principal products produced. All of our mills are owned.

LOCATION	FUNCTION	CAPACITY (TONS)
Counce, TN	Kraft Linerboard Mill	937,000
Filer City, MI	Semi-chemical Medium Mill	355,000
Tomahawk, WI	Semi-chemical Medium Mill	533,000
Valdosta, GA	Kraft Linerboard Mill	450,000

OTHER FACILITIES. In addition to our mills, we own or lease 39 corrugator plants, 28 sheet/specialty and other plants and five major design centers. We also own three sawmills, an air-drying yard and three recycling facilities.

TIMBERLAND. We own or control approximately 950,000 acres of timberland. We own or control approximately 400,000 acres of timberland in Tennessee, Alabama and Mississippi in proximity to our Counce mill, approximately 160,000 acres of timberland in Wisconsin in proximity to our Tomahawk mill, and approximately 390,000 acres of timberland in Georgia and Florida in proximity to our Valdosta mill.

HEADQUARTERS. We currently lease and will continue to lease our executive and general and administrative offices in Lake Forest, Illinois for a period of up to four years under the terms of a facilities use agreement that was entered into with TPI as of the closing of the Transactions. See "Certain Transactions--Transition Agreements."

We currently believe that our facilities and properties are sufficient to meet our operating requirements for the foreseeable future.

LEGAL PROCEEDINGS

We are party to various legal actions arising in the ordinary course of our business. These legal actions cover a broad variety of claims spanning our entire business. We believe that the resolution of these legal actions will not, individually or in the aggregate, have a material adverse effect on our financial condition or results of operations.

DIRECTORS AND EXECUTIVE OFFICERS

The names, ages and positions of the persons who are the directors and executive officers of PCA are set forth below:

NAME	AGE	POSITION
Paul T. Stecko	54	Chairman of the Board and Chief Executive Officer
William J. Sweeney	58	Executive Vice President-Paperboard Packaging
Richard B. West	46	Chief Financial Officer, Secretary and Treasurer
Mark W. Kowlzan	44	Vice President-Containerboard/Wood Products
Andrea L. Davey	42	Vice President-Human Resources, Paperboard Packaging
Dana G. Mead	63	Director
Theodore R. Tetzlaff	55	Director
Samuel M. Mencoff	42	Director and Vice President
Justin S. Huscher	45	Director and Assistant Secretary
Thomas S. Souleles	30	Director and Assistant Secretary

PAUL T. STECKO has served as Chief Executive Officer of PCA since January 1999 and Chairman of the Board of PCA since March 1999. From November 1998 to April 1999, Mr. Stecko served as President and Chief Operating Officer of Tenneco. From January 1997 to that time, Mr. Stecko served as Chief Operating Officer of Tenneco. From December 1993 through January 1997, Mr. Stecko served as President and Chief Executive Officer of TPI. Prior to joining Tenneco, Mr. Stecko spent 16 years with International Paper Company. Mr. Stecko currently serves on the board of directors of Tenneco.

WILLIAM J. SWEENEY has served as Executive Vice President-Paperboard Packaging of PCA since April 1999. From May 1997 to April 1999, Mr. Sweeney served as Executive Vice President-Paperboard Packaging of TPI. From May 1990 to May 1997, Mr. Sweeney served as Senior Vice President and General Manager- Containerboard Products of TPI. From 1983 to that time, Mr. Sweeney served as General Manager and Vice President of Stone Container Corporation. From 1978 to 1983, Mr. Sweeney served as Sales Manager, Operations Manager and Division Vice President at Continental Group and from 1967 to that time, as Sales Manager and General Manager of Boise Cascade Corporation.

RICHARD B. WEST has served as Chief Financial Officer and Treasurer of PCA since March 1999 and as Chief Financial Officer, Secretary and Treasurer since April 1999. Mr. West served as Vice President of Finance of TPI's containerboard group from 1995 to April 1999. Prior to joining Tenneco, Mr. West spent 20 years with International Paper where he served as an Internal Auditor, Internal Audit Manager and Manufacturing Controller for the Printing Papers Group.

MARK W. KOWLZAN has served as Vice President-Containerboard/Wood Products of PCA since April 1999. From 1998 to April 1999, Tenneco employed Mr. Kowlzan as Vice President and General Manager-Containerboard/ Wood Products and from May 1996 to 1998, as Operations Manager and Mill Manager of the Counce mill. Prior to joining Tenneco, Mr. Kowlzan spent 15 years at International Paper, where he held a series of operational positions within its mill organization.

ANDREA L. DAVEY has served as Vice President-Human Resources, Paperboard Packaging of PCA since April 1999. From 1994 to April 1999 Ms. Davey was employed principally by Tenneco where she held the positions of Director of Field Employee Relations, Director of Training and Development, Director of Compensation and Benefits, and Project Manager of HRIS project and also served in the capacity of Vice President-Human Resources, Paperboard Packaging from May 1997 to April 1999. From 1992 to joining Tenneco in 1994, Ms. Davey served as Director of Human Resources for the Bakery division of Sara Lee Corporation.

From 1989 to that time, she served as Human Resource Manager for the Converting Group of International Paper. Prior to that time, Ms. Davey spent five years with ITT Corporation, where she served as Human Resources Manager.

DANA G. MEAD has served as a director of PCA since March 1999. Mr. Mead is also Chairman and Chief Executive Officer of Tenneco and has served as a director and an executive officer of Tenneco since April 1992, when he joined Tenneco as Chief Operating Officer. Prior to joining Tenneco, Mr. Mead served as an Executive Vice President of International Paper Company, a manufacturer of paper, pulp and wood products, from 1988, and served as Senior Vice President of that company from 1981. He is also a director of Textron, Inc., Zurich Allied AG and Pfizer Inc.

THEODORE R. TETZLAFF has served as a director of PCA since March 1999. Mr. Tetzlaff has been a Partner in the law firm of Jenner & Block, Chicago, since 1976 and Chairman of its Executive Committee and Operations & Finance Committee since July 1997. Mr. Tetzlaff is also General Counsel of Tenneco, serving in that capacity since June 1992. Mr. Tetzlaff has served as a director of Case Corp. since 1994. He was formerly Vice President, Legal and External Affairs, of Cummins Engine Company, Inc. from 1980 to 1982. Mr. Tetzlaff is also a director of Continental Materials Corp. and a Commissioner of the Public Building Commission of Chicago.

SAMUEL M. MENCOFF has served as a director and Vice President of PCA since January 1999. Mr. Mencoff has been employed principally by Madison Dearborn Partners, Inc. since 1993 and currently serves as a Managing Director. From 1987 until 1993, Mr. Mencoff served as Vice President of First Chicago Venture Capital. Mr. Mencoff is a member of the operating committee of the general partner of Golden Oak Mining Company, L.P. and a member of the board of directors of Bay State Paper Holding Company, Buckeye Technologies, Inc., Huntway Refining Company and Riverwood Holding, Inc.

JUSTIN S. HUSCHER has served as a director of PCA since March 1999 and also as an Assistant Secretary of PCA since April 1999. Mr. Huscher has been employed principally by Madison Dearborn Partners, Inc. since 1993 and currently serves as a Managing Director. From 1990 until 1993, Mr. Huscher served as Senior Investment Manager of First Chicago Venture Capital. Mr. Huscher is a member of the operating committee of the general partner of Golden Oak Mining Company, L.P. and a member of the board of directors of Bay State Paper Holding Company and Huntway Refining Company.

THOMAS S. SOULELES has served as a director of PCA since March 1999 and also as an Assistant Secretary of PCA since April 1999. From January 1999 to April 1999, Mr. Souleles served as a Vice President and Secretary of PCA. Mr. Souleles has been employed principally by Madison Dearborn Partners, Inc. since 1995 and currently serves as a Director. Prior to joining Madison Dearborn Partners, Inc., Mr. Souleles attended Harvard Law School and Harvard Graduate School of Business Administration where he received a J.D. and an M.B.A. Mr. Souleles is a member of the board of directors of Bay State Paper Holding Company.

Each director of PCA listed above was elected pursuant to the terms of a stockholders agreement among TPI, PCA and PCA Holdings that was entered into in connection with the Transactions. See "Certain Transactions-- Stockholders Agreement."

COMPENSATION OF EXECUTIVE OFFICERS

None of the executive officers of PCA received compensation from PCA prior to the closing of the Transactions. Prior to the closing of the Transactions, each of PCA's executive officers (other than those affiliated with Madison Dearborn) was employed by, and received compensation from, Tenneco Inc. or its affiliates. Each of the executive officers is currently receiving substantially the same base salary and annual perquisite allowance, and is entitled to the same annual cash bonus target from PCA, as they were receiving from Tenneco or its affiliates prior to the closing of the Transactions. For fiscal year 1999, the annual base salaries of Mr. Sweeney, Mr. West, Mr. Kowlzan and Ms. Davey (together with Mr. Stecko, the "Named Executive Officers") are $350,575, $198,018, $194,800

and $150,496, respectively; the corresponding annual bonus targets are $175,000, $80,000, $115,000 and $65,000, respectively, and the annual perquisite allowances are $30,000, $12,000, $20,000, and $12,000, respectively.

Pursuant to letter agreements entered into with Mr. Stecko on January 25, 1999 and on May 19, 1999, PCA pays Mr. Stecko a base salary of $600,000 per annum, subject to increases approved by the Board, and has agreed to pay Mr. Stecko an annual bonus of not less than $500,000 with respect to each of the fiscal years 1999, 2000 and 2001, and an annual perquisite allowance of not less than $60,000 payable in cash. In addition, upon commencement of Mr. Stecko's employment with us, we paid Mr. Stecko a signing bonus payment of $1 million, the net proceeds of which, pursuant to the letter agreement, will be invested in common stock of PCA. If Mr. Stecko leaves PCA before the earlier of (1) two years from the date he purchases PCA common stock or (2) an initial public offering or sale of the company, he will be required to return the $1 million signing bonus. If PCA terminates Mr. Stecko without cause, he is entitled to receive an amount equal to three times the sum of his base salary plus the amount of the highest annual bonus paid to him during the previous three year period.

COMPENSATION OF DIRECTORS

PCA does not currently compensate directors for serving as a director or on committees of the board of directors or pay directors any fees for attendance at meetings of the board, although PCA may elect to compensate directors in the future. All directors will be reimbursed for reasonable out-of-pocket expenses incurred in connection with their attendance at board and committee meetings.

MANAGEMENT EQUITY SALE

PCA intends to enter into option and stock purchase agreements in June 1999, which we refer to as management stock agreements, with certain of its management-level employees, including the Named Executive Officers, pursuant to which an aggregate of up to 15,050 shares of PCA's common stock will be sold to such employees at $1,000 per share, the same price per share at which PCA Holdings purchased equity in connection with the Transactions. PCA has guaranteed bank financing in the amount of $5,000,000 in the aggregate to enable certain members of PCA's management to purchase equity under their respective management stock agreements. The amount of such bank financing to be guaranteed by PCA with respect to any such employee shall not exceed 50% of the purchase price to be paid by such employee under his or her management stock agreement. PCA anticipates that the capital stock purchased under the management stock agreements will be subject to vesting and will be subject to repurchase upon a termination of employment by PCA. PCA expects that the management stock agreements will also provide for the grant of options to purchase up to an aggregate of approximately 29,240 shares of PCA's common stock, which options will vest over time.

THE TRANSACTIONS

As a result of the Transactions, PCA Holdings owns approximately 55% of the common stock outstanding of PCA (without giving effect to contemplated issuances to management). PCA Holdings is controlled by Madison Dearborn. Pursuant to the terms of the Contribution Agreement, PCA paid to Madison Dearborn at closing a transaction fee in the amount of $15.0 million plus reimbursement of out-of-pocket expenses. TPI owns approximately 45% of the common stock outstanding of PCA (without giving effect to issuances to management). Pursuant to the terms of the Contribution Agreement, PCA paid $2.0 million of the legal and accounting fees and expenses of TPI incurred in connection with the Transactions.

TPI has agreed to indemnify PCA, PCA Holdings and their respective affiliates for any breaches of certain representations, warranties and covenants it has made in the Contribution Agreement relating to, among other things, the condition of the business as of the closing of the Transactions, and for liabilities of the containerboard and corrugated packaging products business which it has agreed to retain. TPI's indemnification obligation in respect of breaches of its representations and warranties generally will survive for 18 months following the closing, and will be subject to a $12.5 million deductible and a $150.0 million cap. PCA has agreed to assume certain liabilities of TPI's containerboard and corrugated packaging products business in connection with the Transactions and will indemnify TPI and its affiliates in respect of such assumed liabilities.

TPI has agreed in the Contribution Agreement, subject to certain exceptions, (i) not to engage in the business conducted by PCA's containerboard and corrugating packaging products business as of the closing anywhere in the United States and (ii) not to induce any customer of PCA to terminate its relationship with PCA, in each case, for a period of five years from the closing of the Transactions.

PURCHASE/SUPPLY AGREEMENTS

Each of TPI and its affiliates, Tenneco Automotive Inc. and Tenneco Packaging Speciality and Consumer Products Inc., have entered into five year purchase/supply agreements with PCA under which each such entity agreed to purchase a substantial percentage of its requirements for containerboard and corrugated packaging products used in TPI's business as of the closing, at the prices charged by PCA to TPI and these affiliates as of the closing (which are expected to fluctuate to accommodate changes in market prices). As a result of these agreements, TPI and its affiliates are PCA's largest customer and PCA's second largest customer of corrugated products. Net sales to TPI and its subsidiaries for the year ended December 31, 1998 and for the three months ended March 31, 1999, were approximately $76.9 million and $19.2 million, respectively. Net sales to other Tenneco entities for the year ended December 31, 1998 and for the three months ended March 31, 1999, were approximately $14.2 million and $3.0 million, respectively.

TRANSITION AGREEMENTS

TPI has entered into a facilities use agreement which provides for PCA's use of a designated portion of TPI's headquarters located in Lake Forest, Illinois for a period of four years. Under the facilities use agreement, PCA is required to pay TPI base rent (calculated based on PCA's proportionate square footage usage of the property) plus additional rent and charges for building and business services provided by TPI and other items.

TPI has also entered into a transition services agreement with PCA which provides for the performance of certain transitional services by TPI and its affiliates which are currently required by PCA to operate the containerboard and corrugated packaging products business. Generally, TPI is charging PCA an amount equal to the actual cost of the services provided by TPI thereunder, determined on a fully-loaded basis without allocation of corporate overhead ("Actual Cost"). The charge to PCA will be the lesser of (1) TPI's Actual Cost and (2) 105% of the cost as forecasted by TPI with respect to services within the following categories of services to be provided under the transition services agreement: payroll, general accounting, tax support, treasury/cash management, insurance/risk management, procurement and T&E card administration, human resources and telecommunication and information services. The initial term of the transition services agreement is one year, but may be extended by PCA for additional one year terms for an upcharge of 15% per year, and PCA may terminate any service on

90 days notice to TPI. In addition, TPI has agreed in the transition services agreement, to reimburse PCA for up to $10.0 million in expenditures by PCA relating to Year 2000 compliance. Under the transition services agreement, PCA has agreed to provide TPI certain administrative and transitional services to its folding carton business.

TPI, Tenneco and PCA have entered into a human resources agreement pursuant to which TPI transferred the employment of all of its active employees engaged in the containerboard and corrugated packaging products business to PCA as of the closing at the same rate of pay. Under the human resources agreement, such employees are entitled to continue their participation in certain TPI and Tenneco welfare and pension plans until the fifth anniversary of the closing of the Transactions. PCA has agreed to reimburse Tenneco for associated costs. In addition, PCA has agreed to pay Tenneco an annualized fee of $5.2 million for such participation (subject to upward adjustment in certain circumstances). PCA adopted certain compensation and benefit plans and assumed all of the collective bargaining agreements existing with respect to containerboard business employees as of the closing.

STOCKHOLDERS AGREEMENT

PCA, PCA Holdings and TPI are parties to a stockholders agreement which provides for, among other things, certain restrictions on the transfer of the common stock held by each of them, the right of PCA to sell or cause to be sold all or a portion of the common stock held by them in connection with a sale of PCA and certain preemptive rights upon future issuances of common stock. Pursuant to the stockholders agreement, the PCA board of directors consists of six individuals-three directors designated by PCA Holdings (Messrs. Mencoff, Huscher and Souleles), two directors designated by TPI (Messrs. Mead and Tetzlaff) and the Chief Executive Officer of PCA (Mr. Stecko), who was designated as a director by the holders of the junior preferred stock. Each of TPI and PCA Holdings has agreed to vote their shares in future elections to maintain this board composition. The stockholders agreement also identifies certain company actions which TPI and PCA Holdings have agreed shall be subject to approval by at least four of the five directors designated by TPI and PCA Holdings as described above, including, among other things, (1) the approval of the adoption of, or any material change to, PCA's annual business plan, (2) the purchase or sale of assets having a fair market value in excess of $32.5 million (other than in the ordinary course of business or in connection with a sale of timberland), (3) the acquisition of another business or participation in any joint venture involving consideration in excess of $32.5 million, and (4) the taking of certain actions that would have a disproportionate impact on TPI or would otherwise be outside of the ordinary course of business.

REGISTRATION RIGHTS AGREEMENT

PCA, PCA Holdings and TPI are parties to a registration rights agreement which provides TPI and PCA Holdings and their respective affiliates and transferees with certain "demand" registration rights, entitling them to cause PCA to register all or part of the common stock and or other securities of PCA held by them under the Securities Act, as well as certain "piggyback" registration rights. TPI and its affiliates, on the one hand, and PCA Holdings and its affiliates, on the other hand, are each entitled to demand (1) three "long form" registrations in which PCA will pay the registration expenses (other than underwriting discounts and commissions), (2) an unlimited number of "short form" registrations in which PCA will pay the registration expenses (other than underwriting discounts and commissions) and (3) an unlimited number of "long form" registrations in which the requesting holders will pay the registration expenses. The registration rights agreement further provides that TPI and its affiliates have first priority to participate in any registration of PCA's securities during the 14-month period following the closing of the Transactions and, thereafter, PCA Holdings and TPI and their respective affiliates have equal priority before all other holders of PCA's securities in any such registration.

SERVICES AGREEMENTS

PCA has entered into a holding company support agreement with PCA Holdings pursuant to which PCA has agreed to reimburse PCA Holdings for all fees, costs and expenses up to in the aggregate $250,000 per annum arising out of or related to PCA Holdings' investment in PCA.

SECURITY OWNERSHIP

The following table sets forth certain information as of May 1, 1999 regarding the beneficial ownership of the common stock of PCA by each person who beneficially owns more than 5% of such common stock, by the directors and Named Executive Officers of PCA and by all directors and executive officers as a group.

	BENEFICIAL OWNERSHIP (1)	
	NUMBER OF SHARES	PERCENT OF CLASS
FIVE PERCENT OR MORE SECURITY HOLDERS		
PCA Holdings LLC (2) c/o Madison Dearborn Partners, LLC Three First National Plaza Chicago, IL 60602	236,500	55.0%
Tenneco Packaging Inc. 1900 West Field Court Lake Forest, IL 60045	193,500	45.0%
DIRECTORS AND EXECUTIVE OFFICERS		
Paul T. Stecko	--	--
William J. Sweeney	--	--
Richard B. West	--	--
Mark W. Kowlzan	--	--
Andrea L. Davey	--	--
Dana G. Mead	--	--
Theodore R. Tetzlaff	--	--
Samuel M. Mencoff (3)	208,277.5	48.4%
Justin S. Huscher (4)	208,277.5	48.4%
Thomas S. Souleles (5)	208,277.5	48.4%
All directors and executive officers as a group (10 persons)	208,277.5	48.4%

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(1) "Beneficial ownership" generally means any person who, directly or indirectly, has or shares voting or investment power with respect to a security. PCA, PCA Holdings and TPI are parties to a stockholders agreement which provides for, among other things, certain agreements of PCA Holdings and TPI as to the composition of PCA's board of directors. The number of shares indicated in the table by each party does not include shares of common stock held by the other party to the stockholders agreement. See "Certain Transactions-Stockholders Agreement."

(2) The members of PCA Holdings are Madison Dearborn Capital Partners III, L.P. ("MDCP III"), together with its coinvestors, J.P. Morgan Capital Corporation ("JP Morgan") and BT Capital Investors, L.P. ("BT"). MDCP III may be deemed to have beneficial ownership of 208,277.5 shares of common stock of PCA held by PCA Holdings, JP Morgan may be deemed to have beneficial ownership of 22,222.5 shares of common stock of PCA and BT may be deemed to have beneficial ownership of 4,000 shares of common stock of PCA. Shares beneficially owned by MDCP III may be deemed to be beneficially owned by Madison Dearborn Partners III, L.P., its general partner ("MDP III"), and by Madison Dearborn, the general partner of MDP III.

(3) Mr. Mencoff is a Managing Director of Madison Dearborn and may therefore be deemed to share beneficial ownership of the shares beneficially owned by Madison Dearborn. Mr. Mencoff expressly disclaims beneficial ownership of such shares.

(4) Mr. Huscher is a Managing Director of Madison Dearborn and may therefore be deemed to share beneficial ownership of the shares beneficially owned by Madison Dearborn. Mr. Huscher expressly disclaims beneficial ownership of such shares.

(5) Mr. Souleles is a Director of Madison Dearborn and may therefore be deemed to share beneficial ownership of the shares beneficially owned by Madison Dearborn. Mr. Souleles expressly disclaims beneficial ownership of such shares.

DESCRIPTION OF SENIOR CREDIT FACILITY

In connection with the Transactions, PCA entered into a senior credit facility on April 12, 1999 with various banks and financial institutions, including J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated as co-lead arrangers, Bankers Trust Company, an affiliate of BT Alex. Brown Incorporated, as syndication agent and Morgan Guaranty Trust Company of New York, an affiliate of J.P. Morgan Securities Inc., as administrative agent for the lenders' syndicate thereto. The senior credit facility consists of (1) the Tranche A facility of $460.0 million in term loans, (2) the Tranche B facility of $375.0 million in term loans, (3) the Tranche C facility of $375.0 million in term loans, and (4) the revolving credit facility of up to $250.0 million in revolving credit loans and letters of credit.

The proceeds of the loans made under the senior credit facility (1) were used to finance a portion of the Acquisition and related transaction expenses and to refinance certain outstanding indebtedness and other liabilities and (2) have been and will be used for general corporate purposes including working capital.

The senior credit facility is (1) jointly and severally guaranteed by each of PCA's domestic subsidiaries and (2) secured by a first priority lien on certain real property and substantially all of the tangible and intangible personal property of PCA and its domestic subsidiaries and by a pledge of all of the capital stock of PCA's domestic subsidiaries and will be secured by a pledge of 65% of the capital stock of its first tier foreign subsidiaries (if any). PCA's future domestic subsidiaries will guarantee the senior credit facility and secure that guarantee with certain of their real property and substantially all of their tangible and intangible personal property.

The senior credit facility requires PCA to meet certain financial tests, including maximum leverage ratio, minimum interest coverage and minimum net worth tests. In addition, the senior credit facility contains certain negative covenants limiting, among other things, additional liens, indebtedness, capital expenditures, transactions with affiliates, mergers and consolidations, liquidations and dissolutions, sales of assets, dividends, investments, loans and advances, prepayments and modifications of debt instruments, lines of business, creation of new subsidiaries, restrictions on the ability of subsidiaries to pay dividends, make loans or transfer assets to PCA or other subsidiaries and other matters customarily restricted in such agreements. The senior credit facility contains customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, cross-default and cross-acceleration to certain other indebtedness, certain events of bankruptcy and insolvency, certain events under the Employee Retirement Income Security Act of 1974, as amended, material judgments, actual or asserted failure of any guaranty or security document supporting the senior credit facility to be in full force and effect and change of control of PCA.

The Tranche A Term Loan will mature in quarterly installments from September 1999 through 2005. The Tranche B Term Loan will mature in quarterly installments from September 1999 through 2007. The Tranche C Term Loan will mature in quarterly installments from September 1999 through 2008. The revolving credit facility will terminate in 2005.

The borrowings under the senior credit facility bear interest at a floating rate and may be maintained as base rate loans or as Eurodollar loans. Base rate loans bear interest at the base rate (defined as the higher of (1) the applicable prime lending rate of the administrative agent or (2) the Federal Reserve reported overnight funds rate plus 1/2 of 1%), plus the applicable margin (as defined in the senior credit facility). Eurodollar loans bear interest at the Eurodollar rate (as described in the senior credit facility) plus the applicable margin.

The applicable margin with respect to the revolving credit facility and the Tranche A Term Loan varies from time to time in accordance with the terms thereof and an agreed upon pricing grid based on PCA's leverage ratio. The initial applicable margin with respect to the revolving credit facility and the Tranche A Term Loan is (1) 1.75%, in the case of base rate loans and (2) 2.75% in the case of Eurodollar loans. The applicable margin with respect to the Tranche B Term Loan is (1) 2.25% in the case of base rate loans and (2) 3.25% in the case of Eurodollar loans. The applicable margin with respect to the Tranche C Term Loan is (1) 2.50% in the case of base rate loans and (2) 3.50% in the case of Eurodollar loans.

With respect to letters of credit (which are to be issued as a part of the revolving loan commitment) the revolver lenders will receive a commission equal to the applicable margin which applies from time to time to Eurodollar loans under the revolving credit facility. In addition, the issuing banks will receive a fronting fee of 0.25% per annum plus its other standard and customary processing charges. These commission and fronting fees will be payable quarterly in arrears based on the aggregate undrawn amount of each letter of credit issued from time to time under the revolver.

An initial commitment fee of 0.50% applies to the unused portion of the revolving loan commitments. This commitment fee is subject to decrease and will vary from time to time in accordance with an agreed upon pricing grid based upon PCA's leverage ratio.

The senior credit facility provides that certain amounts must be used to prepay the term loan facilities and reduce commitments under the revolving credit facility, including (1) 100% of the net proceeds of any issuance of indebtedness after the closing date by PCA and its subsidiaries, subject to certain exceptions for permitted debt, (2) 50% of the net proceeds of any issuance of equity by PCA and its subsidiaries, subject to certain exceptions, (3) 100% of the net proceeds of any sale or other disposition by PCA and its subsidiaries of any assets, subject to certain exceptions, unless (with certain exceptions and subject to certain agreed dollar limitations) such proceeds are reinvested in "eligible assets" (as defined in the senior credit facility), (4) 75% (50% upon satisfaction of certain financial ratios) of excess cash flow (as defined in the senior credit facility) and (5) 100% of the net proceeds of casualty insurance, condemnation awards or other recoveries, to the extent such proceeds are not applied to the repair, restoration or replacement of the affected assets or reinvested in other "eligible assets" and subject to certain other negotiated exceptions. Voluntary prepayments of the senior credit facility are permitted at any time, subject to certain notice requirements and to the payment of certain losses and expenses suffered by the lenders as a result of the prepayment of Eurodollar loans prior to the end of the applicable interest period.

In general, the mandatory prepayments described above will be applied first, to prepay the term loan facilities and second, to reduce commitments under the revolving credit facility (and if the amount of revolving loans then outstanding exceeds the commitments as so reduced, then that excess amount must be prepaid). Prepayments of the term loan facilities, optional or mandatory, will be applied pro rata to the Tranche A Term Loan, the Tranche B Term Loan and the Tranche C Term Loan, and ratably to the respective installments thereof (subject to the right of PCA to apply prepayments in direct order of maturity to the remaining scheduled repayments due on each tranche within the 24 months following the optional or mandatory prepayment and to the right in certain circumstances of the lenders of the Tranche B Term Loan and the Tranche C Term Loan to waive mandatory prepayments to which they would otherwise be entitled, in which case the amount waived will be applied to the Tranche A Term Loan).

DESCRIPTION OF EXCHANGE NOTES

You can find the definitions of certain terms used in this description under the subheading "Certain Definitions." In this description, the word "PCA" refers only to Packaging Corporation of America and not to any of its Subsidiaries.

PCA will issue the exchange notes under a notes indenture among itself, the Guarantors and United States Trust Company of New York, as trustee. The terms of the exchange notes include those stated in the notes indenture and those made part of the notes indenture by reference to the Trust Indenture Act of 1939.

The form and terms of the exchange notes are identical in all material respects to the form and terms of the outstanding notes except that:

- the exchange notes will bear a Series B designation;
- the exchange notes have been registered under the Securities Act and, therefore, will generally not bear legends restricting their transfer; and
- the holders of the exchange notes will not be entitled to certain rights under the notes registration rights agreement, including the provision providing for liquidated damages in certain circumstances relating to the timing of this exchange offer.

The exchange notes will evidence the same debt as the outstanding notes and will be entitled to the benefits of the notes indenture. The exchange notes will be PARI PASSU with the outstanding notes if all of such outstanding notes are not exchanged pursuant to this exchange offer.

The following description is a summary of the material provisions of the notes indenture, which is filed as an exhibit to the registration statement of which this prospectus forms a part. The description does not restate the notes indenture in its entirety. We urge you to read the notes indenture because it, and not this description, defines your rights as holders of the exchange notes. Copies of the notes indenture are available as set forth below under "-Additional Information." Certain defined terms used in this description but not defined below under "-Certain Definitions" have the meanings assigned to them in the notes indenture.

BRIEF DESCRIPTION OF THE EXCHANGE NOTES AND THE GUARANTEES

THE EXCHANGE NOTES

The exchange notes:

- are general unsecured obligations of PCA;
- are subordinated in right of payment to all existing and future Senior Debt of PCA;
- are senior to the subordinated exchange debentures;
- are PARI PASSU in right of payment with any future senior subordinated Indebtedness of PCA; and
- are unconditionally guaranteed by the Guarantors.

THE GUARANTEES

The exchange notes are guaranteed by all of the Domestic Subsidiaries of PCA (other than any Receivables Subsidiaries).

Each Guarantee of the exchange notes:

- is a general unsecured obligation of the Guarantor;
- is subordinated in right of payment to all existing and future Senior Debt of the Guarantor; and
- is PARI PASSU in right of payment with any future senior subordinated Indebtedness of the Guarantor.

As of the date of the notes indenture, all of our subsidiaries were "Restricted Subsidiaries." However, under the circumstances described below under the subheading "-Certain Covenants-Designation of Restricted and Unrestricted Subsidiaries," we are permitted to designate certain of our subsidiaries as "Unrestricted Subsidiaries." Our Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the notes indenture. Our Unrestricted Subsidiaries will not guarantee the exchange notes.

PRINCIPAL, MATURITY AND INTEREST

The notes indenture provides for the issuance by PCA of exchange notes with a maximum aggregate principal amount of $750.0 million, of which $550.0 million are expected to be issued in this exchange offer. PCA may issue additional exchange notes from time to time after this exchange offer. Any offering of additional exchange notes is subject to the covenant described below under the caption "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock." The exchange notes and any additional exchange notes subsequently issued under the notes indenture would be treated as a single class for all purposes under the notes indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. PCA will issue exchange notes in denominations of $1,000 and integral multiples of $1,000. The exchange notes will mature on April 1, 2009.

Interest on the exchange notes will accrue at the rate of 9 5/8% per annum and will be payable semi-annually in arrears on April 1 and October 1, commencing on October 1, 1999. PCA will make each interest payment to the Holders of record on the immediately preceding March 15 and September 15.

Interest on the exchange notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

METHODS OF RECEIVING PAYMENTS ON THE EXCHANGE NOTES

If a Holder of at least $1.0 million in aggregate principal amount of the exchange notes has given wire transfer instructions to PCA, PCA will pay all principal, interest and premium and Liquidated Damages, if any, on that Holder's exchange notes in accordance with those instructions. All other payments on exchange notes will be made at the office or agency of the paying agent and registrar within the City and State of New York unless PCA elects to make interest payments by check mailed to the Holders at their addresses set forth in the register of Holders.

PAYING AGENT AND REGISTRAR FOR THE NOTES

The trustee will initially act as paying agent and registrar. PCA may change the paying agent or registrar without prior notice to the Holders, and PCA or any of its Subsidiaries may act as paying agent or registrar.

TRANSFER AND EXCHANGE

A Holder may transfer or exchange exchange notes in accordance with the notes indenture. The registrar and the trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and PCA may require a Holder to pay any taxes and fees required by law or permitted by the notes indenture. PCA is not required to transfer or exchange any exchange note selected for redemption. Also, PCA is not required to transfer or exchange any exchange note for a period of 15 days before a selection of exchange notes to be redeemed.

The registered Holder of an exchange note will be treated as the owner of it for all purposes.

SUBSIDIARY GUARANTEES

The Guarantors will jointly and severally guarantee on a senior subordinated basis PCA's obligations under the exchange notes. Each Subsidiary Guarantee will be subordinated to the prior payment in full in cash and Cash

Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof) of all Senior Debt of that Guarantor. The subordination provisions applicable to the Subsidiary Guarantees are the same as the subordination provisions applicable to the exchange notes as set forth below under "-Subordination." The obligations of each Guarantor under its Subsidiary Guarantee are limited as necessary to prevent that Subsidiary Guarantee from constituting a fraudulent conveyance under applicable law. See "Risk Factors-Fraudulent Conveyance Matters."

A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than PCA or another Guarantor, unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Guarantor under the notes indenture, its Subsidiary Guarantee and the note registration rights agreement pursuant to a supplemental notes indenture satisfactory to the trustee; or

(b) the Net Proceeds of such sale or other disposition are applied in accordance with the "Asset Sale" provisions of the notes indenture.

The Subsidiary Guarantee of a Guarantor will be released:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) a Subsidiary of PCA, if the Guarantor applies the Net Proceeds of that sale or other disposition in accordance with the "Asset Sale" provisions of the notes indenture;

(2) in connection with any sale of all of the Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) a Subsidiary of PCA, if PCA applies the Net Proceeds of that sale in accordance with the "Asset Sale" provisions of the notes indenture; or

(3) if PCA properly designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary.

See "-Repurchase at the Option of Holders-Asset Sales."

SUBORDINATION

The payment of principal, interest and premium and Liquidated Damages, if any, and any other Obligations on, or relating to the exchange notes will be subordinated to the prior payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof) of all Senior Debt of PCA.

The holders of Senior Debt will be entitled to receive payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof) of all Obligations due in respect of Senior Debt (including interest after the commencement of any bankruptcy proceeding at the rate specified in the applicable Senior Debt, whether or not such interest is an allowable claim) before the Holders of exchange notes will be entitled to receive any payment or distribution of any kind or character with respect to any Obligations on, or relating to, the exchange notes (except that Holders of exchange notes may receive and retain Permitted Junior Securities and payments made from the trust described under "-Legal Defeasance and Covenant Defeasance" so long as the trust was created in accordance with all relevant conditions specified in the notes indenture at the time it was created), in the event of any distribution to creditors of PCA:

(1) in a liquidation or dissolution of PCA;

(2) in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to PCA or its property;

(3) in an assignment for the benefit of creditors; or

(4) in any marshaling of PCA's assets and liabilities.

PCA also may not make any payment or distribution of any kind or character with respect to any Obligations on, or with respect to, the exchange notes or acquire any exchange notes for cash or property or otherwise (except in Permitted Junior Securities or from the trust described under "-Legal Defeasance and Covenant Defeasance" so long as the trust was created in accordance with all relevant conditions specified in the notes indenture at the time it was created) if:

(1) a payment default on Designated Senior Debt occurs and is continuing; or

(2) any other default occurs and is continuing on any Designated Senior Debt that permits holders of that Designated Senior Debt to accelerate its maturity and the trustee receives a notice of such default (a "Payment Blockage Notice") from the Representative of that Designated Senior Debt.

Payments on and distributions with respect to any Obligations on, or with respect to, the exchange notes may and shall be resumed:

(1) in the case of a payment default, upon the date on which the default is cured or waived; and

(2) in case of a nonpayment default, the earlier of (a) the date on which all nonpayment defaults are cured or waived, (b) 179 days after the date of delivery of the applicable Payment Blockage Notice or (c) the trustee receives notice from the Representative for such Designated Senior Debt rescinding the Payment Blockage Notice, unless the maturity of any Designated Senior Debt has been accelerated.

No new Payment Blockage Notice will be effective unless and until at least 360 days have elapsed since the effectiveness of the immediately prior Payment Blockage Notice.

No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been cured or waived for a period of not less than 90 consecutive days.

If the trustee or any Holder of the exchange notes receives any payment or distribution of assets of any kind or character, whether in cash, properties or securities, in respect of any Obligations with respect to the exchange notes (except in Permitted Junior Securities or from the trust described under "-Legal Defeasance and Covenant Defeasance" so long as the trust was created in accordance with all relevant conditions specified in the notes indenture at the time it was created) at a time when such payment is prohibited by these subordination provisions, the trustee or the Holder, as the case may be, shall hold the payment in trust for the benefit of the holders of Senior Debt. Upon the proper written request of the holders of Senior Debt, the trustee or the Holder, as the case may be, shall forthwith deliver the amounts in trust to the holders of Senior Debt (on a pro rata basis based on the aggregate principal amount of the Senior Debt) or their proper Representative.

PCA must promptly notify holders of Senior Debt if payment of the exchange notes is accelerated because of an Event of Default.

As a result of the subordination provisions described above, in the event of a bankruptcy, liquidation or reorganization of PCA, Holders of exchange notes may recover less ratably than creditors of PCA who are holders of Senior Debt. See "Risk Factors-Subordination."

OPTIONAL REDEMPTION

At any time prior to April 1, 2002, PCA may on any one or more occasions redeem up to 35% of the aggregate principal amount of exchange notes issued under the notes indenture at a redemption price of 109.625% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption

date, with the net cash proceeds of one or more offerings of common stock of PCA or a capital contribution to PCA's common equity made with the net cash proceeds of an offering of common stock of PCA's direct or indirect parent or with Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the fifth paragraph described under the caption "-Repurchase at the Option of Holders-Asset Sales"); PROVIDED that:

(1) at least 65% of the aggregate principal amount of exchange notes issued under the notes indenture remains outstanding immediately after the occurrence of such redemption (excluding exchange notes held by PCA and its Subsidiaries); and

(2) the redemption must occur within 60 days of the date of the closing of such offering, the making of such capital contribution or the consummation of a Timberlands Sale.

Prior to April 1, 2004, PCA may also redeem the exchange notes, as a whole but not in part, upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior written notice, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, thereon, to, the date of redemption.

Except pursuant to the preceding paragraphs, the exchange notes will not be redeemable at PCA's option prior to April 1, 2004. Nothing in the notes indenture prohibits PCA from acquiring the exchange notes by means other than a redemption, whether pursuant to an issuer tender offer or otherwise, assuming such acquisition does not otherwise violate the terms of the notes indenture.

After April 1, 2004, PCA may redeem all or a part of the exchange notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below:

YEAR	PERCENTAGE
2004	104.8125%
2005	103.2083%
2006	101.6042%
2007 and thereafter	100.0000%

MANDATORY REDEMPTION

PCA is not required to make mandatory redemption or sinking fund payments with respect to the exchange notes.

REPURCHASE AT THE OPTION OF HOLDERS

CHANGE OF CONTROL

If a Change of Control occurs, each Holder of exchange notes will have the right to require PCA to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of that Holder's exchange notes pursuant to a Change of Control Offer on the terms set forth in the notes indenture. In the Change of Control Offer, PCA will offer a Change of Control Payment in cash equal to 101% of the aggregate principal amount of exchange notes repurchased plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the date of purchase. Within 30 days following any Change of Control, PCA will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase exchange notes on the Change of Control Payment Date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the notes indenture and described in such notice. PCA will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the exchange notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of

the notes indenture, PCA will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the notes indenture by virtue of such conflict.

On the Change of Control Payment Date, PCA will, to the extent lawful:

(1) accept for payment all exchange notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all exchange notes or portions thereof so tendered; and

(3) deliver or cause to be delivered to the trustee the exchange notes so accepted together with an Officers' Certificate stating the aggregate principal amount of exchange notes or portions thereof being purchased by PCA.

The paying agent will promptly mail to each Holder of exchange notes so tendered the Change of Control Payment for such exchange notes, and the trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new exchange note equal in principal amount to any unpurchased portion of the exchange notes surrendered, if any; PROVIDED that each such new exchange note will be in a principal amount of $1,000 or an integral multiple thereof.

Prior to complying with any of the provisions of this "Change of Control" covenant, but in any event within 90 days following a Change of Control, PCA will either repay all outstanding Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Senior Debt to permit the repurchase of exchange notes required by this covenant. PCA will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

PCA shall first comply with the covenant in the first sentence in the immediately preceding paragraph before it shall be required to repurchase exchange notes pursuant to the provisions described above. PCA's failure to comply with the covenant described in the immediately preceding sentence may (with notice and lapse of time) constitute an Event of Default described in clause (3) but shall not constitute an Event of Default described under clause (2) under the caption "-Events of Defaults and Remedies."

The provisions described above that require PCA to make a Change of Control Offer following a Change of Control will be applicable regardless of whether any other provisions of the notes indenture are applicable. Except as described above with respect to a Change of Control, the notes indenture does not contain provisions that permit the Holders of the exchange notes to require that PCA repurchase or redeem the exchange notes in the event of a takeover, recapitalization or similar transaction.

PCA will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the notes indenture applicable to a Change of Control Offer made by PCA and purchases all exchange notes validly tendered and not withdrawn under such Change of Control Offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of PCA and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of exchange notes to require PCA to repurchase such exchange notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of PCA and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

ASSET SALES

PCA will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) PCA (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale which, taken as a whole, is at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) such fair market value is determined by PCA's Board of Directors and evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the trustee; and

(3) at least 75% of the consideration therefor received by PCA or such Restricted Subsidiary is in the form of cash or Cash Equivalents or Marketable Securities. For purposes of this provision, each of the following shall be deemed to be cash:

(a) any liabilities (as shown on PCA's or such Restricted Subsidiary's most recent balance sheet), of PCA or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the exchange notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets;

(b) any securities, notes or other obligations received by PCA or any such Restricted Subsidiary from such transferee that are converted, sold or exchanged by PCA or such Restricted Subsidiary into cash within 30 days of the related Asset Sale (to the extent of the cash received in that conversion); and

(c) any Designated Noncash Consideration received by PCA or any of its Restricted Subsidiaries in such Asset Sale having an aggregate fair market value, taken together with all other Designated Noncash Consideration received since the date of the Indenture pursuant to this clause (c) that is at that time outstanding, not to exceed 10% of Total Assets at the time of the receipt of such Designated Noncash Consideration (with the fair market value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, PCA may apply such Net Proceeds at its option:

(1) to repay Senior Debt and, if the Senior Debt repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

(2) to invest in or to acquire other properties or assets to replace the properties or assets that were the subject of the Asset Sale or that will be used in businesses of PCA or its Restricted Subsidiaries, as the case may be, existing at the time such assets are sold;

(3) to make a capital expenditure or commit, or cause such Restricted Subsidiary to commit, to make a capital expenditure (such commitments to include amounts anticipated to be expended pursuant to PCA's capital investment plan as adopted by the Board of Directors of PCA) within 24 months of such Asset Sale;

(4) to make a Timberlands Repurchase in accordance with the first paragraph described under the caption "-Optional Redemption."

Pending the final application of any such Net Proceeds, PCA may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by the notes indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding two paragraphs will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $25.0 million, PCA will make an Asset Sale Offer to all Holders of exchange notes and all holders of other Indebtedness that is PARI PASSU with the exchange notes containing provisions similar to those set forth in the notes indenture with respect

to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of exchange notes and such other PARI PASSU Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of principal amount plus accrued and unpaid interest and Liquidated Damages, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, PCA may use such Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of exchange notes and such other PARI PASSU Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the trustee shall select the exchange notes and such other PARI PASSU Indebtedness to be purchased on a pro rata basis based on the principal amount of exchange notes and such other PARI PASSU Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

Notwithstanding the four preceding paragraphs, PCA will be permitted to apply Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the first paragraph described under the caption "-Optional Redemption") to repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any Equity Interests of PCA, or repurchase or redeem subordinated exchange debentures, if:

(1) the repurchase, redemption, dividend or return of capital is consummated within 90 days of the final sale of such Timberlands Sale;

(2) PCA's Debt to Cash Flow Ratio at the time of such Timberlands Repurchase, after giving pro forma effect to (a) such repurchase, redemption, dividend or return of capital, (b) the Timberlands Sale and the application of the net proceeds therefrom and (c) any increase or decrease in fiber, stumpage or similar costs as a result of the Timberlands Sale, as if the same had occurred at the beginning of the most recently ended four full fiscal quarter period of PCA for which internal financial statements are available, would have been no greater than 4.5 to 1; and

(3) in the case of a repurchase or redemption of all of the then outstanding preferred stock, new preferred stock or subordinated exchange debentures, no Timberlands Net Proceeds have previously been applied to redeem exchange notes or repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any other Equity Interests of PCA.

PCA will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of exchange notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sales provisions of the notes indenture, PCA will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the notes indenture by virtue of such conflict.

The agreements governing PCA's outstanding Senior Debt currently prohibit PCA from purchasing any exchange notes, and also provides that certain change of control or asset sale events with respect to PCA would constitute a default under these agreements. Any future credit agreements or other agreements relating to Senior Debt to which PCA becomes a party may contain similar restrictions and provisions. In the event a Change of Control or Asset Sale occurs at a time when PCA is prohibited from purchasing exchange notes, PCA could seek the consent of its senior lenders to the purchase of exchange notes or could attempt to refinance the borrowings that contain such prohibition. If PCA does not obtain such a consent or repay such borrowings, PCA will remain prohibited from purchasing exchange notes. In such case, PCA's failure to purchase tendered exchange notes would constitute an Event of Default under the notes indenture which would, in turn, constitute a default under such Senior Debt. In such circumstances, the subordination provisions in the notes indenture would likely restrict payments to the Holders of exchange notes.

SELECTION AND NOTICE

If less than all of the exchange notes are to be redeemed at any time, the trustee will select exchange notes for redemption as follows:

(1) if the exchange notes are listed, in compliance with the requirements of the principal national securities exchange on which the exchange notes are listed; or

(2) if the exchange notes are not so listed, on a pro rata basis, by lot or by such method as the trustee shall deem fair and appropriate.

No exchange notes of $1,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of exchange notes to be redeemed at its registered address. Notices of redemption may not be conditional.

If any exchange note is to be redeemed in part only, the notice of redemption that relates to that exchange note shall state the portion of the principal amount thereof to be redeemed. A new exchange note in principal amount equal to the unredeemed portion of the original exchange note will be issued in the name of the Holder thereof upon cancellation of the original exchange note. Exchange notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on exchange notes or portions of them called for redemption.

CERTAIN COVENANTS

RESTRICTED PAYMENTS

PCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of PCA's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving PCA or any of its Restricted Subsidiaries) or to the direct or indirect holders of PCA's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable (a) in Equity Interests (other than Disqualified Stock) of PCA or (b) to PCA or a Restricted Subsidiary of PCA);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving PCA) any Equity Interests of PCA or any direct or indirect parent of PCA;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is by its terms expressly subordinated to the exchange notes or the Subsidiary Guarantees, except a payment of interest or principal at the Stated Maturity thereof; or

(4) make any Restricted Investment (all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(2) PCA would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "-Incurrence of Indebtedness and Issuance of Preferred Stock;" and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by PCA and its Restricted Subsidiaries after the date of the notes indenture (excluding Restricted Payments permitted by clauses (2), (3), (4) and (5) of the next succeeding paragraph), is less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of PCA for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the date of the notes indenture to the end of PCA's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), PLUS

(b) 100% of the aggregate net cash proceeds received by PCA since the date of the notes indenture as a contribution to its common equity capital or from the issue or sale of Equity Interests of PCA (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of PCA that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of PCA), together with the net proceeds received by PCA upon such conversion or exchange, if any, PLUS

(c) to the extent that any Restricted Investment that was made after the date of the notes indenture is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment.

The preceding provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of the notes indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of PCA or any Guarantor or of any Equity Interests of PCA in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of PCA) of, Equity Interests of PCA (other than Disqualified Stock); PROVIDED that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (3)(b) of the preceding paragraph;

(3) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of PCA or any Guarantor with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) so long as no Default has occurred and is continuing or would be caused thereby, any Timberlands Repurchase pursuant to and in accordance with the fifth paragraph described under the caption "-Repurchase at the Option of Holders--Asset Sales;"

(5) the payment of any dividend by a Restricted Subsidiary of PCA to the holders of its common Equity Interests on a pro rata basis;

(6) so long as no Default has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of PCA or any Restricted Subsidiary of PCA held by any current or former officers, directors or employees of PCA (or any of its Restricted Subsidiaries') pursuant to any management equity subscription agreement, stock option agreement or stock plan entered into in the ordinary course of business; PROVIDED that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $5.0 million in any calendar year;

(7) repurchases of Equity Interests of PCA deemed to occur upon exercise of stock options to the extent Equity Interests represent a portion of the exercise price of such options;

(8) cash payments, advances, loans or expense reimbursements made to PCA Holdings to permit PCA Holdings to pay its general operating expenses (other than management, consulting or similar fees payable to Affiliates of PCA), franchise tax obligations, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of its business in an amount not to exceed $1.0 million in the aggregate in any fiscal year; and

(9) so long as no Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed $25.0 million since the date of the notes indenture.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by PCA or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant shall be determined by the Board of Directors whose resolution with respect thereto shall be conclusive. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds $25.0 million.

INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK

PCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and PCA will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; PROVIDED, HOWEVER, that PCA may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Guarantors may incur Indebtedness or issue preferred stock, if the Fixed Charge Coverage Ratio for PCA's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1 or, if a Timberlands Repurchase has occurred pursuant to and in accordance with the fifth paragraph described under the caption "-Repurchase at the Option of Holders-Asset Sales," 2.25 to 1, in either case determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the preferred stock or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(1) the incurrence by PCA and any Guarantor of additional Indebtedness under Credit Facilities and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the face amount) not to exceed $1.51 billion LESS the aggregate amount of all Net Proceeds of Asset Sales that have been applied by PCA or any of its Restricted Subsidiaries since the date of the notes indenture to permanently repay Indebtedness under a Credit Facility pursuant to the covenant described above under the caption "-Repurchase at the Option of Holders-Asset Sales" and LESS the amount of Indebtedness outstanding under clause (18) below; PROVIDED that the amount of Indebtedness permitted to be incurred pursuant to Credit Facilities in accordance with this clause (1) shall be in addition to any Indebtedness permitted to be incurred pursuant to Credit Facilities, in reliance on, and in accordance with, clauses (4) and (19) below or in the first paragraph of this covenant;

(2) the incurrence by PCA and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by PCA and the Guarantors of Indebtedness represented by the outstanding notes and the related Subsidiary Guarantees issued on the date of the notes indenture, these exchange notes issued in exchange for such outstanding notes and the related Subsidiary Guarantees thereof;

(4) the incurrence by PCA or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of PCA or such Restricted Subsidiary, in an aggregate principal amount (which amount may, but need not be, incurred in whole or in part under Credit Facilities), including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of 7.5% of Total Assets as of the date of incurrence and $50.0 million at any time outstanding;

(5) the incurrence by PCA or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, Indebtedness (other than intercompany Indebtedness) that was permitted by the notes indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (4), (15) or (19) of this paragraph;

(6) the incurrence by PCA or any of its Restricted Subsidiaries of intercompany Indebtedness between or among PCA and any of its Restricted Subsidiaries; PROVIDED, HOWEVER, that each of the following shall be deemed, in each case, to constitute an incurrence of such Indebtedness by PCA or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6):

(a) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than PCA or a Restricted Subsidiary thereof; and

(b) any sale or other transfer of any such Indebtedness to a Person that is not either PCA or a Restricted Subsidiary thereof;

(7) the incurrence by PCA or any of the Guarantors of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate risk with respect to any floating or fixed rate Indebtedness that is permitted by the terms of the notes indenture to be outstanding and the incurrence of Indebtedness under Other Hedging Agreements providing protection against fluctuations in currency values or in the price of energy, commodities and raw materials in connection with PCA's or any of its Restricted Subsidiaries' operations so long as management of PCA or such Restricted Subsidiary, as the case may be, has determined that the entering into of such Other Hedging Agreements are bona fide hedging activities;

(8) the guarantee by PCA or any of the Guarantors of Indebtedness of PCA or a Restricted Subsidiary of PCA that was permitted to be incurred by another provision of this covenant;

(9) the incurrence by PCA's Unrestricted Subsidiaries of Non-Recourse Debt, PROVIDED, HOWEVER, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, such event shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of PCA that was not permitted by this clause (9);

(10) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; PROVIDED, in each such case, that the amount thereof is included in Fixed Charges and Consolidated Indebtedness of PCA as accrued;

(11) the incurrence by PCA of Indebtedness and the issuance by PCA of preferred stock, in each case, that is deemed to be incurred or issued, as the case may be, in connection with the Contribution;

(12) the incurrence by PCA or any Guarantor of obligations pursuant to foreign currency agreements entered into in the ordinary course of business and not for speculative purposes;

(13) Indebtedness arising from agreements of PCA or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; PROVIDED, HOWEVER, that (a) such Indebtedness is not reflected on the balance sheet of PCA or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (a)) and (b) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds including noncash proceeds (the fair market value of such noncash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by PCA and its Restricted Subsidiaries in connection with such disposition;

(14) the incurrence of obligations in respect of performance and surety bonds and completion guarantees provided by PCA or any of its Restricted Subsidiaries in the ordinary course of business;

(15) the incurrence of Indebtedness by any Restricted Subsidiary in connection with the acquisition of assets or a new Restricted Subsidiary in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (15), not to exceed $25.0 million at any one time outstanding; PROVIDED that such Indebtedness was incurred by the prior owner of such asset or such Restricted Subsidiary prior to such acquisition by the Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such acquisition by the Restricted Subsidiary;

(16) the incurrence of Indebtedness consisting of guarantees of loans made to management for the purpose of permitting management to purchase Equity Interests of PCA, in an amount not to exceed $7.5 million at any one time outstanding;

(17) Indebtedness of PCA that may be deemed to exist under the Contribution Agreement as a result of PCA's obligation to pay purchase price adjustments; PROVIDED that the incurrence of Indebtedness to pay the purchase price adjustment shall be deemed to constitute an incurrence of Indebtedness that was not permitted by this clause (17);

(18) the incurrence of Indebtedness by a Receivables Subsidiary in a Qualified Receivables Transaction that is not recourse to PCA or any of its Subsidiaries (except for Standard Securitization Undertakings); PROVIDED that the aggregate principal amount of Indebtedness outstanding under this clause (18) and clause (1) above does not exceed $1.51 billion LESS the aggregate amount of all Net Proceeds of Asset Sales that have been applied by PCA or any of its Restricted Subsidiaries since the date of the notes indenture to permanently repay Indebtedness under a Credit Facility pursuant to the covenant described above under the caption "--Repurchase at the Option of Holders--Asset Sales;" and

(19) the incurrence by PCA of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) (which amount may, but need not be, incurred in whole or in part under the Credit Facilities) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (19), not to exceed $75.0 million.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (19) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, PCA will be permitted to classify or later reclassify such item of Indebtedness in any manner that complies with this covenant. Indebtedness under Credit Facilities outstanding on

the date on which exchange notes are first issued and authenticated under the notes indenture shall be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Permitted Debt.

NO SENIOR SUBORDINATED DEBT

PCA will not incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Senior Debt of PCA and senior in any respect in right of payment to the exchange notes. No Guarantor will incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to the Senior Debt of such Guarantor and senior in any respect in right of payment to such Guarantor's Subsidiary Guarantee.

LIENS

PCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind on any asset now owned or hereafter acquired securing Indebtedness, Attributable Debt or trade payables, except Permitted Liens.

DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES

PCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to PCA or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to PCA or any of its Restricted Subsidiaries;

(2) make loans or advances to PCA or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to PCA or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) Existing Indebtedness as in effect on the date of the notes indenture;

(2) the notes indenture, the exchange notes and the Subsidiary Guarantees;

(3) applicable law;

(4) any instrument governing Indebtedness or Capital Stock of a Person acquired by PCA or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, PROVIDED that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the notes indenture to be incurred;

(5) non-assignment provisions in leases, licenses or similar agreements entered into in the ordinary course of business and consistent with past practices;

(6) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (3) of the preceding paragraph;

(7) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(8) Liens securing Indebtedness that limit the right of the debtor to dispose of the assets subject to such Lien;

(9) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, assets sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business;

(10) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(11) the Credit Agreement as in effect on the date of the notes indenture;

(12) restrictions on the transfer of assets subject to any Lien permitted under the Indenture imposed by the holder of such Lien;

(13) any Purchase Money Note or other Indebtedness or other contractual requirements of a Receivables Subsidiary in connection with a Qualified Receivables Transaction; PROVIDED that such restrictions apply only to such Receivables Subsidiary;

(14) encumbrances or restrictions existing under or arising pursuant to Credit Facilities entered into in accordance with the notes indenture; PROVIDED that the encumbrances or restrictions in such Credit Facilities are not materially more restrictive than those contained in the Credit Agreement as in effect on the date hereof; and

(15) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (14) above; PROVIDED, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Board of Directors of PCA, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in the dividends or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

MERGER, CONSOLIDATION OR SALE OF ASSETS

PCA may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not PCA is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of PCA and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) PCA is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than PCA) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than PCA) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of PCA under the exchange notes, the notes indenture and the note registration rights agreement pursuant to agreements reasonably satisfactory to the trustee;

(3) immediately after such transaction no Default or Event of Default exists; and

(4) PCA or the Person formed by or surviving any such consolidation or merger (if other than PCA), or to which such sale, assignment, transfer, conveyance or other disposition shall have been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to

incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "-Incurrence of Indebtedness and Issuance of Preferred Stock."

In addition, PCA may not, directly or indirectly, lease all or substantially all of the properties or assets of PCA and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to any other Person. This "Merger, Consolidation or Sale of Assets" covenant will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among PCA and any of its Wholly Owned Restricted Subsidiaries.

DESIGNATION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by PCA and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and will either reduce the amount available for Restricted Payments under the first paragraph of the covenant described above under the caption "-Restricted Payments" or reduce the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as PCA shall determine. That designation will only be permitted if such Investment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

TRANSACTIONS WITH AFFILIATES

PCA will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

(1) such Affiliate Transaction is on terms taken as a whole that are no less favorable to PCA or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by PCA or such Restricted Subsidiary with an unrelated Person; and

(2) PCA delivers to the trustee:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $5.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, an opinion as to the fairness to the Holders of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal, investment banking or advisory firm of national standing; PROVIDED that this clause (b) shall not apply to transactions with TPI and its subsidiaries in the ordinary course of business at a time when Madison Dearborn Partners, LLC and its Affiliates are entitled, directly or indirectly, to elect a majority of the Board of Directors of PCA.

The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the first paragraph of this covenant:

(1) any employment agreement entered into by PCA or any of its Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of PCA or such Restricted Subsidiary;

(2) transactions between or among PCA and/or its Restricted Subsidiaries;

(3) transactions with a Person that is an Affiliate of PCA solely because PCA owns an Equity Interest in such Person;

(4) payment of reasonable directors fees to Persons who are not otherwise Affiliates of PCA;

(5) sales of Equity Interests (other than Disqualified Stock) to Affiliates of PCA;

(6) the payment of transaction, management, consulting and advisory fees and related expenses to Madison Dearborn Partners, LLC and its Affiliates; PROVIDED that such fees shall not, in the aggregate, exceed $15.0 million (plus out-of-pocket expenses) in connection with the Contribution or $2.0 million in any twelve-month period commencing after the date of the Contribution;

(7) the payment of fees and expenses related to the Contribution other than fees and expenses paid to Madison Dearborn Partners, LLC and its Affiliates;

(8) Restricted Payments that are permitted by the provisions of the notes indenture described above under the caption "-Restricted Payments;"

(9) transactions described in clause (11) of the definition of Permitted Investments;

(10) reasonable fees and expenses and compensation paid to, and indemnity provided on behalf of, officers, directors or employees of PCA or any Subsidiary as determined in good faith by the Board of Directors of PCA or senior management;

(11) payments made to PCA Holdings for the purpose of allowing PCA Holdings to pay its general operating expenses, franchise tax obligations, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of its business in an amount not to exceed $1.0 million in the aggregate in any fiscal year;

(12) transactions contemplated by the Contribution Agreement and the Transaction Agreements as the same are in effect on the date of the notes indenture;

(13) transactions in connection with a Qualified Receivables Transaction; and

(14) transactions with either of the Initial Purchasers or any of their respective Affiliates.

ADDITIONAL SUBSIDIARY GUARANTEES

If PCA or any of its Restricted Subsidiaries acquires or creates another Domestic Subsidiary or if any Restricted Subsidiary becomes a Domestic Subsidiary of PCA after the date of the notes indenture, then that newly acquired or created Domestic Subsidiary (other than a Receivables Subsidiary) must become a Guarantor and execute a supplemental notes indenture and deliver an Opinion of Counsel to the trustee within 10 Business Days of the date on which it was acquired or created.

SALE AND LEASEBACK TRANSACTIONS

PCA will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; PROVIDED that PCA or any Restricted Subsidiary may enter into a sale and leaseback transaction if:

(1) either (a) PCA or that Restricted Subsidiary, as applicable, could have incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Fixed Charge Coverage Ratio test in the first paragraph of the covenant described above under the caption "-Incurrence of Indebtedness and Issuance of Preferred Stock" or (b) the Net Proceeds of such sale and leaseback transaction are applied to repay outstanding Senior Debt; and

(2) the transfer of assets in that sale and leaseback transaction is permitted by, and PCA applies the net proceeds of such transaction in compliance with, the covenant described above under the caption "-Repurchase at the Option of Holders-Asset Sales."

BUSINESS ACTIVITIES

PCA will not, and will not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses, except to such extent as would not be material to PCA and its Restricted Subsidiaries taken as a whole.

REPORTS

Whether or not required by the Commission, so long as any exchange notes are outstanding, PCA will furnish to the Holders of exchange notes, within the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if PCA were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by PCA's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if PCA were required to file such reports.

In addition, whether or not required by the Commission, PCA will file a copy of all of the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. In addition, PCA and the Subsidiary Guarantors have agreed that, for so long as any exchange notes remain outstanding, they will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

If PCA has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of PCA and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of PCA.

EVENTS OF DEFAULT AND REMEDIES

Each of the following is an Event of Default:

(1) default for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the exchange notes, whether or not prohibited by the subordination provisions of the notes indenture;

(2) default in payment when due of the principal of, or premium, if any, on the exchange notes, whether or not prohibited by the subordination provisions of the notes indenture;

(3) failure by PCA or any of its Restricted Subsidiaries to comply with the provisions described under the captions "-Repurchase at the Option of Holders-Asset Sales" or "-Certain Covenants-Merger, Consolidation or Sale of Assets;"

(4) failure by PCA or any of its Restricted Subsidiaries for 30 days after notice by the trustee or by the Holders of at least 25% in principal amount of the exchange notes to comply with any of the other agreements in the notes indenture;

(5) default under any mortgage, indenture or instrument under which there is issued and outstanding any Indebtedness for money borrowed by PCA or any of its Restricted Subsidiaries (or the payment of which is guaranteed by PCA or any of its Restricted Subsidiaries), if that default:

(a) is caused by a failure to pay principal at the final stated maturity of such Indebtedness (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more;

(6) failure by PCA or any of its Restricted Subsidiaries to pay final nonappealable judgments aggregating in excess of $25.0 million, which judgments are not paid, discharged or stayed for a period of 90 days;

(7) except as permitted by the notes indenture, any Subsidiary Guarantee by a Guarantor that is a Significant Subsidiary shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor that is a Significant Subsidiary, or any Person acting on behalf of any Guarantor that is a Significant Subsidiary, shall deny or disaffirm its obligations under its Subsidiary Guarantee; and

(8) certain events of bankruptcy or insolvency with respect to PCA or any of its Significant Subsidiaries.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to PCA, all outstanding exchange notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the trustee (upon request of Holders of at least 25% in principal amount of the exchange notes then outstanding) or the Holders of at least 25% in principal amount of the then outstanding exchange notes may declare all the exchange notes to be due and payable by notice in writing to PCA and the trustee specifying the respective Event of Default and that such notice is a "notice of acceleration" (the "Acceleration Notice"), and the same (1) shall become immediately due and payable or (2) if there are any amounts outstanding under the Credit Agreement, shall become immediately due and payable upon the first to occur of an acceleration under the Credit Agreement or five Business Days after receipt by PCA and the Representative under the Credit Agreement of such Acceleration Notice but only if such Event of Default is then continuing.

Holders of the exchange notes may not enforce the notes indenture or the exchange notes except as provided in the notes indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding exchange notes may direct the trustee in its exercise of any trust or power. The trustee may withhold from Holders of the exchange notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest or Liquidated Damages) if it determines that withholding notice is in their interest.

The Holders of a majority in aggregate principal amount of the exchange notes then outstanding by notice to the trustee may on behalf of the Holders of all of the exchange notes waive any existing Default or Event of Default and its consequences under the notes indenture except a continuing Default or Event of Default in the payment of interest or Liquidated Damages on, or the principal of, the exchange notes.

In the case of any Event of Default occurring by reason of any willful action or inaction taken or not taken by or on behalf of PCA in bad faith with the intention of avoiding payment of the premium that PCA would have had to pay if PCA then had elected to redeem the exchange notes pursuant to the optional redemption provisions of the notes indenture, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the exchange notes. If an Event of Default occurs prior to April 1, 2004, by reason of any willful action (or inaction) taken (or not taken) by or on behalf of PCA in bad faith with

the intention of avoiding the prohibition on redemption of the exchange notes prior to April 1, 2004, then the premium specified in the notes indenture shall also become immediately due and payable to the extent permitted by law upon the acceleration of the exchange notes.

PCA is required to deliver to the trustee annually a statement regarding compliance with the notes indenture. Upon becoming aware of any Default or Event of Default, PCA is required to deliver to the trustee a statement specifying such Default or Event of Default.

NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS

No director, officer, employee, incorporator or stockholder of PCA or any Guarantor, as such, shall have any liability for any obligations of PCA or the Guarantors under the exchange notes, the notes indenture, the Subsidiary Guarantees, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of exchange notes by accepting an exchange note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the exchange notes. The waiver may not be effective to waive liabilities under the federal securities laws.

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

PCA may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding exchange notes and all obligations of the Guarantors discharged with respect to their Subsidiary Guarantees ("Legal Defeasance") except for:

(1) the rights of Holders of outstanding exchange notes to receive payments in respect of the principal of, or interest or premium and Liquidated Damages, if any, on such exchange notes when such payments are due from the trust referred to below;

(2) PCA's obligations with respect to the exchange notes concerning issuing temporary exchange notes, registration of exchange notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the trustee, and PCA's and the Guarantor's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the notes indenture.

In addition, PCA may, at its option and at any time, elect to have the obligations of PCA and the Guarantors released with respect to certain covenants that are described in the notes indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants shall not constitute a Default or Event of Default with respect to the exchange notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the exchange notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) PCA must irrevocably deposit with the trustee, in trust, for the benefit of the Holders of the exchange notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium and Liquidated Damages, if any, on the outstanding exchange notes on the stated maturity or on the applicable redemption date, as the case may be, and PCA must specify whether the exchange notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, PCA shall have delivered to the trustee an Opinion of Counsel reasonably acceptable to the trustee confirming that (a) PCA has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the date of the notes indenture, there

has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding exchange notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, PCA shall have delivered to the trustee an Opinion of Counsel reasonably acceptable to the trustee confirming that the Holders of the outstanding exchange notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing either: (a) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit); or (b) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the notes indenture but in any event including the Credit Agreement) to which PCA or any of its Subsidiaries is a party or by which PCA or any of its Subsidiaries is bound;

(6) PCA must have delivered to the trustee an Opinion of Counsel to the effect that, assuming no intervening bankruptcy of PCA or any Guarantor between the date of deposit and the 91st day following the deposit and assuming that no Holder is an "insider" of PCA under applicable bankruptcy law, after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(7) PCA must deliver to the trustee an Officers' Certificate stating that the deposit was not made by PCA with the intent of preferring the Holders of exchange notes over the other creditors of PCA with the intent of defeating, hindering, delaying or defrauding creditors of PCA or others; and

(8) PCA must deliver to the trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

AMENDMENT, SUPPLEMENT AND WAIVER

Except as provided in the next three succeeding paragraphs, the notes indenture or the exchange notes may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the exchange notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, exchange notes), and any existing default or compliance with any provision of the notes indenture or the exchange notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding exchange notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, exchange notes).

Without the consent of each Holder affected, an amendment or waiver may not (with respect to any exchange notes held by a non-consenting Holder):

(1) reduce the principal amount of exchange notes whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any exchange note or alter the provisions with respect to the redemption of the exchange notes (other than provisions relating to the covenants described above under the caption "-Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest on any exchange note;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, or Liquidated Damages, if any, on the exchange notes (except a rescission of acceleration of the exchange notes by the Holders of at least a majority in aggregate principal amount of the exchange notes and a waiver of the payment default that resulted from such acceleration);

(5) make any exchange note payable in money other than that stated in the exchange notes;

(6) make any change in the provisions of the notes indenture relating to waivers of past Defaults or the rights of Holders of exchange notes to receive payments of principal of, or interest or premium or Liquidated Damages, if any, on the exchange notes;

(7) waive a redemption payment with respect to any exchange note (other than a payment required by one of the covenants described above under the caption "-Repurchase at the Option of Holders");

(8) release any Guarantor from any of its obligations under its Subsidiary Guarantee or the notes indenture, except in accordance with the terms of the notes indenture; or

(9) make any change in the preceding amendment and waiver provisions.

In addition, any amendment to, or waiver of, the provisions of the notes indenture relating to subordination that adversely affects the rights of the Holders of the exchange notes will require the consent of the Holders of at least 75% in aggregate principal amount of exchange notes then outstanding.

Notwithstanding the preceding, without the consent of any Holder of exchange notes, PCA, the Guarantors and the trustee may amend or supplement the notes indenture or the exchange notes:

(1) to cure any ambiguity, defect, error or inconsistency;

(2) to provide for uncertificated exchange notes in addition to or in place of certificated exchange notes;

(3) to provide for the assumption of PCA's or any Guarantor's obligations to Holders of exchange notes in the case of a merger or consolidation or sale of all or substantially all of PCA's or any Guarantor's assets;

(4) to make any change that would provide any additional rights or benefits to the Holders of exchange notes or that does not adversely affect the legal rights under the notes indenture of any such Holder; or

(5) to comply with requirements of the Commission in order to effect or maintain the qualification of the notes indenture under the Trust Indenture Act.

SATISFACTION AND DISCHARGE

The notes indenture will be discharged and will cease to be of further effect as to all exchange notes issued thereunder, when:

(1) either:

(a) all exchange notes that have been authenticated (except lost, stolen or destroyed exchange notes that have been replaced or paid and exchange notes for whose payment money has theretofore been deposited in trust and thereafter repaid to PCA) have been delivered to the trustee for cancellation; or

(b) all exchange notes that have not been delivered to the trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire

indebtedness on the exchange notes not delivered to the trustee for cancellation for principal, premium and Liquidated Damages, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which PCA or any Guarantor is a party or by which PCA or any Guarantor is bound;

(3) PCA or any Guarantor has paid or caused to be paid all sums payable by it under the notes indenture; and

(4) PCA has delivered irrevocable instructions to the trustee under the notes indenture to apply the deposited money toward the payment of the exchange notes at maturity or the redemption date, as the case may be.

In addition, PCA must deliver an Officers' Certificate and an Opinion of Counsel to the trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

CONCERNING THE TRUSTEE

If the trustee becomes a creditor of PCA or any Guarantor, the notes indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any such claim as security or otherwise. The trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

The Holders of a majority in principal amount of the then outstanding exchange notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the trustee, subject to certain exceptions. The notes indenture provides that in case an Event of Default shall occur and be continuing, the trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his or her own affairs. Subject to such provisions, the trustee will be under no obligation to exercise any of its rights or powers under the notes indenture at the request of any Holder of exchange notes, unless such Holder shall have offered to the trustee security and indemnity satisfactory to it against any loss, liability or expense.

ADDITIONAL INFORMATION

Anyone who receives this prospectus may obtain a copy of the notes indenture without charge by writing to Packaging Corporation of America, 1900 West Field Court, Lake Forest, Illinois 60045, Attention: Chief Financial Officer.

BOOK-ENTRY, DELIVERY AND FORM

The certificates representing the exchange notes will be issued in fully registered form, without coupons. Except as described below, the exchange notes will be deposited with, or on behalf of, The Depository Trust Company ("DTC"), in New York, New York, and registered in the name of DTC or its nominee in the form of one or more global certificates (the "Global Notes") or will remain in the custody of the trustee pursuant to a FAST Balance Certificate Agreement between DTC and the trustee.

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to DTC or another nominee of DTC or to a successor of DTC or its nominee. Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of Certificated Notes (as defined below). See "--Exchange Notes of Global Notes for Certificated Notes." In addition, transfers

of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, including, if applicable, those of Euroclear and Cedel, which rules and procedures may change from time to time.

Initially, the trustee will act as paying agent and registrar. The exchange notes may be presented for registration of transfer and exchange at the offices of the registrar.

DEPOSITORY PROCEDURES

The following description of the operations and procedures of DTC, Euroclear and Cedel are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. PCA takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised PCA that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised PCA that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of Participants designated by the Initial Purchasers with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC, with respect to the Participants, or by the Participants and the Indirect Participants, with respect to other owners of beneficial interest in the Global Notes.

All interests in a Global Note may be subject to the procedures and requirements of DTC. The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such Persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of a Person having beneficial interests in a Global Note to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

EXCEPT AS DESCRIBED BELOW, OWNERS OF INTEREST IN THE GLOBAL NOTES WILL NOT HAVE EXCHANGE NOTES REGISTERED IN THEIR NAMES, WILL NOT RECEIVE PHYSICAL DELIVERY OF EXCHANGE NOTES IN CERTIFICATED FORM AND WILL NOT BE CONSIDERED THE REGISTERED OWNERS OR "HOLDERS" THEREOF UNDER THE NOTES INDENTURE FOR ANY PURPOSE.

Payments in respect of the principal of, and interest and premium and Liquidated Damages, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered Holder under the notes indenture. Under the terms of the notes indenture, PCA and the trustee will treat the

Persons in whose names the exchange notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, neither PCA, the trustee nor any agent of PCA or the trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised PCA that its current practice, upon receipt of any payment in respect of securities such as the exchange notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of exchange notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or PCA. Neither PCA nor the trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the exchange notes, and PCA and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

DTC has advised PCA that it will take any action permitted to be taken by a Holder of exchange notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the exchange notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the exchange notes, DTC reserves the right to exchange the Global Notes for legended exchange notes in certificated form, and to distribute such exchange notes to its Participants.

EXCHANGE OF GLOBAL NOTES FOR CERTIFICATED NOTES

A Global Note is exchangeable for definitive exchange notes in registered certificated form ("Certificated Notes") if:

(1) DTC (a) notifies PCA that it is unwilling or unable to continue as depositary for the Global Notes and PCA fails to appoint a successor depositary or (b) has ceased to be a clearing agency registered under the Exchange Act;

(2) PCA, at its option, notifies the trustee in writing that it elects to cause the issuance of the Certificated Notes; or

(3) there shall have occurred and be continuing a Default or Event of Default with respect to the exchange notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the notes indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the DTC, in accordance with its customary procedures.

SAME DAY SETTLEMENT AND PAYMENT

PCA will make payments in respect of the exchange notes represented by the Global Notes, including principal, premium, if any, interest and Liquidated Damages, if any, by wire transfer of immediately available funds to the accounts specified by the Global Note Holder. PCA will make all payments of principal, interest and premium and Liquidated Damages, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the Holders thereof or, if no such account is specified, by mailing a check to each such Holder's registered address. The exchange notes represented by the Global Notes are expected to be eligible to trade in the PORTAL market and to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such exchange notes will, therefore, be required by DTC to be settled in immediately available funds. PCA expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

CERTAIN DEFINITIONS

Set forth below are certain defined terms used in the notes indenture. Reference is made to the notes indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"ACQUIRED DEBT" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; PROVIDED that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings.

"APPLICABLE PREMIUM" means, with respect to any Note on any redemption date, the greater of:

(1) 1.0% of the principal amount of the Note; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Note at April 1, 2004 (such redemption price being set forth in the table appearing above under the caption "-Optional Redemption") plus (ii) all required interest payments due on the Note through April 1, 2004 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate as of such Redemption Date plus 50 basis points; over

(b) the principal amount of the Note, if greater.

"ASSET SALE" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights, other than sales of inventory in the ordinary course of business; PROVIDED that the sale, conveyance or other disposition of all or substantially all of the assets of PCA and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "-Repurchase at the Option of

Holders-Change of Control" and/or the provisions described above under the caption "-Certain Covenants-Merger, Consolidation or Sale of Assets" and not by the provisions of the Asset Sale covenant; and

(2) the issuance of Equity Interests by any of PCA's Restricted Subsidiaries or the sale of Equity Interests in any of PCA's Subsidiaries.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets having a fair market value of less than $10.0 million;

(2) a transfer of assets between or among PCA and its Wholly Owned Restricted Subsidiaries,

(3) an issuance of Equity Interests by a Wholly Owned Restricted Subsidiary to PCA or to another Wholly Owned Restricted Subsidiary;

(4) the sale, license or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents or Marketable Securities;

(6) the transfer or disposition of assets and the sale of Equity Interests pursuant to the Contribution;

(7) sales of accounts receivables and related assets of the type specified in the definition of "Qualified Receivables Transaction" to a Receivables Subsidiary for the fair market value thereof including cash or Cash Equivalents or Marketable Securities in an amount at least equal to 75% of the fair market value thereof as determined in accordance with GAAP; and

(8) a Restricted Payment or Permitted Investment that is permitted by the covenant described above under the caption "-Certain Covenants-Restricted Payments."

"ATTRIBUTABLE Debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"BENEFICIAL OWNER" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" shall have a corresponding meaning.

"BOARD OF DIRECTORS" means:

(1) with respect to a corporation, the board of directors of the corporation;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"CAPITAL LEASE OBLIGATION" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"CAPITAL STOCK" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"CASH EQUIVALENTS" means:

(1) United States dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (PROVIDED that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than six months from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Rating Services and in each case maturing within twelve months after the date of acquisition; and

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"CHANGE OF CONTROL" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger, consolidation or transfer of PCA Voting Stock), in one or a series of related transactions, of all or substantially all of the properties or assets of PCA and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than to a Principal or a Related Party of a Principal;

(2) the adoption of a plan relating to the liquidation or dissolution of PCA (other than a plan relating to the sale or other disposition of timberlands);

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above), other than the Principals and their Related Parties or a Permitted Group, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of PCA, measured by voting power rather than number of shares; or

(4) the first day on which a majority of the members of the Board of Directors of PCA are not Continuing Directors.

"CONSOLIDATED CASH FLOW" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period PLUS:

(1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; PLUS

(2) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income; PLUS

(3) depletion, depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; PLUS

(4) all one-time charges incurred in 1999 in connection with the Contribution (including the impairment charge described in "Management's Discussion and Analysis of Financial Condition and Results of Operations-Overview") to the extent such charges were deducted in computing such Consolidated Net Income; PLUS

(5) all restructuring charges incurred prior to the date of the Indenture (including the restructuring charge that was added to pro forma EBITDA to calculate adjusted pro forma EBITDA as set forth in footnote 4 under "Selected Combined Financial and Other Data"); MINUS

(6) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of PCA shall be added to Consolidated Net Income to compute Consolidated Cash Flow of PCA only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to PCA by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"CONSOLIDATED INDEBTEDNESS" means, with respect to any Person as of any date of determination, the sum, without duplication, of:

(1) the total amount of Indebtedness of such Person and its Restricted Subsidiaries; PLUS

(2) the total amount of Indebtedness of any other Person, to the extent that such Indebtedness has been Guaranteed by the referent Person or one or more of its Restricted Subsidiaries; PLUS

(3) the aggregate liquidation value of all Disqualified Stock of such Person and all preferred stock of Restricted Subsidiaries of such Person, in each case, determined on a consolidated basis in accordance with GAAP.

"CONSOLIDATED NET INCOME" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; PROVIDED that:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Wholly Owned Restricted Subsidiary thereof;

(2) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders;

(3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded;

(4) the cumulative effect of a change in accounting principles shall be excluded; and

(5) for purposes of calculating Consolidated Cash Flow to determine the Debt to Cash Flow Ratio or the Fixed Charge Coverage Ratio, the Net Income (but not loss) of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the specified Person or one of its Subsidiaries.

"CONTINUING DIRECTORS" means, as of any date of determination, any member of the Board of Directors of PCA who:

(1) was a member of such Board of Directors on the date of the Indenture; or

(2) was nominated for election or elected to such Board of Directors either (a) with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election or (b) pursuant to and in accordance with the terms of the Stockholders Agreement as in effect on the date of the Indenture.

"CONTRIBUTION" means the Contribution contemplated by the Contribution Agreement.

"CONTRIBUTION AGREEMENT" means that certain Contribution Agreement dated as of January 25, 1999 among TPI, PCA Holdings and PCA as the same is in effect on the date of the Indenture.

"CREDIT AGREEMENT" means that certain Credit Agreement, dated as of the date hereof by and among PCA and Morgan Guaranty Trust Company of New York, as administrative agent, and the other lenders party thereto, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding Subsidiaries of PCA as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"CREDIT FACILITIES" means, one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), working capital loans, swing lines, advances or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured or refinanced in whole or in part from time to time.

"DEBT TO CASH FLOW RATIO" means, as of any date of determination, the ratio of (1) the Consolidated Indebtedness of PCA as of such date to (2) the Consolidated Cash Flow of PCA for the four most recent full fiscal quarters ending immediately prior to such date for which internal financial statements are available, determined on a pro forma basis after giving effect to all acquisitions or dispositions of assets made by PCA and its Restricted Subsidiaries from the beginning of such four-quarter period through and including such date of determination (including any related financing transactions) as if such acquisitions and dispositions had occurred at the beginning of such four-quarter period. In addition, for purposes of making the computation referred to above:

(1) acquisitions that have been made by PCA or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the date of determination shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act and including those cost savings that management reasonably expects to realize within six months of the consummation of the acquisition, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the date of determination, shall be excluded;

(3) for any four-quarter reference period that includes any period of time prior to the consummation of the Contribution, pro forma effect shall be given for such period to the Transactions described in this prospectus and the related corporate overhead savings and cost savings that were added to pro forma EBITDA to calculate Adjusted pro forma EBITDA as set forth in footnote 4 under "Selected Combined Financial and Other Data," all as calculated in good faith by a responsible financial or accounting officer of PCA, as if they had occurred on the first day of such four-quarter reference period; and

(4) the impact of the Treasury Lock shall be excluded.

"DEFAULT" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"DESIGNATED NONCASH CONSIDERATION" means any non-cash consideration received by PCA or one of its Restricted Subsidiaries in connection with an Asset Sale that is designated as Designated Noncash Consideration pursuant to an Officers' Certificate executed by the principal executive officer and the principal financial officer of PCA or such Restricted Subsidiary. Such Officers' Certificate shall state the basis of such valuation, which shall be a report of a nationally recognized investment banking firm with respect to the receipt in one or a series of related transactions of Designated Noncash Consideration with a fair market value in excess of $10.0 million. A particular item of Designated Noncash Consideration shall no longer be considered to be outstanding when it has been sold for cash or redeemed or paid in full in the case of non-cash consideration in the form of promissory notes or equity.

"DESIGNATED SENIOR DEBT" means:

(1) any Indebtedness under or in respect of the Credit Agreement; and

(2) any other Senior Debt permitted under the Indenture the principal amount of which is $25.0 million or more and that has been designated by PCA in the instrument or agreement relating to the same as "Designated Senior Debt."

"DISQUALIFIED STOCK" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would

constitute Disqualified Stock solely because the holders thereof have the right to require PCA to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that PCA may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "-Certain Covenants-Restricted Payments." The Senior Exchangeable Preferred Stock as in effect on the date of the Indenture will not constitute Disqualified Stock for purposes of the Indenture.

"DOMESTIC SUBSIDIARY" means any Restricted Subsidiary that was formed under the laws of the United States or any state thereof or the District of Columbia or that guarantees or otherwise provides direct credit support for any Indebtedness of PCA.

"EQUITY INTERESTS" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"EXISTING INDEBTEDNESS" means Indebtedness of PCA and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the date of the Indenture, until such amounts are repaid.

"FIXED CHARGES" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, excluding amortization of debt issuance costs and net of the effect of all payments made or received pursuant to Hedging Obligations; PLUS

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; PLUS

(3) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; PLUS

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of PCA (other than Disqualified Stock) or to PCA or a Restricted Subsidiary of PCA, times (b) a fraction, the numerator of which is one and the denominator of which is one minus PCA's then current effective combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"FIXED CHARGE COVERAGE RATIO" means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act and including those cost savings that management reasonably expects to realize within six months of the consummation of the acquisition, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) for any four-quarter reference period that includes any period of time prior to the consummation of the Contribution, pro forma effect shall be given for such period to the Transactions described in this prospectus and the related corporate overhead savings and cost savings that were added to pro forma EBITDA to calculate Adjusted pro forma EBITDA as set forth in footnote 4 under "Selected Combined Financial and Other Data," all as calculated in good faith by a responsible financial or accounting officer of PCA, as if they had occurred on the first day of such four-quarter reference period; and

(5) the impact of the Treasury Lock shall be excluded.

"FOREIGN SUBSIDIARY WORKING CAPITAL INDEBTEDNESS" means Indebtedness of a Restricted Subsidiary that is organized outside of the United States under lines of credit extended after the date of the Indenture to any such Restricted Subsidiary by Persons other than PCA or any of its Restricted Subsidiaries, the proceeds of which are used for such Restricted Subsidiary's working capital purposes.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"GUARANTEE" means a guarantee of all or any part of any Indebtedness (other than by endorsement of negotiable instruments for collection in the ordinary course of business), including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof.

"GUARANTORS" means:

(1) each Restricted Subsidiary that is or becomes a Domestic Subsidiary of PCA (other than a Receivables Subsidiary); and

(2) any other subsidiary that executes a Subsidiary Guarantee in accordance with the provisions of the Indenture;

and their respective successors and assigns.

"HEDGING OBLIGATIONS" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in interest rates.

"INDEBTEDNESS" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent, in respect of:

(1) borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) banker's acceptances;

(4) representing Capital Lease Obligations;

(5) the deferred balance of the purchase price of any property outside of the ordinary course of business which remains unpaid, except any such balance that constitutes an operating lease payment, accrued expense, trade payable or similar current liability; or

(6) any Hedging Obligations or Other Hedging Agreements,

if and to the extent any of the preceding items (other than letters of credit, Hedging Obligations and Other Hedging Agreements) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof in the case of any other Indebtedness.

"INITIAL PURCHASERS" means J.P. Morgan Securities Inc. and BT Alex.Brown Incorporated.

"INVESTMENTS" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If PCA or any Subsidiary of PCA sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of PCA such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of PCA, PCA shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "-Certain Covenants-Restricted Payments." The acquisition by PCA or any Subsidiary of PCA of a Person that holds an Investment in a third Person shall be deemed to be an Investment by PCA or such Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "-Certain Covenants-Restricted Payments."

"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement.

"MARKETABLE SECURITIES" means publicly traded debt or equity securities that are listed for trading on a national securities exchange and that were issued by a corporation whose debt securities are rated in one of the three highest rating categories by either Standard & Poor's Rating Services or Moody's Investors Service, Inc.

"NET INCOME" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

"NET PROCEEDS" means the aggregate cash proceeds received by PCA or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, sales commissions, any relocation expenses incurred as a result thereof, all taxes of any kind paid or payable as a result thereof and reasonable reserves established to cover any indemnity obligations incurred in connection therewith, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, other than Indebtedness under a Credit Facility, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"NON-RECOURSE DEBT" means Indebtedness:

(1) as to which neither PCA nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of PCA or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of PCA or any of its Restricted Subsidiaries.

"OBLIGATIONS" means any principal, interest, penalties, fees, indemnifications, expenses, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"OTHER HEDGING AGREEMENTS" means any foreign exchange contracts, currency swap agreements, commodity agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency or commodity values.

"PCA HOLDINGS" means PCA Holdings LLC, a Delaware limited liability company.

"PERMITTED BUSINESS" means the containerboard, paperboard and packaging products business and any business in which PCA and its Restricted Subsidiaries are engaged on the date of the Indenture or any business reasonably related, incidental or ancillary to any of the foregoing.

"PERMITTED GROUP" means any group of investors that is deemed to be a "person" (as that term is used in Section 13(d)(3) of the Exchange Act) at any time prior to PCA's initial public offering of common stock, by virtue of the Stockholders Agreement, as the same may be amended, modified or supplemented from time to time, PROVIDED that no single Person (other than the Principals and their Related Parties) Beneficially Owns (together with its Affiliates) more of the Voting Stock of PCA that is Beneficially Owned by such group of investors than is then collectively Beneficially Owned by the Principals and their Related Parties in the aggregate.

"PERMITTED INVESTMENTS" means:

(1) any Investment in PCA or in a Restricted Subsidiary of PCA;

(2) any Investment in Cash Equivalents;

(3) any Investment by PCA or any Restricted Subsidiary of PCA in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of PCA; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, PCA or a Restricted Subsidiary of PCA;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "-Repurchase at the Option of Holders-Asset Sales;"

(5) any acquisition of assets to the extent acquired in exchange for the issuance of Equity Interests (other than Disqualified Stock) of PCA;

(6) Hedging Obligations and Other Hedging Agreements;

(7) any Investment existing on the date of the Indenture;

(8) loans and advances to employees and officers of PCA and its Restricted Subsidiaries in the ordinary course of business;

(9) any Investment in securities of trade creditors or customers received in compromise of obligations of such persons incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;

(10) negotiable instruments held for deposit or collection in the ordinary course of business;

(11) loans, guarantees of loans and advances to officers, directors, employees or consultants of PCA or a Restricted Subsidiary of PCA not to exceed $7.5 million in the aggregate outstanding at any time;

(12) any Investment by PCA or any of its Restricted Subsidiaries in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Transaction; PROVIDED that each such Investment is in the form of a Purchase Money Note, an equity interest or interests in accounts receivables generated by PCA or any of its Restricted Subsidiaries; and

(13) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (13) that are at the time outstanding not to exceed the greater of $50.0 million or 5% of Total Assets.

"PERMITTED JUNIOR SECURITIES" means debt or equity securities of PCA or any successor corporation issued pursuant to a plan of reorganization or readjustment of PCA that are subordinated to the payment of all then outstanding Senior Debt of PCA at least to the same extent that the Notes are subordinated to the payment of all Senior Debt of PCA on the date of the Indenture, so long as:

(1) the effect of the use of this defined term in the subordination provisions contained in the Indenture is not to cause the Notes to be treated as part of:

(a) the same class of claims as the Senior Debt of PCA; or

(b) any class of claims PARI PASSU with, or senior to, the Senior Debt of PCA for any payment or distribution in any case or proceeding or similar event relating to the liquidation, insolvency, bankruptcy, dissolution, winding up or reorganization of PCA; and

(2) to the extent that any Senior Debt of PCA outstanding on the date of consummation of any such plan of reorganization or readjustment is not paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof) on such date, either:

(a) the holders of any such Senior Debt not so paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof) have consented to the terms of such plan of reorganization or readjustment; or

(b) such holders receive securities which constitute Senior Debt of PCA (which are guaranteed pursuant to guarantees constituting Senior Debt of each Guarantor) and which have been determined by the relevant court to constitute satisfaction in full in money or money's worth of any Senior Debt of PCA (and any related Senior Debt of the Guarantors) not paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof).

"PERMITTED LIENS" means:

(1) Liens of PCA and any Guarantor securing Senior Debt that was permitted by the terms of the Indenture to be incurred;

(2) Liens in favor of PCA or the Guarantors;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with PCA or any Subsidiary of PCA; PROVIDED that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with PCA or the Subsidiary;

(4) Liens on property existing at the time of acquisition thereof by PCA or any Subsidiary of PCA, PROVIDED that such Liens were in existence prior to the contemplation of such acquisition;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the second paragraph of the covenant entitled "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock" covering only the assets acquired with such Indebtedness;

(7) Liens existing on the date of the Indenture together with any Liens securing Permitted Refinancing Indebtedness incurred under clause (5) of the second paragraph under the caption "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock" in order to refinance the Indebtedness secured by Liens existing on the date of the Indenture; PROVIDED that the Liens securing the Permitted Refinancing Indebtedness shall not extend to property other than that pledged under the Liens securing the Indebtedness being refinanced;

(8) Liens on assets of Unrestricted Subsidiaries that secure Non-Recourse Debt of Unrestricted Subsidiaries;

(9) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, PROVIDED that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(10) Liens to secure Foreign Subsidiary Working Capital Indebtedness permitted by the Indenture to be incurred so long as any such Lien attached only to the assets of the Restricted Subsidiary which is the obligor under such Indebtedness;

(11) Liens securing Attributable Debt;

(12) Liens on assets of a Receivables Subsidiary incurred in connection with a Qualified Receivables Transaction; and

(13) Liens incurred in the ordinary course of business of PCA or any Subsidiary of PCA with respect to obligations that do not exceed $15.0 million at any one time outstanding.

"PERMITTED REFINANCING INDEBTEDNESS" means any Indebtedness of PCA or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of PCA or any of its Restricted Subsidiaries (other than intercompany Indebtedness); PROVIDED that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of all expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred either by PCA or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"PRINCIPALS" means:

(1) Madison Dearborn Partners, LLC and its Affiliates; and

(2) TPI and its Affiliates.

"PURCHASE MONEY NOTE" means a promissory note evidencing a line of credit, which may be irrevocable, from, or evidencing other Indebtedness owed to, PCA or any of its Restricted Subsidiaries in connection with a Qualified Receivables Transaction, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated receivables.

"QUALIFIED RECEIVABLES TRANSACTION" means any transaction or series of transactions that may be entered into by PCA or any of its Restricted Subsidiaries pursuant to which PCA or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to:

(1) a Receivables Subsidiary (in the case of a transfer by PCA or any of its Restricted Subsidiaries); and

(2) any other Person (in the case of a transfer by a Receivables Subsidiary),

or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of PCA or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets that are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization transactions involving accounts receivable.

"RECEIVABLES SUBSIDIARY" means a Wholly Owned Subsidiary of PCA that engages in no activities other than in connection with the financing of accounts receivable and that is designated by the Board of Directors of PCA (as provided below) as a Receivables Subsidiary and:

(1) has no Indebtedness or other Obligations (contingent or otherwise) that:

(a) are guaranteed by PCA or any of its Restricted Subsidiaries, other than contingent liabilities pursuant to Standard Securitization Undertakings;

(b) are recourse to or obligate PCA or any of its Restricted Subsidiaries in any way other than pursuant to Standard Securitization Undertakings; or

(c) subjects any property or assets of PCA or any of its Restricted Subsidiaries, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) has no contract, agreement, arrangement or undertaking (except in connection with a Purchase Money Note or Qualified Receivables Transaction) with PCA or any of its Restricted Subsidiaries than on terms no less favorable to PCA or such Restricted Subsidiaries than those that might be obtained at the time from Persons that are not Affiliates of PCA, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(3) neither PCA nor any of its Restricted Subsidiaries has any obligation to maintain or preserve the Receivables Subsidiary's financial condition or cause the Receivables Subsidiary to achieve certain levels of operating results.

Any such designation by the Board of Directors of PCA shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of PCA giving effect to such designation and an Officers' Certificate certifying, to the best of such officer's knowledge and belief after consulting with counsel, that such designation complied with the foregoing conditions.

"RELATED PARTY" means:

(1) any controlling stockholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Principal; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (1).

"REPRESENTATIVE" means the indenture trustee or other trustee, agent or representative in respect of any Designated Senior Debt; PROVIDED that if, and for so long as, any Designated Senior Debt lacks such a representative, then the Representative for such Designated Senior Debt shall at all times constitute the holders of a majority in outstanding principal amount of such Designated Senior Debt in respect of any Designated Senior Debt.

"RESTRICTED INVESTMENT" means an Investment other than a Permitted Investment.

"RESTRICTED SUBSIDIARY" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"SENIOR DEBT" means:

(1) all Indebtedness outstanding under all Credit Facilities, all Hedging Obligations and all Other Hedging Agreements (including guarantees thereof) with respect thereto of PCA and the Guarantors, whether outstanding on the date of the Indenture or thereafter incurred;

(2) any other Indebtedness incurred by PCA and the Guarantors, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Notes or the Subsidiary Guarantees, as the case may be; and

(3) all Obligations with respect to the items listed in the preceding clauses (1) and (2) (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law).

Notwithstanding anything to the contrary in the preceding, Senior Debt will not include:

(1) any liability for federal, state, local or other taxes owed or owing by PCA or the Guarantors;

(2) any Indebtedness of PCA or any Guarantor to any of its Subsidiaries;

(3) any trade payables; or

(4) the portion of any Indebtedness that is incurred in violation of the Indenture (but only to the extent so incurred).

"SIGNIFICANT SUBSIDIARY" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"STANDARD SECURITIZATION UNDERTAKINGS" means representations, warranties, covenants and indemnities entered into by PCA or any of its Restricted Subsidiaries that are reasonably customary in an accounts receivable transaction.

"STATED MATURITY" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"STOCKHOLDERS AGREEMENT" means that certain Stockholders Agreement dated as of April 12, 1999 by and among PCA Holdings LLC, TPI and PCA, as in effect on the date of the Indenture.

"SUBSIDIARY" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"TPI" means Tenneco Packaging Inc., a Delaware corporation.

"TIMBERLANDS NET PROCEEDS" means the Net Proceeds from Timberlands Sales in excess of $500.0 million, up to a maximum of $100.0 million (or such larger amount as may be necessary to repurchase or redeem all outstanding

Preferred Stock or Subordinated Exchange Debentures in the event of a repurchase or redemption of all outstanding Preferred Stock or Subordinated Exchange Debentures), as long as at least $500.0 million of Net Proceeds have been applied to repay Indebtedness under the Credit Agreement.

"TIMBERLANDS REPURCHASE" means the repurchase or redemption of, payment of a dividend on, or return of capital with respect to any Equity Interests of PCA, the repurchase or redemption of Subordinated Exchange Debentures or the redemption of Notes with Timberlands Net Proceeds in accordance with the terms of the Indenture.

"TIMBERLANDS SALE" means a sale or series of sales by PCA or a Restricted Subsidiary of PCA of timberlands.

"TOTAL ASSETS" means the total consolidated assets of PCA and its Restricted Subsidiaries, as set forth on PCA's most recent consolidated balance sheet.

"TRANSACTION AGREEMENTS" means:

(1) those certain Purchase/Supply Agreements between PCA and each of TPI, Tenneco Automotive, Inc. and Tenneco Packaging Specialty and Consumer Products, Inc., each dated the date of the Indenture;

(2) that certain Facilities Use Agreement between PCA and TPI, dated the date of the Indenture;

(3) that certain Human Resources Agreement among PCA, TPI and Tenneco Inc., dated the date of the Indenture;

(4) that certain Transition Services Agreement among PCA and TPI, dated the date of the Indenture;

(5) that certain Holding Company Support Agreement among PCA and PCA Holdings, dated the date of the Indenture;

(6) that certain Registration Rights Agreement among PCA, PCA Holdings and TPI, dated the date of the Indenture; and

(7) the Stockholders Agreement.

"TREASURY LOCK" means the interest rate protection agreement dated as of March 5, 1999 between PCA and J.P. Morgan Securities Inc.

"TREASURY RATE" means, as of any redemption date, the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to April 1, 2004; PROVIDED, HOWEVER, that if the period from the redemption date to April 1, 2004 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"UNRESTRICTED SUBSIDIARY" means any Subsidiary of PCA that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with PCA or any Restricted Subsidiary of PCA unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to PCA or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of PCA;

(3) is a Person with respect to which neither PCA nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of PCA or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of PCA as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "-Certain Covenants-Restricted Payments." If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of PCA as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock," PCA shall be in default of such covenant. The Board of Directors of PCA may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; PROVIDED that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of PCA of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock," calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"VOTING STOCK" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"WEIGHTED AVERAGE LIFE TO MATURITY" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"WHOLLY OWNED RESTRICTED SUBSIDIARY" of any specified Person means any Wholly Owned Subsidiary of such Person which at the time of determination is a Restricted Subsidiary.

"WHOLLY OWNED SUBSIDIARY" of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Subsidiaries of such Person.

DESCRIPTION OF NEW PREFERRED STOCK

This description of the securities being offered has five parts:

- New Preferred Stock;
- Subordinated Exchange Debentures;
- Book-Entry, Delivery and Form; and
- Certain Definitions.

You should read all four parts of this Description of New Preferred Stock for a description of the provisions of the instruments governing the securities, the form in which the securities are expected to be issued and certain mechanics for trading of the securities. Although this description is provided for your reference, you are strongly encouraged to read the certificate of designation governing the new preferred stock and the exchange indenture governing the subordinated exchange debentures for the complete terms and provisions of the securities being offered. In addition, you should be aware that the General Corporation Law of the State of Delaware also governs the new preferred stock and the ability of PCA to pay dividends on the preferred stock. See "Description of Capital Stock" and "Risk Factors-Dividend Restrictions."

You can find the definitions of certain terms used in this description under the subheading "-Certain Definitions." In this description, the words "we," "us," the "company" or "PCA" refer only to Packaging Corporation of America and not to any of its subsidiaries.

NEW PREFERRED STOCK

PCA will issue the new preferred stock under a Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof, which we refer to as the certificate of designation.

The following description is a summary of the material provisions of the certificate of designation and does not restate that document in its entirety. We urge you to read the certificate of designation because it, and not this description, defines your rights as holders of the new preferred stock. Copies of the certificate of designation are available as set forth below under the subheading "Additional Information." This description is qualified in its entirety by reference to PCA's Amended and Restated Certificate of Incorporation, which will include the certificate of designation and the definitions therein of the defined terms used below.

The certificate of designation authorizes PCA to issue 3,000,000 shares of senior exchangeable preferred stock with a liquidation preference of $100 per share (the "Liquidation Preference") of which 1,900,000 shares are designated as Series B senior exchangeable preferred stock, or new preferred stock. When issued, the new preferred stock will be fully paid and nonassessable and Holders of new preferred stock will have no preemptive rights.

On any dividend payment date, PCA may, under certain conditions, exchange all and not less than all of the shares of new preferred stock for PCA's subordinated exchange debentures. For a discussion of certain federal income tax considerations relevant to the payment of dividends on the new preferred stock, see "Certain United States Federal Tax Considerations-Senior Exchangeable Preferred Stock-Dividends."

At or after the time of issuance, the new preferred stock will not necessarily trade at a price equal to its Liquidation Preference. The market price of the new preferred stock may fluctuate with changes in the financial markets and economic conditions, the financial condition and prospects of PCA and other factors that generally influence the market prices of securities. See "Risk Factors."

Currently, all of our subsidiaries are "Restricted Subsidiaries." However, under the circumstances described below under the subheading "-Certain Covenants-Designation of Restricted and Unrestricted Subsidiaries," we are permitted to designate certain of our subsidiaries as "Unrestricted Subsidiaries." Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the certificate of designation.

TRANSFER AGENT

The transfer agent for the new preferred stock will be United States Trust Company of New York unless and until a successor is selected by PCA. The offices of the transfer agent are located at 114 West 47th Street, New York, NY, 10036.

RANKING

The new preferred stock will rank senior in right of payment to all classes or series of PCA's capital stock as to dividends and upon liquidation, dissolution or winding up of PCA.

Without the consent of the Holders of at least a majority in aggregate Liquidation Preference of the then outstanding new preferred stock, PCA may not authorize, create (by way of reclassification or otherwise) or issue:

(1) any class or series of capital stock of PCA ranking on a parity with the new preferred stock ("Parity Securities");

(2) any obligation or security convertible or exchangeable into or evidencing a right to purchase, any Parity Securities;

(3) any class or series of capital stock of PCA ranking senior to the new preferred stock ("Senior Securities"); or

(4) any obligation or security convertible or exchangeable into or evidencing a right to purchase, any Senior Securities.

DIVIDENDS

When PCA's Board of Directors declares dividends out of legally available funds, the Holders of record of the new preferred stock as of each March 15 and September 15 will be entitled to receive cumulative preferential dividends at the rate per share of 12 3/8% per annum on the following dividend payment date. Dividends on the new preferred stock will be payable semiannually in arrears on April 1 and October 1 of each year, commencing on October 1, 1999.

On or prior to April 1, 2004, PCA may, at its option, pay dividends in cash or in additional fully-paid and non-assessable shares of new preferred stock (including fractional stock) having an aggregate Liquidation Preference equal to the amount of such dividends. After April 1, 2004, PCA will pay dividends in cash only. PCA does not expect to pay any dividends in cash before April 1, 2004. Dividends payable on the new preferred stock will be computed on the basis of a 360-day year comprised of twelve 30-day months; and will accrue on a daily basis.

Dividends on the new preferred stock will accrue whether or not:

(1) PCA has earnings or profits;

(2) there are funds legally available for the payment of such dividends; or

(3) dividends are declared.

Dividends will accumulate to the extent they are not paid on the dividend payment date for the semiannual period to which they relate. Accumulated unpaid dividends will accrue dividends at the rate of 12 3/8% per annum. PCA must take all actions required or permitted under Delaware law to permit the payment of dividends on the new preferred stock.

Unless PCA has declared and paid full cumulative dividends upon, or declared and set apart a sufficient sum for the payment of full cumulative dividends on, all outstanding new preferred stock due for all past dividend periods, then:

(1) no dividend (other than a dividend payable solely in shares of any class or series of capital stock ranking junior to the new preferred stock as to the payment of dividends and as to rights in liquidation, dissolution and winding up of the affairs of PCA (any such stock, "Junior Securities")) shall be declared or paid upon, or any sum set apart for the payment of dividends upon, any Junior Securities;

(2) no other distribution shall be declared or made upon, or any sum set apart for the payment of any distribution upon, any Junior Securities;

(3) no Junior Securities shall be purchased, redeemed or otherwise acquired or retired for value (excluding an exchange for other Junior Securities) by PCA or any of its Restricted Subsidiaries; and

(4) no monies shall be paid into or set apart or made available for a sinking or other like fund for the purchase, redemption or other acquisition or retirement for value of any Junior Securities by PCA or any of its Restricted Subsidiaries.

Holders of the new preferred stock will not be entitled to any dividends, whether payable in cash, property or stock, in excess of the full cumulative dividends described above.

In addition, the Credit Agreement and the notes indenture contain restrictions on the ability of PCA to pay cash dividends on the new preferred stock. Any future credit agreements or other agreements relating to Indebtedness to which PCA becomes a party may contain similar restrictions and provisions. See "Risk Factors--Dividend Restrictions."

VOTING RIGHTS

Holders of the new preferred stock will have no voting rights, except as required by law and as provided in the certificate of designation. Under the certificate of designation, the number of members of PCA's Board of Directors will immediately and automatically increase by two, and the Holders of a majority in Liquidation Preference of the outstanding new preferred stock, voting as a separate class, may elect two members to the Board of Directors of PCA, upon:

(1) the accumulation of accrued and unpaid dividends on the outstanding new preferred stock in an amount equal to three or more full semiannual dividends (whether or not consecutive);

(2) failure by PCA or any of its Restricted Subsidiaries to comply with any mandatory redemption obligation with respect to the new preferred stock, the failure to make a Change of Control Offer or an Asset Sale Offer in accordance with the provisions of the certificate of designation or the failure to repurchase new preferred stock pursuant to such offers;

(3) failure by PCA or any of its Restricted Subsidiaries to comply with any of the other covenants or agreements set forth in the certificate of designation and the continuance of such failure for 30 consecutive days or more after notice from the Holders of at least 25% in aggregate Liquidation Preference of the new preferred stock then outstanding;

(4) default under any mortgage, indenture or instrument under which there is issued and outstanding any Indebtedness for money borrowed by PCA or any of its Restricted Subsidiaries (or the payment of which is guaranteed by PCA or any of its Restricted Subsidiaries), if that default:

   (a) is caused by a failure to pay principal at the final stated maturity of such Indebtedness (a "Payment Default"); or

   (b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more; or

(5) certain events of bankruptcy or insolvency with respect to PCA or any of its Significant Subsidiaries (each of the events described in clauses (1) through (5) being referred to as a "Voting Rights Triggering Event").

Voting rights arising as a result of a Voting Rights Triggering Event will continue until all dividends in arrears on the new preferred stock are paid in full and all other Voting Rights Triggering Events have been cured or waived.

In addition, as provided above under "-Ranking," PCA may not authorize, create (by way of reclassification or otherwise) or issue any Senior Securities or Parity Securities, or any obligation or security convertible into or evidencing a right to purchase any Senior Securities or Parity Securities, without the affirmative vote or consent of the Holders of a majority in Liquidation Preference of the then outstanding shares of new preferred stock.

EXCHANGE FEATURE

On any dividend payment date, PCA may exchange all and not less than all of the shares of then outstanding new preferred stock for subordinated exchange debentures if:

(1) on the date of the exchange, there are no accumulated and unpaid dividends on the new preferred stock (including the dividend payable on that date) or other contractual impediments to the exchange;

(2) the exchange does not immediately cause:

(a) a Default or Event of Default (each as defined in the subordinated exchange debentures indenture) under the subordinated exchange debentures indenture;

(b) a default or event of default under any Credit Facility or the notes indenture; and

(c) a default or event of default under any material instrument governing Indebtedness of PCA or any of its Restricted Subsidiaries that is outstanding at the time;

(3) the subordinated exchange debentures indenture has been duly authorized, executed and delivered by PCA and U.S. Trust Company of Texas, N.A. the exchange trustee, and is a legal, valid and binding agreement of PCA;

(4) the subordinated exchange debentures indenture has been qualified under the Trust Indenture Act, if qualification is required at the time of exchange; and

(5) PCA has delivered a written opinion to the exchange trustee stating that all conditions to the exchange have been satisfied and as to such other matters as the exchange trustee shall reasonably request.

The Credit Agreement currently prohibits and the notes indenture currently restricts the exchange of the new preferred stock. Agreements governing other Indebtedness of PCA and its Subsidiaries may restrict PCA's ability to exchange the new preferred stock in the future. See "Description of Senior Credit Facility" and "Description of Exchange Notes."

Upon any exchange pursuant to the preceding paragraph, Holders of outstanding new preferred stock will be entitled to receive:

(1) a principal amount of subordinated exchange debentures equal to the aggregate Liquidation Preference of the new preferred stock held by such Holder; PLUS

(2) without duplication, any accrued and unpaid dividends on such shares.

The subordinated exchange debentures will be:

(1) issued in registered form, without coupons; and

(2) issued in principal amounts of $1,000 and integral multiples thereof to the extent possible and any other principal amount to the extent necessary, PROVIDED that PCA may pay cash in lieu of issuing subordinated exchange debenture having a principal amount that is less than $1,000.

For a description of the subordinated exchange debentures, see "-Description of Subordinated Exchange Debentures."

PCA will send notice of its intention to exchange, by first class mail, postage prepaid, to each Holder of new preferred stock at its registered address not more than 60 days nor less than 30 days prior to the Exchange Date. In addition to any information required by law or by the applicable rules of any exchange upon which new preferred stock may be listed or admitted to trading, the notice will state:

(1) the Exchange Date;

(2) the place or places where certificates for such stock are to be surrendered for exchange, including any procedures applicable to exchanges to be accomplished through book-entry transfers; and

(3) that dividends on the new preferred stock to be exchanged will cease to accrue on the Exchange Date.

If notice of any exchange has been properly given, and if on or before the Exchange Date the subordinated exchange debentures have been duly executed and authenticated and an amount in cash or additional new preferred stock (as applicable) equal to all accrued and unpaid dividends, if any, thereon to the Exchange Date has been deposited with the transfer agent, then on and after the close of business on the Exchange Date:

(1) the new preferred stock to be exchanged will no longer be considered outstanding and may subsequently be issued in the same manner as the other authorized but unissued preferred stock, but not as new preferred stock; and

(2) all rights of the Holders as stockholders of PCA will cease, except their right to receive upon surrender of their certificates the subordinated exchange debentures and all accrued and unpaid dividends, if any, thereon to the Exchange Date.

MANDATORY REDEMPTION

On April 1, 2010 (the "Mandatory Redemption Date"), PCA will be required to redeem (subject to it having sufficient legally available funds and subject to compliance with the Credit Agreement, the notes indenture, the subordinated exchange debentures indenture and any Credit Facility entered into by PCA and its Restricted Subsidiaries after the Issue Date) all outstanding new preferred stock at a price in cash equal to the Liquidation Preference, plus accrued and unpaid dividends and Liquidated Damages, if any, to the date of redemption. PCA will not be required to make sinking fund payments with respect to the new preferred stock.

The Credit Agreement and the notes indenture currently restrict the redemption of the new preferred stock and agreements governing additional indebtedness may restrict PCA's ability to redeem the new preferred stock in the future. See "Description of Senior Credit Facility" and "Description of Exchange Notes."

OPTIONAL REDEMPTION

At any time prior to April 1, 2002, PCA may on any one occasion redeem all, or on any one or more occasions redeem up to 35% of the then outstanding aggregate Liquidation Preference of new preferred stock at a redemption price of 112.375% of the Liquidation Preference thereof, plus accrued and unpaid dividends and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more offerings of common stock of PCA or a capital contribution to PCA's common equity made with the net cash proceeds of an offering of common stock of PCA's direct or indirect parent or with Timberlands Net Proceeds (which amount

shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the fifth paragraph described under the caption "-Repurchase at the Option of Holders-Asset Sales"); PROVIDED that

(1) except in the case of a redemption of all of the then outstanding new preferred stock, at least 65% of the aggregate Liquidation Preference of the new preferred stock issued under the certificate of designation remains outstanding immediately after the occurrence of such redemption (excluding new preferred stock held by PCA and its Subsidiaries); and

(2) the redemption must occur within 60 days of the date of the closing of such offering or the making of such capital contribution or the consummation of a Timberlands Sale.

Prior to April 1, 2004, PCA may also redeem the new preferred stock, as a whole but not in part, upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior written notice, at a redemption price equal to 100% of the Liquidation Preference thereof plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, thereon, to the date of redemption.

Except pursuant to the preceding paragraphs, the new preferred stock will not be redeemable at PCA's option prior to April 1, 2004. Nothing in the certificate of designation prohibits PCA from acquiring the new preferred stock by means other than a redemption, whether pursuant to an issuer tender offer or otherwise, assuming such acquisition does not otherwise violate the terms of the certificate of designation.

After April 1, 2004, PCA may redeem all or a part of the new preferred stock upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of the Liquidation Preference) set forth below plus accrued and unpaid dividends and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below:

YEAR	PERCENTAGE
2004	106.1875%
2005	104.6406%
2006	103.0938%
2007	101.5469%
2008 and thereafter	100.0000%

The Credit Agreement and the notes indenture currently restrict the redemption of the new preferred stock and the agreements governing additional indebtedness may restrict PCA's ability to redeem the new preferred stock in the future. See "Description of Senior Credit Facility" and "Description of Exchange Notes."

LIQUIDATION RIGHTS

Each Holder of the new preferred stock will be entitled to payment, out of the assets of PCA available for distribution (after giving effect to the prior payment of all Indebtedness and other claims), of an amount equal to the Liquidation Preference of the new preferred stock held by such Holder, plus accrued and unpaid dividends and Liquidated Damages, if any, to the date fixed for liquidation, dissolution, winding up or reduction or decrease in capital stock, before any distribution is made on any Junior Securities, including, without limitation, common stock of PCA, upon any:

(1) voluntary or involuntary liquidation, dissolution or winding up of the affairs of PCA; or

(2) reduction or decrease in PCA's capital stock resulting in a distribution of assets to the holders of any class or series of PCA's capital stock (a "reduction or decrease in capital stock").

After payment in full of the Liquidation Preference and all accrued and unpaid dividends and Liquidated Damages, if any, to which Holders of new preferred stock are entitled, such Holders may not further participate in any distribution of assets of PCA. However, neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of PCA

nor the consolidation or merger of PCA with or into one or more Persons will be a voluntary or involuntary liquidation, dissolution or winding up of PCA or reduction or decrease in capital stock, unless such sale, conveyance, exchange or transfer is in connection with a liquidation, dissolution or winding up of the business of PCA or reduction or decrease in capital stock.

The certificate of designation does not contain any provision requiring funds to be set aside to protect the Liquidation Preference of the new preferred stock, although such Liquidation Preference will be substantially in excess of the par value of the new preferred stock.

REPURCHASE AT THE OPTION OF HOLDERS

CHANGE OF CONTROL

If a Change of Control occurs, each Holder of new preferred stock will have the right to require PCA to repurchase all or any part (but not any fractional shares) of that Holder's new preferred stock pursuant to a Change of Control Offer on the terms set forth in the certificate of designation. In the Change of Control Offer, PCA will offer a Change of Control Payment in cash equal to 101% of the aggregate Liquidation Preference of new preferred stock repurchased plus accrued and unpaid dividends and Liquidated Damages, if any, thereon, to the date of purchase. Within 30 days following any Change of Control, PCA will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase new preferred stock on the Change of Control Payment Date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by the certificate of designation and described in such notice. PCA will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the new preferred stock as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the certificate of designation, PCA will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the certificate of designation by virtue of such conflict.

On the Change of Control Payment Date, PCA will, to the extent lawful:

(1) accept for payment all new preferred stock or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all new preferred stock or portions thereof so tendered; and

(3) deliver or cause to be delivered to the transfer agent the new preferred stock so accepted together with an Officers' Certificate stating the Liquidation Preference of new preferred stock or portions thereof being purchased by PCA.

The paying agent will promptly mail to each Holder of new preferred stock so tendered the Change of Control Payment for such new preferred stock, and the transfer agent will promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new certificate representing the new preferred stock equal in Liquidation Preference to any unpurchased portion of the new preferred stock surrendered, if any.

Prior to complying with any of the provisions of this "Change of Control" covenant, but in any event within 90 days following a Change of Control, PCA will either repay all outstanding Exchange Debenture Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Exchange Debenture Senior Debt to permit the repurchase of new preferred stock required by this covenant. PCA will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

PCA shall first comply with the covenant in the first sentence in the immediately preceding paragraph before it shall be required to repurchase new preferred stock pursuant to the provisions described above. PCA's failure to

comply with the covenant described in the immediately preceding sentence may (with notice and lapse of time) constitute a Voting Rights Triggering Event described in clause (3) but shall not constitute a Voting Rights Triggering Event described under clause (2) under the caption "-Voting Rights."

The provisions described above that require PCA to make a Change of Control Offer following a Change of Control will be applicable regardless of whether any other provisions of the Certificate of Designation are applicable. Except as described above with respect to a Change of Control, the certificate of designation does not contain provisions that permit the Holders of new preferred stock to require that PCA repurchase or redeem new preferred stock in the event of a takeover, recapitalization or similar transaction.

PCA will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the certificate of designation applicable to a Change of Control Offer made by PCA and purchases all new preferred stock validly tendered and not withdrawn under such Change of Control Offer.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of "all or substantially all" of the properties or assets of PCA and its Restricted Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all," there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a Holder of new preferred stock to require PCA to repurchase such new preferred stock as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of PCA and its Restricted Subsidiaries taken as a whole to another Person or group may be uncertain.

ASSET SALES

PCA will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) PCA (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale which, taken as a whole, is at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) such fair market value is determined by PCA's Board of Directors and evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the transfer agent; and

(3) at least 75% of the consideration therefor received by PCA or such Restricted Subsidiary is in the form of cash or Cash Equivalents or Marketable Securities. For purposes of this provision, each of the following shall be deemed to be cash:

   (a) any liabilities (as shown on PCA's or such Restricted Subsidiary's most recent balance sheet) of PCA or any Restricted Subsidiary (other than contingent liabilities) that are assumed by the transferee of any such assets;

   (b) any securities, notes or other obligations received by PCA or any such Restricted Subsidiary from such transferee that are converted, sold or exchanged by PCA or such Restricted Subsidiary into cash within 30 days of the related Asset Sale (to the extent of the cash received in that conversion); and

   (c) any Designated Noncash Consideration received by PCA or any of its Restricted Subsidiaries in such Asset Sale having an aggregate fair market value, taken together with all other Designated Noncash Consideration received since the Issue Date pursuant to this clause (c) that is at that time outstanding, not to exceed 10% of Total Assets at the time of the receipt of such Designated Noncash Consideration (with the fair market value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, PCA may apply such Net Proceeds at its option:

(1) to repay Exchange Debenture Senior Debt and, if the Exchange Debenture Senior Debt repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

(2) to invest in or to acquire other properties or assets to replace the properties or assets that were the subject of the Asset Sale or that will be used in businesses of PCA or its Restricted Subsidiaries, as the case may be, existing at the time such assets are sold;

(3) to make a capital expenditure or commit, or cause such Restricted Subsidiary to commit, to make a capital expenditure (such commitments to include amounts anticipated to be expended pursuant to PCA's capital investment plan as adopted by the Board of Directors of PCA) within 24 months of such Asset Sale; or

(4) to make a Timberlands Repurchase in accordance with the first paragraph described under the caption "-Optional Redemption."

Pending the final application of any such Net Proceeds, PCA may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by the certificate of designation.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the two preceding paragraphs will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $25.0 million, PCA will make an Asset Sale Offer to all Holders of new preferred stock and all holders of Parity Securities containing provisions similar to those set forth in the certificate of designation with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum amount of new preferred stock and such other Parity Securities that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the Liquidation Preference plus accrued and unpaid dividends and Liquidated Damages, if any, to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, PCA may use such Excess Proceeds for any purpose not otherwise prohibited by the certificate of designation. If the aggregate Liquidation Preference of new preferred stock and such other Parity Securities tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the transfer agent shall select the new preferred stock and such other Parity Securities to be purchased on a pro rata basis based on the Liquidation Preference of new preferred stock and such other Parity Securities tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

Notwithstanding the four preceding paragraphs, PCA will be permitted to apply Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the first paragraph described under the caption "-Optional Redemption") to repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any Equity Interests of PCA, or repurchase or redeem subordinated exchange debentures if:

(1) the repurchase, redemption, dividend or return of capital is consummated within 90 days of the final sale of such Timberlands Sale;

(2) PCA's Debt and new preferred stock to Cash Flow Ratio at the time of such Timberlands Repurchase, after giving pro forma effect to (a) such repurchase, redemption, dividend or return of capital, (b) the Timberlands Sale and the application of the net proceeds therefrom and (c) any increase or decrease in fiber, stumpage or similar costs as a result of the Timberlands Sale as if the same had occurred at the beginning of the most recently ended four full fiscal quarter period of PCA for which internal financial statements are available, would have been no greater than 5.0 to 1; and

(3) in the case of a repurchase or redemption of all of the then outstanding new preferred stock or subordinated exchange debentures, no Timberlands Net Proceeds have been previously applied to repurchase or redeem, or pay a dividend on, or return of capital with respect to, any other Equity Interests of PCA.

PCA will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of new preferred stock pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sales provisions of the certificate of designation, PCA will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the certificate of designation by virtue of such conflict.

The agreements governing PCA's outstanding Exchange Debenture Senior Debt currently prohibit PCA from purchasing any new preferred stock, and also provides that certain change of control or asset sale events with respect to PCA would constitute a default under these agreements. Any future credit agreements or other agreements relating to Exchange Debenture Senior Debt to which PCA becomes a party may contain similar restrictions and provisions. In the event a Change of Control or Asset Sale occurs at a time when PCA is prohibited from purchasing new preferred stock, PCA could seek the consent of its senior lenders to the purchase of new preferred stock or could attempt to refinance the borrowings that contain such prohibition. If PCA does not obtain such a consent or repay such borrowings, PCA will remain prohibited from purchasing new preferred stock. In such case, PCA's failure to purchase tendered new preferred stock would constitute a Voting Rights Triggering Event under the certificate of designation and the Holders of a majority of the outstanding new preferred stock, voting as a separate class, would be entitled to elect two members to the Board of Directors of PCA.

SELECTION AND NOTICE

If less than all of the new preferred stock is to be redeemed at any time, the transfer agent will select new preferred stock for redemption as follows:

(1) if the new preferred stock is listed, in compliance with the requirements of the principal national securities exchange on which the new preferred stock is listed; or

(2) if the new preferred stock is not so listed, on a pro rata basis, by lot or by such method as the transfer agent shall deem fair and appropriate.

No shares of new preferred stock shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of new preferred stock to be redeemed at its registered address. Notices of redemption may not be conditional.

If any new preferred stock is to be redeemed in part only, the notice of redemption that relates to that new preferred stock shall state the portion of the Liquidation Preference thereof to be redeemed. A new certificate with an aggregate Liquidation Preference equal to the unredeemed portion of the original certificate evidencing new preferred stock presented for redemption will be issued in the name of the Holder thereof upon cancellation of the certificate. New preferred stock called for redemption become due on the date fixed for redemption. On and after the redemption date, dividends cease to accrue on new preferred stock or portions thereof called for redemption.

CERTAIN COVENANTS

RESTRICTED PAYMENTS

PCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of PCA's or any of its Restricted Subsidiaries' Equity Interests (other than the new preferred stock) including, without limitation, any payment in connection with any merger or consolidation involving PCA or any of its Restricted Subsidiaries or to the direct or indirect holders of PCA's or any of its Restricted Subsidiaries' Equity Interests (other than the new preferred stock in their capacity as such) other than dividends or distributions payable (a) in Equity Interests (other than Disqualified Stock) of PCA or (b) to PCA or a Restricted Subsidiary of PCA;

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving PCA) any Equity Interests of PCA or any direct or indirect parent of PCA other than new preferred stock; or

(3) make any Restricted Investment (all such payments and other actions set forth in clauses (1) through (3) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment:

(1) no Voting Rights Triggering Event shall have occurred and be continuing or would occur as a consequence thereof; and

(2) PCA would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described below under the caption "-Incurrence of Indebtedness and Issuance of Preferred Stock;" and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by PCA and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (2), (3) and (4) of the next succeeding paragraph), is less than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of PCA for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the Issue Date to the end of PCA's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), PLUS

(b) 100% of the aggregate net cash proceeds received by PCA since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of PCA (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of PCA that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of PCA), together with the net proceeds received by PCA upon such conversion or exchange, if any, PLUS

(c) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment.

The preceding provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of the certificate of designation;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any Equity Interests of PCA in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of PCA) of, Equity Interests of PCA (other than Disqualified Stock); PROVIDED that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (3) (b) of the preceding paragraph;

(3) so long as no Voting Rights Triggering Event has occurred and is continuing or would be caused thereby, any Timberlands Repurchase pursuant to and in accordance with the fifth paragraph described under the caption "--Repurchase at the Option of Holders--Asset Sales;"

(4) the payment of any dividend by a Restricted Subsidiary of PCA to the holders of its common Equity Interests on a pro rata basis;

(5) so long as no Voting Rights Triggering Event has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of PCA or any Restricted Subsidiary of PCA held by any current or former officers, directors or employees of PCA (or any of its Restricted Subsidiaries') pursuant to any management equity subscription agreement, stock option agreement or stock plan entered into in the ordinary course of business; PROVIDED that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $5.0 million in any calendar year;

(6) repurchases of Equity Interests of PCA deemed to occur upon exercise of stock options to the extent Equity Interests represent a portion of the exercise price of such options;

(7) cash payments, advances, loans or expense reimbursements made to PCA Holdings to permit PCA Holdings to pay its general operating expenses (other than management, consulting or similar fees payable to Affiliates of PCA), franchise tax obligations, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of its business in an amount not to exceed $1.0 million in the aggregate in any fiscal year; and

(8) so long as no Voting Rights Triggering Event has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed $25.0 million since the Issue Date.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by PCA or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant shall be determined by the Board of Directors whose resolution with respect thereto shall be conclusive. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds $25.0 million.

INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK

PCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and PCA will not issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; PROVIDED, HOWEVER, that PCA may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Restricted Subsidiaries of PCA may incur Indebtedness or issue preferred stock, if the Fixed Charge Coverage Ratio for PCA's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1 or, if a Timberlands Repurchase has occurred, 2.25 to 1, in either case determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the preferred stock or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness, which we refer to as the certificate of designation permitted debt:

(1) the incurrence by PCA and its Restricted Subsidiaries of additional Indebtedness under Credit Facilities and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the face amount) not to exceed $1.51 billion LESS the aggregate amount of all Net Proceeds of Asset Sales that have been applied by PCA or any of its Restricted Subsidiaries since the Issue Date to

permanently repay Indebtedness under a Credit Facility pursuant to the covenant described above under the caption "-Repurchase at the Option of Holders-Asset Sales" and LESS the amount of Indebtedness outstanding under clause (18) below; PROVIDED that the amount of Indebtedness permitted to be incurred pursuant to Credit Facilities in accordance with this clause (1) shall be in addition to any Indebtedness permitted to be incurred pursuant to Credit Facilities, in reliance on, and in accordance with, clauses (4) and (19) below or in the first paragraph of this covenant;

(2) the incurrence by PCA and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by PCA and its Restricted Subsidiaries of Indebtedness represented by the exchange notes and the related subsidiary guarantees;

(4) the incurrence by PCA or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of PCA or such Restricted Subsidiary, in an aggregate principal amount (which amount may, but need not be, incurred in whole or in part under Credit Facilities), including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of 7.5% of Total Assets as of the date of incurrence and $50.0 million at any time outstanding;

(5) the incurrence by PCA or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, Indebtedness (other than intercompany Indebtedness) that was permitted by the Certificate of Designation to be incurred under the first paragraph of this covenant or clauses (2), (3), (4), (15) or (19) of this paragraph;

(6) the incurrence by PCA or any of its Restricted Subsidiaries of intercompany Indebtedness between or among PCA and any of its Restricted Subsidiaries; PROVIDED, HOWEVER, that each of the following shall be deemed, in each case, to constitute an incurrence of such Indebtedness by PCA or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6):

   (a) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than PCA or a Restricted Subsidiary thereof; and

   (b) any sale or other transfer of any such Indebtedness to a Person that is not either PCA or a Restricted Subsidiary thereof;

(7) the incurrence by PCA or any of its Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate risk with respect to any floating or fixed rate Indebtedness that is permitted by the terms of the certificate of designation to be outstanding and the incurrence of Indebtedness under Other Hedging Agreements providing protection against fluctuations in currency values or in the price of energy, commodities and raw materials in connection with PCA's or any of its Restricted Subsidiaries' operations so long as management of PCA or such Restricted Subsidiary, as the case may be, has determined that the entering into of such Other Hedging Agreements are bona fide hedging activities;

(8) the guarantee by PCA or any of its Restricted Subsidiaries of Indebtedness of PCA or a Restricted Subsidiary of PCA that was permitted to be incurred by another provision of this covenant;

(9) the incurrence by PCA's Unrestricted Subsidiaries of Non-Recourse Debt, PROVIDED, HOWEVER, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, such event shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of PCA that was not permitted by this clause (9);

(10) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; PROVIDED, in each such case, that the amount thereof is included in Fixed Charges and Consolidated Indebtedness of PCA as accrued;

(11) the incurrence by PCA of Indebtedness and the issuance by PCA of preferred stock, in each case, that is deemed to be incurred or issued, as the case may be, in connection with the Contribution;

(12) the incurrence by PCA or any of its Restricted Subsidiaries of obligations pursuant to foreign currency agreements entered into in the ordinary course of business and not for speculative purposes;

(13) Indebtedness arising from agreements of PCA or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; PROVIDED, HOWEVER, that (a) such Indebtedness is not reflected on the balance sheet of PCA or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (a)) and (b) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds including noncash proceeds (the fair market value of such noncash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by PCA and its Restricted Subsidiaries in connection with such disposition;

(14) the incurrence of obligations in respect of performance and surety bonds and completion guarantees provided by PCA or any of its Restricted Subsidiaries in the ordinary course of business;

(15) the incurrence of Indebtedness by any Restricted Subsidiary that is organized outside of the United States in connection with the acquisition of assets or a new Restricted Subsidiary in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (15), not to exceed $25.0 million at any one time outstanding; PROVIDED that such Indebtedness was incurred by the prior owner of such asset or such Restricted Subsidiary prior to such acquisition by the Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such acquisition by the Restricted Subsidiary;

(16) the incurrence of Indebtedness consisting of guarantees of loans made to management for the purpose of permitting management to purchase Equity Interests of PCA, in an amount not to exceed $7.5 million at any one time outstanding;

(17) Indebtedness of PCA that may be deemed to exist under the Contribution Agreement as a result of PCA's obligation to pay purchase price adjustments; PROVIDED that the incurrence of Indebtedness to pay the purchase price adjustment shall be deemed to constitute an incurrence of Indebtedness that was not permitted by this clause (17);

(18) the incurrence of Indebtedness by a Receivables Subsidiary in a Qualified Receivables Transaction that is not recourse to PCA or any of its Subsidiaries (except for Standard Securitization Undertakings); PROVIDED that the aggregate principal amount of Indebtedness outstanding under this clause (18) and clause (1) above does not exceed $1.51 billion LESS the aggregate amount of all Net Proceeds of Asset Sales that have been applied by PCA or any of its Restricted Subsidiaries since the Issue Date to permanently repay Indebtedness under a Credit Facility pursuant to the covenant described above under the caption "--Repurchase at the Option of Holders--Asset Sales;" and

(19) the incurrence by PCA of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) (which amount may, but need not be, incurred in whole or in part under the Credit Facilities) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (19), not to exceed $75.0 million.

For purposes of determining compliance with this "Incurrence of Indebtedness and Issuance of Preferred Stock" covenant, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of certificate of designation permitted debt described in clauses (1) through (19) above, or is entitled to be incurred pursuant to the first paragraph of this covenant, PCA will be permitted to classify or later reclassify such item of Indebtedness in any manner that complies with this covenant. Indebtedness under Credit Facilities outstanding on the Issue Date shall be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of certificate of designation permitted debt.

DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES

PCA will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to PCA or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to PCA or any of its Restricted Subsidiaries;

(2) make loans or advances to PCA or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to PCA or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

(1) Existing Indebtedness as in effect on the Issue Date;

(2) the notes indenture, the exchange notes and the subsidiary guarantees of the exchange notes;

(3) the certificate of designation;

(4) applicable law;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by PCA or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, PROVIDED that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the certificate of designation to be incurred;

(6) non-assignment provisions in leases, licenses or similar agreements entered into in the ordinary course of business and consistent with past practices;

(7) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Liens securing Indebtedness that limit the right of the debtor to dispose of the assets subject to such Lien;

(10) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, assets sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business;

(11) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(12) the Credit Agreement as in effect on the Issue Date;

(13) restrictions on the transfer of assets subject to any Lien permitted under the certificate of designation imposed by the holder of such Lien;

(14) any Purchase Money Note or other Indebtedness or other contractual requirements of a Receivables Subsidiary in connection with a Qualified Receivables Transaction; PROVIDED that such restrictions apply only to such Receivables Subsidiary;

(15) encumbrances or restrictions existing under or arising pursuant to Credit Facilities entered into in accordance with the certificate of designation or the subordinated exchange debentures indenture, as applicable; PROVIDED that the encumbrances or restrictions in such Credit Facilities are not materially more restrictive than those contained in the Credit Agreement as in effect on the Issue Date; and

(16) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (15) above; PROVIDED, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Board of Directors of PCA, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in the dividends or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

MERGER, CONSOLIDATION OR SALE OF ASSETS

PCA may not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not PCA is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of PCA and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) PCA is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than PCA) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than PCA) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of PCA under the new preferred stock, the certificate of designation and the preferred stock registration rights agreement pursuant to agreements reasonably satisfactory to the transfer agent;

(3) immediately after such transaction no Voting Rights Triggering Event exists; and

(4) PCA or the Person formed by or surviving any such consolidation or merger (if other than PCA), or to which such sale, assignment, transfer, conveyance or other disposition shall have been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of the covenant described above under the caption "-Incurrence of Indebtedness and Issuance of Preferred Stock."

In addition, PCA may not, directly or indirectly, lease all or substantially all of the properties or assets of PCA and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to any other Person. This "Merger, Consolidation or Sale of Assets" covenant will not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among PCA and any of its Wholly Owned Restricted Subsidiaries.

DESIGNATION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Voting Rights Triggering Event. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by PCA and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and will either reduce the amount available for Restricted Payments under the first paragraph of the covenant described above under the caption "-Restricted Payments" or reduce the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as PCA shall determine. That designation will only be permitted if such Investment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Voting Rights Triggering Event.

TRANSACTIONS WITH AFFILIATES

PCA will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

(1) such Affiliate Transaction is on terms taken as a whole that are no less favorable to PCA or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by PCA or such Restricted Subsidiary with an unrelated Person; and

(2) PCA delivers to the transfer agent:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $5.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, an opinion as to the fairness to the Holders of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal, investment banking or advisory firm of national standing; PROVIDED that this clause (b) shall not apply to transactions with TPI and its subsidiaries in the ordinary course of business at a time when Madison Dearborn Partners, LLC and its Affiliates are entitled, directly or indirectly, to elect a majority of the Board of Directors of PCA.

The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the first paragraph of this covenant:

(1) any employment agreement entered into by PCA or any of its Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of PCA or such Restricted Subsidiary;

(2) transactions between or among PCA and/or its Restricted Subsidiaries;

(3) transactions with a Person that is an Affiliate of PCA solely because PCA owns an Equity Interest in such Person;

(4) payment of reasonable directors fees to Persons who are not otherwise Affiliates of PCA;

(5) sales of Equity Interests (other than Disqualified Stock) to Affiliates of PCA;

(6) the payment of transaction, management, consulting and advisory fees and related expenses to Madison Dearborn Partners, LLC and its Affiliates; PROVIDED that such fees shall not, in the aggregate, exceed $15.0 million (plus out-of-pocket expenses) in connection with the Contribution or $2.0 million in any twelve-month period commencing after the date of the Contribution;

(7) the payment of fees and expenses related to the Contribution other than fees and expenses paid to Madison Dearborn Partners, LLC and its Affiliates;

(8) Restricted Payments that are permitted by the provisions of the certificate of designation described above under the caption "-Restricted Payments;"

(9) transactions described in clause (11) of the definition of Permitted Investments;

(10) reasonable fees and expenses and compensation paid to, and indemnity provided on behalf of, officers, directors or employees of PCA or any Subsidiary as determined in good faith by the Board of Directors of PCA or senior management;

(11) payments made to PCA Holdings for the purpose of allowing PCA Holdings to pay its general operating expenses, franchise tax obligations, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of its business in an amount not to exceed $1.0 million in the aggregate in any fiscal year;

(12) transactions contemplated by the Contribution Agreement and the Transaction Agreements as the same were in effect on the Issue Date;

(13) transactions in connection with a Qualified Receivables Transaction; and

(14) transactions with either of the Initial Purchasers or any of their respective Affiliates.

SALE AND LEASEBACK TRANSACTIONS

PCA will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; PROVIDED that PCA or any Restricted Subsidiary may enter into a sale and leaseback transaction if:

(1) either (a) PCA or that Restricted Subsidiary, as applicable, could have incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Fixed Charge Coverage Ratio test in the first paragraph of the covenant described above under the caption "-Incurrence of Indebtedness and Issuance of Preferred Stock" or (b) the Net Proceeds of such sale and leaseback transaction are applied to repay outstanding Exchange Debenture Senior Debt; and

(2) the transfer of assets in that sale and leaseback transaction is permitted by, and PCA applies the net proceeds of such transaction in compliance with, the covenant described above under the caption "-Repurchase at the Option of Holders-Asset Sales."

BUSINESS ACTIVITIES

PCA will not, and will not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses, except to such extent as would not be material to PCA and its Restricted Subsidiaries taken as a whole.

REPORTS

Whether or not required by the Commission, so long as any new preferred stock is outstanding, PCA will furnish to the Holders of new preferred stock, within the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if PCA were required to file such Forms, including a

"Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by PCA's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K if PCA were required to file such reports.

If PCA has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of PCA and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of PCA.

TRANSFER AND EXCHANGE

A Holder may transfer or exchange new preferred stock in accordance with the certificate of designation if the requirements of the transfer agent for such transfer or exchange are met. The transfer agent may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and PCA may require a Holder to pay any taxes and fees required by law or permitted by the certificate of designation.

AMENDMENT, SUPPLEMENT AND WAIVER

Except as provided in the next two succeeding paragraphs, the certificate of designation or the new preferred stock may be amended or supplemented with the consent of the Holders of at least a majority in aggregate Liquidation Preference of the new preferred stock then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, new preferred stock), and any existing default or compliance with any provision of the certificate of designation or the new preferred stock may be waived with the consent of the Holders of a majority in aggregate Liquidation Preference of the then outstanding new preferred stock (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, new preferred stock).

Without the consent of each Holder affected, an amendment or waiver may not (with respect to any new preferred stock held by a non-consenting Holder):

(1) alter the voting rights with respect to the new preferred stock or reduce the number of shares of new preferred stock whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the Liquidation Preference of or change the Mandatory Redemption Date of any new preferred stock or alter the provisions with respect to the redemption of the new preferred stock (other than provisions relating to the covenants described above under the caption "-Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of dividends on any new preferred stock;

(4) waive a default in the payment of Liquidation Preference of, or dividends or premium or Liquidated Damages, if any, on the new preferred stock;

(5) make any new preferred stock payable in any form or money other than that stated in the certificate of designation;

(6) waive a redemption payment with respect to any new preferred stock (other than a payment required by one of the covenants described above under the caption "-Repurchase at the Option of Holders"); or

(7) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any Holder of new preferred stock, PCA may (to the extent permitted by Delaware law) amend or supplement the certificate of designation:

(1) to cure any ambiguity, defect, error or inconsistency;

(2) to provide for uncertificated new preferred stock in addition to or in place of certificated new preferred stock;

(3) to provide for the assumption of PCA's obligations to Holders of new preferred stock in the case of a merger or consolidation or sale of all or substantially all of PCA's assets; or

(4) to make any change that would provide any additional rights or benefits to the Holders of new preferred stock or that does not adversely affect the legal rights under the certificate of designation of any such Holder.

REISSUANCE

New preferred stock redeemed or otherwise acquired or retired by PCA will assume the status of authorized but unissued preferred stock and may thereafter be reissued in the same manner as the other authorized but unissued preferred stock, but not as new preferred stock.

ADDITIONAL INFORMATION

Anyone who receives this prospectus may obtain a copy of the certificate of designation and subordinated exchange debentures indenture without charge by writing to Packaging Corporation of America, 1900 West Field Court, Lake Forest, Illinois 60045, Attention: Chief Financial Officer.

SUBORDINATED EXCHANGE DEBENTURES

The subordinated exchange debentures:

- will be general unsecured obligations of PCA; and

- will be subordinated in right of payment to all existing and future Exchange Debenture Senior Debt of PCA.

The subordinated exchange debentures will not be guaranteed by any of PCA's subsidiaries.

PCA will issue the subordinated exchange debentures under a subordinated exchange debentures indenture between itself and the exchange trustee. The terms of the subordinated exchange debentures include those stated in the subordinated exchange debentures indenture and those made part of the subordinated exchange debentures indenture by reference to the Trust Indenture Act.

The following description is a summary of the material provisions of the subordinated exchange debentures indenture. It does not restate that agreement in its entirety. We urge you to read the subordinated exchange debentures indenture because it, and not this description, defines your rights as holders of the subordinated exchange debentures. Copies of the subordinated exchange debentures indenture are available as set forth below under "-Additional Information." Certain defined terms used in this description but not defined below under "-Certain Definitions" have the meanings assigned to them in the subordinated exchange debentures indenture.

PRINCIPAL, MATURITY AND INTEREST

The subordinated exchange debentures indenture provides for the issuance by PCA of subordinated exchange debentures only in exchange for new preferred stock and to pay interest on outstanding subordinated exchange debentures as described below. The subordinated exchange debentures will mature on April 1, 2010.

Interest on the subordinated exchange debentures will accrue at the rate of 12 3/8% per annum and will be payable semi-annually in arrears on April 1 and October 1, commencing on April 1, 1999. PCA will make each interest payment to the Holders of record on the immediately preceding March 15 and September 15.

On or prior to April 1, 2004, PCA may, at its option, make interest payments:

(1) in cash; or

(2) in additional subordinated exchange debentures having an aggregate principal amount equal to the amount of such interest.

After April 1, 2004, PCA will pay interest in cash only. PCA does not expect to pay any interest in cash before April 1, 2004.

Interest on the subordinated exchange debentures will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

METHODS OF RECEIVING PAYMENTS ON THE SUBORDINATED EXCHANGE DEBENTURES

If a Holder of at least $1.0 million in aggregate principal amount of the subordinated exchange debentures has given wire transfer instructions to PCA, PCA will pay all principal, interest and premium and Liquidated Damages, if any, on that Holder's subordinated exchange debentures in accordance with those instructions. All other payments on subordinated exchange debentures will be made at the office or agency of the paying agent and registrar within the City and State of New York unless PCA elects to make interest payments by check mailed to the Holders at their addresses set forth in the register of Holders.

PAYING AGENT AND REGISTRAR FOR THE SUBORDINATED EXCHANGE DEBENTURES

The exchange trustee will initially act as paying agent and registrar. PCA may change the paying agent or registrar without prior notice to the Holders, and PCA or any of its Subsidiaries may act as paying agent or registrar.

TRANSFER AND EXCHANGE

A Holder may transfer or exchange subordinated exchange debentures in accordance with the subordinated exchange debentures indenture. The registrar and the exchange trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and PCA may require a Holder to pay any taxes and fees required by law or permitted by the subordinated exchange debentures indenture. PCA is not required to transfer or exchange any subordinated exchange debenture selected for redemption. Also, PCA is not required to transfer or exchange any subordinated exchange debenture for a period of 15 days before a selection of subordinated exchange debentures to be redeemed.

The registered Holder of a subordinated exchange debenture will be treated as the owner of it for all purposes.

SUBORDINATION

The payment of principal, interest and premium and Liquidated Damages, if any, and any other Obligations on, or relating to the subordinated exchange debentures will be subordinated to the prior payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof) of all Exchange Debenture Senior Debt of PCA, including Exchange Debenture Senior Debt incurred after the Issue Date.

The holders of Exchange Debenture Senior Debt will be entitled to receive payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof) of all Obligations due in respect of Exchange Debenture Senior Debt (including interest after the commencement

of any bankruptcy proceeding at the rate specified in the applicable Exchange Debenture Senior Debt, whether or not such interest is an allowable claim) before the Holders of subordinated exchange debentures will be entitled to receive any payment or distribution of any kind or character with respect to any Obligations on, or relating to, the subordinated exchange debentures (except that Holders of subordinated exchange debentures may receive and retain Permitted Junior Securities and payments made from the trust described under "-Legal Defeasance and Covenant Defeasance" so long as the trust was created in accordance with all relevant conditions specified in the subordinated exchange debentures indenture at the time it was created), in the event of any distribution to creditors of PCA:

(1) in a liquidation or dissolution of PCA;

(2) in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to PCA or its property;

(3) in an assignment for the benefit of creditors; or

(4) in any marshaling of PCA's assets and liabilities.

PCA also may not make any payment or distribution of any kind or character with respect to any Obligations on, or with respect to, the subordinated exchange debentures or acquire any subordinated exchange debentures for cash or property or otherwise (except in Permitted Junior Securities or from the trust described under "-Legal Defeasance and Covenant Defeasance" so long as the trust was created in accordance with all relevant conditions specified in the subordinated exchange debentures indenture at the time it was created) if:

(1) a payment default on Designated Exchange Debenture Senior Debt occurs and is continuing; or

(2) any other default occurs and is continuing on any Designated Exchange Debenture Senior Debt that permits holders of that Designated Exchange Debenture Senior Debt to accelerate its maturity and the exchange trustee receives a notice of such default (an "Exchange Debenture Payment Blockage Notice") from the Representative of that Designated Exchange Debenture Senior Debt.

Payments on and distributions with respect to any Obligations on, or with respect to, the subordinated exchange debentures may and shall be resumed:

(1) in the case of a payment default, upon the date on which the default is cured or waived; and

(2) in case of a nonpayment default, the earlier of (a) the date on which all nonpayment defaults are cured or waived, (b) 179 days after the date of delivery of the applicable Payment Blockage Notice or (c) the exchange trustee receives notice from the Representative for such Designated Exchange Debenture Senior Debt rescinding the Payment Blockage Notice, unless the maturity of any Designated Exchange Debenture Senior Debt has been accelerated.

No new Exchange Debenture Payment Blockage Notice will be effective unless and until at least 360 days have elapsed since the effectiveness of the immediately prior Exchange Debenture Payment Blockage Notice.

No nonpayment default that existed or was continuing on the date of delivery of any Exchange Debenture Payment Blockage Notice to the exchange trustee shall be, or be made, the basis for a subsequent Exchange Debenture Payment Blockage Notice unless such default shall have been cured or waived for a period of not less than 90 consecutive days.

If the exchange trustee or any Holder of the subordinated exchange debentures receives any payment or distribution of assets of any kind or character, whether in cash, properties or securities, in respect of any Obligations with respect to the subordinated exchange debentures (except in Permitted Junior Securities or from the trust described under "-Legal Defeasance and Covenant Defeasance" so long as the trust was created in accordance with all relevant conditions specified in the subordinated exchange debentures indenture at the time it was created) at a time when such payment is prohibited by these subordination provisions, the exchange trustee or the Holder, as the case may be, shall hold the payment in trust for the benefit of the holders of

Exchange Debenture Senior Debt. Upon the proper written request of the holders of Exchange Debenture Senior Debt, the exchange trustee or the Holder, as the case may be, shall forthwith deliver the amounts in trust to the holders of Exchange Debenture Senior Debt (on a pro rata basis based on the aggregate principal amount of Exchange Debenture Senior Debt) or their proper Representative.

PCA must promptly notify holders of Exchange Debenture Senior Debt if payment of the subordinated exchange debentures is accelerated because of an Event of Default.

As a result of the subordination provisions described above, in the event of a bankruptcy, liquidation or reorganization of PCA, Holders of subordinated exchange debentures may recover less ratably than creditors of PCA who are holders of Exchange Debenture Senior Debt. See "Risk Factors-Subordination."

OPTIONAL REDEMPTION

At any time prior to April 1, 2002, PCA may on any one occasion redeem all, or on any one or more occasions redeem up to 35%, of the then outstanding aggregate principal amount of subordinated exchange debentures issued under the subordinated exchange debentures indenture at a redemption price of 112.375% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more offerings of common stock of PCA or a capital contribution to PCA's common equity made with the net cash proceeds of an offering of common stock of PCA's direct or indirect parent or with Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the fifth paragraph described under the caption "-Repurchase at Option of Holders-Asset Sales"); PROVIDED that

(1) except in the case of a redemption of the then outstanding subordinated exchange debentures, at least 65% of the aggregate principal amount of subordinated exchange debentures issued under the subordinated exchange debentures indenture remains outstanding immediately after the occurrence of such redemption (excluding subordinated exchange debentures held by PCA and its Subsidiaries); and

(2) the redemption must occur within 60 days of the date of the closing of such offering, the making of such capital contribution or the consummation of a Timberlands Sale.

Prior to April 1, 2004, PCA may also redeem the subordinated exchange debentures, as a whole but not in part, upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior written notice, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, thereon, to the date of redemption.

Except pursuant to the preceding paragraphs, the subordinated exchange debentures will not be redeemable at PCA's option prior to April 1, 2004. Nothing in the subordinated exchange debentures indenture prohibits PCA from acquiring the subordinated exchange debentures by means other than a redemption, whether pursuant to an issuer tender offer or otherwise, assuming such acquisition does not otherwise violate the terms of the subordinated exchange debentures indenture.

After April 1, 2004, PCA may redeem all or a part of the subordinated exchange debentures upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below:

YEAR	PERCENTAGE
2004	106.1875%
2005	104.6406%
2006	103.0938%
2007	101.5469%
2008 and thereafter	100.0000%

MANDATORY REDEMPTION

PCA is not required to make mandatory redemption or sinking fund payments with respect to the subordinated exchange debentures.

REPURCHASE AT THE OPTION OF HOLDERS

CHANGE OF CONTROL

If a Change of Control occurs, each Holder of subordinated exchange debentures will have the right to require PCA to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of that Holder's subordinated exchange debentures pursuant to a Change of Control Offer on the terms set forth in the subordinated exchange debentures indenture, which terms are substantially identical to those contained in the certificate of designation.

ASSET SALES

PCA will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale except in accordance with an Asset Sale covenant that is substantially identical to the Asset Sale covenant contained in the certificate of designation.

SELECTION AND NOTICE

If less than all of the subordinated exchange debentures are to be redeemed at any time, the exchange trustee will select subordinated exchange debentures for redemption as follows:

(1) if the subordinated exchange debentures are listed, in compliance with the requirements of the principal national securities exchange on which the subordinated exchange debentures are listed; or

(2) if the subordinated exchange debentures are not so listed, on a pro rata basis, by lot or by such method as the exchange trustee shall deem fair and appropriate.

No subordinated exchange debentures of $1,000 or less shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of subordinated exchange debentures to be redeemed at its registered address. Notices of redemption may not be conditional.

If any subordinated exchange debenture is to be redeemed in part only, the notice of redemption that relates to that subordinated exchange debenture shall state the portion of the principal amount thereof to be redeemed. A new subordinated exchange debenture in principal amount equal to the unredeemed portion of the original subordinated exchange debenture will be issued in the name of the Holder thereof upon cancellation of the original subordinated exchange debenture. Subordinated exchange debentures called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on subordinated exchange debentures or portions of them called for redemption.

CERTAIN COVENANTS

The subordinated exchange debentures indenture will contain covenants substantially identical to those contained in the certificate of designation.

EVENTS OF DEFAULT AND REMEDIES

Each of the following will be an Event of Default under the subordinated exchange debentures indenture:

(1) default for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the subordinated exchange debentures, whether or not prohibited by the subordination provisions of the subordinated exchange debentures indenture;

(2) default in payment when due of the principal of, or premium, if any, on the subordinated exchange debentures, whether or not prohibited by the subordination provisions of the subordinated exchange debentures indenture;

(3) failure by PCA or any of its Restricted Subsidiaries to comply with the provisions described under the captions "-Repurchase at the Option of Holders-Change of Control," "-Repurchase at the Option of Holders-Asset Sales" or "-Certain Covenants-Merger, Consolidation or Sale of Assets;"

(4) failure by PCA or any of its Restricted Subsidiaries for 30 days after notice by the exchange trustee or by the Holders of at least 25% in principal amount of the subordinated exchange debentures to comply with any of the other agreements in the subordinated exchange debentures indenture;

(5) default under any mortgage, indenture or instrument under which there is issued and outstanding any Indebtedness for money borrowed by PCA or any of its Restricted Subsidiaries (or the payment of which is guaranteed by PCA or any of its Restricted Subsidiaries), if that default:

(a) is caused by a failure to pay principal at the final stated maturity of such Indebtedness (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more;

(6) failure by PCA or any of its Restricted Subsidiaries to pay final nonappealable judgments aggregating in excess of $25.0 million, which judgments are not paid, discharged or stayed for a period of 90 days; and

(7) certain events of bankruptcy or insolvency with respect to PCA or any of its Significant Subsidiaries.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to PCA, all outstanding subordinated exchange debentures will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the exchange trustee (upon request of Holders of at least 25% in principal amount of the subordinated exchange debentures then outstanding) or the Holders of at least 25% in principal amount of the then outstanding subordinated exchange debentures may declare all the subordinated exchange debentures to be due and payable by notice in writing to PCA and the trustee specifying the respective Event of Default and that such notice is a "notice of acceleration" (the "Acceleration Notice"), and the same (1) shall become immediately due and payable or (2) if there are any amounts outstanding under the Credit Agreement, shall become immediately due and payable upon the first to occur of an acceleration under the Credit Agreement or five Business Days after receipt by PCA and the Representative under the Credit Agreement of such Acceleration Notice but only if such Event of Default is then continuing.

Holders of the subordinated exchange debentures may not enforce the subordinated exchange debentures indenture or the subordinated exchange debentures except as provided in the subordinated exchange debentures indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding subordinated exchange debentures may direct the exchange trustee in its exercise of any trust or power. The exchange trustee may withhold from Holders of the subordinated exchange debentures notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest or Liquidated Damages) if it determines that withholding notice is in their interest.

The Holders of a majority in aggregate principal amount of the subordinated exchange debentures then outstanding by notice to the exchange trustee may on behalf of the Holders of all of the subordinated exchange

debentures waive any existing Default or Event of Default and its consequences under the subordinated exchange debentures indenture except a continuing Default or Event of Default in the payment of interest or Liquidated Damages on, or the principal of, the subordinated exchange debentures.

In the case of any Event of Default occurring by reason of any willful action or inaction taken or not taken by or on behalf of PCA in bad faith with the intention of avoiding payment of the premium that PCA would have had to pay if PCA then had elected to redeem the subordinated exchange debentures pursuant to the optional redemption provisions of the subordinated exchange debentures indenture, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the subordinated exchange debentures. If an Event of Default occurs prior to April 1, 2004, by reason of any willful action (or inaction) taken (or not taken) by or on behalf of PCA in bad faith with the intention of avoiding the prohibition on redemption of the subordinated exchange debentures prior to April 1, 2004 then the premium specified in the subordinated exchange debentures indenture shall also become immediately due and payable to the extent permitted by law upon the acceleration of the subordinated exchange debentures.

PCA is required to deliver to the exchange trustee annually a statement regarding compliance with the subordinated exchange debentures indenture. Upon becoming aware of any Default or Event of Default, PCA is required to deliver to the exchange trustee a statement specifying such Default or Event of Default.

NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND STOCKHOLDERS

No director, officer, employee, incorporator or stockholder of PCA, as such, shall have any liability for any obligations of PCA under the subordinated exchange debentures, the subordinated exchange debentures indenture, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of subordinated exchange debentures by accepting a subordinated exchange debenture waives and releases all such liability. The waiver and release are part of the consideration for issuance of the subordinated exchange debentures. The waiver may not be effective to waive liabilities under the federal securities laws.

LEGAL DEFEASANCE AND COVENANT DEFEASANCE

PCA may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding subordinated exchange debentures ("Legal Defeasance") except for:

(1) the rights of Holders of outstanding subordinated exchange debentures to receive payments in respect of the principal of, or interest or premium and Liquidated Damages, if any, on such subordinated exchange debentures when such payments are due from the trust referred to below;

(2) PCA's obligations with respect to the subordinated exchange debentures concerning issuing temporary subordinated exchange debentures, registration of subordinated exchange debentures, mutilated, destroyed, lost or stolen subordinated exchange debentures and the maintenance of an office or agency for payment and money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the exchange trustee, and PCA's obligations in connection therewith; and

(4) the Legal Defeasance provisions of the subordinated exchange debentures indenture.

In addition, PCA may, at its option and at any time, elect to have the obligations of PCA released with respect to certain covenants that are described in the subordinated exchange debentures indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants shall not constitute a Default or Event of Default with respect to the subordinated exchange debentures. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "Events of Default" will no longer constitute an Event of Default with respect to the subordinated exchange debentures.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) PCA must irrevocably deposit with the exchange trustee, in trust, for the benefit of the Holders of the subordinated exchange debentures, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium and Liquidated Damages, if any, on the outstanding subordinated exchange debentures on the stated maturity or on the applicable redemption date, as the case may be, and PCA must specify whether the subordinated exchange debentures are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, PCA shall have delivered to the exchange trustee an Opinion of Counsel reasonably acceptable to the exchange trustee confirming that (a) PCA has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding subordinated exchange debentures will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, PCA shall have delivered to the exchange trustee an Opinion of Counsel reasonably acceptable to the exchange trustee confirming that the Holders of the outstanding subordinated exchange debentures will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing either: (a) on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit); or (b) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the subordinated exchange debentures indenture but in any event including the Credit Agreement) to which PCA or any of its Subsidiaries is a party or by which PCA or any of its Subsidiaries is bound;

(6) PCA must have delivered to the exchange trustee an Opinion of Counsel to the effect that, assuming no intervening bankruptcy of PCA between the date of deposit and the 91st day following the deposit and assuming that no Holder is an "insider" of PCA under applicable bankruptcy law, after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally;

(7) PCA must deliver to the exchange trustee an Officers' Certificate stating that the deposit was not made by PCA with the intent of preferring the Holders of subordinated exchange debentures over the other creditors of PCA with the intent of defeating, hindering, delaying or defrauding creditors of PCA or others; and

(8) PCA must deliver to the exchange trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

AMENDMENT, SUPPLEMENT AND WAIVER

Except as provided in the next three succeeding paragraphs, the subordinated exchange debentures indenture or the subordinated exchange debentures may be amended or supplemented with the consent of the Holders of at

least a majority in principal amount of the subordinated exchange debentures then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, subordinated exchange debentures), or, if no subordinated exchange debentures are outstanding, the holders of a majority in Liquidation Preference of new preferred stock then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, new preferred stock), and any existing default or compliance with any provision of the subordinated exchange debentures indenture or the subordinated exchange debentures may be waived with the consent of the Holders of a majority in principal amount of the then outstanding subordinated exchange debentures (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, subordinated exchange debentures) or, if no subordinated exchange debentures are outstanding, the holders of a majority in Liquidation Preference of new preferred stock then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, new preferred stock).

Without the consent of each Holder affected, an amendment or waiver may not (with respect to any subordinated exchange debentures (a) held by a non-consenting Holder or, (b) if no subordinated exchange debentures are outstanding, to be received by a Holder of new preferred stock):

(1) reduce the principal amount of subordinated exchange debentures whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the principal of or change the fixed maturity of any subordinated exchange debenture or alter the provisions with respect to the redemption of the subordinated exchange debentures (other than provisions relating to the covenants described above under the caption "-Repurchase at the Option of Holders");

(3) reduce the rate of or change the time for payment of interest on any subordinated exchange debenture;

(4) waive a Default or Event of Default in the payment of principal of, or interest or premium, or Liquidated Damages, if any, on the subordinated exchange debentures (except a rescission of acceleration of the subordinated exchange debentures by the Holders of at least a majority in aggregate principal amount of the subordinated exchange debentures and a waiver of the payment default that resulted from such acceleration);

(5) make any subordinated exchange debenture payable in money other than that stated in the subordinated exchange debentures;

(6) make any change in the provisions of the subordinated exchange debentures indenture relating to waivers of past Defaults or the rights of Holders of subordinated exchange debentures to receive payments of principal of, or interest or premium or Liquidated Damages, if any, on the subordinated exchange debentures;

(7) waive a redemption payment with respect to any subordinated exchange debenture (other than a payment required by one of the covenants described above under the caption "-Repurchase at the Option of Holders"); or

(8) make any change in the preceding amendment and waiver provisions.

In addition, any amendment to, or waiver of, the provisions of the subordinated exchange debentures indenture relating to subordination that adversely affects the rights of the Holders of the subordinated exchange debentures will require the consent of the Holders of at least 75% in aggregate principal amount of subordinated exchange debentures then outstanding.

Notwithstanding the preceding, without the consent of any Holder of subordinated exchange debentures, PCA and the exchange trustee may amend or supplement the subordinated exchange debentures indenture or the subordinated exchange debentures (or, if no subordinated exchange debentures are outstanding, the Holders of at least 75% in Liquidation Preference of new preferred stock then outstanding):

(1) to cure any ambiguity, defect, error or inconsistency;

(2) to provide for uncertificated subordinated exchange debentures in addition to or in place of certificated subordinated exchange debentures;

(3) to provide for the assumption of PCA's obligations to Holders of subordinated exchange debentures in the case of a merger or consolidation or sale of all or substantially all of PCA's assets;

(4) to make any change that would provide any additional rights or benefits to the Holders of subordinated exchange debentures or that does not adversely affect the legal rights under the subordinated exchange debentures indenture of any such Holder; or

(5) to comply with requirements of the Commission in order to effect or maintain the qualification of the subordinated exchange debentures indenture under the Trust Indenture Act.

SATISFACTION AND DISCHARGE

The subordinated exchange debentures indenture will be discharged and will cease to be of further effect as to all subordinated exchange debentures issued thereunder, when:

(1) either:

(a) all subordinated exchange debentures that have been authenticated (except lost, stolen or destroyed subordinated exchange debentures that have been replaced or paid and subordinated exchange debentures for whose payment money has theretofore been deposited in trust and thereafter repaid to PCA) have been delivered to the exchange trustee for cancellation; or

(b) all subordinated exchange debentures that have not been delivered to the exchange trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the subordinated exchange debentures not delivered to the exchange trustee for cancellation for principal, premium and Liquidated Damages, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which PCA is a party or by which PCA is bound;

(3) PCA has paid or caused to be paid all sums payable by it under the subordinated exchange debentures indenture; and

(4) PCA has delivered irrevocable instructions to the exchange trustee under the subordinated exchange debentures indenture to apply the deposited money toward the payment of the subordinated exchange debentures at maturity or the redemption date, as the case may be.

In addition, PCA must deliver an Officers' Certificate and an Opinion of Counsel to the exchange trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

CONCERNING THE EXCHANGE TRUSTEE

If the exchange trustee becomes a creditor of PCA, the subordinated exchange debentures indenture limits its right to obtain payment of claims in certain cases, or to realize on certain property received in respect of any

such claim as security or otherwise. The exchange trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the Commission for permission to continue or resign.

The Holders of a majority in principal amount of the then outstanding subordinated exchange debentures will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the exchange trustee, subject to certain exceptions. The subordinated exchange debentures indenture provides that in case an Event of Default shall occur and be continuing, the exchange trustee will be required, in the exercise of its power, to use the degree of care of a prudent person in the conduct of his or her own affairs. Subject to such provisions, the exchange trustee will be under no obligation to exercise any of its rights or powers under the subordinated exchange debentures indenture at the request of any Holder of subordinated exchange debentures, unless such Holder shall have offered to the exchange trustee security and indemnity satisfactory to it against any loss, liability or expense.

BOOK-ENTRY, DELIVERY AND FORM

For purposes of the following description of the book-entry, delivery and form provisions of the new preferred stock and underlying subordinated exchange debentures, references to "Certificates" shall mean certificates representing the new preferred stock on and prior to the Exchange Date and the subordinated exchange debentures after the Exchange Date.

Certificates initially will be represented by one or more shares of new preferred stock in registered, global form (collectively, the "Global Certificates"). The Global Certificates will be deposited upon issuance with the transfer agent or exchange trustee as custodian for The Depository Trust Company ("DTC"), in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below.

Except as set forth below, the Global Certificates may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Certificates may not be exchanged for securities in certificated form except in the limited circumstances described below. See "-Exchange of Global Certificates for Certificated Securities."

Except in the limited circumstances described below, owners of beneficial interests in the Global Certificates will not be entitled to receive physical delivery of securities in certificated form. In addition, transfers of beneficial interests in the Global Certificates will be subject to the applicable rules and procedures of DTC and its direct or indirect participants, which may change from time to time.

The new preferred stock or the subordinated exchange debentures, as applicable, may be presented for registration of transfer and exchange at the offices of the transfer agent or exchange trustee, as applicable.

DEPOSITORY PROCEDURES

The following description of the operations and procedures of DTC is provided solely as a matter of convenience. These operations and procedures are solely within the control of DTC and are subject to changes by it. PCA takes no responsibility for these operations and procedures and urges investors to contact DTC or its participants directly to discuss these matters.

DTC has advised PCA that it is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the "Participants") and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Initial Purchasers), banks, trust companies, clearing corporations and certain other organizations. Access to DTC's system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the "Indirect Participants"). Persons who are not Participants may beneficially own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised PCA that pursuant to procedures established by it:

(1) upon deposit of the Global Certificates, DTC will credit the accounts of Participants designated by the Initial Purchasers with portions of the principal amount of the Global Certificates; and

(2) ownership of these interests in the Global Certificates will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Certificates).

The laws of some states require that certain Persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Certificate to such Persons will be limited to that extent. Because DTC can act only on behalf of Participants, which in turn act on behalf of Indirect Participants, the ability of a Person having beneficial interests in a Global Certificate to pledge such interests to Persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

EXCEPT AS DESCRIBED BELOW, OWNERS OF INTERESTS IN THE GLOBAL CERTIFICATES WILL NOT HAVE NEW PREFERRED STOCK OR SUBORDINATED EXCHANGE DEBENTURES, AS APPLICABLE, REGISTERED IN THEIR NAMES, WILL NOT RECEIVE PHYSICAL DELIVERY OF NEW PREFERRED STOCK OR SUBORDINATED EXCHANGE DEBENTURES, AS APPLICABLE, IN CERTIFICATED FORM AND WILL NOT BE CONSIDERED THE REGISTERED OWNERS OR "HOLDERS" THEREOF UNDER THE CERTIFICATE OF DESIGNATION OR THE SUBORDINATED EXCHANGE DEBENTURES INDENTURE, AS APPLICABLE, FOR ANY PURPOSE.

Payments in respect of Liquidation Preference, dividends, principal, interest, premium, if any, and Liquidated Damages, if any, on a Global Certificate registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered Holder under the certificate of designation or the subordinated exchange debentures indenture, as applicable. Under the terms of the certificate of designation and the subordinated exchange debentures indenture, PCA and the transfer agent or exchange trustee, as applicable, will treat the Persons in whose names the new preferred stock or subordinated exchange debentures, as applicable, including the Global

Certificates, are registered as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, neither PCA, the transfer agent nor the exchange trustee nor any of their respective agents has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Certificates, or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Certificates; or

(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised PCA that its current practice, upon receipt of any payment in respect of securities such as the new preferred stock (including dividends) or the subordinated exchange debentures (including principal and interest), as applicable, is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date.

Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of new preferred stock or subordinated exchange debentures, as applicable, will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the transfer agent, the exchange trustee or PCA. Neither PCA, the transfer agent nor the exchange trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the new preferred stock or subordinated exchange debentures, as applicable, and PCA, the transfer agent and the exchange trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

DTC has advised PCA that it will take any action permitted to be taken by a Holder of new preferred stock or subordinated exchange debentures, as applicable, only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Certificates and only in respect of such portion of the Liquidation Preference of the new preferred stock or the aggregate principal amount of the subordinated exchange debentures, as applicable, as to which such Participant or Participants has or have given such direction. However, if there is (a) a Voting Rights Triggering Event under the new preferred stock or (b) an Event of Default under the subordinated exchange debentures, DTC reserves the right to exchange the Global Certificates for legended securities in certificated form, and to distribute such Certificates to its Participants.

EXCHANGE OF GLOBAL CERTIFICATES FOR CERTIFICATED SECURITIES

A Global Certificate is exchangeable for definitive Certificates in registered certificated form ("Certificated Securities") if:

(1) DTC:

   (a) notifies PCA that it is unwilling or unable to continue as depositary for the Global Certificate and PCA fails to appoint a successor depositary; or

   (b) has ceased to be a clearing agency registered under the Exchange Act;

(2) PCA, at its option, notifies the transfer agent or the exchange trustee, as applicable, in writing that it elects to cause the issuance of the new preferred stock or subordinated exchange debentures, as applicable, in certificate form; or

(3) there shall have occurred and be continuing (a) a Voting Rights Triggering Event with respect to the new preferred stock or (b) a Default or Event of Default with respect to the subordinated exchange debentures.

In addition, beneficial interests in a Global Certificate may be exchanged for Certificated Securities upon prior written notice given to the transfer agent or the exchange trustee, as applicable, by or on behalf of DTC in accordance with the certificate of designation or the subordinated exchange debentures indenture, as applicable. In all cases, Certificated Securities delivered in exchange for any Global Certificates or beneficial interests in Global Certificates will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary, in accordance with its customary procedures.

SAME DAY SETTLEMENT AND PAYMENT

PCA will make all payments of Liquidation Preference, dividends, principal, premium, if any, interest and Liquidated Damages, if any, by wire transfer of immediately available funds to the accounts specified by the Holders thereof or, if no such account is specified, by mailing a check to each such Holder's registered address. The Certificates represented by the Global Certificates are expected to be eligible to trade in the PORTAL market and to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Certificates will, therefore, be required by DTC to be settled in immediately available funds. PCA expects that secondary trading in any Certificated Securities will also be settled in immediately available funds.

CERTAIN DEFINITIONS

Set forth below are certain defined terms used in the certificate of designation and the subordinated exchange debentures indenture. You should refer to the certificate of designation and the subordinated exchange debentures indenture for a full disclosure of all such terms, as well as any other capitalized terms used herein for which no definition is provided.

"ACQUIRED DEBT" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such s pecified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; PROVIDED that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings.

"APPLICABLE PREMIUM" means, with respect to any Preferred Stock or Subordinated Exchange Debenture, as applicable, on any redemption date, the greater of:

(1) 1.0% of the Liquidation Preference of the Preferred Stock or 1.0% of the principal amount of the Subordinated Exchange Debenture, as applicable; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Preferred Stock or Subordinated Exchange Debentures, as applicable, at April 1, 2004 (such redemption price being set forth in the table appearing above under the caption "-Optional Redemption" in the section "--Preferred Stock" or "--Subordinated Exchange Debentures," as applicable) plus (ii) all required dividend payments due on the Preferred Stock or interest payments due on the

Subordinated Exchange Debenture, as applicable, through April 1, 2004 (excluding accrued but unpaid dividends or interest, as applicable), computed using a discount rate equal to the Treasury Rate as of such Redemption Date plus 50 basis points; over

(b) the Liquidation Preference of the Preferred Stock or the principal amount of the Subordinated Exchange Debenture, as applicable, if greater.

"ASSET SALE" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights, other than sales of inventory in the ordinary course of business; PROVIDED that the sale, conveyance or other disposition of all or substantially all of the assets of PCA and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Certificate of Designation or Exchange Indenture, as applicable, described above under the caption "-Repurchase at the Option of Holders-Change of Control" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable, and/or the provisions described above under the caption "-Certain Covenants-Merger, Consolidation or Sale of Assets" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable, and not by the provisions of the Asset Sale covenant; and

(2) the issuance of Equity Interests by any of PCA's Restricted Subsidiaries or the sale of Equity Interests in any of PCA's Subsidiaries.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets having a fair market value of less than $10.0 million;

(2) a transfer of assets between or among PCA and its Wholly Owned Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Wholly Owned Restricted Subsidiary to PCA or to another Wholly Owned Restricted Subsidiary;

(4) the sale, license or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents or Marketable Securities;

(6) the transfer or disposition of assets and the sale of Equity Interests pursuant to the Contribution;

(7) sales of accounts receivables and related assets of the type specified in the definition of "Qualified Receivables Transaction" to a Receivables Subsidiary for the fair market value thereof including cash or Cash Equivalents or Marketable Securities in an amount at least equal to 75% of the fair market value thereof as determined in accordance with GAAP; and

(8) a Restricted Payment or Permitted Investment that is permitted by the covenant described above under the caption "-Certain Covenants-Restricted Payments" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable.

"ATTRIBUTABLE DEBT" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"BENEFICIAL OWNER" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" shall have a corresponding meaning.

"BOARD OF DIRECTORS" means:

(1) with respect to a corporation, the board of directors of the corporation;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"CAPITAL LEASE OBLIGATION" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"CAPITAL STOCK" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"CASH EQUIVALENTS" means:

(1) United States dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (PROVIDED that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than six months from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Rating Services and in each case maturing within twelve months after the date of acquisition; and

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"CHANGE OF CONTROL" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger, consolidation or transfer of PCA Voting Stock), in one or a series of related transactions, of all or substantially all of the properties or assets of PCA and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than to a Principal or a Related Party of a Principal;

(2) the adoption of a plan relating to the liquidation or dissolution of PCA (other than a plan relating to the sale or other disposition of timberlands);

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above), other than the Principals and their Related Parties or a Permitted Group, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of PCA, measured by voting power rather than number of shares; or

(4) the first day on which a majority of the members of the Board of Directors of PCA are not Continuing Directors.

"CONSOLIDATED CASH FLOW" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period PLUS:

(1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; PLUS

(2) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income; PLUS

(3) depletion, depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; PLUS

(4) all one-time charges incurred in 1999 in connection with the Contribution (including the impairment charge described in "Management's Discussion and Analysis of Financial Condition and Results of Operations-Overview") to the extent such charges were deducted in computing such Consolidated Net Income; PLUS

(5) all restructuring charges incurred prior to the Issue Date (including the restructuring charge that was added to pro forma EBITDA to calculate Adjusted pro forma EBITDA as set forth in footnote 4 under "Selected Combined Financial and Other Data"); MINUS

(6) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of PCA shall be added to Consolidated Net Income to compute Consolidated Cash Flow of PCA only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to PCA by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"CONSOLIDATED INDEBTEDNESS" means, with respect to any Person as of any date of determination, the sum, without duplication, of:

(1) the total amount of Indebtedness of such Person and its Restricted Subsidiaries; PLUS

(2) the total amount of Indebtedness of any other Person, to the extent that such Indebtedness has been Guaranteed by the referent Person or one or more of its Restricted Subsidiaries; PLUS

(3) the aggregate liquidation value of all Disqualified Stock of such Person and all preferred stock of Restricted Subsidiaries of such Person, in each case, determined on a consolidated basis in accordance with GAAP.

"CONSOLIDATED NET INCOME" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; PROVIDED that:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Wholly Owned Restricted Subsidiary thereof;

(2) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders;

(3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded;

(4) the cumulative effect of a change in accounting principles shall be excluded; and

(5) for purposes of calculating Consolidated Cash Flow to determine the Debt to Cash Flow Ratio or the Fixed Charge Coverage Ratio, the Net Income (but not loss) of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the specified Person or one of its Subsidiaries.

"CONTINUING DIRECTORS" means, as of any date of determination, any member of the Board of Directors of PCA who:

(1) was a member of such Board of Directors on the Issue Date; or

(2) was nominated for election or elected to such Board of Directors either (a) with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election or (b) pursuant to and in accordance with the terms of the Stockholders Agreement as in effect on the Issue Date.

"CONTRIBUTION" means the Contribution contemplated by the Contribution Agreement.

"CONTRIBUTION AGREEMENT" means that certain Contribution Agreement dated as of January 25, 1999 among TPI, PCA Holdings and PCA as the same is in effect on the Issue Date.

"CREDIT AGREEMENT" means that certain Credit Agreement, dated as of the date hereof by and among PCA and Morgan Guaranty Trust Company of New York, as administrative agent, and the other lenders party thereto, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding Subsidiaries of PCA as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"CREDIT FACILITIES" means, one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special

purpose entities formed to borrow from such lenders against such receivables), working capital loans, swing lines, advances or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured or refinanced in whole or in part from time to time.

"DEBT AND PREFERRED STOCK TO CASH FLOW RATIO" means, as of any date of determination, the ratio of (1) the Consolidated Indebtedness and Preferred Stock of PCA as of such date to (2) the Consolidated Cash Flow of PCA for the four most recent full fiscal quarters ending immediately prior to such date for which internal financial statements are available, determined on a pro forma basis after giving effect to all acquisitions or dispositions of assets made by PCA and its Restricted Subsidiaries from the beginning of such four-quarter period through and including such date of determination (including any related financing transactions) as if such acquisitions and dispositions had occurred at the beginning of such four-quarter period. In addition, for purposes of making the computation referred to above:

(1) acquisitions that have been made by PCA or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the date of determination shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act and including those cost savings that management reasonably expects to realize within six months of the consummation of the acquisition, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the date of determination, shall be excluded;

(3) for any four-quarter reference period that includes any period of time prior to the consummation of the Contribution, pro forma effect shall be given for such period to the Transactions described in this prospectus and the related corporate overhead savings and cost savings that were added to pro forma EBITDA to calculate Adjusted pro forma EBITDA as set forth in footnote 4 under "Selected Combined Financial and Other Data," all as calculated in good faith by a responsible financial or accounting officer of PCA, as if they had occurred on the first day of such four-quarter reference period; and

(4) the impact of the Treasury Lock shall be excluded.

"DEFAULT" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"DESIGNATED NONCASH CONSIDERATION" means any non-cash consideration received by PCA or one of its Restricted Subsidiaries in connection with an Asset Sale that is designated as Designated Noncash Consideration pursuant to an Officers' Certificate executed by the principal executive officer and the principal financial officer of PCA or such Restricted Subsidiary. Such Officers' Certificate shall state the basis of such valuation, which shall be a report of a nationally recognized investment banking firm with respect to the receipt in one or a series of related transactions of Designated Noncash Consideration with a fair market value in excess of $10.0 million. A particular item of Designated Noncash Consideration shall no longer be considered to be outstanding when it has been sold for cash or redeemed or paid in full in the case of non-cash consideration in the form of promissory notes or equity.

"DESIGNATED EXCHANGE DEBENTURE SENIOR DEBT" means:

(1) any Indebtedness under or in respect of the Credit Agreement and the Indenture; and

(2) any other Exchange Debenture Senior Debt permitted under the Exchange Indenture the principal amount of which is $25.0 million or more and that has been designated by PCA in the instrument or agreement relating to the same as "Exchange Debenture Designated Senior Debt;"

PROVIDED that for purposes of clause (2) of the third paragraph under the caption "--Subordinated Exchange Debentures--Subordination," the Indenture shall not be deemed to be Designated Exchange Debenture Senior Debt so long as the Credit Agreement is still in effect.

"DISQUALIFIED STOCK" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Preferred Stock or the Subordinated Exchange Debentures mature, as applicable. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require PCA to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that PCA may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "-Certain Covenants-Restricted Payments" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable. The Preferred Stock as in effect on the Issue Date will not constitute Disqualified Stock for purposes of the Certificate of Designation and the Exchange Indenture.

"EQUITY INTERESTS" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"EXCHANGE DEBENTURE SENIOR DEBT" means:

(1) all Indebtedness outstanding under all Credit Facilities, all Hedging Obligations and all Other Hedging Agreements (including guarantees thereof) with respect thereto of PCA and its Restricted Subsidiaries, whether outstanding on the Issue Date or thereafter incurred;

(2) all Indebtedness of PCA and its Restricted Subsidiaries outstanding under the Notes or the guarantees of the Notes;

(3) any other Indebtedness incurred by PCA and its Restricted Subsidiaries under the terms of the Exchange Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Subordinated Exchange Debentures; and

(4) all Obligations with respect to the items listed in the preceding clauses (1), (2) and (3) (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law).

Notwithstanding anything to the contrary in the preceding, Exchange Debenture Senior Debt will not include:

(1) any liability for federal, state, local or other taxes owed or owing by PCA or its Restricted Subsidiaries;

(2) any Indebtedness of PCA or any of its Restricted Subsidiaries to any of its Subsidiaries;

(3) any trade payables; or

(4) the portion of any Indebtedness that is incurred in violation of the Exchange Indenture (but only to the extent so incurred).

"EXISTING INDEBTEDNESS" means Indebtedness of PCA and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the Issue Date, until such amounts are repaid.

"FIXED CHARGES" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt,

commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, excluding amortization of debt issuance costs and net of the effect of all payments made or received pursuant to Hedging Obligations; PLUS

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; PLUS

(3) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; PLUS

(4) the product of (a) all dividends, whether paid or accrued in cash, times (b) a fraction, the numerator of which is one and the denominator of which is one minus PCA's then current effective combined federal, state and local tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"FIXED CHARGE COVERAGE RATIO" means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act and including those cost savings that management reasonably expects to realize within six months of the consummation of the acquisition, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) for any four-quarter reference period that includes any period of time prior to the consummation of the Contribution, pro forma effect shall be given for such period to the Transactions described in this prospectus and the related corporate overhead savings and cost savings that were added to pro forma EBITDA to calculate Adjusted pro forma EBITDA as set forth in footnote 4 under "Selected Combined Financial and Other Data," all as calculated in good faith by a responsible financial or accounting officer of PCA, as if they had occurred on the first day of such four-quarter reference period; and

(5) the impact of the Treasury Lock shall be excluded.

"FOREIGN SUBSIDIARY WORKING CAPITAL INDEBTEDNESS" means Indebtedness of a Restricted Subsidiary that is organized outside of the United States under lines of credit extended after the Issue Date to any such Restricted Subsidiary by Persons other than PCA or any of its Restricted Subsidiaries, the proceeds of which are used for such Restricted Subsidiary's working capital purposes.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"GUARANTEE" means a guarantee of all or any part of any Indebtedness (other than by endorsement of negotiable instruments for collection in the ordinary course of business), including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof.

"HEDGING OBLIGATIONS" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in interest rates.

"INDEBTEDNESS" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent, in respect of:

(1) borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) banker's acceptances;

(4) representing Capital Lease Obligations;

(5) the deferred balance of the purchase price of any property outside of the ordinary course of business which remains unpaid, except any such balance that constitutes an operating lease payment, accrued expense, trade payable or similar current liability; or

(6) any Hedging Obligations or Other Hedging Agreements,

if and to the extent any of the preceding items (other than letters of credit, Hedging Obligations and Other Hedging Agreements) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof in the case of any other Indebtedness.

"INITIAL PURCHASERS" means J.P. Morgan Securities Inc. and BT Alex.Brown Incorporated.

"INVESTMENTS" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If PCA or any Subsidiary of PCA sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of PCA such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of PCA, PCA shall be deemed to have made an Investment on the date of

any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "-Certain Covenants-Restricted Payments" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable. The acquisition by PCA or any Subsidiary of PCA of a Person that holds an Investment in a third Person shall be deemed to be an Investment by PCA or such Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption "-Certain Covenants-Restricted Payments" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable.

"ISSUE DATE" means the closing date for sale and original issuance of the Preferred Stock.

"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement.

"MARKETABLE SECURITIES" means publicly traded debt or equity securities that are listed for trading on a national securities exchange and that were issued by a corporation whose debt securities are rated in one of the three highest rating categories by either Standard & Poor's Rating Services or Moody's Investors Service, Inc.

"NET INCOME" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

"NET PROCEEDS" means the aggregate cash proceeds received by PCA or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, sales commissions, any relocation expenses incurred as a result thereof, all taxes of any kind paid or payable as a result thereof and reasonable reserves established to cover any indemnity obligations incurred in connection therewith, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, other than Indebtedness under a Credit Facility, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"NEW EXCHANGE DEBENTURES" means PCA's 12 3/8% Subordinated Exchange Debentures due 2010 issued pursuant to the Exchange Indenture (i) in the Preferred Stock Exchange Offer or (ii) in connection with a resale of Subordinated Exchange Debentures in reliance on a shelf registration statement.

"NEW PREFERRED STOCK" means PCA's 12 3/8% Senior Exchangeable Preferred Stock due 2010 issued pursuant to the Certificate of Designation (i) in the Preferred Stock Exchange Offer or (ii) in connection with a resale of Preferred Stock in reliance on a shelf registration statement.

"NON-RECOURSE DEBT" means Indebtedness:

(1) as to which neither PCA nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) no default with respect to which (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Subordinated Exchange Debentures) of PCA or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of PCA or any of its Restricted Subsidiaries.

"OBLIGATIONS" means any principal, interest, penalties, fees, indemnifications, expenses, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"OTHER HEDGING AGREEMENTS" means any foreign exchange contracts, currency swap agreements, commodity agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency or commodity values.

"PCA HOLDINGS" means PCA Holdings LLC, a Delaware limited liability company.

"PERMITTED BUSINESS" means the containerboard, paperboard and packaging products business and any business in which PCA and its Restricted Subsidiaries are engaged on the Issue Date or any business reasonably related, incidental or ancillary to any of the foregoing.

"PERMITTED GROUP" means any group of investors that is deemed to be a "person" (as that term is used in Section 13(d)(3) of the Exchange Act) at any time prior to PCA's initial public offering of common stock, by virtue of the Stockholders Agreement, as the same may be amended, modified or supplemented from time to time, PROVIDED that no single Person (other than the Principals and their Related Parties) Beneficially Owns (together with its Affiliates) more of the Voting Stock of PCA that is Beneficially Owned by such group of investors than is then collectively Beneficially Owned by the Principals and their Related Parties in the aggregate.

"PERMITTED INVESTMENTS" means:

(1) any Investment in PCA or in a Restricted Subsidiary of PCA;

(2) any Investment in Cash Equivalents;

(3) any Investment by PCA or any Restricted Subsidiary of PCA in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of PCA; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, PCA or a Restricted Subsidiary of PCA;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "-Repurchase at the Option of Holders-Asset Sales" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable;

(5) any acquisition of assets to the extent acquired in exchange for the issuance of Equity Interests (other than Disqualified Stock) of PCA;

(6) Hedging Obligations and Other Hedging Agreements;

(7) any Investment existing on the Issue Date;

(8) loans and advances to employees and officers of PCA and its Restricted Subsidiaries in the ordinary course of business;

(9) any Investment in securities of trade creditors or customers received in compromise of obligations of such persons incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;

(10) negotiable instruments held for deposit or collection in the ordinary course of business;

(11) loans, guarantees of loans and advances to officers, directors, employees or consultants of PCA or a Restricted Subsidiary of PCA not to exceed $7.5 million in the aggregate outstanding at any time;

(12) any Investment by PCA or any of its Restricted Subsidiaries in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Transaction; PROVIDED that each such Investment is in the form of a Purchase Money Note, an equity interest or interests in accounts receivables generated by PCA or any of its Restricted Subsidiaries; and

(13) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (13) that are at the time outstanding not to exceed the greater of $50.0 million or 5% of Total Assets.

"PERMITTED JUNIOR SECURITIES" means debt or equity securities of PCA or any successor corporation issued pursuant to a plan of reorganization or readjustment of PCA that are subordinated to the payment of all then outstanding Exchange Debenture Senior Debt of PCA at least to the same extent that the Subordinated Exchange Debentures are subordinated to the payment of all Exchange Debenture Senior Debt of PCA on the Issue Date, so long as:

(1) the effect of the use of this defined term in the subordination provisions contained in the Exchange Indenture is not to cause the Subordinated Exchange Debentures to be treated as part of:

(a) the same class of claims as the Exchange Debenture Senior Debt of PCA; or

(b) any class of claims PARI PASSU with, or senior to, the Exchange Debenture Senior Debt of PCA for any payment or distribution in any case or proceeding or similar event relating to the liquidation, insolvency, bankruptcy, dissolution, winding up or reorganization of PCA; and

(2) to the extent that any Exchange Debenture Senior Debt of PCA outstanding on the date of consummation of any such plan of reorganization or readjustment is not paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof) on such date, either:

(a) the holders of any such Exchange Debenture Senior Debt not so paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof) have consented to the terms of such plan of reorganization or readjustment; or

(b) such holders receive securities which constitute Exchange Debenture Senior Debt of PCA and which have been determined by the relevant court to constitute satisfaction in full in money or money's worth of any Exchange Debenture Senior Debt of PCA not paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (3) and (4) of the definition thereof).

"PERMITTED LIENS" means:

(1) Liens of PCA and its Restricted Subsidiaries securing Exchange Debenture Senior Debt that was permitted by the terms of the Certificate of Designation or the Exchange Indenture, as applicable, to be incurred;

(2) Liens in favor of PCA or its Restricted Subsidiaries;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with PCA or any Subsidiary of PCA; PROVIDED that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with PCA or the Subsidiary;

(4) Liens on property existing at the time of acquisition thereof by PCA or any Subsidiary of PCA, PROVIDED that such Liens were in existence prior to the contemplation of such acquisition;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the second paragraph of the covenant entitled "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable, covering only the assets acquired with such Indebtedness;

(7) Liens existing on the Issue Date together with any Liens securing Permitted Refinancing Indebtedness incurred under clause (5) of the second paragraph under the caption "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable, in order to refinance the Indebtedness secured by Liens existing on the Issue Date; PROVIDED that the Liens securing the Permitted Refinancing Indebtedness shall not extend to property other than that pledged under the Liens securing the Indebtedness being refinanced;

(8) Liens on assets of Unrestricted Subsidiaries that secure Non-Recourse Debt of Unrestricted Subsidiaries;

(9) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, PROVIDED that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(10) Liens to secure Foreign Subsidiary Working Capital Indebtedness permitted by the Certificate of Designation or the Exchange Indenture, as applicable, to be incurred so long as any such Lien attached only to the assets of the Restricted Subsidiary which is the obligor under such Indebtedness;

(11) Liens securing Attributable Debt;

(12) Liens on assets of a Receivables Subsidiary incurred in connection with a Qualified Receivables Transaction; and

(13) Liens incurred in the ordinary course of business of PCA or any Subsidiary of PCA with respect to obligations that do not exceed $15.0 million at any one time outstanding.

"PERMITTED REFINANCING INDEBTEDNESS" means any Indebtedness of PCA or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of PCA or any of its Restricted Subsidiaries (other than intercompany Indebtedness); PROVIDED that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of all expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Subordinated Exchange Debentures, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Subordinated Exchange Debentures on terms at least as favorable to the Holders of Subordinated Exchange Debentures as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred either by PCA or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"PRINCIPALS" means:

(1) Madison Dearborn Partners, LLC and its Affiliates; and

(2) TPI and its Affiliates.

"PURCHASE MONEY NOTE" means a promissory note evidencing a line of credit, which may be irrevocable, from, or evidencing other Indebtedness owed to, PCA or any of its Restricted Subsidiaries in connection with a Qualified Receivables Transaction, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated receivables.

"QUALIFIED RECEIVABLES TRANSACTION" means any transaction or series of transactions that may be entered into by PCA or any of its Restricted Subsidiaries pursuant to which PCA or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to:

(1) a Receivables Subsidiary (in the case of a transfer by PCA or any of its Restricted Subsidiaries); and

(2) any other Person (in the case of a transfer by a Receivables Subsidiary),

or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of PCA or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets that are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization transactions involving accounts receivable.

"RECEIVABLES SUBSIDIARY" means a Wholly Owned Subsidiary of PCA that engages in no activities other than in connection with the financing of accounts receivable and that is designated by the Board of Directors of PCA (as provided below) as a Receivables Subsidiary and:

(1) has no Indebtedness or other Obligations (contingent or otherwise) that:

(a) are guaranteed by PCA or any of its Restricted Subsidiaries, other than contingent liabilities pursuant to Standard Securitization Undertakings;

(b) are recourse to or obligate PCA or any of its Restricted Subsidiaries in any way other than pursuant to Standard Securitization Undertakings; or

(c) subjects any property or assets of PCA or any of its Restricted Subsidiaries, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) has no contract, agreement, arrangement or undertaking (except in connection with a Purchase Money Note or Qualified Receivables Transaction) with PCA or any of its Restricted Subsidiaries than on

terms no less favorable to PCA or such Restricted Subsidiaries than those that might be obtained at the time from Persons that are not Affiliates of PCA, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(3) neither PCA nor any of its Restricted Subsidiaries has any obligation to maintain or preserve the Receivables Subsidiary's financial condition or cause the Receivables Subsidiary to achieve certain levels of operating results.

Any such designation by the Board of Directors of PCA shall be evidenced to the Transfer Agent or Exchange Trustee, as applicable, by filing with the Transfer Agent or Exchange Trustee, as applicable, a certified copy of the resolution of the Board of Directors of PCA giving effect to such designation and an Officers' Certificate certifying, to the best of such officer's knowledge and belief after consulting with counsel, that such designation complied with the foregoing conditions.

"RELATED PARTY" means:

(1) any controlling stockholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Principal; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (1).

"REPRESENTATIVE" means the indenture trustee or other trustee, agent or representative in respect of any Designated Exchange Debenture Senior Debt; PROVIDED that if, and for so long as, any Designated Exchange Debenture Senior Debt lacks such a representative, then the Representative for such Designated Exchange Debenture Senior Debt shall at all times constitute the holders of a majority in outstanding principal amount of such Designated Exchange Debenture Senior Debt in respect of any Designated Exchange Debenture Senior Debt.

"RESTRICTED INVESTMENT" means an Investment other than a Permitted Investment.

"RESTRICTED SUBSIDIARY" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"SIGNIFICANT SUBSIDIARY" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"STANDARD SECURITIZATION UNDERTAKINGS" means representations, warranties, covenants and indemnities entered into by PCA or any of its Restricted Subsidiaries that are reasonably customary in an accounts receivable transaction.

"STATED MATURITY" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"STOCKHOLDERS AGREEMENT" means that certain Stockholders Agreement dated as of April 12, 1999 by and among PCA Holdings LLC, TPI and PCA, as in effect on the Issue Date.

"SUBSIDIARY" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"TPI" means Tenneco Packaging Inc., a Delaware corporation.

"TIMBERLANDS NET PROCEEDS" means the Net Proceeds from Timberlands Sales in excess of $500.0 million, up to a maximum of $100.0 million (or such larger amount as may be necessary to repurchase or redeem all outstanding Preferred Stock or Subordinated Exchange Debentures in the event of a repurchase or redemption of all outstanding Preferred Stock or Subordinated Exchange Debentures), as long as at least $500.0 million of Net Proceeds have been applied to repay Indebtedness under the Credit Agreement.

"TIMBERLANDS REPURCHASE" means the repurchase or redemption of, payment of a dividend on, or return of capital with respect to any Equity Interests of PCA, or the repurchase or redemption of Subordinated Exchange Debentures with Timberlands Net Proceeds in accordance with the terms of the Certificate of Designation and the Exchange Indenture.

"TIMBERLANDS SALE" means a sale or series of sales by PCA or a Restricted Subsidiary of PCA of timberlands.

"TOTAL ASSETS" means the total consolidated assets of PCA and its Restricted Subsidiaries, as set forth on PCA's most recent consolidated balance sheet.

"TRANSACTION AGREEMENTS" means:

(1) those certain Purchase/Supply Agreements between PCA and TPI, Tenneco Automotive, Inc. and Tenneco Packaging Specialty and Consumer Products, Inc., each dated the Issue Date;

(2) that certain Facilities Use Agreement between PCA and TPI, dated the Issue Date;

(3) that certain Human Resources Agreement among PCA, TPI and Tenneco Inc., dated the Issue Date;

(4) that certain Transition Services Agreement among PCA and TPI, dated the Issue Date;

(5) that certain Holding Company Support Agreement among PCA and PCA Holdings, dated the Issue Date;

(6) that certain Registration Rights Agreement among PCA, PCA Holdings and TPI, dated the Issue Date; and

(7) the Stockholders Agreement.

"TREASURY LOCK" means the interest rate protection agreement dated as of March 5, 1999 between PCA and J.P. Morgan Securities Inc.

"TREASURY RATE" means, as of any redemption date, the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to April 1, 2004; PROVIDED, HOWEVER, that if the period from the redemption date to April 1, 2004 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"UNRESTRICTED SUBSIDIARY" means any Subsidiary of PCA that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with PCA or any Restricted Subsidiary of PCA unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to PCA or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of PCA;

(3) is a Person with respect to which neither PCA nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of PCA or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of PCA as an Unrestricted Subsidiary shall be evidenced to the Transfer Agent or Exchange Trustee, as applicable, by filing with the Transfer Agent or Exchange Trustee, as applicable, a certified copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by the covenant described above under the caption "-Certain Covenants-Restricted Payments" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Certificate of Designation or Exchange Indenture, as applicable, and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of PCA as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable, PCA shall be in default of such covenant. The Board of Directors of PCA may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; PROVIDED that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of PCA of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "-Certain Covenants-Incurrence of Indebtedness and Issuance of Preferred Stock" in the section "-Preferred Stock" or "-Subordinated Exchange Debentures," as applicable, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"VOTING STOCK" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"WEIGHTED AVERAGE LIFE TO MATURITY" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"WHOLLY OWNED RESTRICTED SUBSIDIARY" of any specified Person means any Wholly Owned Subsidiary of such Person which at the time of determination is a Restricted Subsidiary.

"WHOLLY OWNED SUBSIDIARY" of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Subsidiaries of such Person.

THE EXCHANGE NOTES

PURPOSE AND EFFECT OF THE EXCHANGE OFFER

PCA originally sold the notes to J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated, the initial purchasers, pursuant to a Purchase Agreement dated March 30, 1999. The initial purchasers subsequently resold the notes to qualified institutional buyers in reliance on Rule 144A and Regulation S under the Securities Act. As a condition to the Purchase Agreement, PCA, the guarantor subsidiaries and the initial purchasers entered into a notes registration rights agreement in which PCA and the guarantor subsidiaries agreed to:

(1) use all commercially reasonable efforts to file a registration statement registering the exchange notes with the Securities and Exchange Commission within 60 days after the original issuance of the outstanding notes;

(2) use all commercially reasonable efforts to have the registration statement relating to the exchange notes declared effective by the Securities and Exchange Commission within 150 days after the original issuance of the outstanding notes;

(3) unless the exchange offer would not be permitted by applicable law or Securities and Exchange Commission policy, use all commercially reasonable efforts to commence the exchange offer and use all commercially reasonable efforts to issue within 30 business days, or longer, if required by the federal securities laws, after the date on which the registration statement relating to the exchange notes was declared effective by the Securities and Exchange Commission, exchange notes in exchange for all outstanding notes tendered prior to the expiration date; and

(4) if obligated to file a shelf registration statement, use all commercially reasonable efforts to file the shelf registration statement with the Securities and Exchange Commission within 60 days after such filing obligation arises, to cause the shelf registration statement to be declared effective by the Securities and Exchange Commission within 120 days after such obligation arises and to use commercially reasonable efforts to keep effective the shelf registration statement for at least two years after the original issuance of the notes or such shorter period that will terminate when all securities covered by the shelf registration statement have been sold pursuant to the shelf registration statement.

We have agreed to keep the exchange offer open for not less than 20 business days, or longer if required by applicable law, after the date on which notice of the exchange offer is mailed to the holders of the notes. The notes registration rights agreement also requires us to include in the prospectus for the exchange offer information necessary to allow broker-dealers who hold notes, other than notes purchased directly from us or one of our affiliates, to exchange such notes pursuant to the exchange offer and to satisfy the prospectus delivery requirements in connection with resales of the exchange notes received by such broker-dealers in the exchange offer.

This prospectus covers the offer and sale of the exchange notes pursuant to the exchange offer and the resale of exchange notes received in the exchange offer by any broker-dealer who held notes other than notes purchased directly from us or one of our affiliates.

For each note surrendered to us pursuant to the exchange offer, the holder of such note will receive an exchange note having a principal amount equal to that of the surrendered note. Interest on each exchange note will accrue from the date of issuance of such exchange note. The holders of notes that are accepted for exchange will receive, in cash, accrued interest on such notes up to, but not including, the issuance date of the exchange notes. Such interest will be paid with the first interest payment on the exchange notes. Interest on the outstanding notes accepted for exchange will cease to accrue upon issuance of the exchange notes.

Under existing interpretations of the staff of the Securities and Exchange Commission contained in several no-action letters to third parties, we believe the exchange notes would in general be freely tradeable after the

exchange offer without further registration under the Securities Act. Any purchaser of the notes, however, who is either an "affiliate" of PCA, a broker-dealer who purchased notes directly from us or one of our affiliates for resale, or who intends to participate in the exchange offer for the purpose of distributing the exchange notes:

(1) will not be able to rely on the interpretation of the staff of the Securities and Exchange Commission;

(2) will not be able to tender its notes in the exchange offer; and

(3) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the notes, unless such sale or transfer is made pursuant to an exemption from such requirements.

We have agreed to file with the Securities and Exchange Commission a shelf registration statement to cover resales of the notes by holders who satisfy certain conditions relating to the provision of information in connection with the shelf registration statement if:

(1) we are not required to file the registration statement for the exchange offer or permitted to consummate the exchange offer because it is not permitted by applicable law or Securities and Exchange Commission policy; or

(2) any holder of Transfer Restricted Securities notifies us prior to the 20th day following consummation of the exchange offer that:

(a) it is prohibited by law or Securities and Exchange Commission policy from participating in the exchange offer;

(b) that it may not resell the exchange notes acquired by it in the exchange offer to the public without delivering a prospectus and the prospectus contained in the registration statement relating to the exchange offer is not appropriate or available for such resales; or

(c) that it is a broker-dealer that purchased notes directly from us or one of our affiliates for resale.

For purposes of the foregoing, "Transfer Restricted Securities" means each outstanding note until the earliest to occur of:

(1) the date on which such note has been exchanged by a person other than a broker-dealer for an exchange note;

(2) following the exchange by a broker-dealer in the exchange offer of a note for an exchange note, the date on which such exchange note is sold to a purchaser who receives from such broker-dealer before the date of such sale a copy of the prospectus contained in the registration statement relating to the exchange offer;

(3) the date on which such note has been effectively registered under the Securities Act and disposed of in accordance with the shelf registration statement; or

(4) the date on which such note is distributed to the public pursuant to Rule 144 under the Securities Act.

We will pay liquidated damages to each holder of notes if:

(1) we fail to file any of the registration statements on or before the date specified for such filing;

(2) any of such registration statements is not declared effective by the Securities and Exchange Commission before the date specified for such effectiveness (the "Effectiveness Target Date");

(3) we fail to consummate the exchange offer within 30 business days of the Effectiveness Target Date with respect to the registration statement relating to the exchange offer;

(4) the shelf registration statement or the registration statement relating to the exchange offer is declared effective but thereafter ceases to be effective or usable in connection with resales of Transfer Restricted Securities during the periods specified in the notes registration rights agreement (each such event referred to in clauses (1) through (4) above, a "Registration Default").

The amount of liquidated damages will be equal to a per annum rate of 0.25% on the principal amount of notes held by each holder, with respect to the first 90-day period immediately following the occurrence of the first Registration Default. Liquidated damages will increase by an additional per annum rate of 0.25% with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages for all Registration Defaults of 1.00% per annum on the principal amount of notes. We will pay all accrued liquidated damages on each interest payment date in the manner provided for the payment of interest in the notes indenture. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease.

Each holder of notes, other than certain specified holders, who wishes to exchange notes for exchange notes in the exchange offer will be required to make certain representations, including that:

(1) it is not an affiliate of PCA;

(2) any exchange notes to be received by it were acquired in the ordinary course of its business; and

(3) it has no arrangement with any person to participate in the distribution of the exchange notes.

If the holder is a broker-dealer that will receive exchange notes for its own account in exchange for notes that were acquired as a result of market-making activities or other trading activities, it will be required to acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes.

The Securities and Exchange Commission has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to the exchange notes, other than a resale of an unsold allotment from the original sale of the notes, with a prospectus contained in the registration statement relating to the exchange offer. Under the notes registration rights agreement, we are required to allow broker-dealers to use the prospectus contained in the registration statement relating to the exchange offer in connection with the resale of such exchange notes.

We will, in the event of the filing of a shelf registration statement, provide to each holder of notes eligible to participate in such shelf registration statement copies of the prospectus which is a part of the shelf registration statement, notify each such holder when the shelf registration statement for the notes has become effective and take certain other actions as are required to permit resales of the outstanding notes. A holder of notes that sells such notes pursuant to the shelf registration statement generally will be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the notes registration rights agreement which are applicable to such a holder, including certain indemnification obligations. In addition, each such holder will be required to deliver information to be used in connection with the shelf registration statement and to provide comments on the shelf registration statement within the time periods set forth in the notes registration rights agreement in order to have their notes included in the shelf registration statement and to benefit from the provisions regarding liquidated damages.

TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal relating to the exchange notes, we will accept all outstanding notes validly tendered prior to 5:00 p.m., New York City time, on the expiration date. We will issue $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of outstanding notes accepted in the exchange offer. Holders may tender some or all of their notes pursuant to the exchange offer in integral multiples of $1,000.

The form and terms of the exchange notes are identical to the notes except for the following:

(1) the exchange notes bear a Series B designation and a different CUSIP number from the notes;

(2) the exchange notes have been registered under the Securities Act and, therefore, will not bear legends restricting their transfer; and

(3) the holders of the exchange notes will not be entitled to certain rights under the notes registration rights agreement, including the provisions providing for an increase in the interest rate on the notes in certain circumstances relating to the timing of the exchange offer, all of which rights will terminate when the exchange offer is terminated.

The exchange notes will evidence the same debt as the notes and will be entitled to the benefits of the notes indenture under which the notes were issued. As of the date of this prospectus, $550 million in aggregate principal amount of the notes is outstanding. Solely for reasons of administration and no other reason, we have fixed the close of business on , 1999 as the record date for the exchange offer for purposes of determining the persons to whom this prospectus and the letter of transmittal will be mailed initially. Only a registered holder of notes, or such holder's legal representative or attorney-in-fact, as reflected on the records of the trustee under the notes indenture, may participate in the exchange offer. There will be no fixed record date, however, for determining registered holders of the notes entitled to participate in the exchange offer.

The holders of notes do not have any appraisal or dissenters' rights under the General Corporation Law of Delaware or the notes indenture in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the Securities and Exchange Commission promulgated under the Exchange Act.

We shall be deemed to have accepted validly tendered notes when, as and if we have given oral or written notice thereof to the notes exchange agent. The notes exchange agent will act as agent for the tendering holders for the purpose of receiving the exchange notes from us.

If any tendered notes are not accepted for exchange because of an invalid tender, the occurrence of certain other events set forth in this prospectus or otherwise, the certificates for any such unaccepted notes will be returned, without expense, to the tendering holder as promptly as practicable after the expiration date.

Those holders who tender notes in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of notes. We will pay all charges and expenses, other than certain applicable taxes, in connection with the exchange offer. See "-Fees and Expenses."

EXPIRATION DATES; EXTENSIONS; AMENDMENTS

The term "expiration date" shall mean 5:00 p.m., New York City time, on , 1999 unless we, in our sole discretion, extend the exchange offer, in which case the term "expiration date" shall mean the latest date to which the exchange offer is extended. Notwithstanding the foregoing, we will not extend the expiration date beyond , 1999.

We have no current plans to extend the exchange offer. In order to extend the expiration date, we will notify the notes exchange agent of any extension by oral or written notice and will make a public announcement of such extension, in each case prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion, to:

(1) delay accepting any notes;

(2) extend the exchange offer; or

(3) terminate the exchange offer,

if any of the conditions set forth below under "-Conditions of the Exchange Offer" shall not have been satisfied, in each case by giving oral or written notice of such delay, extension or termination to the notes exchange agent, and to amend the terms of the exchange offer in any manner. Any such delay in acceptance, extension, termination or amendment will be followed as promptly as practicable by a public announcement of such matter. If the exchange offer is amended in a manner determined by us to constitute a material change, we will promptly disclose such amendment by means of a prospectus supplement that will be distributed to the registered holders of the notes and the exchange offer will be extended for a period of five to ten business days, as required by law, depending upon the significance of the amendment and the manner of disclosure to the registered holders, assuming the exchange offer would otherwise expire during such five to ten business day period.

Without limiting the manner in which we may choose to make a public announcement of any delay, extension, termination or amendment of the exchange offer, we shall not have an obligation to publish, advertise or otherwise communicate any such public announcement other than by making a timely release of such announcement to the Dow Jones News Service.

INTEREST ON THE EXCHANGE NOTES

The exchange notes will bear interest from their date of issuance. Interest is payable semiannually on April 1 and October 1 of each year commencing on October 1, 1999, at the rate of 9 5/8% per annum. The holders of notes that are accepted for exchange will receive, in cash, accrued interest on such notes up to, but not including, the issuance date of the exchange notes. Such interest will be paid with the first interest payment on the exchange notes. Consequently, holders who exchange their notes for exchange notes will receive the same interest payment on October 1, 1999, which is the first interest payment date with respect to the notes and the exchange notes, that they would have received had they not accepted the exchange offer. Interest on the notes accepted for exchange will cease to accrue upon issuance of the exchange notes.

PROCEDURES FOR TENDERING

Only a registered holder of notes may tender their notes in the exchange offer. To effectively tender in the exchange offer, a holder must complete, sign and date the letter of transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the letter of transmittal, and mail or otherwise deliver such letter of transmittal or such facsimile, together with the notes and any other required documents, to the notes exchange agent at the address set forth below under "-Exchange Agent" for receipt prior to 5:00 p.m., New York City time, on the expiration date. Delivery of the notes also may be made by book-entry transfer in accordance with the procedures described below. If you are effecting delivery by book-entry transfer, then:

(1) confirmation of such book-entry transfer must be received by the notes exchange agent prior to the expiration date; and

(2) you must also transmit to the notes exchange agent on or prior to the expiration date, a computer-generated message transmitted by means of the Automated Tender Offer Program System of The Depository Trust Company in which you acknowledge and agree to be bound by the terms of the letter of transmittal and which, when received by the notes exchange agent, forms a part of the confirmation of book-entry transfer.

By executing the letter of transmittal or effecting delivery by book-entry transfer, each holder is making to us those representations set forth under the heading "-Resale of the Exchange Notes."

The tender by a holder of notes will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

The method of delivery of outstanding notes and the letter of transmittal and all other required documents to the notes exchange agent is at the election and sole risk of the holder. As an alternative to delivery by mail, holders may wish to consider overnight or hand delivery service. In all cases, sufficient time should be allowed to assure

delivery to the notes exchange agent before the expiration date. No letter of transmittal or notes should be sent to PCA. Holders may request that their respective brokers, dealers, commercial banks, trust companies or nominees effect the above transactions for such holders.

Only a registered holder of notes may tender their notes in connection with the exchange offer. The term "holder" with respect to the exchange offer means any person in whose name notes are registered on the books of PCA, any other person who has obtained a properly completed bond power from the registered holder, or any person whose notes are held of record by DTC who desires to deliver their notes by book-entry transfer at DTC.

Any beneficial owner whose notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should promptly contact the person in whose name your notes are registered and instruct such registered holder to tender on your behalf. If, as a beneficial owner, you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your notes, either make appropriate arrangements to register ownership of the notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by an Eligible Institution (defined below) unless the notes tendered are tendered (1) by a registered holder who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on the letter of transmittal or (2) for the account of an Eligible Institution. In the event that signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, the guarantee must be by a participant in a recognized signature guarantee medallion program within the meaning of Rule 17Ad-15 under the Exchange Act (an "Eligible Institution").

If the letter of transmittal is signed by a person other than the registered holder of any notes listed therein, such notes must be endorsed or accompanied by properly completed bond powers, signed by such registered holder as such registered holder's name appears on such notes with the signature on such bond powers guaranteed by an Eligible Institution.

If the letter of transmittal or any notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and submit with the letter of transmittal evidence satisfactory to us of their authority to so act.

We understand that the notes exchange agent will make a request, promptly after the date of this prospectus, to establish accounts with respect to the notes at the book-entry transfer facility of DTC for the purpose of facilitating this exchange offer, and subject to the establishment of these accounts, any financial institution that is a participant in the book-entry transfer facility system may make book-entry delivery of notes by causing the transfer of such notes into the notes exchange agent's account with respect to the notes in accordance with DTC's procedures for such transfer. Although delivery of the notes may be effected through book-entry transfer into the notes exchange agent's account at the book-entry transfer facility, unless the holder complies with the procedures described in the following paragraph, an appropriate letter of transmittal properly completed and duly executed with any required signature guarantee and all other required documents must in each case be transmitted to and received or confirmed by the notes exchange agent at its address set forth below before the expiration date, or the guaranteed delivery procedures described below must be complied with. The delivery of documents to the book-entry transfer facility does not constitute delivery to the notes exchange agent.

The notes exchange agent and DTC have confirmed that the exchange offer is eligible for the Automated Tender Offer Program ("ATOP") of DTC. Accordingly, DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer notes to the notes exchange agent in accordance with the procedures for transfer established under ATOP. DTC will then send an Agent's Message to the notes exchange agent. The term "Agent's Message" means a message transmitted by DTC, which when received by the notes exchange agent forms part of the confirmation of a book-entry transfer, and which states that DTC has received an

express acknowledgment from the participant in DTC tendering notes which are the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the letter of transmittal and that PCA may enforce such agreement against such participant. In the case of an Agent's Message relating to guaranteed delivery, the term means a message transmitted by DTC and received by the notes exchange agent which states that DTC has received an express acknowledgment from the participant in DTC tendering notes that such participant has received and agrees to be bound by the notice of guaranteed delivery.

All questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of the tendered notes will be determined by us in our sole discretion, which determinations will be final and binding. We reserve the absolute right to reject any and all notes not validly tendered or any notes the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any defects, irregularities or conditions of tender as to particular notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of notes must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to the tenders of notes, neither we, the notes exchange agent nor any other person shall incur any liability for failure to give such notification. Tenders of notes will not be deemed to have been made until such defects or irregularities have been cured or waived. Any notes received by the notes exchange agent that are not validly tendered and as to which the defects or irregularities have not been cured or waived, or if notes are submitted in a principal amount greater than the principal amount of notes being tendered by such tendering holder, such unaccepted or non-exchanged notes will be returned by the notes exchange agent to the tendering holders (or, in the case of notes tendered by book-entry transfer into the notes exchange agent's account at the book-entry transfer facility pursuant to the book-entry transfer procedures described above, such unaccepted or non-exchanged notes will be credited to an account maintained with such book-entry transfer facility), unless otherwise provided in the letter of transmittal designated for such notes, as soon as practicable following the expiration date.

GUARANTEED DELIVERY PROCEDURES

Those holders who wish to tender their notes and:

(1) whose notes are not immediately available; or

(2) who cannot deliver their notes, the letter of transmittal or any other required documents to the notes exchange agent before the expiration date; or

(3) who cannot complete the procedures for book-entry transfer before the expiration date,

may effect a tender if:

(1) the tender is made through an Eligible Institution;

(2) before the expiration date, the notes exchange agent receives from such Eligible Institution a properly completed and duly executed notice of guaranteed delivery, by facsimile transmission, mail or hand delivery, setting forth the name and address of the holder, the certificate number or numbers of such notes and the principal amount of notes tendered, stating that the tender is being made thereby, and guaranteeing that, within five business days after the expiration date, either (a) the letter of transmittal, or facsimile thereof, together with the certificate(s) representing the notes and any other documents required by the letter of transmittal, will be deposited by the Eligible Institution with the notes exchange agent or (b) that a confirmation of book-entry transfer of such notes into the notes exchange agent's account at DTC, will be delivered to the notes exchange agent; and

(3) either (a) such properly completed and executed letter of transmittal, or facsimile thereof, together with the certificate(s) representing all tendered notes in proper form for transfer and all other documents

required by the letter of transmittal or (b) if applicable, confirmation of a book-entry transfer into the notes exchange agent's account at DTC, are actually received by the notes exchange agent within five business days after the expiration date.

Upon request to the notes exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their notes according to the guaranteed delivery procedures set forth above.

WITHDRAWAL OF TENDERS

Except as otherwise provided herein, tenders of notes may be withdrawn at any time prior to 5:00 p.m., New York City time, on the expiration date.

To effectively withdraw a tender of notes in the exchange offer, the notes exchange agent must receive a telegram, telex, letter or facsimile transmission notice of withdrawal at its address set forth herein prior to 5:00 p.m., New York City time, on the expiration date. Any such notice of withdrawal must:

(1) specify the name of the person having deposited the notes to be withdrawn;

(2) identify the notes to be withdrawn, including the certificate number or numbers and the aggregate principal amount of such notes or, in the case of notes transferred by book-entry transfer, the name and number of the account at DTC to be credited;

(3) be signed by the holder in the same manner as the original signature on the letter of transmittal by which such notes were tendered, including any required signature guarantees, or be accompanied by documents of transfers sufficient to permit the trustee with respect to the notes to register the transfer of such notes into the name of the person withdrawing the tender; and

(4) specify the name in which any such notes are to be registered, if different from that of the person depositing the notes.

All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by us, and our determination shall be final and binding on all parties. Any notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer and no exchange notes will be issued with respect thereto unless the notes so withdrawn are validly retendered. Any notes which have been tendered but which are not accepted for exchange due to the rejection of the tender due to uncured defects or the prior termination of the exchange offer, or which have been validly withdrawn, will be returned to the holder thereof without cost to such holder as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn notes may be retendered by following one of the procedures described above under "-Procedures for Tendering" at any time prior to the expiration date.

CONDITIONS OF THE EXCHANGE OFFER

The exchange offer is subject to the condition that the exchange offer, or the making of any exchange by a holder, does not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission. If there has been a change in policy of the Securities and Exchange Commission such that in the reasonable opinion of our counsel there is a substantial question whether the exchange offer is permitted by applicable federal law, we have agreed to seek a no-action letter or other favorable decision from the Securities and Exchange Commission allowing us to consummate the exchange offer.

If we determine that the exchange offer is not permitted by applicable federal law, we may terminate the exchange offer. In connection such termination we may:

(1) refuse to accept any notes and return any notes that have been tendered by the holders thereof;

(2) extend the exchange offer and retain all notes tendered prior to the expiration date, subject to the rights of such holders of tendered notes to withdraw their tendered notes; or

(3) waive such termination event with respect to the exchange offer and accept all properly tendered notes that have not been properly withdrawn.

If such waiver constitutes a material change in the exchange offer, we will disclose such change by means of a supplement to this prospectus that will be distributed to each registered holder of notes, and we will extend the exchange offer for a period of five to ten business days, depending upon the significance of the waiver, if the exchange offer would otherwise expire during such period.

EXCHANGE AGENT

United States Trust Company of New York has been appointed as notes exchange agent for the exchange offer. Questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal and requests for the notice of guaranteed delivery should be directed to the notes exchange agent addressed as follows:

BY OVERNIGHT COURIER & BY HAND AFTER 4:30 P.M. ON THE EXPIRATION DATE ONLY:	BY HAND UP TO 4:30 P.M.:
United States Trust Company of New York 770 Broadway, 13(th) Floor New York, NY 10003 Attn: Corporate Trust Services	United States Trust Company of New York 111 Broadway, Lower Level New York, NY 10006 Attn: Corporate Trust Services
BY REGISTERED OR CERTIFIED MAIL:	FACSIMILE TRANSMISSION: 212-420-6211
United States Trust Company of New York P.O. Box 844, Cooper Station New York, NY 10276-0844 Attn: Corporate Trust Services	Confirm by Telephone: 800-548-6565 Attn: Corporate Trust Services

Any requests or deliveries to an address or facsimile number other than as set forth above will not constitute a valid delivery.

FEES AND EXPENSES

We will bear the expenses of soliciting tenders. The principal solicitation for tenders is being made by mail. Additional solicitations, however, may be made by our officers and regular employees and those of our affiliates in person, by telegraph or telephone.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to brokers, dealers or other persons soliciting acceptances of the exchange offer. We will pay the notes exchange agent, however, reasonable and customary fees for its services and will reimburse the notes exchange agent for its reasonable out-of-pocket expenses in connection with the exchange offer.

We will pay the cash expenses to be incurred in connection with the exchange offer. Such expenses include fees and expenses of the notes exchange agent and the trustee, accounting and legal fees and printing costs, among others.

We will pay all transfer taxes, if any, applicable to the exchange of the notes pursuant to the exchange offer. If, however, a transfer tax is imposed for any reason other than the exchange of the notes pursuant to the exchange offer, then the amount of any such transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

ACCOUNTING TREATMENT

The exchange notes will be recorded at the same carrying value as the notes, which is face value as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes. The expenses of the exchange offer will be amortized over the term of the exchange notes.

CONSEQUENCES OF FAILURE TO EXCHANGE

The notes that are not exchanged for exchange notes pursuant to the exchange offer will remain Transfer Restricted Securities. Accordingly, such notes may be resold only as follows:

(1) to us, upon redemption thereof or otherwise;

(2) (a) so long as the notes are eligible for resale pursuant to Rule 144A, to a person inside the United States whom the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A, (b) in accordance with Rule 144 under the Securities Act, or (c) pursuant to another exemption from the registration requirements of the Securities Act and based upon an opinion of counsel reasonably acceptable to us;

(3) outside the United States to a foreign person in a transaction meeting the requirements of Rule 904 under the Securities Act; or

(4) pursuant to an effective registration statement under the Securities Act.

RESALE OF THE EXCHANGE NOTES

Based on no-action letters issued by the staff of the Securities and Exchange Commission to third parties, we believe the exchange notes issued pursuant to the exchange offer in exchange for the notes may be offered for resale, resold and otherwise transferred by any holder (other than (1) a broker-dealer who purchased such notes directly from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act or (2) a person that is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided, however, that the holder is acquiring the exchange notes in its ordinary course of business and is not participating, and has no arrangement or understanding with any person to participate, in the distribution of the exchange notes. In the event that our belief is inaccurate, holders of exchange notes who transfer exchange notes in violation of the prospectus delivery provisions of the Securities Act and without an exemption from registration thereunder may incur liability under the Securities Act. We do not assume or indemnify holders against such liability.

If, however, any holder acquires exchange notes in the exchange offer for the purpose of distributing or participating in a distribution of the exchange notes, such holder cannot rely on the position of the staff of the Securities and Exchange Commission enunciated in the referenced no-action letters or any similar interpretive letters, and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction, unless an exemption from registration is otherwise available. Further, each participating broker-dealer that receives exchange notes for its own account in exchange for notes, where such notes were acquired by such participating broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. Although a broker-dealer may be an "underwriter" within the meaning of the Securities Act, the letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for notes.

As contemplated by these no-action letters and the notes registration rights agreement, each holder tendering notes in the exchange offer is required to represent to us in the letter of transmittal, that, among things:

(1) the person receiving the exchange notes pursuant to the exchange offer, whether or not such person is the holder, is receiving them in the ordinary course of business;

(2) neither the holder nor any such other person has an arrangement or understanding with any person to participate in the distribution of such exchange notes and that such holder is not engaged in, and does not intend to engage in, a distribution of exchange notes;

(3) neither the holder nor any such other person is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act;

(4) the holder acknowledges and agrees that:

(a) any person participating in the exchange offer for the purpose of distributing the exchange notes must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction with respect to the exchange notes acquired by such person and cannot rely on the position of the staff of the Securities and Exchange Commission set forth in no-action letters that are discussed above and under the heading "-Purpose and Effect of the Exchange Offer;" and

(b) any broker-dealer that receives exchange notes for its own account in exchange for notes pursuant to the exchange offer must deliver a prospectus in connection with any resale of such exchange notes, but by so acknowledging, the holder shall not be deemed to admit that, by delivering a prospectus, it is an "underwriter" within the meaning of the Securities Act; and

(5) the holder understands that a secondary resale transaction described in clause (4)(a) above should be covered by an effective registration statement containing the selling securityholder information required by Item 507 of Regulation S-K of the Securities and Exchange Commission.

The exchange offer is not being made to, and we will not accept surrenders for exchange from, holders of the notes in any jurisdiction in which the exchange offer or its acceptance would not comply with the securities or blue sky laws of such jurisdiction.

All resales must be made in compliance with state securities or "blue sky" laws. Such compliance may require that the exchange notes be registered or qualified in a state or that the resales be made by or through a licensed broker-dealer, unless exemptions from these requirements are available. We assume no responsibility with regard to compliance with these requirements.

THE NEW PREFERRED STOCK

PURPOSE AND EFFECT OF THE EXCHANGE OFFER

PCA originally sold the preferred stock to J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated, the initial purchasers, pursuant to the Purchase Agreement. The initial purchasers subsequently resold the preferred stock to qualified institutional buyers in reliance on Rule 144A under the Securities Act. As a condition to the Purchase Agreement, PCA, the guarantor subsidiaries and the initial purchasers entered into a preferred stock registration rights agreement in which PCA and the guarantor subsidiaries agreed to:

(1) use all commercially reasonable efforts to file a registration statement registering the new preferred stock with the Securities and Exchange Commission within 60 days after the original issuance of the outstanding preferred stock;

(2) use all commercially reasonable efforts to have the registration statement relating to the new preferred stock declared effective by the Securities and Exchange Commission within 150 days after the original issuance of the outstanding preferred stock;

(3) unless the exchange offer would not be permitted by applicable law or Securities and Exchange Commission policy, use all commercially reasonable efforts to commence the exchange offer and use all commercially reasonable efforts to issue within 30 business days, or longer, if required by the federal securities laws, after the date on which the registration statement relating to the new preferred stock was declared effective by the Securities and Exchange Commission, new preferred stock in exchange for all outstanding preferred stock tendered prior to the expiration date; and

(4) if obligated to file a shelf registration statement, use all commercially reasonable efforts to file the shelf registration statement with the Securities and Exchange Commission within 60 days after such filing obligation arises, to cause the shelf registration statement to be declared effective by the Securities and Exchange Commission within 120 days after such obligation arises and to use commercially reasonable efforts to keep effective the shelf registration statement for at least two years after the original issuance of the preferred stock or such shorter period that will terminate when all securities covered by the shelf registration statement have been sold pursuant to the shelf registration statement.

We have agreed to keep the exchange offer open for not less than 20 business days, or longer if required by applicable law, after the date on which notice of the exchange offer is mailed to the holders of the preferred stock. The preferred stock registration rights agreement also requires us to include in the prospectus for the exchange offer information necessary to allow broker-dealers who hold preferred stock, other than preferred stock purchased directly from us or one of our affiliates, to exchange such preferred stock pursuant to the exchange offer and to satisfy the prospectus delivery requirements in connection with resales of the new preferred stock received by such broker-dealers in the exchange offer.

This prospectus covers the exchange offer and sale of the new preferred stock pursuant to the exchange offer and the resale of new preferred stock received in the exchange offer by any broker-dealer who held preferred stock other than preferred stock purchased directly from us or one of our affiliates.

For each share of preferred stock surrendered to us pursuant to the exchange offer, the holder of such share of preferred stock will receive a share of new preferred stock having a liquidation preference equal to that of the surrendered share of preferred stock. Dividends on each share of preferred stock will accrue from the date of issuance of such share of preferred stock. The holders of preferred stock that is accepted for exchange will receive accrued dividends on such preferred stock up to, but not including, the issuance date of the new preferred stock. Such dividends will be paid with the first dividend payment on the new preferred stock. Dividends on the outstanding preferred stock accepted for exchange will cease to accrue upon issuance of the new preferred stock.

Under existing interpretations of the staff of the Securities and Exchange Commission contained in several no-action letters to third parties, we believe the new preferred stock would in general be freely tradeable after the exchange offer without further registration under the Securities Act. Any purchaser of the preferred stock, however, who is either an "affiliate" of PCA, a broker-dealer who purchased preferred stock directly from us or one of our affiliates for resale, or who intends to participate in the exchange offer for the purpose of distributing the new preferred stock:

(1) will not be able to rely on the interpretation of the staff of the Securities and Exchange Commission;

(2) will not be able to tender its preferred stock in the exchange offer; and

(3) must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the preferred stock, unless such sale or transfer is made pursuant to an exemption from such requirements.

We have agreed to file with the Securities and Exchange Commission a shelf registration statement to cover resales of the preferred stock by holders who satisfy certain conditions relating to the provision of information in connection with the shelf registration statement if:

(1) we are not required to file the registration statement for the exchange offer or permitted to consummate the exchange offer because it is not permitted by applicable law or Securities and Exchange Commission policy; or

(2) any holder of Transfer Restricted Securities notifies us prior to the 20th day following consummation of the exchange offer that:

(a) it is prohibited by law or Securities and Exchange Commission policy from participating in the exchange offer;

(b) that it may not resell the new preferred stock acquired by it in the exchange offer to the public without delivering a prospectus and the prospectus contained in the registration statement relating to the exchange offer is not appropriate or available for such resales; or

(c) that it is a broker-dealer that purchased preferred stock directly from us or one of our affiliates for resale.

For purposes of the foregoing, "Transfer Restricted Securities" means each outstanding share of preferred stock until the earliest to occur of:

(1) the date on which such share of preferred stock has been exchanged by a person other than a broker-dealer for a share of new preferred stock;

(2) following the exchange by a broker-dealer in the exchange offer of a share of preferred stock for a share of new preferred stock, the date on which such share of new preferred stock is sold to a purchaser who receives from such broker-dealer before the date of such sale a copy of the prospectus contained in the registration statement relating to the exchange offer;

(3) the date on which such shares of new preferred stock has been effectively registered under the Securities Act and disposed of in accordance with the shelf registration statement; or

(4) the date on which such share of preferred stock is distributed to the public pursuant to Rule 144 under the Securities Act.

We will pay liquidated damages to each holder of preferred stock if:

(1) we fail to file any of the registration statements on or before the date specified for such filing;

(2) any of such registration statements is not declared effective by the Securities and Exchange Commission before the date specified for such effectiveness (the "Effectiveness Target Date");

(3) we fail to consummate the exchange offer within 30 business days of the Effectiveness Target Date with respect to the registration statement relating to the exchange offer;

(4) the shelf registration statement or the registration statement relating to the exchange offer is declared effective but thereafter ceases to be effective or usable in connection with resales of Transfer Restricted Securities during the periods specified in the preferred stock registration rights agreement (each such event referred to in clauses (1) through (4) above, a "Registration Default").

The amount of liquidated damages will be equal to a per annum rate of 0.25% on the liquidation preference on new preferred stock held by each holder, with respect to the first 90-day period immediately following the occurrence of the first Registration Default. Liquidated damages will increase by an additional per annum rate of 0.25% with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of liquidated damages for all Registration Defaults of 1.00% per annum on the liquidation

preference on new preferred stock. We will pay all accrued liquidated damages on each dividend payment date in the manner provided for the payment of dividends in the certificate of designation. Following the cure of all Registration Defaults, the accrual of liquidated damages will cease.

Each holder of preferred stock, other than certain specified holders, who wishes to exchange preferred stock for new preferred stock in the exchange offer will be required to make certain representations, including that:

(1) it is not an affiliate of PCA;

(2) any new preferred stock to be received by it were acquired in the ordinary course of its business; and

(3) it has no arrangement with any person to participate in the distribution of the new preferred stock.

If the holder is a broker-dealer that will receive new preferred stock for its own account in exchange for preferred stock that was acquired as a result of market-making activities or other trading activities, it will be required to acknowledge that it will deliver a prospectus in connection with any resale of such new preferred stock.

The Securities and Exchange Commission has taken the position that participating broker-dealers may fulfill their prospectus delivery requirements with respect to the new preferred stock, other than a resale of an unsold allotment from the original sale of the preferred stock, with a prospectus contained in the registration statement relating to the exchange offer. Under the preferred stock registration rights agreement, we are required to allow broker-dealers to use the prospectus contained in the registration statement relating to the exchange offer in connection with the resale of such new preferred stock.

We will, in the event of the filing of a shelf registration statement, provide to each holder of preferred stock eligible to participate in such shelf registration statement copies of the prospectus which is a part of the shelf registration statement, notify each such holder when the shelf registration statement for the preferred stock has become effective and take certain other actions as are required to permit resales of the outstanding preferred stock. A holder of preferred stock that sells such preferred stock pursuant to the shelf registration statement generally will be required to be named as a selling securityholder in the related prospectus and to deliver a prospectus to purchasers, will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the preferred stock registration rights agreement which are applicable to such a holder, including certain indemnification obligations. In addition, each such holder will be required to deliver information to be used in connection with the shelf registration statement and to provide comments on the shelf registration statement within the time periods set forth in the preferred stock registration rights agreement in order to have their preferred stock included in the shelf registration statement and to benefit from the provisions regarding liquidated damages.

TERMS OF THE EXCHANGE OFFER

Upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal relating to the new preferred stock, we will accept all outstanding preferred stock validly tendered prior to 5:00 p.m., New York City time, on the expiration date. We will issue $100 liquidation preference per share of new preferred stock in exchange for each $100 liquidation preference per share of outstanding preferred stock accepted in the exchange offer.

The form and terms of the new preferred stock are identical to the preferred stock except for the following:

(1) the new preferred stock bears a Series B designation and a different CUSIP number from the preferred stock;

(2) the new preferred stock has been registered under the Securities Act and, therefore, will not bear legends restricting its transfer; and

(3) the holders of the new preferred stock will not be entitled to certain rights under the preferred stock registration rights agreement, including the provisions providing for an increase in the dividend rate on the preferred stock in certain circumstances relating to the timing of the exchange offer, all of which rights will terminate when the exchange offer is terminated.

The new preferred stock will evidence the same debt as the preferred stock and will be entitled to the benefits of the certificate of designation under which the preferred stock were issued. As of the date of this prospectus, $100 million in aggregate liquidation preference of the preferred stock is outstanding. Solely for reasons of administration and no other reason, we have fixed the close of business on , 1999 as the record date for the exchange offer for purposes of determining the persons to whom this prospectus and the letter of transmittal will be mailed initially. Only a registered holder of preferred stock, or such holder's legal representative or attorney-in-fact, as reflected on the records of the transfer agent under the certificate of designation may participate in the exchange offer. There will be no fixed record date, however, for determining registered holders of the preferred stock entitled to participate in the exchange offer.

The holders of preferred stock do not have any appraisal or dissenters' rights under the General Corporation Law of Delaware or the certificate of designation in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the applicable requirements of the Exchange Act and the rules and regulations of the Securities and Exchange Commission promulgated under the Exchange Act.

We shall be deemed to have accepted validly tendered shares of preferred stock when, as and if we have given oral or written notice thereof to the preferred stock exchange agent. The preferred stock exchange agent will act as agent for the tendering holders for the purpose of receiving the new preferred stock from us.

If any tendered preferred stock is not accepted for exchange because of an invalid tender, the occurrence of certain other events set forth in this prospectus or otherwise, the certificates for any such unaccepted shares of preferred stock will be returned, without expense, to the tendering holder as promptly as practicable after the expiration date.

Those holders who tender preferred stock in the exchange offer will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes with respect to the exchange of preferred stock. We will pay all charges and expenses, other than certain applicable taxes, in connection with the exchange offer. See "-Fees and Expenses."

EXPIRATION DATES; EXTENSIONS; AMENDMENTS

The term "expiration date" shall mean 5:00 p.m., New York City time, on , 1999 unless we, in our sole discretion, extend the exchange offer, in which case the term "expiration date" shall mean the latest date to which the exchange offer is extended. Notwithstanding the foregoing, we will not extend the expiration date beyond , 1999.

We have no current plans to extend the exchange offer. In order to extend the expiration date, we will notify the preferred stock exchange agent of any extension by oral or written notice and will make a public announcement of such extension, in each case prior to 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date.

We reserve the right, in our sole discretion, to:

(1) delay accepting any preferred stock;

(2) extend the exchange offer; or

(3) terminate the exchange offer,

if any of the conditions set forth below under "-Conditions of the Exchange Offer" shall not have been satisfied, in each case by giving oral or written notice of such delay, extension or termination to the preferred stock exchange agent, and to amend the terms of the exchange offer in any manner. Any such delay in acceptance,

extension, termination or amendment will be followed as promptly as practicable by a public announcement of such matter. If the exchange offer is amended in a manner determined by us to constitute a material change, we will promptly disclose such amendment by means of a prospectus supplement that will be distributed to the registered holders of the preferred stock and the exchange offer will be extended for a period of five to ten business days, as required by law, depending upon the significance of the amendment and the manner of disclosure to the registered holders, assuming the exchange offer would otherwise expire during such five to ten business day period.

Without limiting the manner in which we may choose to make a public announcement of any delay, extension, termination or amendment of the exchange offer, we shall not have an obligation to publish, advertise, or otherwise communicate any such public announcement other than by making a timely release of such announcement to the Dow Jones News Service.

DIVIDENDS ON THE NEW PREFERRED STOCK

The new preferred stock will accrue dividends from its date of issuance. Dividends are payable semiannually on April 1 and October 1 of each year commencing on October 1, 1999, at the rate of 12d% per annum. The holders of preferred stock that is accepted for exchange will receive accrued dividends on such preferred stock up to, but not including, the issuance date of the new preferred stock. Such dividends will be paid with the first dividend payment on the new preferred stock. Consequently, holders who exchange their preferred stock for new preferred stock will receive the same dividend payment on October 1, 1999, which is the first dividend payment date with respect to the preferred stock and the new preferred stock, that they would have received had they not accepted the exchange offer. Dividends on the preferred stock accepted for exchange will cease to accrue upon issuance of the new preferred stock.

PROCEDURES FOR TENDERING

Only a registered holder of preferred stock may tender such preferred stock in the exchange offer. To effectively tender in the exchange offer, a holder must complete, sign and date the letter of transmittal, or a facsimile thereof, have the signatures thereon guaranteed if required by the letter of transmittal, and mail or otherwise deliver such letter of transmittal or such facsimile, together with the preferred stock and any other required documents, to the preferred stock exchange agent at the address set forth below under "-Exchange Agent" for receipt prior to 5:00 p.m., New York City time, on the expiration date. Delivery of the preferred stock also may be made by book-entry transfer in accordance with the procedures described below. If you are effecting delivery by book-entry transfer, then:

(1) confirmation of such book-entry transfer must be received by the preferred stock exchange agent prior to the expiration date; and

(2) you must also transmit to the preferred stock exchange agent on or prior to the expiration date, a computer-generated message transmitted by means of the Automated Tender Offer Program System of The Depository Trust Company in which you acknowledge and agree to be bound by the terms of the letter of transmittal and which, when received by the preferred stock exchange agent, forms a part of the confirmation of book-entry transfer.

By executing the letter of transmittal or effecting delivery by book-entry transfer, each holder is making to us those representations set forth under the heading "-Resale of the New Preferred Stock."

The tender by a holder of preferred stock will constitute an agreement between such holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal.

The method of delivery of outstanding preferred stock and the letter of transmittal and all other required documents to the preferred stock exchange agent is at the election and sole risk of the holder. As an alternative to delivery by mail, holders may wish to consider overnight or hand delivery service. In all cases, sufficient time

should be allowed to assure delivery to the preferred stock exchange agent before the expiration date. No letter of transmittal or preferred stock should be sent to PCA. Holders may request that their respective brokers, dealers, commercial banks, trust companies or nominees effect the above transactions for such holders.

Only a registered holder of preferred stock may tender such preferred stock in connection with the exchange offer. The term "holder" with respect to the exchange offer means any person in whose name preferred stock are registered on the books of PCA, any other person who has obtained a properly completed bond power from the registered holder, or any person whose preferred stock are held of record by DTC who desires to deliver such preferred stock by book-entry transfer at DTC.

Any beneficial owner whose preferred stock are registered in the name of a broker, dealer, commercial bank, trust company or other nominee and who wishes to tender should promptly contact the person in whose name your preferred stock are registered and instruct such registered holder to tender on your behalf. If, as a beneficial owner, you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your preferred stock, either make appropriate arrangements to register ownership of the preferred stock in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time.

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed by an Eligible Institution (defined below) unless the preferred stock tendered is tendered (1) by a registered holder who has not completed the box entitled "Special Registration Instructions" or "Special Delivery Instructions" on the letter of transmittal or (2) for the account of an Eligible Institution. In the event that signatures on a letter of transmittal or a notice of withdrawal, as the case may be, are required to be guaranteed, such guarantee must be by a participant in a recognized signature guarantee medallion program within the meaning of Rule 17Ad-15 under the Exchange Act (an "Eligible Institution").

If the letter of transmittal is signed by a person other than the registered holder of any preferred stock listed therein, such preferred stock must be endorsed or accompanied by properly completed bond powers, signed by such registered holder as such registered holder's name appears on such preferred stock with the signature on such bond powers guaranteed by an Eligible Institution.

If the letter of transmittal or any preferred stock or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should so indicate when signing, and submit with the letter of transmittal evidence satisfactory to us of their authority to so act.

We understand that the preferred stock exchange agent will make a request, promptly after the date of this prospectus, to establish accounts with respect to the preferred stock at the book-entry transfer facility of DTC for the purpose of facilitating this exchange offer, and subject to the establishment of these accounts, any financial institution that is a participant in the book-entry transfer facility system may make book-entry delivery of preferred stock by causing the transfer of such preferred stock into the preferred stock exchange agent's account with respect to the preferred stock in accordance with DTC's procedures for such transfer. Although delivery of the preferred stock may be effected through book-entry transfer into the preferred stock exchange agent's account at the book-entry transfer facility, unless the holder complies with the procedures described in the following paragraph, an appropriate letter of transmittal properly completed and duly executed with any required signature guarantee and all other required documents must in each case be transmitted to and received or confirmed by the preferred stock exchange agent at its address set forth below before the expiration date, or the guaranteed delivery procedures described below must be complied with. The delivery of documents to the book-entry transfer facility does not constitute delivery to the preferred stock exchange agent.

The preferred stock exchange agent and DTC have confirmed that the exchange offer is eligible for the Automated Tender Offer Program ("ATOP") of DTC. Accordingly, DTC participants may electronically transmit their acceptance of the exchange offer by causing DTC to transfer preferred stock to the preferred stock exchange agent in accordance with the procedures for transfer established under ATOP. DTC will then send an Agent's

Message to the preferred stock exchange agent. The term "Agent's Message" means a message transmitted by DTC, which when received by the preferred stock exchange agent forms part of the confirmation of a book-entry transfer, and which states that DTC has received an express acknowledgment from the participant in DTC tendering preferred stock which is the subject of such book-entry confirmation that such participant has received and agrees to be bound by the terms of the letter of transmittal and that PCA may enforce such agreement against such participant. In the case of an Agent's Message relating to guaranteed delivery, the term means a message transmitted by DTC and received by the preferred stock exchange agent which states that DTC has received an express acknowledgment from the participant in DTC tendering preferred stock that such participant has received and agrees to be bound by the notice of guaranteed delivery.

All questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of the tendered preferred stock will be determined by us in our sole discretion, which determinations will be final and binding. We reserve the absolute right to reject any and all preferred stock not validly tendered or any preferred stock the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the absolute right to waive any defects, irregularities or conditions of tender as to particular shares of preferred stock. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with tenders of preferred stock must be cured within such time as we shall determine. Although we intend to notify holders of defects or irregularities with respect to the tenders of preferred stock, neither we, the preferred stock exchange agent nor any other person shall incur any liability for failure to give such notification. Tenders of preferred stock will not be deemed to have been made until such defects or irregularities have been cured or waived. Any preferred stock received by the preferred stock exchange agent that is not validly tendered and as to which the defects or irregularities have not been cured or waived, or if preferred stock is submitted in an aggregate liquidation preference greater than the liquidation preference of preferred stock being tendered by such tendering holder, such unaccepted or non-exchanged preferred stock will be returned by the preferred stock exchange agent to the tendering holders (or, in the case of preferred stock tendered by book-entry transfer into the preferred stock exchange agent's account at the book-entry transfer facility pursuant to the book-entry transfer procedures described above, such unaccepted or non-exchanged preferred stock will be credited to an account maintained with such book-entry transfer facility), unless otherwise provided in the letter of transmittal designated for such preferred stock, as soon as practicable following the expiration date.

GUARANTEED DELIVERY PROCEDURES

Those holders who wish to tender their preferred stock and:

(1) whose preferred stock are not immediately available; or

(2) who cannot deliver their preferred stock, the letter of transmittal or any other required documents to the preferred stock exchange agent before the expiration date; or

(3) who cannot complete the procedures for book-entry transfer before the expiration date,

may effect a tender if:

(1) the tender is made through an Eligible Institution;

(2) before the expiration date, the preferred stock exchange agent receives from such Eligible Institution a properly completed and duly executed notice of guaranteed delivery, by facsimile transmission, mail or hand delivery, setting forth the name and address of the holder, the certificate number or numbers of such preferred stock and the liquidation preference of preferred stock tendered, stating that the tender is being made thereby, and guaranteeing that, within five business days after the expiration date, either (a) the letter of transmittal, or facsimile thereof, together with the certificate(s) representing the preferred stock and any other documents required by the letter of transmittal, will be deposited by the

Eligible Institution with the preferred stock exchange agent or (b) that a confirmation of book-entry transfer of such preferred stock into the preferred stock exchange agent's account at DTC, will be delivered to the preferred stock exchange agent; and

(3) either (a) such properly completed and executed letter of transmittal, or facsimile thereof, together with the certificate(s) representing all tendered preferred stock in proper form for transfer and all other documents required by the letter of transmittal or (b) if applicable, confirmation of a book-entry transfer into the preferred stock exchange agent's account at DTC, are actually received by the preferred stock exchange agent within five business days after the expiration date.

Upon request to the preferred stock exchange agent, a notice of guaranteed delivery will be sent to holders who wish to tender their preferred stock according to the guaranteed delivery procedures set forth above.

WITHDRAWAL OF TENDERS

Except as otherwise provided herein, tenders of preferred stock may be withdrawn at any time prior to 5:00 p.m., New York City time, on the expiration date.

To effectively withdraw a tender of preferred stock in the exchange offer, the preferred stock exchange agent must receive a telegram, telex, letter or facsimile transmission notice of withdrawal at its address set forth herein prior to 5:00 p.m., New York City time, on the expiration date. Any such notice of withdrawal must:

(1) specify the name of the person having deposited the preferred stock to be withdrawn;

(2) identify the shares of preferred stock to be withdrawn, including the certificate number or numbers and the aggregate liquidation preference of such preferred stock or, in the case of preferred stock transferred by book-entry transfer, the name and number of the account at DTC to be credited;

(3) be signed by the holder in the same manner as the original signature on the letter of transmittal by which such preferred stock were tendered, including any required signature guarantees, or be accompanied by documents of transfers sufficient to permit the transfer agent with respect to the preferred stock to register the transfer of such preferred stock into the name of the person withdrawing the tender; and

(4) specify the name in which any such preferred stock are to be registered, if different from that of the person depositing the preferred stock.

All questions as to the validity, form and eligibility (including time of receipt) of such notices will be determined by us, and our determination shall be final and binding on all parties. Any preferred stock so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer and no new preferred stock will be issued with respect thereto unless the preferred stock so withdrawn is validly retendered. Any preferred stock which have been tendered but which are not accepted for exchange due to the rejection of the tender due to uncured defects or the prior termination of the exchange offer, or which have been validly withdrawn, will be returned to the holder thereof without cost to such holder as soon as practicable after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn preferred stock may be retendered by following one of the procedures described above under "-Procedures for Tendering" at any time prior to the expiration date.

CONDITIONS OF THE EXCHANGE OFFER

The exchange offer is subject to the condition that the exchange offer, or the making of any exchange by a holder, does not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission. If there has been a change in policy of the Securities and Exchange Commission such that in the reasonable opinion of our counsel there is a substantial question whether the exchange offer is permitted by applicable federal law, we have agreed to seek a no-action letter or other favorable decision from the Securities and Exchange Commission allowing us to consummate the exchange offer.

If we determine that the exchange offer is not permitted by applicable federal law, we may terminate the exchange offer. In connection such termination we may:

(1) refuse to accept any preferred stock and return any preferred stock that have been tendered by the holders thereof;

(2) extend the exchange offer and retain all preferred stock tendered prior to the expiration date, subject to the rights of such holders of tendered preferred stock to withdraw their tendered preferred stock; or

(3) waive such termination event with respect to the exchange offer and accept all properly tendered preferred stock that have not been properly withdrawn.

If such waiver constitutes a material change in the exchange offer, we will disclose such change by means of a supplement to this prospectus that will be distributed to each registered holder of preferred stock, and we will extend the exchange offer for a period of five to ten business days, depending upon the significance of the waiver, if the exchange offer would otherwise expire during such period.

EXCHANGE AGENT

United States Trust Company of New York has been appointed as preferred stock exchange agent for the exchange offer. Questions and requests for assistance, requests for additional copies of this prospectus or the letter of transmittal and requests for the notice of guaranteed delivery should be directed to the preferred stock exchange agent addressed as follows:

BY OVERNIGHT COURIER & BY HAND AFTER 4:30 P.M. ON THE EXPIRATION DATE ONLY:	BY HAND UP TO 4:30 P.M.:
United States Trust Company of New York 770 Broadway, 13(th) Floor New York, NY 10003 Attn: Corporate Trust Services	United States Trust Company of New York 111 Broadway, Lower Level New York, NY 10006 Attn: Corporate Trust Services
BY REGISTERED OR CERTIFIED MAIL:	FACSIMILE TRANSMISSION: 212-420-6211
United States Trust Company of New York P.O. Box 844, Cooper Station New York, NY 10276-0844 Attn: Corporate Trust Services	Confirm by Telephone: 800-548-6565 Attn: Corporate Trust Services

Any requests or deliveries to an address or facsimile number other than as set forth above will not constitute a valid delivery.

FEES AND EXPENSES

We will bear the expenses of soliciting tenders. The principal solicitation for tenders is being made by mail. Additional solicitations, however, may be made by our officers and regular employees and those of our affiliates in person, by telegraph or telephone.

We have not retained any dealer-manager in connection with the exchange offer and will not make any payments to brokers, dealers or other persons soliciting acceptances of the exchange offer. We will pay the preferred stock exchange agent, however, reasonable and customary fees for its services and will reimburse the preferred stock exchange agent for its reasonable out-of-pocket expenses in connection with the exchange offer.

We will pay the cash expenses to be incurred in connection with the exchange offer. Such expenses include fees and expenses of the preferred stock exchange agent and the transfer agent, accounting and legal fees and printing costs, among others.

We will pay all transfer taxes, if any, applicable to the exchange of the preferred stock pursuant to the exchange offer. If, however, a transfer tax is imposed for any reason other than the exchange of the preferred stock pursuant to the exchange offer, then the amount of any such transfer taxes, whether imposed on the registered holder or any other persons, will be payable by the tendering holder. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to such tendering holder.

ACCOUNTING TREATMENT

The new preferred stock will be recorded at the same carrying value as the preferred stock, which is face value as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes. The expenses of the exchange offer will be charged to paid-in-capital.

CONSEQUENCES OF FAILURE TO EXCHANGE

The preferred stock that is not exchanged for new preferred stock pursuant to the exchange offer will remain Transfer Restricted Securities. Accordingly, such preferred stock may be resold only as follows:

(1) to us, upon redemption thereof or otherwise;

(2) (a) so long as the preferred stock is eligible for resale pursuant to Rule 144A, to a person inside the United States whom the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act in a transaction meeting the requirements of Rule 144A, (b) in accordance with Rule 144 under the Securities Act, or (c) pursuant to another exemption from the registration requirements of the Securities Act and based upon an opinion of counsel reasonably acceptable to us;

(3) outside the United States to a foreign person in a transaction meeting the requirements of Rule 904 under the Securities Act; or

(4) pursuant to an effective registration statement under the Securities Act.

RESALE OF THE NEW PREFERRED STOCK

Based on no-action letters issued by the staff of the Securities and Exchange Commission to third parties, we believe the new preferred stock issued pursuant to the exchange offer in exchange for the preferred stock may be offered for resale, resold and otherwise transferred by any holder (other than (1) a broker-dealer who purchased such preferred stock directly from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act or (2) a person that is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act) without compliance with the registration and prospectus delivery provisions of the Securities Act, provided, however, that the holder is acquiring the new preferred stock in its ordinary course of business and is not participating, and has no arrangement or understanding with any person to participate, in the distribution of the new preferred stock. In the event that our belief is inaccurate, holders of new preferred stock who transfer new preferred stock in violation of the prospectus delivery provisions of the Securities Act and without an exemption from registration thereunder may incur liability under the Securities Act. We do not assume or indemnify holders against such liability.

If, however, any holder acquires new preferred stock in the exchange offer for the purpose of distributing or participating in a distribution of the new preferred stock, such holder cannot rely on the position of the staff of the Securities and Exchange Commission enunciated in the referenced no-action letters or any similar interpretive letters, and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction, unless an exemption from registration is otherwise available. Further, each participating broker-dealer that receives new preferred stock for its own account in exchange for preferred stock, where such preferred stock was acquired by such participating broker-dealer as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any

resale of the new preferred stock. Although a broker-dealer may be an "underwriter" within the meaning of the Securities Act, the letter of transmittal states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of new preferred stock received in exchange for preferred stock.

As contemplated by these no-action letters and the preferred stock registration rights agreement, each holder tendering preferred stock in the exchange offer is required to represent to us in the letter of transmittal, that, among things:

(1) the person receiving the new preferred stock pursuant to the exchange offer, whether or not such person is the holder, is receiving it in the ordinary course of business;

(2) neither the holder nor any such other person has an arrangement or understanding with any person to participate in the distribution of such new preferred stock and that such holder is not engaged in, and does not intend to engage in, a distribution of new preferred stock;

(3) neither the holder nor any such other person is an "affiliate" of ours within the meaning of Rule 405 under the Securities Act;

(4) the holder acknowledges and agrees that:

(a) any person participating in the exchange offer for the purpose of distributing the new preferred stock must comply with the registration and prospectus delivery requirements of the Securities Act in connection with a secondary resale transaction with respect to the new preferred stock acquired by such person and cannot rely on the position of the staff of the Securities and Exchange Commission set forth in no-action letters that are discussed above and under the heading "-Purpose and Effect of the Exchange Offer;" and

(b) any broker-dealer that receives new preferred stock for its own account in exchange for preferred stock pursuant to the exchange offer must deliver a prospectus in connection with any resale of such new preferred stock, but by so acknowledging, the holder shall not be deemed to admit that, by delivering a prospectus, it is an "underwriter" within the meaning of the Securities Act; and

(5) the holder understands that a secondary resale transaction described in clause (4)(a) above should be covered by an effective registration statement containing the selling securityholder information required by Item 507 of Regulation S-K of the Securities and Exchange Commission.

The exchange offer is not being made to, and we will not accept surrenders for exchange from, holders of the preferred stock in any jurisdiction in which the exchange offer or its acceptance would not comply with the securities or blue sky laws of such jurisdiction.

All resales must be made in compliance with state securities or "blue sky" laws. Such compliance may require that the new preferred stock be registered or qualified in a state or that the resales be made by or through a licensed broker-dealer, unless exemptions from these requirements are available. We assume no responsibility with regard to compliance with these requirements.

CERTAIN UNITED STATES FEDERAL TAX CONSIDERATIONS

The following is a general discussion of certain United States federal income tax consequences as of the date hereof of the acquisition, ownership and disposition of the exchange notes and new preferred stock issued pursuant to this exchange offer and the subordinated exchange debentures that may be issued from time to time after this exchange offer in exchange for the new preferred stock. This discussion applies only if you are a U.S. Holder (as defined below) and acquire such exchange notes and/or new preferred stock in exchange for notes and/or preferred stock acquired on original issuance and for the original offering price. The following discussion is based on current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), applicable Treasury Regulations, judicial authority and current administrative rulings and pronouncements of the Internal Revenue Service (the "IRS"). No assurance can be given that the IRS will not take a contrary view, and no ruling from the IRS has been or will be sought. Legislative, judicial, or administrative changes or interpretations may be forthcoming that could alter or modify the propriety of the statements and conclusions set forth herein. Moreover, any such changes or interpretations may or may not be retroactive. Accordingly, any such changes or interpretations could affect the tax consequences to holders of the exchange notes, new preferred stock and subordinated exchange debentures.

We assume in our discussion below that the exchange notes, new preferred stock and subordinated exchange debentures are held as capital assets. This discussion is for general information only, and does not address all of the tax consequences that may be relevant to particular acquirers in light of their personal circumstances. For instance, special rules may apply to and may affect the federal income tax consequences for certain types of acquirers such as:

- banks and other financial institutions,
- real estate investment trusts,
- regulated investment companies,
- insurance companies,
- tax-exempt organizations,
- S corporations,
- dealers in securities, or
- persons whose functional currency is not the U.S. Dollar.

In addition, special rules may apply if the exchange notes, new preferred stock or subordinated exchange debentures are held in connection with integrated transactions such as certain hedging transactions, conversion transactions or "straddle" transactions. Finally, this discussion does not include any description of the tax laws of any state, local or non-U.S. government that may be applicable to a particular acquirer.

When we use the term "U.S. Holder" we generally mean a holder of exchange notes, new preferred stock or subordinated exchange debentures who (for U.S. federal income tax purposes):

- is an individual who is a citizen or resident of the United States (as determined under U.S. federal income tax laws);
- is a corporation or partnership created or organized in or under the laws of the United States or any political subdivision thereof (except to the extent in the case of a partnership, as provided by Treasury Regulations which may be issued in the future);
- is an estate whose income is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- is a trust if (1) a court within the United States is able to exercise primary supervision over the administration of the trust and (2) at least one U.S. person has authority to control all substantial decisions of the trust.

When we use the term "Non-U.S. Holder," we mean a holder that is not a U.S. Holder.

WE ADVISE YOU TO CONSULT WITH YOUR OWN TAX ADVISORS REGARDING THE TAX CONSEQUENCES TO YOU OF THE ACQUISITION, OWNERSHIP AND SALE OF THE EXCHANGE NOTES, THE NEW PREFERRED STOCK AND THE SUBORDINATED EXCHANGE DEBENTURES, INCLUDING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF SUCH ACQUISITION, OWNERSHIP AND SALE AND REGARDING CHANGES OR POTENTIAL CHANGES IN APPLICABLE TAX LAWS.

TAX CONSEQUENCES TO UNITED STATES HOLDERS

EXCHANGE NOTES

ACQUISITION OF THE EXCHANGE NOTES The exchange notes are being issued pursuant to this exchange offer and the notes registration rights agreement in exchange for unregistered notes previously issued in connection with the notes offering. A U.S. Holder will not recognize any taxable gain or loss on the exchange of notes for registered exchange notes and a U.S. Holder's tax basis will be the same in the exchange notes as in the notes exchanged therefor.

STATED INTEREST. You must generally pay federal income tax on the interest on the exchange notes:

- when it accrues, if you use the accrual method of accounting for United States federal income tax purposes; or

- when you receive it, if you use the cash method of accounting for United States federal income tax purposes.

DISPOSITION OF THE EXCHANGE NOTES. Generally you must recognize taxable gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of an exchange note. The amount of your gain or loss equals the difference between the amount you receive for the exchange note (in cash or other property, valued at fair market value), minus the amount attributable to accrued interest on the exchange note, minus your adjusted tax basis in the exchange note. Your initial tax basis in an exchange note equals the price you paid for the original note.

Your gain or loss will generally be a long-term capital gain or loss if you have held the exchange note for more than one year from the date the originally issued note was acquired. Otherwise, such gain or loss will be short-term capital gain or loss. Payments at disposition attributable to accrued interest and not yet included in income will be taxed as ordinary interest income.

NEW PREFERRED STOCK

CLASSIFICATION OF NEW PREFERRED STOCK. For the purposes of this discussion, we are assuming that the outstanding preferred stock and new preferred stock will be treated as equity (and not debt) for United States federal income tax purposes. We have not obtained any opinion on this issue.

DIVIDENDS. Distributions on the new preferred stock will constitute dividends to the extent paid from our current or accumulated earnings and profits (as determined under United States federal income tax principles). Dividends "paid in kind" through the issuance of additional new preferred stock will be treated as distributions in an amount equal to the fair market value of such additional new preferred stock as of the date of distribution. Such amount will also be the issue price and initial tax basis of such newly distributed new preferred stock for United States federal income tax purposes. The amount of our earnings and profits at any time will depend upon our future actions and financial performance. At the time the outstanding preferred stock was issued, PCA was a newly formed corporation, and it is our belief that it did not have any current or accumulated earnings and profits. Consequently, unless we generate earnings and profits following that date, distributions with respect to the new preferred stock may not qualify as dividends for federal income tax purposes. To the extent that the amount of a distribution on the new preferred stock exceeds our current and accumulated earnings and profits, such distributions will be treated as a nontaxable return of capital and will be applied against and reduce the adjusted tax basis of the new preferred stock in the hands of each U.S. Holder (but not below zero), thus increasing the

amount of any gain (or reducing the amount of any loss) that would otherwise be realized by such U.S. Holder upon the sale or other taxable disposition of such new preferred stock. The amount of any such distribution that exceeds the adjusted tax basis of the new preferred stock in the hands of the U.S. Holder will be treated as capital gain.

DIVIDENDS RECEIVED DEDUCTION. Under Section 243 of the Code, corporate U.S. Holders may be able to deduct 70% of the amount of any distribution qualifying as a dividend. There are, however, many exceptions and restrictions relating to the availability of such dividends received deduction.

Section 246(c) of the Code requires that, in order to be eligible for the dividends received deduction, a corporate U.S. Holder must generally hold the shares of the new preferred stock for a minimum of 46 days (91 days in the case of certain preferred stock) during the 90 day period beginning on the date which is 45 days before the date on which such dividend is declared payable on such shares (or during the 180 day period beginning 90 days before such dividend is declared payable on such preferred shares). A U.S. Holder's holding period for these purposes is suspended during any period in which it has certain options or contractual obligations with respect to substantially identical stock or holds one or more other positions with respect to substantially similar or related property that diminishes the risk of loss from holding the new preferred stock.

Section 246A of the Code reduces the dividends received deduction allowed to a corporate U.S. Holder that has incurred indebtedness "directly attributable" to its investment in new preferred stock held as "portfolio stock".

Under Section 1059 of the Code, a corporate U.S. Holder is required to reduce its tax basis (but not below zero) in the new preferred stock by the nontaxed portion of any "extraordinary dividend" if such stock has not been held for more than two years before the earliest of the date such dividend is declared, announced, or agreed to. Generally, the nontaxed portion of an extraordinary dividend is the amount excluded from income by operation of the dividends received deduction provisions of Section 243 of the Code. An extraordinary dividend on the new preferred stock generally would be a dividend that:

- equals or exceeds 5% of the corporate U.S. Holder's adjusted tax basis in the new preferred stock, treating all dividends declared payable on such shares within an 85 day period as one dividend; or

- exceeds 20% of the corporate U.S. Holder's adjusted tax basis in the new preferred stock, treating all dividends declared payable on such shares within a 365 day period as one dividend.

In determining whether a dividend paid on the new preferred stock is an extraordinary dividend, a corporate U.S. Holder may elect to substitute the fair market value of the stock for such U.S. Holder's tax basis for purposes of applying these tests, provided such fair market value is established to the satisfaction of the Secretary of the Treasury as of the day before the date on which the dividend is declared payable. An extraordinary dividend also includes any amount treated as a dividend in the case of a redemption that is either non pro rata as to all stockholders or in partial liquidation of PCA, regardless of the stockholder's holding period and regardless of the size of the dividend. If any part of the nontaxed portion of an extraordinary dividend is not applied to reduce the U.S. Holder's tax basis as a result of the limitation on reducing such basis below zero, such part will be treated as capital gain and will be recognized in the taxable year in which the extraordinary dividend is received.

Special Section 1059 rules exist with respect to "qualified preferred dividends." A qualified preferred dividend is any fixed dividend payable with respect to any share of stock which:

- provides for fixed preferred dividends payable not less frequently than annually; and

- was not in arrears as to dividends at the time the U.S. Holder acquired such stock.

A qualified preferred dividend does not include any dividend payable with respect to any share of stock if the actual rate of return of such stock exceeds 15%. Section 1059 does not apply to qualified preferred dividends if the corporate U.S. Holder holds such stock for more than five years. If the U.S. Holder disposes of such stock before it has been held for more than five years, the amount subject to extraordinary dividend treatment with respect to qualified preferred dividends is limited to the excess of the actual rate of return over the stated rate of

return. Actual or stated rates of return are the actual or stated dividends expressed as a percentage of the lesser of (1) the U.S. Holder's tax basis in such stock or (2) the liquidation preference of such stock. WE ADVISE CORPORATE U.S. HOLDERS TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE POSSIBLE APPLICATION OF SECTION 1059 TO THEIR NEW PREFERRED STOCK.

REDEMPTION PREMIUM. Under Section 305(c) of the Code and the applicable regulations thereunder, if there is a redemption premium, which is the amount (more than a DE MINIMIS amount), by which the redemption price of the new preferred stock exceeds its issue price, such redemption premium will be taxable as a constructive distribution to the U.S. Holder under a constant interest rate method similar to that described below for accruing original issue discount ("OID") (see "Subordinated Exchange Debentures--Original Issue Discount"). Because the new preferred stock provides for optional rights of redemption by us at prices in excess of the issue price, stockholders could be required to recognize such redemption premium if, based on all of the facts and circumstances, the optional redemptions are more likely than not to occur. However, even if such optional redemptions are more likely than not to occur, constructive distribution treatment would not result if the redemption premium were solely in the nature of a penalty for premature redemption. For this purpose, a penalty for premature redemption is a premium paid as a result of changes in economic or market conditions over which neither PCA nor the U.S. Holder has control, such as changes in prevailing dividend rates. The regulations under Section 305(c) of the Code provide a safe harbor pursuant to which constructive distribution treatment will not result from an issuer call right if the issuer and the holder are unrelated, there are no arrangements that effectively require the issuer to redeem the stock, and exercise of the option to redeem would not reduce the yield of the stock. We intend to take the position that the existence of our optional redemption rights does not result in a constructive distribution to the U.S. Holders.

Any additional shares of new preferred stock distributed by us in lieu of cash dividend payments on the new preferred stock and received by Holders of the new preferred stock may bear a redemption premium depending upon the issue price of such shares (i.e., the fair market value of such shares on the date of issuance). If such shares bear a redemption premium, which is more than a DE MINIMIS amount, a U.S. Holder may be required to include such redemption premium in income as a constructive distribution of additional new preferred stock under a constant interest rate method similar to that described below for accruing OID. Thus, such shares generally will have different tax characteristics than other shares of new preferred stock and might trade separately, which might adversely affect the liquidity of such shares.

DISPOSITION OF NEW PREFERRED STOCK. A U.S. Holder's adjusted tax basis in the new preferred stock will, in general, be the U.S. Holder's initial tax basis of such Holder's preferred stock purchased in the initial preferred stock offering, increased by the portion of any redemption premium previously included in income by the U.S. Holder. A corporate U.S. Holder's tax basis may be further adjusted by the extraordinary dividend provision discussed above. Upon the sale or other disposition of new preferred stock (other than by redemption) a U.S. Holder will generally recognize capital gain or loss equal to the difference between the amount realized upon the disposition and the adjusted tax basis of the new preferred stock. Such gain or loss will be capital gain or loss and will be long term capital gain or loss if at the time of sale, exchange, redemption or other disposition the new preferred stock has been held for more than one year from the date the outstanding preferred stock was acquired.

A redemption of the new preferred stock by us would be treated, under Section 302 of the Code, either as a sale or exchange giving rise to capital gain or loss as described in the preceding paragraph or as a dividend. In the case of a redemption of new preferred stock for subordinated exchange debentures, the amount realized on the exchange would be equal to the "issue price" of the subordinated exchange debenture plus any cash received on the exchange. The "issue price" of a subordinated exchange debenture would be equal to:

- its fair market value as of the exchange date if the subordinated exchange debentures are traded on an established securities market on or at any time during a specified period; or

- the fair market value at the exchange date of the new preferred stock if such new preferred stock is traded on an established securities market during a specified period but the subordinated exchange debentures are not.

If neither the new preferred stock nor the subordinated exchange debentures are so traded, the issue price of the subordinated exchange debentures would be determined under Section 1274 of the Code, in which case the issue price would be the stated principal amount of the subordinated exchange debentures provided that the yield on the subordinated exchange debentures is equal to or greater than the "applicable federal rate" in effect at the time the subordinated exchange debentures are issued. If the yield on the subordinated exchange debentures is less than such applicable federal rate, its issue price under section 1274 of the Code would be equal to the present value as of the issue date of all payments to be made on the subordinated exchange debentures, discounted at the applicable federal rate. It cannot be determined at the present time whether the new preferred stock or the subordinated exchange debentures will be, at the relevant time, traded on an established securities market within the meaning of the Treasury Regulations or whether the yield on the subordinated exchange debentures will equal or exceed the applicable federal rate, as discussed above.

If a redemption of shares of the new preferred stock for cash or an exchange of the new preferred stock for subordinated exchange debentures is treated as a dividend with respect to a particular exchanging U.S. Holder under Section 302 of the Code, such U.S. Holder:

- will not recognize any loss on the exchange; and

- will recognize dividend income (rather than capital gain) in an amount equal to the cash or the fair market value of the subordinated exchange debentures received without regard to the U.S. Holder's basis in the shares of new preferred stock surrendered in the exchange, to the extent of its proportionate share of our current or accumulated earnings and profits.

In such case, unrecovered tax basis may, in some circumstances, be added to the tax basis of other PCA stock held by the U.S. Holder or in some cases may simply be lost.

In the case of an exchange for the subordinated exchange debentures, the holding period for the subordinated exchange debentures will begin on the day after the day on which the subordinated exchange debentures are acquired by the exchanging U.S. Holder.

Pursuant to Section 302 of the Code, the redemption or exchange will not be treated as a dividend if, after giving effect to the constructive ownership rules of Section 318 of the Code, the redemption or exchange:

- represents a "complete termination" of the exchanging U.S. Holder's stock interest in PCA;

- is "substantially disproportionate" with respect to the exchanging U.S. Holder; or

- is "not essentially equivalent to a dividend" with respect to the exchanging U.S. Holder, all within the meaning of Section 302(b) of the Code.

An exchange will be "not essentially equivalent to a dividend" as to a particular U.S. Holder if it results in a "meaningful reduction" in such U.S. Holder's interest in PCA (after application of the constructive ownership rules of Section 318 of the Code). In general, there are no fixed rules for determining whether a "meaningful reduction" has occurred.

Depending upon a U.S. Holder's particular circumstances, the tax consequences of holding subordinated exchange debentures may be less advantageous than the tax consequences of holding new preferred stock because, for example, payments of interest on the subordinated exchange debentures will not be eligible for any dividends received deduction that may be available to corporate U.S. Holders or because the U.S. Holder may be required to accrue into income OID on the subordinated exchange debentures.

WE ADVISE EACH U.S. HOLDER TO CONSULT ITS OWN TAX ADVISOR AS TO ITS ABILITY IN LIGHT OF ITS OWN PARTICULAR CIRCUMSTANCES TO SATISFY ANY OF THE FOREGOING TESTS. ADDITIONALLY, WE ADVISE CORPORATE U.S. HOLDERS TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE AVAILABILITY OF THE CORPORATE DIVIDENDS RECEIVED

DEDUCTION AND THE POSSIBLE APPLICATION OF THE EXTRAORDINARY DIVIDEND RULES OF SECTION 1059 OF THE CODE TO A REDEMPTION OR AN EXCHANGE BY A CORPORATE HOLDER FOR WHOM SUCH REDEMPTION OR EXCHANGE IS TAXABLE AS A DIVIDEND.

SUBORDINATED EXCHANGE DEBENTURES

ORIGINAL ISSUE DISCOUNT. A subordinated exchange debenture may be issued with original issue discount ("OID") equal to the excess of its "stated redemption price at maturity" over its "issue price." If so, U.S. Holders of subordinated exchange debentures may be subject to special tax accounting rules, pursuant to which they generally must include OID in gross income for United States federal income tax purposes on an annual basis under a constant yield method, in advance of the receipt of cash attributable to that income. We will provide on a timely basis to U.S. Holders of any subordinated exchange debentures with reportable OID, the amount of OID and interest income based on our understanding of applicable law.

The "stated redemption price at maturity" of a debt instrument is the sum of its principal amount plus all other payments required thereunder, other than payments of "qualified stated interest." For this purpose "qualified stated interest" means stated interest that is unconditionally payable in cash or in property (other than the debt instruments of the issuer), at least annually at a single fixed rate during the entire term of the debt instrument and that appropriately takes into account the length of the intervals between payments. If the subordinated exchange debentures are issued at a time when we have the option to pay interest on the subordinated exchange debentures by issuing additional subordinated exchange debentures instead of cash, none of the stated interest on such subordinated exchange debentures will be treated as qualified stated interest. On the other hand, if the subordinated exchange debentures are issued at a time when we do not have such an option, the stated interest will be treated as qualified stated interest, and, accordingly, will be includible in income as interest in accordance with your regular method of accounting. The "issue price" of a subordinated exchange debenture will be determined as described under "-Disposition of New Preferred Stock."

The amount of OID includible in income by the initial U.S. Holder of a subordinated exchange debenture is the sum of the "daily portions" of OID with respect to the subordinated exchange debenture for each day during the taxable year or portion of the taxable year in which such U.S. Holder held such subordinated exchange debenture ("accrued OID"). The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. The "accrual period" for a subordinated exchange debenture may be of any length and may vary in length over the term of the subordinated exchange debenture, provided that each accrual period is no longer than one year and each scheduled payment of principal or interest occurs on the first day or the final day of an accrual period. The amount of OID allocable to any accrual period is an amount equal to the excess, if any, of:

- the product of the subordinated exchange debenture's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period); over

- the sum of any qualified stated interest allocable to the accrual period.

OID allocable to a final accrual period is the difference between the amount payable at maturity (other than a payment of qualified stated interest) and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "adjusted issue price" of a subordinated exchange debenture at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period and reduced by any payments made on such subordinated exchange debenture (other than qualified stated interest) on or before the first day of the accrual period. Under these rules, a U.S. Holder will have to include in income increasingly greater amounts of OID in successive accrual periods.

AMORTIZABLE BOND PREMIUM. If at the time the new preferred stock is exchanged for the subordinated exchange debentures, the U.S. Holder's tax basis in any such subordinated exchange debenture exceeds its stated redemption price at maturity, the subordinated exchange debenture will be considered to have been issued at a

premium. A U.S. Holder generally may elect to amortize the premium over the term of the subordinated exchange debenture on a constant yield method as an offset to interest otherwise includible in income under the U.S. Holder's regular accounting method. The election to amortize premium on a constant yield method once made applies to all debt obligations held or subsequently acquired by the electing U.S. Holder on or after the first day of the first taxable year to which the election applies and may not be revoked without the consent of the IRS.

REDEMPTION, SALE OR EXCHANGE OF SUBORDINATED EXCHANGE DEBENTURES. Upon the redemption, sale, exchange or retirement of a subordinated exchange debenture, a U.S. Holder will recognize capital gain or loss equal to the difference between the amount realized upon the redemption, sale, exchange or retirement (less any amount attributable to accrued and unpaid interest) and the adjusted tax basis of the subordinated exchange debenture. The adjusted tax basis of subordinated exchange debentures to a U.S. Holder who received such subordinated exchange debentures in exchange for new preferred stock will, in general, be equal to the initial tax basis of such subordinated exchange debentures, increased by OID previously included in income by the U.S. Holder and reduced by any amortizable bond premium deducted by the U.S. Holder and any cash payments on the subordinated exchange debentures other than qualified stated interest.

APPLICABLE HIGH YIELD DISCOUNT OBLIGATIONS. If the yield to maturity on subordinated exchange debentures with OID equals or exceeds the sum of (x) the "applicable federal rate" (as determined under Section 1274(d) of the Code) in effect for the month in which such debentures are issued (the "AFR") and (y) 5%, and the OID on such subordinated exchange debentures is "significant," the subordinated exchange debentures will be considered "applicable high yield discount obligations" ("AHYDOs") under Section 163(i) of the Code. Consequently, we would not be allowed to take a deduction for interest (including OID) accrued on such subordinated exchange debentures for U.S. federal income tax purposes until such time as we actually pay such interest (including OID) in cash or in other property (other than our stock or debt or the stock or debt of a person deemed to be related to us under Section 453(f)(1) of the Code). Because the amount of OID, if any, attributable to such subordinated exchange debentures will be determined at such time as such subordinated exchange debentures are issued, and the AFR at the time such subordinated exchange debentures are issued in exchange for new preferred stock is not predictable, it is impossible to determine at the present time whether a subordinated exchange debenture will be treated as an AHYDO if issued.

Moreover, if the yield to maturity on such a subordinated exchange debenture exceeds the sum of (x) the AFR and (y) 6% (such excess shall be referred to hereinafter as the "Disqualified Yield"), the deduction for OID accrued on the subordinated exchange debenture will be permanently disallowed (regardless of whether PCA actually pays such interest or OID in cash or in other property) for U.S. federal income tax purposes to the extent such interest or OID is attributable to the Disqualified Yield on the subordinated exchange debenture ("Dividend Equivalent Interest"). For purposes of the dividends received deduction, such Dividend Equivalent Interest will be treated as a dividend to the extent it is deemed to have been paid out of our current or accumulated earnings and profits. Accordingly, a corporate U.S. Holder of a subordinated exchange debenture may be entitled to take a dividends received deduction with respect to any Dividend Equivalent Interest received by such corporate U.S. Holder on such a subordinated exchange debenture.

INFORMATION REPORTING AND BACKUP WITHHOLDING

PCA will report to holders of the exchange notes, new preferred stock and subordinated exchange debentures and the IRS the amount of any "reportable payments" (including original issue discount accrued on the subordinated exchange debentures) and any amount withheld with respect to the exchange notes, new preferred stock and subordinated exchange debentures during the calendar year.

In general, U.S. Holders may be subject to information reporting requirements and backup withholding at a rate of 31% with respect to (1) interest (including OID) paid in respect of the exchange notes and the subordinated

exchange debentures and dividends paid in respect of the new preferred stock and (2) proceeds received on the sale, exchange or redemption of the exchange notes, new preferred stock, or subordinated exchange debentures unless such holder:

- is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or

- provides a correct taxpayer identification number, certifies as to no loss of exemption from backup withholding and otherwise complies with applicable requirements of the backup withholding rules.

A U.S. Holder who does not provide PCA with his or her correct taxpayer identification number may be subject to penalties imposed by the IRS. In general, any amount withheld under these rules will be creditable against the United States federal tax liability of a U.S. Holder, and will be refundable to the extent that it results in an overpayment of tax.

TAX CONSEQUENCES TO NON-UNITED STATES HOLDERS

INTEREST ON THE EXCHANGE NOTES. Under present United States federal income tax law, and subject to the discussion below concerning backup withholding, the "portfolio interest" exemption provides that no withholding of United States federal income tax will be required with respect to the payment by PCA or any paying agent of principal or interest on an exchange note owned by a Non-U.S. Holder, provided that:

- the beneficial owner does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of PCA entitled to vote within the meaning of section 871(h)(3) of the Code and the regulations thereunder,

- the beneficial owner is not a controlled foreign corporation that is related to PCA through stock ownership,

- the beneficial owner is not a bank whose receipt of interest on an exchange note is described in section 881(c)(3)(A) of the Code and

- the beneficial owner satisfies the "statement requirement" (described generally below) set forth in section 871(h) and section 881(c) of the Code and the regulations thereunder.

To satisfy the "statement requirement," the beneficial owner of such exchange note, or a financial institution holding such exchange note on behalf of such owner, must provide, in accordance with specified procedures, to PCA or its paying agent a statement to the effect that the beneficial owner is not a U.S. person. Pursuant to current temporary Treasury regulations, these requirements will be met if:

- the beneficial owner provides his name and address, and certifies, under penalties of perjury, that he is not a U.S. person (which certification may be made on an IRS Form W-8 (or successor form)); or

- a financial institution holding the exchange note on behalf of the beneficial owner certifies, under penalties of perjury, that such statement has been received by it and furnishes a paying agent with a copy thereof.

If a Non-U.S. Holder cannot satisfy the requirements of the "portfolio interest" exception described above, payments of interest made to such Non-U.S. Holder will be subject to a 30% withholding tax unless the beneficial owner of the exchange note provides PCA or its paying agent, as the case may be, with a properly executed:

- IRS Form 1001 (or successor form) claiming an exemption from withholding under the benefit of an applicable tax treaty; or

- IRS Form 4224 (or successor form) stating that interest paid on the exchange note is not subject to withholding tax because it is effectively connected with the beneficial owner's conduct of a trade or business in the United States.

If a Non-U.S. Holder is engaged in a trade or business in the United States and premium, if any, or interest on the exchange note is effectively connected with the conduct of such trade or business, the Non-U.S. Holder, although exempt from the withholding tax discussed above, will be subject to United States federal income tax at applicable graduated individual or corporate rates on such interest in the same manner as if it were a U.S. Holder. In addition, if such holder is a foreign corporation, it may be subject to a branch profits tax equal to 30% of its effectively connected earnings and profits for the taxable year, subject to adjustments. For this purpose, interest on an exchange note will be included in such foreign corporation's earnings and profits.

SALE, EXCHANGE, REDEMPTION OR OTHER DISPOSITION OF EXCHANGE NOTES. A Non-U.S. Holder will generally not be subject to United States federal income tax with respect to gain recognized on a sale, exchange, redemption or other disposition of exchange notes, unless:

- the gain is "effectively connected" with a trade or business of the Non-U.S. Holder in the United States, or, if a tax treaty applies, is attributable to a United States permanent establishment of the Non-U.S. Holder; or

- in the case of a Non-U.S. Holder who is an individual, such holder is present in the United States for 183 or more days in the taxable year of the sale or other disposition and certain other conditions are met.

If an individual Non-U.S. Holder meets the "effectively connected" requirement described above, he will be taxed on his net gain derived from the sale or other disposition under regular graduated United States federal income tax rates. If an individual Non-U.S. Holder meets the 183 day requirement described above, he will be subject to a flat 30% tax on the gain derived from the sale or other disposition, which may generally be offset by United States source capital losses recognized within the same taxable year as such sale or other disposition (notwithstanding the fact that he is not considered a resident of the United States).

If a Non-U.S. Holder that is a foreign corporation meets the "effectively connected" requirement described above, it will be taxed on its gain under regular graduated United States federal income tax rates and, in addition, may be subject to the branch profits tax equal to 30% of its effectively connected earnings and profits within the meaning of the Code for the taxable year, as adjusted for certain items, unless it qualifies for a lower rate under an applicable income tax treaty. For this purpose, such gain will be included in such foreign corporation's earnings and profits.

FEDERAL ESTATE TAX. Exchange notes beneficially owned by an individual who at the time of death is a Non-U.S. Holder will not be subject to United States federal estate tax as a result of such individual's death, provided that:

- such individual does not actually or constructively own 10% or more of the total combined voting power of all classes of stock of PCA entitled to vote within the meaning of section 871(h)(3) of the Code; and

- the interest payments with respect to such exchange note would not have been, if received at the time of such individual's death, effectively connected with the conduct of a United States trade or business by such individual.

INFORMATION REPORTING AND BACKUP WITHHOLDING. PCA will report to holders of the exchange notes and the IRS the amount of any "reportable payments" and any amount withheld with respect to the exchange notes during the calendar year.

No information reporting or backup withholding will be required with respect to payments made by PCA or any paying agent to Non-U.S. Holders if the "statement requirement" described under "Tax Consequences to Non-United States Holders-Interest on the Exchange Notes" has been received and the payor does not have actual knowledge that the beneficial owner is a United States person.

In addition, backup withholding and information reporting will not apply if payments of interest on the exchange notes are paid or collected by a foreign office of a custodian, nominee or other foreign agent on behalf of the beneficial owner of such exchange notes, or if a foreign office of a broker (as defined in applicable Treasury

regulations) pays the proceeds of the sale of the exchange notes to the owner thereof. If, however, such nominee, custodian, agent or broker is, for United States federal income tax purposes, a U.S. person, a controlled foreign corporation or a foreign person that derives 50% or more of its gross income for certain periods from the conduct of a trade or business in the United States or, with respect to payments made after December 31, 2000, a foreign partnership, if at any time during its tax year, one or more of its partners are United States persons who, in the aggregate, hold more than 50% of the income or capital interest in the partnership or if, at any time during its tax year, such foreign partnership is engaged in a United States trade or business, such payments will not be subject to backup withholding but will be subject to information reporting, unless:

- such custodian, nominee, agent or broker has documentary evidence in its records that the beneficial owner is not a U.S. person and certain other conditions are met, or

- the beneficial owner otherwise establishes an exemption.

Temporary Treasury regulations provide that the Treasury is considering whether backup withholding will apply with respect to such payments of principal, interest or the proceeds of a sale that are not subject to backup withholding under the current regulations.

Payments of principal and interest on exchange notes paid to the beneficial owner of such exchange notes by a United States office of a custodian, nominee or agent, or the payment by the United States office of a broker of the proceeds of sale of exchange notes will be subject to both backup withholding and information reporting unless the beneficial owner satisfies the "statement requirement" described above and the payor does not have actual knowledge that the beneficial owner is a United States person or otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules will generally be allowed as a refund or a credit against such Non-U.S. Holder's U.S. federal income tax liability provided the required information is furnished to the IRS.

NEW WITHHOLDING REGULATIONS. New regulations relating to withholding tax on income paid to foreign persons (the "New Withholding Regulations") will generally be effective for payments made after December 31, 2000, subject to certain transition rules. The New Withholding Regulations modify and, in general, unify the way in which you establish your status as a non-United States "beneficial owner" eligible for withholding exemptions including the "portfolio interest" exemption, a reduced treaty rate or an exemption from backup withholding. For example, the New Withholding Regulations will require new forms, which you generally will have to provide earlier than you would have had to provide replacements for expiring existing forms.

PLAN OF DISTRIBUTION

Each broker-dealer that receives exchange notes or new preferred stock for its own account pursuant to the exchange offer in exchange for outstanding notes and preferred stock which were acquired by such broker-dealer as a result of market-making or other trading activities must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes or new preferred stock. This prospectus, as it may be amended or supplemented from time to time, may be used by any such broker-dealer in connection with resales of exchange notes and new preferred stock received in exchange for outstanding notes and preferred stock. We have agreed that for a period of 180 days after the exchange offer is completed, we will make this prospectus, as amended or supplemented, available to any such broker-dealer for use in connection with any such resale. All resales must be made in compliance with state securities or blue sky laws. We assume no responsibility with regard to compliance with these requirements.

We will not receive any proceeds from any sales of the exchange notes or the new preferred stock by broker-dealers. The exchange notes and the new preferred stock received by broker-dealers for their own account pursuant to the exchange offer may be sold from time to time in one or more transactions in the over-the-counter market, in negotiated transactions, through the writing of options on the exchange notes or the new preferred stock, or a combination of such methods of resale, at market prices prevailing at the time of resale, at prices related to such prevailing market prices or negotiated prices. Any such resale may be made directly to the purchaser or to or through brokers or dealers who may receive compensation in the form of commissions or concessions from any such broker-dealer and/or the purchasers of any such exchange notes or new preferred stock. Any broker-dealer that resells the exchange notes or the new preferred stock that were received by it for its own account pursuant to the exchange offer and any broker or dealer that participates in a distribution of such exchange notes or new preferred stock may be deemed to be an "underwriter" within the meaning of the Securities Act and any profit on any such resale of exchange notes or new preferred stock and any commissions or concessions received by any such persons may be deemed to be underwriting compensation under the Securities Act. The letters of transmittal state that by acknowledging that it will deliver and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act.

For a period of 180 days after the exchange offer is completed, we will promptly send additional copies of this prospectus and any amendment or supplement to this prospectus to any broker-dealer that requests such documents in a letter of transmittal.

We have been advised by J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated, the initial purchasers of the outstanding notes and preferred stock, that following completion of the exchange offer they intend to make a market in the exchange notes and the new preferred stock. The initial purchasers, however, are under no obligation to do so and any market activities with respect to the exchange notes and the new preferred stock may be discontinued at any time.

LEGAL MATTERS

Certain legal matters in connection with the issuance of the exchange notes and the new preferred stock will be passed upon for PCA by Kirkland & Ellis, Chicago, Illinois. Certain of the partners of Kirkland & Ellis, through an investment partnership, beneficially own, indirectly through PCA Holdings, an aggregate of approximately 0.2% of the common stock of PCA (without giving effect to the issuances of management equity).

EXPERTS

The combined financial statements of The Containerboard Group, a division of TPI, as of December 31, 1998, 1997 and 1996, and for each of the three years in the period ended December 31, 1998, included in this prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included herein in reliance upon the authority of said firm as experts in accounting and auditing.

AVAILABLE INFORMATION

We and our subsidiary guarantors have filed a registration statement on Form S-4 under the Securities Act with respect to the exchange notes and the new preferred stock. This prospectus, which forms a part of the registration statement, does not contain all of the information included in the registration statement. Certain parts of the registration statement are omitted in accordance with the rules and regulations of the Commission. For further information with respect to us, our subsidiary guarantors and the exchange notes and the new preferred stock, we refer you to the registration statement. You should be aware that statements made in this prospectus as to the contents of any agreement or other document filed as an exhibit to the registration statement are not necessarily complete. We refer you to the copy of such documents filed as exhibits to the registration statement. Each such statement is qualified in all respects by such reference.

We are not currently subject to the periodic reporting and other informational requirements of the Securities Exchange Act of 1934. We have agreed that, whether or not we are required to do so by the rules and regulations of the Commission, for so long as any of the exchange notes or the new preferred stock remain outstanding, we will furnish to the holders of the exchange notes and the new preferred stock and, if permitted, will file with the Commission:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if we were required to file such forms, including a Management's Discussion and Analysis of Financial Condition and Results of Operations and, with respect to the annual information only, a report on such information by our certified independent accountants; and

(2) all reports that would be required to be filed with the Commission on Form 8-K if we were required to file such reports, in each case within the time periods specified in the rules and regulations of the Commission.

Any reports or documents we file with the Commission, including the registration statement, may be inspected and copied at the Public Reference Section of the Commission at Room 1024, 450 Fifth Street, N.W., Washington, D.C. 20549, and at the Regional Offices of the Commission at 7 World Trade Center, 13th Floor, New York, New York 10048 and Citicorp Center, 14th Floor, 500 West Madison Street, Chicago, Illinois 60661. Copies of such reports or other documents may be obtained at prescribed rates from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549. In addition, the Commission maintains a web site that contains reports and other information that is filed through the Commission's Electronic Data Gathering Analysis and Retrieval System. The web site can be accessed at http://www.sec.gov.

INDEX TO COMBINED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Tenneco Inc.:

We have audited the accompanying combined statements of assets, liabilities and interdivision account of THE CONTAINERBOARD GROUP (a division of Tenneco Packaging Inc., which is a Delaware corporation and a wholly owned subsidiary of Tenneco Inc.) as of December 31, 1998, 1997 and 1996, and the related combined statements of revenues, expenses and interdivision account and cash flows for the years then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Containerboard Group as of December 31, 1998, 1997 and 1996, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Chicago, Illinois
February 26, 1999

THE CONTAINERBOARD GROUP
(A DIVISION OF TENNECO PACKAGING INC.)

COMBINED STATEMENTS OF
ASSETS, LIABILITIES AND INTERDIVISION ACCOUNT

ASSETS

(In thousands)	DECEMBER 31 1998	1997	1996	MARCH 31, 1999 (UNAUDITED)
Current assets:				
Cash	$ 1	$ 1	$ 1,027	1
Accounts receivable (net of allowance for doubtful accounts of $5,220 in 1998, $5,023 in 1997 and $5,010 in 1996)	13,971	27,080	16,982	36,515
Receivables from affiliated companies	10,390	19,057	10,303	10,203
Notes receivable	27,390	573	547	27,943
Inventories:				
Raw materials	86,681	100,781	99,459	85,008
Work in process and finished goods	48,212	38,402	36,995	46,725
Materials and supplies	44,310	42,043	35,834	48,800
Inventory, gross	179,203	181,226	172,288	180,533
Excess of FIFO over LIFO cost	(28,484)	(25,445)	(28,308)	(28,950)
Inventory, net	150,719	155,781	143,980	151,583
Prepaid expenses and other current assets	41,092	35,019	35,536	28,178
Total current assets	243,563	237,511	208,375	254,423
Property, plant and equipment, at cost:				1,754,504
Land, timber, timberlands and buildings	287,510	280,060	269,134	
Machinery and equipment	1,289,459	1,175,805	1,082,912	
Other, including construction in progress	100,136	130,696	140,522	
Less-Accumulated depreciation and depletion	(735,749)	(656,915)	(582,437)	(756,326)
Property, plant and equipment, net	941,356	929,646	910,131	998,178
Intangibles	50,110	56,470	55,660	49,530
Other long-term assets	131,092	77,312	72,076	69,014
Investments	1,282	16,324	14,809	1,378
Total assets	$1,367,403	$1,317,263	$1,261,051	1,372,523

LIABILITIES AND INTERDIVISION ACCOUNT

Current liabilities:				
Accounts payable	$ 87,054	$ 124,633	$ 111,588	105,871
Payables to Tenneco affiliates	7,091	6,164	29,402	13,085
Current portion of long-term debt	617	3,923	1,603	216
Current portion of deferred gain	-	1,973	1,973	0
Loss Reserve	-	-	-	230,112
Accrued liabilities	69,390	70,426	166,663	68,558
Total current liabilities	164,152	207,119	311,229	417,842
Long-term liabilities:				
Long-term debt	16,935	23,941	18,713	250
Deferred taxes	254,064	174,127	87,165	263,936
Deferred gain	-	34,262	36,235	--
Other	23,860	23,754	23,287	24,057
Total long-term liabilities	294,859	256,084	165,400	288,243
Interdivision account	908,392	854,060	784,422	666,438
Total liabilities and interdivision account	$1,367,403	$1,317,263	$1,261,051	1,372,523

The accompanying notes to combined financial statements are an integral part of these statements.

THE CONTAINERBOARD GROUP
(A DIVISION OF TENNECO PACKAGING INC.)

COMBINED STATEMENTS OF
REVENUES, EXPENSES AND INTERDIVISION ACCOUNT

	YEAR ENDED DECEMBER 31,			THREE MONTHS ENDED MARCH 31,	
	1998	1997	1996	1999	1998
				(UNAUDITED)	
(IN THOUSANDS)					
Net sales	$ 1,571,019	$ 1,411,405	$ 1,582,222	391,279	432,901
Cost of sales	(1,289,644)	(1,242,014)	(1,337,410)	(332,117)	(354,855)
Gross profit	281,375	169,391	244,812	59,162	78,046
Selling and administrative expenses	(108,944)	(102,891)	(95,283)	(28,759)	(26,841)
Restructuring, impairment and other	(14,385)	-	-	(230,112)	-
Other income, net	26,818	44,681	56,243	(1,377)	(2,742)
Corporate allocations	(63,114)	(61,338)	(50,461)	(13,283)	(14,326)
Income (loss) before interest, taxes and extraordinary item	121,750	49,843	155,311	(214,369)	34,137
Interest expense, net	(2,782)	(3,739)	(5,129)	(221)	(741)
Income (loss) before taxes and extraordinary item	118,968	46,104	150,182	(214,590)	33,396
Provision for income taxes	(47,529)	(18,714)	(59,816)	88,362	(13,315)
Income (loss) before extraordinary item	71,439	27,390	90,366	(126,228)	20,081
Extraordinary Loss	-	-	-	(6,327)	-
Net income	71,439	27,390	90,366	(132,555)	20,081
Interdivision account, beginning of period	854,060	784,422	640,483	908,392	854,060
Interdivision account activity, net	(17,107)	42,248	53,573	(109,399)	31,081
Interdivision account, end of period	$ 908,392	$ 854,060	$ 784,422	$ 666,438	$ (843,060)

The accompanying notes to combined financial statements
are an integral part of these statements.

THE CONTAINERBOARD GROUP
(A DIVISION OF TENNECO PACKAGING INC.)

COMBINED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)	YEAR ENDED DECEMBER 31, 1998	1997	1996	THREE MONTHS ENDED MARCH 31, 1999	1998
				(UNAUDITED)	
Cash flows from operating activities:					
Net income	$ 71,439	$ 27,390	$ 90,366	(132,555)	20,081
Adjustments to reconcile net income to net cash provided by operating activities-					
Depreciation, depletion and amortization	96,950	87,752	78,730	28,360	24,732
Extraordinary Loss early debt extinguishment				6,327	
Restructuring and other	14,385	-	-	-	
Gain on sale of joint venture interest	(15,060)	-	-	-	
Gain on sale of timberlands	(16,944)	-	-	-	
Gain on sale of assets	-	-	(51,268)	230,112	
Gain on lease refinancing	-	(37,730)	-	-	
Gain on Willow Flowage	-	(4,449)	-	-	
Gain on sale of mineral rights	-	(1,646)	-	-	
Amortization of deferred gain	(1,973)	(1,973)	(1,973)	(493)	(493)
Increase (decrease) in deferred income taxes	71,342	85,070	8,318	9,782	30,413
Undistributed earnings of affiliated companies	302	(2,264)	(536)	(96)	221
Increase (decrease) in other noncurrent reserves	107	467	(27,287)	196	1,694
Total charges to net income not involving cash	149,109	125,227	5,984	141,633	76,648
Changes in noncash components of working capital-					
Working capital transactions, excluding transactions with Tenneco and working capital from acquired businesses-					
Decrease (increase) in current assets-					
Accounts receivable	12,100	(26,092)	38,261	(23,985)	834
Inventories, net	5,062	(10,932)	1,287	(864)	(15,623)
Prepaid expenses and other	4,572	782	(8,070)	8,973	(4,000)
(Decrease) increase in current liabilities-					
Accounts payable	(37,580)	13,045	(47,930)	18,817	(7,805)
Accrued liabilities	(9,301)	(22,207)	(24,041)	679	(15,388)
Net decrease in noncash components of working capital	(25,147)	(45,404)	(40,493)	3,620	(41,982)
Net cash provided by operating activities	195,401	107,213	55,857	145,253	34,666
Cash flows from investing activities:					
Additions to property, plant and equipment	(103,429)	(110,186)	(168,642)	(19,460)	(16,339)
Prepaid Meridian Lease	(84,198)	-	-	-	
Acquisition of businesses	-	(5,866)	-	-	
Other long-term assets	(10,970)	(6,983)	(23,478)	(354)	(2,825)
Proceeds from disposals	26,214	10,460	122,654	668	43
Other transactions, net	(5,350)	690	(4,766)	3,773	(2,021)
Net cash used for investing activities	(177,733)	(111,885)	(74,232)	(15,373)	(21,142)

THE CONTAINERBOARD GROUP
(A DIVISION OF TENNECO PACKAGING INC.)

COMBINED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)	YEAR ENDED DECEMBER 31, 1998	1997	1996	THREE MONTHS ENDED MARCH 31, 1999 (UNAUDITED)	1998
Cash flows from financing activities:					
Proceeds from long-term debt issued	$ -	$ 1,146	$ 430	-	130
Payments on long-term debt	(10,346)	(1,618)	(1,886)	(27,550)	(235)
(Decrease) increase in interdivision account	(17,109)	19,907	168,074	(109,399)	(31,081)
Working capital transactions with Tenneco and affiliated companies-					
Decrease (increase) in receivables from affiliated companies	8,667	(8,754)	(1,781)	187	(1,287)
Decrease (increase) in factored receivables	192	16,204	(25,563)	888	16,908
Increase (decrease) in accounts payable to affiliated companies	928	(23,239)	(8,007)	5,994	2,041
Dividends paid to Tenneco	-	-	(114,500)	-	-
Net cash (used for) provided by financing activities	(17,668)	3,646	16,767	(129,880)	(13,524)
Net decrease in cash	-	(1,026)	(1,608)	-	-
Cash, beginning of period	1	1,027	2,635	1	1
Cash, end of period	$ 1	$ 1	$ 1,027	1	1

The accompanying notes to combined financial statements are an integral part of these statements.

THE CONTAINERBOARD GROUP
(A DIVISION OF TENNECO PACKAGING INC.)

NOTES TO COMBINED FINANCIAL STATEMENTS

(INFORMATION AS OF MARCH 31, 1999 AND
FOR THE THREE MONTHS ENDED MARCH 31, 1998 AND 1999 IS UNAUDITED)

1. BUSINESS DESCRIPTION

The Containerboard Group (the "Group") is a division of Tenneco Packaging Inc. ("Packaging") which is a wholly owned subsidiary of Tenneco Inc. ("Tenneco"). The Group is comprised of mills and corrugated products operations.

The Mill operations ("The Mills") consist of two Kraft linerboard mills located in Counce, Tennessee, and Valdosta, Georgia, and two medium mills located in Filer City, Michigan, and Tomahawk, Wisconsin. The Mills also include two recycling centers located in Nashville, Tennessee, and Jackson, Tennessee. The Mills also control and manage approximately 950,000 acres of timberlands. The Mills transfer the majority of their output to The Corrugated Products operations ("Corrugated").

Corrugated operations consist of 39 corrugated combining plants, 28 specialty/sheet and other plants and 5 design centers. All plants are located in North America. Corrugated combines linerboard and medium (primarily from The Mills) into sheets that are converted into corrugated shipping containers, point-of-sale graphics packaging, point-of-purchase displays and other specialized packaging. Corrugated sells to diverse customers primarily in North America.

The Group's sales to other Packaging entities and other Tenneco entities are included in the accompanying combined financial statements. The net sales to other Packaging entities for the years ended December 31, 1998, 1997 and 1996, were approximately $76,906,000, $69,981,000 and $76,745,000, respectively. The net sales to other Tenneco entities for the years ended December 31, 1998, 1997 and 1996, were approximately $14,251,000, $13,108,000 and $10,376,000, respectively. The profit relating to these sales are included in the accompanying combined financial statements.

As a result of the Group's relationship with Packaging, the combined statements of assets, liabilities and interdivision account and the related combined statements of revenues, expenses and interdivision account are not necessarily indicative of what actually would have occurred had the Group been a stand-alone entity. Additionally, these combined financial statements are not necessarily indicative of the future financial position or results of operations of the Group.

2. SUMMARY OF ACCOUNTING POLICIES

BASIS OF PRESENTATION

The accompanying combined financial statements include the selected assets, liabilities, revenues and expenses of the Group. All significant intragroup accounts and transactions have been eliminated.

INTERIM FINANCIAL INFORMATION (UNAUDITED)

The Group's condensed combined financial statements as of March 31, 1999 and for the three months ended March 31, 1998 and 1999 are unaudited but include all adjustments (consisting only of normal recurring adjustments) that management considers necessary for a fair presentation of such financial statements. These financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with Article 10 of SEC Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. Operating results for the three months ended March 31, 1999 are not necessarily indicative of the results that may be expected for the year ending December 31, 1999.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

REVENUE RECOGNITION

The Group recognizes revenue as products are shipped to customers.

ACCOUNTS RECEIVABLE

A substantial portion of the Group's trade accounts receivable are sold by Packaging, generally without recourse, to a financing subsidiary of Tenneco Inc. Expenses relating to cash discounts, credit losses, pricing adjustments and other allowances on these factored receivables are accrued and charged to the Group. The amount of trade accounts receivable sold was approximately $150,099,000, $149,907,000 and $133,703,000 at December 31, 1998, 1997 and 1996, respectively.

INVENTORIES

Inventories for raw materials and finished goods are valued using the last-in, first-out ("LIFO") cost method and include material, labor and manufacturing-related overhead costs. Supplies and materials inventories are valued using a moving average cost. All inventories are stated at the lower of cost or market.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Interest costs relating to construction in progress are capitalized based upon the total amount of interest cost (including interest costs on notes payable to Tenneco) incurred by Packaging.

The amount of interest capitalized related to construction in progress at the Group was approximately $576,000, $975,000 and $5,207,000 for the years ended December 31, 1998, 1997 and 1996, respectively.

Depreciation is computed on the straight-line basis over the estimated useful lives of the related assets. The following useful lives are used for the various categories of assets:

Buildings and land improvements	5 to 40 years
Machinery and equipment	3 to 25 years
Trucks and automobiles	3 to 10 years
Furniture and fixtures	3 to 20 years
Computers and software	3 to 7 years
Leasehold improvements	Period of the lease

Timber depletion is provided on the basis of timber cut during the period related to the estimated quantity of recoverable timber. Assets under capital leases are depreciated on the straight-line method over the term of the lease.

Expenditures for repairs and maintenance are expensed as incurred.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

DEFERRED GAIN

In 1992, Packaging entered into a sale-leaseback transaction for financial reporting purposes involving certain of its timberlands. The deferred gain recognized upon sale is being amortized on a straight-line basis over the initial lease term.

This deferred gain relates to a lease which was prepaid by the Group in December, 1998 (Note 12). The 1998 financial statements have reclassed the current and long-term portions of the deferred gain against the prepaid payment in Prepaid Expenses and Other Current Assets and Other Long-Term Assets.

CHANGES IN ACCOUNTING PRINCIPLES

In June, 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes new accounting and reporting standards requiring that all derivative instruments (including certain derivative instruments embedded in other contracts) be recorded in the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset related results on the hedged item in the income statement and requires that a company must formally document, designate and assess the effectiveness of transactions that receive hedge accounting. This statement is effective for all fiscal years beginning after June 15, 1999. The adoption of this new standard is not expected to have a significant effect on the Group's financial position or results of operations.

In April, 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities," which requires costs of start-up activities to be expensed as incurred. This statement is effective for fiscal years beginning after December 15, 1998. The statement requires capitalized costs related to start-up activities to be expensed as a cumulative effect of a change in accounting principle when the statement is adopted. Tenneco currently expects to adopt this new accounting principle in the first quarter of 1999. The adoption of this new standard is not expected to have a significant effect on the Group's financial position or results of operations.

In March, 1998, the AICPA issued SOP 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use," which establishes new accounting and reporting standards for the costs of computer software developed or obtained for internal use. This statement will be applied prospectively and is effective for fiscal years beginning after December 15, 1998. The adoption of this new standard is not expected to have a significant effect on the Group's financial position or results of operations.

FREIGHT TRADES

The Group regularly trades containerboard with other manufacturers primarily to reduce shipping costs. The freight trade transactions are accounted for primarily as transactions in the inventory accounts; the impact on income is not material.

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

ENVIRONMENTAL LIABILITIES

The estimated landfill closure and postclosure maintenance costs expected to be incurred upon and subsequent to the closing of existing operating landfill areas are accrued based on the landfill capacity used to date. Amounts are estimates using current technologies for closure and monitoring and are not discounted.

The potential costs related to the Group for various environmental matters are uncertain due to such factors as the unknown magnitude of possible cleanup costs, the complexity and evolving nature of governmental laws and regulations and their interpretations, and the timing, varying costs and effectiveness of alternative cleanup technologies. Liabilities recorded by the Group for environmental contingencies are estimates of the probable costs based upon available information and assumptions relating to the Group. Because of these uncertainties, however, the Group's estimates may change. The Group believes that any additional costs identified as further information becomes available would not have a material effect on the combined statements of assets, liabilities and interdivision account or revenues, expenses and interdivision account of the Group.

COMBINED STATEMENTS OF CASH FLOWS

As a division of Packaging, the Group does not maintain separate cash accounts other than for petty cash. The Group's disbursements for payroll, capital projects, operating supplies and expenses are processed and funded by Packaging through centrally managed accounts. In addition, cash receipts from the collection of accounts receivable and the sales of assets are remitted directly to bank accounts controlled by Packaging. In this type of centrally managed cash system in which the cash receipts and disbursements of Packaging's various divisions are commingled, it is not feasible to segregate cash received from Packaging (e.g., as financing for the business) from cash transmitted to Packaging (e.g., as a distribution). Accordingly, the net effect of these cash transactions with Packaging are presented as a single line item within the financing section of the cash flow statements. Similarly, the activity of the interdivision account presents the net transfer of funds and charges between Packaging and the Group as a single line item.

RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred. The amounts charged were $3,728,000, $4,345,000 and $4,789,000 in 1998, 1997 and 1996, respectively.

INTANGIBLE ASSETS

Goodwill and intangibles, net of amortization, by major category are as follows:

(IN THOUSANDS)	1998	1997	1996
Goodwill	$ 48,046	$ 52,958	$ 51,721
Intangibles	2,064	3,512	3,939
	$ 50,110	$ 56,470	$ 55,660

2. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Goodwill is being amortized on a straight-line basis over 40 years. Such amortization amounted to $1,449,000, $1,452,000 and $1,440,000 for 1998, 1997 and 1996, respectively. Goodwill totaling approximately $3,463,000 was written off in 1998 related to a closed facility (Note 7).

The Group has capitalized certain intangible assets, primarily trademarks and patents, based on their estimated fair value at the date of acquisition. Amortization is provided for these intangible assets on a straight-line basis over periods ranging from 3 to 10 years. Covenants not to compete are amortized on a straight-line basis over the terms of the respective agreements. Such amortization amounted to $1,127,000, $1,234,000 and $1,416,000 in 1998, 1997 and 1996, respectively.

USE OF ESTIMATES

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

RECLASSIFICATIONS

The prior years' financial statements have been reclassified, where appropriate, to conform to the 1998 presentation.

SEGMENT INFORMATION

The Group adopted SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information," in 1998 and determined that the Group is primarily engaged in one line of business: the manufacture and sale of packaging materials, boxes and containers for industrial and consumer markets. No single customer accounts for more than 10% of total revenues. The Group has no foreign operations.

3. INVESTMENTS IN JOINT VENTURES

The Group has a 50% U.S. joint venture with American Cellulose Corporation to manufacture and market hardwood chips. The net investment, which was accounted for under the equity method, was $1,282,000, $1,310,000 and $1,519,000 as of December 31, 1998, 1997 and 1996, respectively. In the second quarter of 1996, Packaging entered into an agreement to form a joint venture with Caraustar Industries whereby Packaging sold its two recycled paperboard mills and a fiber recycling operation and brokerage business to the joint venture in return for approximately $115 million and a 20% equity interest in the joint venture. In June, 1998, Packaging sold its remaining 20% equity interest in the joint venture to Caraustar Industries. The net investment, which was accounted for under the equity method, was $0, $15,014,000 and $13,290,000 as of December 31, 1998, 1997 and 1996, respectively.

4. LONG-TERM DEBT AND CAPITALIZED LEASE OBLIGATIONS

(IN THOUSANDS)	1998	1997	1996
Capital lease obligations, interest at 8.5% for 1998 and 1997 and a weighted average interest rate of 8.2% for 1996 due in varying amounts through 2000	$ 18	$ 32	$ 18,658
Non-interest-bearing note, due in annual installments of $70,000 through July 1, 2004, net of discount imputed at 10.0% of $182,000, $216,000 and $249,000 in 1998, 1997 and 1996, respectively	308	344	381
Notes payable, interest at an average rate of 13.5%, 13.3% and 8.8% for 1998, 1997 and 1996, respectively, with varying amounts due through 2010	16,553	26,187	680
Other obligations	673	1,301	597
Total	17,552	27,864	20,316
Less-Current portion	617	3,923	1,603
Total long-term debt	$ 16,935	$ 23,941	$ 18,713

In January, 1997, the General Electric Capital Corporation ("GECC") operating leases were refinanced. Through this refinancing, several capital lease obligations were extinguished as the assets were incorporated into the new operating lease (Note 12).

Annual payments for debt during the next five years and thereafter are: $617,000 (1999), $214,000 (2000), $3,569,000 (2001), $4,387,000 (2002), $4,240,000 (2003) and $4,525,000 (2004 and thereafter).

In 1997, Tenneco contributed the Counce Limited Partnership to Packaging which included notes payable totaling approximately $26,187,000.

In February, 1999, Tenneco Inc. paid off the remaining note payable as it relates to the Counce Limited Partnership. The payment was $27,220,000, including a $10,456,000 premium payment for the early extinguishment of debt.

5. PENSION AND OTHER BENEFIT PLANS

Substantially all of the Group's salaried and hourly employees are covered by retirement plans sponsored by Packaging and Tenneco. Benefits generally are based on years of service and, for most salaried employees, on final average compensation. Packaging's funding policies are to contribute to the plans, at a minimum, amounts necessary to satisfy the funding requirements of federal laws and regulations. The assets of the plans consist principally of listed equity and fixed and variable income securities, including Tenneco Inc. common stock.

The Group's eligible salaried employees participate in the Tenneco Inc. Retirement Plan (the "Retirement Plan"), a defined benefit plan, along with other Tenneco divisions and subsidiaries. The pension expense

5. PENSION AND OTHER BENEFIT PLANS (CONTINUED)

allocated to the Group by Packaging for this plan was approximately $5,595,000, $3,197,000 and $3,111,000 for the years ended December 31, 1998, 1997 and 1996, respectively. Amounts allocated are principally determined based on payroll. This plan is overfunded and a portion of the prepaid pension costs has not been allocated to the Group.

The Group's eligible hourly employees participate in the Packaging Corporation of America Hourly-Rated Employees Pension Plan, also a defined benefit plan, along with other Packaging divisions. As stated, due to the fact that other divisions within Packaging participate in the plan, certain of the disclosures required by SFAS No. 132, "Employers' Disclosures About Pension and Other Postretirement Benefits", such as a summary of the change in benefit obligation and the change in plan assets, are not available. The net pension (income) cost actuarially allocated to the Group for this plan was $(466,000), $144,000 and $2,373,000 for the years ended December 31, 1998, 1997 and 1996, respectively. This plan is overfunded, and a portion of the related pension asset of $35,603,000, $35,137,000 and $34,429,000 for December 31, 1998, 1997 and 1996, respectively, has been actuarially allocated to the Group and is included in Other Long-Term Assets.

However, in connection with the pending sale of the Group as described in Note 14 to these financial statements, the pension asset allocated to the Group will be excluded from the sale transaction and remain with Tenneco.

Actuarially allocated net pension cost for the Group's defined benefit plans, excluding the Retirement Plan, consists of the following components:

	FOR THE YEARS ENDED DECEMBER 31		
	1998	1997	1996
(IN THOUSANDS)			
Service cost-benefits earned during the year	$ 3,112	$ 3,652	$ 4,021
Interest cost on projected benefit obligations	6,990	6,675	6,174
Expected return on plan assets	(11,312)	(10,819)	(8,389)
Amortization of-			
Transition liability	(164)	(164)	(164)
Unrecognized loss	-	-	10
Prior service cost	908	800	721
Net pension (income) cost	$ (466)	$ 144	$ 2,373

5. PENSION AND OTHER BENEFIT PLANS (CONTINUED)

The funded status of the Group's allocation of defined benefit plans, excluding the Retirement Plan, reconciles with amounts recognized in the statements of assets and liabilities and interdivision account as follows:

(IN THOUSANDS)	1998	1997	1996
Actuarial present value at September 30-			
Vested benefit obligation	$ (98,512)	$ (86,865)	$ (79,818)
Accumulated benefit obligation	(108,716)	(95,711)	(87,481)
Projected benefit obligation	$ (108,716)	$ (96,118)	$ (88,555)
Plan assets at fair value at September 30	146,579	141,961	118,968
Unrecognized transition liability	(1,092)	(1,256)	(1,420)
Unrecognized net gain	(14,623)	(21,573)	(5,111)
Unrecognized prior service cost	13,455	12,123	10,547
Prepaid pension cost at December 31	$ 35,603	$ 35,137	$ 34,429

The weighted average discount rate used in determining the actuarial present value of the benefit obligations was 7.00% for the year ended December 31, 1998, and 7.75% for the years ended December 31, 1997 and 1996. The weighted average expected long-term rate of return on plan assets was 10% for 1998, 1997 and 1996.

Middle management employees participate in a variety of incentive compensation plans. These plans provide for incentive payments based on the achievement of certain targeted operating results and other specific business goals. The targeted operating results are determined each year by senior management of Packaging. The amounts charged to expense for these plans were $5,920,000, $6,407,000 and $6,722,000 in 1998, 1997 and 1996, respectively.

In June, 1992, Tenneco initiated an Employee Stock Purchase Plan ("ESPP"). The plan allows U.S. and Canadian employees of the Group to purchase Tenneco Inc. common stock through payroll deductions at a 15% discount. Each year, an employee in the plan may purchase shares with a discounted value not to exceed $21,250. The weighted average fair value of the employee purchase right, which was estimated using the Black-Sholes option pricing model and the assumptions described below except that the average life of each purchase right was assumed to be 90 days, was $6.31, $11.09 and $10.77 in 1998, 1997 and 1996, respectively. The ESPP was terminated as of September 30, 1996. Tenneco adopted a new employee stock purchase plan effective April 1, 1997. Under the respective ESPPs, Tenneco sold 133,223 shares, 85,024 shares and 73,140 shares to Group employees in 1998, 1997 and 1996, respectively.

5. PENSION AND OTHER BENEFIT PLANS (CONTINUED)

In December, 1996, Tenneco adopted the 1996 Stock Ownership Plan, which permits the granting of a variety of awards, including common stock, restricted stock, performance units, stock appreciation rights, and stock options to officers and employees of Tenneco. Tenneco can issue up to 17,000,000 shares of common stock under this plan, which will terminate December 31, 2001.

The fair value of each stock option issued by Tenneco to the Group during 1998, 1997 and 1996 is estimated on the date of grant using the Black-Sholes option pricing model using the following weighted average assumptions for grants in 1998, 1997 and 1996, respectively: (a) risk-free interest rate of 5.7%, 6.7% and 6.0%, (b) expected lives of 10.0 years, 19.7 years and 5.0 years; (c) expected volatility of 25.6%, 27.8% and 24.6%; and (d) dividend yield of 3.2%, 2.9% and 3.2%. The weighted-average fair value of options granted during the year is $10.91, $13.99 and $11.51 for 1998, 1997 and 1996, respectively.

The Group applies Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," to its stock-based compensation plans. The Group recognized after-tax stock-based compensation expense of approximately $210,000 in 1998, 1997 and 1996. Had compensation costs for the Group's stock-based compensation plans been determined in accordance with SFAS 123, "Accounting for Stock-Based Compensation," based on the fair value at the grant dates for the awards under those plans, the Group's pro forma net income for the years ended December 31, 1998, 1997 and 1996, would have been lower by $7,828,000, $8,205,000 and $1,874,000, respectively.

6. POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS

In addition to providing pension benefits, the Group provides certain health care and life insurance benefits for certain retired and terminated employees. A substantial number of the Group's employees may become eligible for such benefits if they reach normal retirement age while working for the Group. The cost of these benefits for salaried employees is allocated to the Group by Packaging through a payroll charge and the interdivision account. Amounts allocated are principally determined based on payroll. The net obligation for these salaried benefits is maintained by Packaging and is not included in the liabilities section of the accompanying combined statements of assets, liabilities and interdivision account for the Group's share of the obligation.

Currently, the Group's postretirement benefit plans are not funded and a portion of the related postretirement obligation has been actuarially allocated to the Group. However, due to the fact that other divisions participate in the plan, certain of the disclosures required by SFAS No. 132, such as a summary of the

6. POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS (CONTINUED)

change in benefit obligation, are not available. The obligation of the plans, related to hourly employees, reconciles with amounts recognized on the accompanying combined statements of assets, liabilities and interdivision account at December 31, 1998, 1997 and 1996, as follows:

(IN THOUSANDS)	1998	1997	1996
Actuarial present value at September 30-			
Accumulated postretirement benefit obligation-			
Retirees and beneficiaries	$ (8,401)	$ (7,199)	$ (8,213)
Fully eligible active plan participants	(3,582)	(4,081)	(4,283)
Other active plan participants	(2,950)	(2,426)	(1,738)
Total	(14,933)	(13,706)	(14,234)
Plan assets at fair value at September 30	-	-	-
Funded status	(14,933)	(13,706)	(14,234)
Claims paid during the fourth quarter	473	178	142
Unrecognized prior service cost	-	(293)	(797)
Unrecognized net gain	(1,764)	(2,861)	(2,205)
Accrued postretirement benefit cost at December 31	$ (16,224)	$ (16,682)	$ (17,094)

The net periodic postretirement benefit costs as determined by actuaries for hourly employees for the years 1998, 1997 and 1996 consist of the following components:

(IN THOUSANDS)	1998	1997	1996
Service cost	$ 159	$ 105	$ 144
Interest cost	1,024	1,065	1,012
Amortization of net (gain) loss	(138)	(80)	55
Amortization of prior service cost	(293)	(504)	(643)
Net periodic postretirement benefit cost	$ 752	$ 586	$ 568

The amounts expensed by the Group may be different because it was allocated by Packaging.

The weighted average assumed health care cost trend rate used in determining the 1998 and 1997 accumulated postretirement benefit obligation was 5% in 1997, remaining at that level thereafter.

The weighted average assumed health care cost trend rate used in determining the 1996 accumulated postretirement benefit obligation was 6.0% in 1996 declining to 5.0% in 1997 and remaining at that level thereafter.

6. POSTRETIREMENT AND POSTEMPLOYMENT BENEFITS (CONTINUED)

Increasing the assumed health care cost trend rate by one percentage point in each year would increase the accumulated postretirement benefit obligation as of September 30, 1998, 1997 and 1996, by approximately $1,268,000, $868,000 and $1,103,000, respectively, and would increase the net postretirement benefit cost for 1998, 1997 and 1996 by approximately $130,000, $75,000 and $102,000, respectively.

The discount rate (which is based on long-term market rates) used in determining the accumulated postretirement benefit obligations was 7.00% for 1998 and 7.75% for 1997 and 1996.

7. RESTRUCTURING AND OTHER CHARGES

In the fourth quarter of 1998, the Group recorded a pretax restructuring charge of approximately $14 million. This charge was recorded following the approval by Tenneco's Board of Directors of a comprehensive restructuring plan for all of Tenneco's operations, including those of the Group. In connection with this restructuring plan, the Group will close four corrugated facilities and eliminate 109 positions. The following table reflects components of this charge:

COMPONENT	RESTRUCTURING CHARGE	FOURTH-QUARTER ACTIVITY	DECEMBER 31, 1998 BALANCE
(IN THOUSANDS)			
Cash charges-			
Severance	$ 5,135	$ 852	$ 4,283
Facility exit costs and other	3,816	369	3,447
Total cash charges	8,951	1,221	7,730
Noncash charges-			
Asset impairments	5,434	3,838	1,596
	$ 14,385	$ 5,059	$ 9,326

Asset impairments include goodwill totaling approximately $5,043,000 related to two of the facilities. The fixed assets at the closed facilities were written down to their estimated fair value. No significant cash proceeds are expected from the ultimate disposal of these assets. Of the $7,730,000 remaining cash charges at December 31, 1998, approximately $7,300,000 is expected to be spent in 1999. The actions contemplated by the restructuring plan should be completed during the second quarter of 1999.

8. INCOME TAXES

The Group's method of accounting for income taxes requires that a deferred tax be recorded to reflect the tax expense (benefit) resulting from the recognition of temporary differences. Temporary differences are differences between the tax basis of assets and liabilities and their reported amounts in the financial statements that will result in differences between income for tax purposes and income for financial statement purposes in future years.

8. INCOME TAXES (CONTINUED)

As a division, this Group is not a taxable entity. For purposes of these combined financial statements, income taxes have been allocated to the Group and represent liabilities to Packaging.

Following is an analysis of the components of combined income tax expense (benefit):

(IN THOUSANDS)	1998	1997	1996
Current-			
U.S.	$ (21,105)	$ (58,813)	$ 45,641
State and local	(2,708)	(7,545)	5,855
	(23,813)	(66,358)	51,496
Deferred-			
U.S.	63,230	75,399	7,374
State and local	8,112	9,673	946
	71,342	85,072	8,320
Income tax expense	$ 47,529	$ 18,714	$ 59,816

The primary difference between income taxes computed at the statutory U.S. federal income tax rate and the income tax expense in the combined statements of revenues, expenses and interdivision account is due to the effect of state income taxes.

8. INCOME TAXES (CONTINUED)

The components of the deferred tax assets (liabilities) at December 31, 1998, 1997 and 1996, were as follows:

(IN THOUSANDS)	1998	1997	1996
Current deferred taxes-			
Accrued liabilities	$ 10,232	$ 6,374	$ 7,046
Employee benefits and compensation	(5,969)	(4,946)	(929)
Reserve for doubtful accounts	1,275	1,230	1,261
Inventory	707	614	38
Pensions and postretirement benefits	(2,994)	(4,196)	(5,053)
State deferred tax	10,096	5,724	511
Other	(76)	(123)	(89)
Total current deferred taxes	13,271	4,677	2,785
Noncurrent deferred taxes-			
Pension and postretirement benefits	13,898	7,934	8,012
Excess of financial reporting over tax basis in plant and equipment	(293,830)	(210,797)	(121,707)
Accrued liabilities	1,336	1,701	1,947
Capital leases	9,333	7,517	24,672
Other	15,199	19,518	(89)
Total noncurrent deferred taxes	(254,064)	(174,127)	(87,165)
Net deferred tax liabilities	$ (240,793)	$ (169,450)	$ (84,380)

9. ASSETS, LIABILITIES AND OTHER INCOME, NET DETAIL

PREPAID EXPENSES AND OTHER CURRENT ASSETS

The components of prepaid expenses and other current assets include:

(IN THOUSANDS)	1998	1997	1996
Prepaid stumpage	$ 15,189	$ 19,231	$ 15,595
Prepaid taxes	13,272	7,549	7,044
Current portion-Meridian Lease, net of deferred gain	5,193	-	-
Prepaid professional services/leases	2,356	1,918	5,506
Other	5,082	6,321	7,391
Total	$ 41,092	$ 35,019	$ 35,536

9. ASSETS, LIABILITIES AND OTHER INCOME, NET DETAIL (CONTINUED)

OTHER LONG-TERM ASSETS

The components of the other long-term assets include:

(IN THOUSANDS)	1998	1997	1996
Prepaid pension cost	$ 35,603	$ 35,137	$ 34,429
Leased timberlands and mills	14,636	11,857	9,510
Long-term portion-Meridian Lease, net of deferred gain	44,743	-	-
Deferred software	15,864	11,088	6,047
Timberland rights	10,919	9,775	8,615
Capitalized fees	-	474	3,962
Other	9,327	8,981	9,513
Total	$ 131,092	$ 77,312	$ 72,076

ACCRUED LIABILITIES

The components of accrued liabilities include:

(IN THOUSANDS)	1998	1997	1996
Accrued payroll, vacation and taxes	$ 42,282	$ 48,119	$ 49,162
Accrued insurance	6,012	5,248	4,296
Accrued volume discounts and rebates	5,727	4,428	3,515
Restructuring	9,326	-	-
Current portion of accrued postretirement benefit cost	1,460	875	892
Deferred lease credits	1,918	1,014	94,360
Other	2,665	10,742	14,438
Total	$ 69,390	$ 70,426	$ 166,663

As part of the refinancing of the GECC leases in January, 1997 (Note 12), certain deferred lease credits were eliminated.

9. ASSETS, LIABILITIES AND OTHER INCOME, NET DETAIL (CONTINUED)

OTHER LONG-TERM LIABILITIES

The components of the other long-term liabilities include:

(IN THOUSANDS)	1998	1997	1996
Accrued postretirement benefit cost	$ 14,764	$ 15,807	$ 16,202
Environmental liabilities	6,599	5,421	6,673
Other	2,497	2,526	412
Total	$ 23,860	$ 23,754	$ 23,287

OTHER INCOME, NET

The components of other income (expense), net include:

(IN THOUSANDS)	1998	1997	1996
Discount on sale of factored receivables	$ (14,774)	$ (12,006)	$ (12,351)
Gain on sale of timberlands	16,944	-	-
Gain on sale of joint venture interest	15,060	-	-
Gain on operating lease refinancing	-	37,730	-
Gain on Willow Flowage	-	4,449	-
Gain on sale of mineral rights	-	1,646	-
Capitalization of barter credits	-	1,563	-
Sylva Mill rebate income	-	-	4,500
Gain on sale of recycled mills	-	-	50,000
Other	9,588	11,299	14,094
Total	$ 26,818	$ 44,681	$ 56,243

10. RELATED-PARTY TRANSACTIONS

FUNDING OF CASH REQUIREMENTS

As discussed in Note 2, Packaging provides centralized treasury functions and financing for the Group including funding of its cash requirements for processing of accounts payable and payroll requirements.

CORPORATE ALLOCATIONS

Packaging and Tenneco provide various services to the Group, including legal, human resources, data processing systems support, training, finance and treasury, public relations and insurance management.

10. RELATED-PARTY TRANSACTIONS (CONTINUED)

These expenses are allocated based on a combination of factors such as actual usage of the service provided, revenues, gross salaries and fixed assets and may not reflect actual costs the Group would incur if it were a stand-alone entity.

Certain receivables and transactions resulting from the financing relationship between Packaging and Tenneco are not reflected in the accompanying financial statements.

INSURANCE AND BENEFITS

The Group is self-insured for medical benefits and workers' compensation. Expenses related to workers' compensation, health care claims for hourly and salaried workers and postretirement health care benefits for hourly and salaried workers are determined by Packaging and are allocated to the Group. The Group incurred charges of $32,151,000, $34,004,000 and $32,298,000 in 1998, 1997 and 1996, respectively, for health care and $5,109,000, $9,209,000 and $8,853,000 in 1998, 1997 and 1996, respectively, for workers' compensation.

In general, all costs and expenses incurred and allocated are based on the relationship the Group has with Tenneco. If the Group had been a stand-alone entity, the costs and expenses would differ.

11. COMMITMENTS AND CONTINGENCIES

The Group had authorized capital expenditures of approximately $49,392,000 as of December 31, 1998, in connection with the expansion and replacement of existing facilities.

The Group is involved in various legal proceedings and litigation arising in the ordinary course of business. In the opinion of management and in-house legal counsel, the outcome of such proceedings and litigation will not materially affect the Group's financial position or results of operations.

12. LEASES

Rental expense included in the combined financial statements was $96,193,340, $95,284,000 and $118,821,000 for 1998, 1997 and 1996, respectively. These costs are primarily included in cost of goods sold.

On January 31, 1997, Packaging executed an operating lease agreement with Credit Suisse Leasing 92A, L.P., and a group of financial institutions led by Citibank, N.A. The agreement refinanced the previous operating leases between GECC and Packaging which were entered into at the same time as GECC's purchase of certain assets from Georgia-Pacific in January, 1991. Through this refinancing, several capital lease obligations were extinguished as the assets were incorporated into the new operating lease. Also with this refinancing, certain fixed assets and deferred credits were eliminated resulting in a net gain of approximately $38 million in the first quarter of 1997.

12. LEASES (CONTINUED)

Aggregate minimum rental commitments under noncancelable operating leases are as follows (in thousands):

1999	$ 83,804
2000	81,368
2001	79,428
2002	686,390
2003	26,975
Thereafter	113,154
Total	$1,071,119

Minimum rental commitments under noncancelable operating leases include $68 million for 1999, $68 million for 2000, $68 million for 2001, $676 million for 2002, $18 million for 2003 and $34 million for years thereafter, payable to credit Suisse Leasing 92A, L.P. and Citibank, N.A., along with John Hancock, Metropolitan Life and others (the "Lessors") for certain mill and timberland assets. The remaining terms of such leases extend over a period of up to five years.

Following the initial lease period, Packaging may, under the provision of the lease agreements, extend the leases on terms mutually negotiated with the Lessors or purchase the leased assets under conditions specified in the lease agreements. If the purchase options are not exercised or the leases are not extended, Packaging will make a residual guarantee payment to the Lessors of approximately $653 million, included in the schedule above, which will be refunded up to the total amount of the residual guarantee payment based on the Lessors' subsequent sales price for the leased assets. Throughout the lease period, Packaging is required to maintain the leased properties which includes reforestation of the timberlands harvested.

Packaging's various lease agreements require that it comply with certain covenants and restrictions, including financial ratios that, among other things, place limitations on incurring additional "funded debt" as defined by the agreements. Under the provisions of the lease agreements, in order to incur funded debt, Packaging must maintain a pretax cash flow coverage ratio, as defined, on a cumulative four quarter basis of a minimum of 2.0, subsequently modified to 1.75 as of December 31, 1998. Packaging was in compliance with all of its covenants at December 31, 1998.

In December, 1998, the Group made a payment of $84 million to acquire the Meridian timberlands utilized by the Group. This transaction was undertaken in preparation for the separation of the Group's assets from Tenneco. Subsequent to year end, the Group paid a fee of $50,000 to effect the conveyance of the Meridian timberlands to the Group.

In connection with the pending sale of the Group described in Note 14 to these financial statements, Tenneco may purchase the Tomahawk and Valdosta mills and selected timberland assets currently under lease prior to the sale.

13. SALE OF ASSETS

In the second quarter of 1996, Packaging entered into an agreement to form a joint venture with Caraustar Industries whereby Packaging sold its two recycled paperboard mills and a fiber recycling operation and brokerage business to the joint venture in return for cash and a 20% equity interest in the joint venture. Proceeds from the sale were approximately $115 million and the Group recognized a $50 million pretax gain ($30 million after taxes) in the second quarter of 1996.

In June, 1998, Packaging sold its remaining 20% equity interest in the joint venture to Caraustar Industries for cash and a note of $26,000,000. The Group recognized a $15 million pretax gain on this transaction.

At December 31, 1998, the balance of the note with accrued interest is $26,756,000.

14. SALE OF COMPANY AND RELATED IMPAIRMENT (UNAUDITED)

On January 26, 1999, Tenneco announced that it had entered into an agreement to contribute a majority interest in the Group to a new joint venture with Madison Dearborn Partners, in exchange for cash and debt assumption totaling approximately $2 billion, and a 45% common equity interest in the joint venture. The assets to be contributed include the Group's 4 linerboard and medium mills, 67 plants and 5 design centers and an ownership or controlling interest in approximately 950,000 acres of timberland. The transaction closed on April 12, 1999.

In connection with the transaction, Packaging borrowed approximately $1.8 billion, most of which was used to acquire assets used by the Group pursuant to operating leases and timber cutting rights, with the remainder remitted to Tenneco for corporate debt reduction.

Tenneco then contributed the Group's assets (subject to the new indebtedness and the Group's liabilities) to a joint venture, Packaging Corporation of America ("PCA") in exchange for (a) a 45% common equity interest in PCA valued at approximately $200 million and (b) approximately $240 million in cash. As a result of the sale transaction, Tenneco recognized a pretax loss in the first quarter of 1999 of approximately $293 million. Part of that loss consisted of an impairment charge relating to the Group's property, plant and equipment and intangible assets, which was pushed down to the Group's March 31, 1999 financial statements. The amount of the impairment charge is approximately $230.1 million. Group management is in the process of determining how the remaining $230.4 million should be allocated to specific fixed and intangible assets (including certain assets acquired subsequent to March 31, 1999 in operating lease buy-outs required as part of the sale). Accordingly, the charge is reflected as a loss reserve liability in the Group's March 31, 1999 balance sheet.

15. EXTRAORDINARY LOSS (UNAUDITED)

During the first quarter of 1999 the Group extinguished $16.6 million of debt related to mill assets. In connection with that extinguishment an extraordinary loss of $10.5 million was recorded ($6.3 million, net of the related tax effect).

YOU SHOULD RELY ONLY UPON THE INFORMATION CONTAINED IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANY OTHER PERSON TO PROVIDE YOU WITH DIFFERENT INFORMATION. IF ANYONE PROVIDES YOU WITH DIFFERENT OR INCONSISTENT INFORMATION, YOU SHOULD NOT RELY ON IT.

WE ARE NOT MAKING AN OFFER TO SELL THESE SECURITIES IN ANY JURISDICTION WHERE THE OFFER OR SALE IS NOT PERMITTED. YOU SHOULD ASSUME THAT THE INFORMATION APPEARING IN THIS PROSPECTUS IS ACCURATE AS OF THE DATE ON THE FRONT COVER OF THIS PROSPECTUS ONLY. OUR BUSINESS, FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS MAY HAVE CHANGED SINCE THAT DATE.

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PACKAGING CORPORATION
OF AMERICA

[LOGO]

EXCHANGE OFFER

$550,000,000
9 5/8% SERIES B SENIOR
SUBORDINATED NOTES DUE 2009
AND
$100,000,000 12 3/8% SERIES B
SENIOR EXCHANGEABLE PREFERRED STOCK DUE 2010

PROSPECTUS

, 1999

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 20. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

RESTATED CERTIFICATE OF INCORPORATION

The Restated Certificate of Incorporation of PCA, as amended, provides that to the fullest extent permitted from time to time by the General Corporation Law of the State of Delaware ("DGCL"), a director of PCA shall not be liable to the company or its stockholders for monetary damages for a breach of fiduciary duty as a director.

BY-LAWS

The Amended and Restated By-laws of PCA, as amended, provide that PCA shall indemnify its directors and officers to the maximum extent permitted from time to time by the DGCL.

The By-laws of Dahlonega Packaging Corporation ("Dahlonega"), Dixie Container Corporation ("Dixie"), PCA Hydro, Inc. ("PCA Hydro"), PCA Tomahawk Corporation ("PCA Tomahawk") and PCA Valdosta Corporation ("PCA Valdosta") provide that Dahlonega, Dixie, PCA Hydro, PCA Tomahowk and PCA Valdosta shall indemnify their directors and officers to the maximum extent permitted from time to time by, in the case of Dahlonega, PCA Hydro, PCA Tomahawk and PCA Valdosta, the DGCL, and in the case of Dixie, the Virginia Stock Corporation Act ("VSCA").

DELAWARE GENERAL CORPORATION LAW

Section 145 of the DGCL provides that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Section 145 further provides that a corporation similarly may indemnify any such person serving in any such capacity who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor, against expenses actually and reasonably incurred in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the Delaware Court of Chancery or such other court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 102(b)(7) of the DGCL permits a corporation to include in its certificate of incorporation a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided, however, that such provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the DGCL, which relates to unlawful payment of dividends and unlawful stock purchases and redemptions, or (iv) for any transaction from which the director derived an improper personal benefit.

VIRGINIA STOCK CORPORATION ACT

Section 13.1-697 of the VSCA provides that a corporation may indemnify a person made party to a proceeding because he is or was a director against liability incurred in the proceeding if he conducted himself in good faith and he believed that his conduct was in, or not opposed to, the corporation's best interests, and, in the case of a criminal proceeding, he had no reasonable cause to believe his conduct was unlawful. Section 13.1-697 further provides that a corporation may not indemnify a director in connection with a proceeding by or in the right of the corporation in which the director was adjudged liable to the corporation or in connection with a proceeding charging improper personal benefit to him in which he was adjudged liable on the basis that personal benefit was improperly received by him. Indemnification under Section 13.1-697 is limited to reasonable expenses incurred in connection with the proceeding.

Section 13.1-698 of the VSCA provides that, unless limited by its articles of incorporation, a corporation shall indemnify a director who entirely prevails in the defense of any proceeding to which he as a party because he is or was a director of the corporation against reasonable expenses incurred by him in connection with the proceeding.

Section 13.1-702 of the VSCA provides that, unless limited by a corporation's articles of incorporation, an officer of the corporation is entitled to mandatory indemnification under Section 13.1-698 to the same extent as a director and further provides that the corporation may indemnify and advance expenses to an officer, employee or agent of the corporation to the same extent as to a director.

INSURANCE

The directors and officers of PCA are covered under directors' and officers' liability insurance policies maintained by PCA with coverage up to $50 million.

ITEM 21. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(A) EXHIBITS.

EXHIBIT NUMBER	DESCRIPTION
2.1	Contribution Agreement, dated as of January 25, 1999, among Tenneco Packaging Inc. ("TPI"), PCA Holdings LLC ("PCA Holdings") and Packaging Corporation of America ("PCA").
2.2	Letter Agreement Amending the Contribution Agreement, dated as of April 12, 1999, among TPI, PCA Holdings and PCA.
3.1	Restated Certificate of Incorporation of PCA.
3.2	Amended and Restated By-laws of PCA.
4.1	Indenture, dated as of April 12, 1999, by and among PCA, Dahlonega Packaging Corporation ("Dahlonega"), Dixie Container Corporation ("Dixie"), PCA Hydro, Inc. ("PCA Hydro"), PCA Tomahawk Corporation ("PCA Tomahawk"), PCA Valdosta Corporation ("PCA Valdosta") and United States Trust Company of New York.
4.2	Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof of 12 3/8% Senior Exchangeable Preferred Stock due 2010 and 12 3/8% Series B Senior Exchangeable Preferred Stock due 2010 of PCA.
4.3	Exchange Indenture, dated as of April 12, 1999, by and among PCA and U.S. Trust Company of Texas, N.A.
4.4	Notes Registration Rights Agreement, dated as of April 12, 1999, by and among PCA, Dahlonega, Dixie, PCA Hydro, PCA Tomahawk, PCA Valdosta, J.P. Morgan Securities Inc. ("J.P. Morgan") and BT Alex. Brown Incorporated ("BT").

EXHIBIT NUMBER	DESCRIPTION
4.5	Preferred Stock Registration Rights Agreement, dated as of April 12, 1999, by and among PCA, J.P. Morgan and BT.
4.6	Form of Rule 144A Global Note and Subsidiary Guarantee
4.7	Form of Regulation S Global Note and Subsidiary Guarantee
4.8	Form of Rule 144A Global Certificate
5.1	Opinion of Kirkland & Ellis.*
10.1	Purchase Agreement, dated as of March 30, 1999, by and among PCA, Dahlonega, Dixie, PCA Hydro, PCA Tomahawk, PCA Valdosta, J.P. Morgan and BT.
10.2	Credit Agreement, dated as of April 12, 1999, among TPI, the lenders party thereto from time to time, J.P. Morgan, BT, Bankers Trust Company and Morgan Guaranty Trust Company of New York ("Morgan Guaranty").
10.3	Subsidiaries Guaranty, dated as of April 12, 1999, made by Dahlonega, Dixie, PCA Hydro, PCA Tomahawk, PCA Valdosta and Morgan Guaranty.
10.4	Pledge Agreement, dated as of April 12, 1999, among PCA, Dahlonega, Dixie, PCA Hydro, PCA Tomahawk, PCA Valdosta and Morgan Guaranty.
10.5	TPI Security Agreement, dated as of April 12, 1999, between TPI and Morgan Guaranty.
10.6	PCA Security Agreement, dated as of April 12, 1999, among PCA, Dahlonega, Dixie, PCA Hydro, PCA Tomahawk, PCA Valdosta and Morgan Guaranty.
10.7	Stockholders Agreement, dated as of April 12, 1999, by and among TPI, PCA Holdings and PCA.
10.8	Registration Rights Agreement, dated as of April 12, 1999, by and among TPI, PCA Holdings and PCA.
10.9	Holding Company Support Agreement, dated as of April 12, 1999, by and between PCA Holdings and PCA.
10.10	Facility Use Agreement, dated as of April 12, 1999, by and between TPI and PCA.
10.11	Human Resources Agreement, dated as of April 12, 1999, by and among Tenneco Inc., TPI and PCA.
10.12	Purchase/Supply Agreement, dated as of April 12, 1999, between PCA and Tenneco Packaging Speciality and Consumer Products Inc.
10.13	Purchase/Supply Agreement, dated as of April 12, 1999, between PCA and TPI.
10.14	Purchase/Supply Agreement, dated as of April 12, 1999, between PCA and Tenneco Automotive Inc.
10.15	Technology, Financial and Administrative Transition Services Agreement, dated as of April 12, 1999, between TPI and PCA.
10.16	Letter Agreement Regarding Terms of Employment, dated as of January 25, 1999, between PCA and Paul T. Stecko.
10.17	Letter Agreement Regarding Terms of Employment, dated as of May 19, 1999, between Samuel M. Mencoff and Paul T. Stecko.
12.1	Statements Regarding Computation of Ratios of Earnings to Fixed Changes.
12.2	Computation of Ratios of Earnings to Combined Fixed Changes and Preferred Stock Dividends.
21.1	Subsidiaries of the Registrants.
23.1	Consent of Arthur Andersen LLP.
23.2	Consent of Kirkland & Ellis (included in Exhibit 5.1).
24.1	Powers of Attorney (included in the signature pages to this registration statement).
25.1	Statement of Eligibility on Form T-1 of United States Trust Company of New York, as trustee, under the Indenture.
25.2	Statement of Eligibility on Form T-1 of U.S. Trust Company of Texas, N.A., as exchange trustee, under the Exchange Indenture.
27.1	Financial Data Schedule.
99.1	Form of Letter of Transmittal for the Notes.*
99.2	Form of Letter of Transmittal for the Preferred Stock.*

EXHIBIT NUMBER	DESCRIPTION
99.3	Form of Notice of Guaranteed Delivery.*

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* To be filed by Amendment.

(B) FINANCIAL STATEMENT SCHEDULES.

The following consolidated financial statement schedules of PCA for the three years ended December 31, 1998 are included in this registration statement.

Schedule II-Packaging Corporation of America-Valuation and Qualifying Accounts.

ALLOWANCE FOR DOUBTFUL ACCOUNTS RECEIVABLE	BALANCE BEGINNING OF YEAR	PROVISION (BENEFIT)	ADDITIONS/DEDUCTIONS FROM RESERVES *	TRANSLATION ADJUSTMENTS	BALANCE END OF YEAR
1998	5,023	2,710	(2,513)	-	5,220
1997	5,010	611	(598)	-	5,023
1996	5,239	1,018	(1,247)	-	5,010

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* Consists primarily of write-offs and recoveries of bad debts.

We have audited in accordance with generally accepted auditing standards the financial statements of The Containerboard Group (a division of Tenneco Packaging Inc., which is a Delaware corporation and a wholly owned subsidiary of Tenneco Inc.), included in this registration statement and have issued our report thereon dated February 26, 1999. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed above is the responsibility of the company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois
May 28, 1999

ITEM 22. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrants, pursuant to the foregoing provisions, or otherwise, the Registrants have been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrants of expenses incurred or paid by a director, officer or controlling person of the Registrants in the successful defense of any action, suit or proceeding) is asserted by any such director, officer or controlling person in connection with the securities being registered, the Registrants will, unless in the opinion of their counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question of whether or not such indemnification is against public policy as expressed in the Securities Act of 1933 and will be governed by the final adjudication of such issue.

The undersigned Registrants hereby undertake:

(1) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in the registration statement when it became effective.

(2) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(a) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933.

(b) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high and of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement.

(c) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(3) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(4) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the exchange offer.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Packaging Corporation of America has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lake Forest, State of Illinois, on May 27, 1999.

Packaging Corporation of America

By: /s/ RICHARD B. WEST

Name: Richard B. West

Title: Chief Financial Officer,
Secretary and Treasurer

Power of Attorney

KNOW ALL MEN BY THESE PRESENTS that each officer and director of Packaging Corporation of America whose signature appears below constitutes and appoints Paul T. Stecko, Richard B. West and Samuel M. Mencoff, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him or her and in his or her name, place and stead, in any and all capacities, to execute any and all amendments, including any post-effective amendments and supplements to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities indicated on May 27, 1999.

SIGNATURE	TITLE
/s/ PAUL T. STECKO Paul T. Stecko	Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
/s/ RICHARD B. WEST Richard B. West	Chief Financial Officer, Secretary and Treasurer (Principal Financial and Accounting Officer)
Dana G. Mead	Director
/s/ THEODORE R. TETZLAFF Theodore R. Tetzlaff	Director
/s/ SAMUEL M. MENCOFF Samuel M. Mencoff	Director
/s/ JUSTIN S. HUSCHER Justin S. Huscher	Director
/s/ THOMAS S. SOULELES Thomas S. Souleles	Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Dahlonega Packaging Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lake Forest, State of Illinois, on May 27, 1999.

Dahlonega Packaging Corporation

By: /s/ RICHARD B. WEST

Name: Richard B. West

Title: Secretary

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each officer and director of Dahlonega Packaging Corporation whose signature appears below constitutes and appoints Paul T. Stecko, Richard B. West and Samuel M. Mencoff, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him or her and in his or her name, place and stead, in any and all capacities, to execute any and all amendments, including any post-effective amendments and supplements to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities indicated on May 27, 1999.

SIGNATURE	TITLE
/s/ PAUL T. STECKO Paul T. Stecko	President and Director (Principal Executive Officer)
/s/ RICHARD B. WEST Richard B. West	Secretary (Principal Financial and Accounting Officer)
Dana G. Mead	Director
/s/ THEODORE R. TETZLAFF Theodore R. Tetzlaff	Director
/s/ SAMUEL M. MENCOFF Samuel M. Mencoff	Director
/s/ JUSTIN S. HUSCHER Justin S. Huscher	Director
/s/ THOMAS S. SOULELES Thomas S. Souleles	Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, Dixie Container Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lake Forest, State of Illinois, on May 27, 1999.

Dixie Container Corporation

By: /s/ RICHARD B. WEST

Name: Richard B. West

Title: Secretary

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each officer and director of Dixie Container Corporation whose signature appears below constitutes and appoints Paul T. Stecko, Richard B. West and Samuel M. Mencoff, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him or her and in his or her name, place and stead, in any and all capacities, to execute any and all amendments, including any post-effective amendments and supplements to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities indicated on May 27, 1999.

SIGNATURE	TITLE
/s/ PAUL T. STECKO Paul T. Stecko	President and Director (Principal Executive Officer)
/s/ RICHARD B. WEST Richard B. West	Secretary (Principal Financial and Accounting Officer)
Dana G. Mead	Director
/s/ THEODORE R. TETZLAFF Theodore R. Tetzlaff	Director
/s/ SAMUEL M. MENCOFF Samuel M. Mencoff	Director
/s/ JUSTIN S. HUSCHER Justin S. Huscher	Director
/s/ THOMAS S. SOULELES Thomas S. Souleles	Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, PCA Hydro, Inc. has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lake Forest, State of Illinois, on May 27, 1999.

PCA Hydro, Inc.

By: /s/ RICHARD B. WEST

Name: Richard B. West

Title: Secretary

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each officer and director of PCA Hydro, Inc. whose signature appears below constitutes and appoints Paul T. Stecko, Richard B. West and Samuel M. Mencoff, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him or her and in his or her name, place and stead, in any and all capacities, to execute any and all amendments, including any post-effective amendments and supplements to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities indicated on May 27, 1999.

SIGNATURE	TITLE
/s/ PAUL T. STECKO Paul T. Stecko	President and Director (Principal Executive Officer)
/s/ RICHARD B. WEST Richard B. West	Secretary (Principal Financial and Accounting Officer)
Dana G. Mead	Director
/s/ THEODORE R. TETZLAFF Theodore R. Tetzlaff	Director
/s/ SAMUEL M. MENCOFF Samuel M. Mencoff	Director
/s/ JUSTIN S. HUSCHER Justin S. Huscher	Director
/s/ THOMAS S. SOULELES Thomas S. Souleles	Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, PCA Tomahawk Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lake Forest, State of Illinois, on May 27, 1999.

PCA Tomahawk Corporation

By: /s/ RICHARD B. WEST

Name: Richard B. West

Title: Secretary

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each officer and director of PCA Tomahawk Corporation whose signature appears below constitutes and appoints Paul T. Stecko, Richard B. West and Samuel M. Mencoff, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him or her and in his or her name, place and stead, in any and all capacities, to execute any and all amendments, including any post-effective amendments and supplements to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities indicated on May 27, 1999.

SIGNATURE	TITLE
/s/ PAUL T. STECKO Paul T. Stecko	President and Director (Principal Executive Officer)
/s/ RICHARD B. WEST Richard B. West	Secretary (Principal Financial and Accounting Officer)
Dana G. Mead	Director
/s/ THEODORE R. TETZLAFF Theodore R. Tetzlaff	Director
/s/ SAMUEL M. MENCOFF Samuel M. Mencoff	Director
/s/ JUSTIN S. HUSCHER Justin S. Huscher	Director
/s/ THOMAS S. SOULELES Thomas S. Souleles	Director

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, PCA Valdosta Corporation has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Lake Forest, State of Illinois, on May 27, 1999.

PCA Valdosta Corporation

By: /s/ RICHARD B. WEST

Name: Richard B. West

Title: Secretary

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS that each officer and director of PCA Valdosta Corporation whose signature appears below constitutes and appoints Paul T. Stecko, Richard B. West and Samuel M. Mencoff, and each of them, his or her true and lawful attorney-in-fact and agent, with full power of substitution and revocation, for him or her and in his or her name, place and stead, in any and all capacities, to execute any and all amendments, including any post-effective amendments and supplements to this registration statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed below by the following persons in the capacities indicated on May 27, 1999.

SIGNATURE	TITLE
/s/ PAUL T. STECKO Paul T. Stecko	President and Director (Principal Executive Officer)
/s/ RICHARD B. WEST Richard B. West	Secretary (Principal Financial and Accounting Officer)
Dana G. Mead	Director
/s/ THEODORE R. TETZLAFF Theodore R. Tetzlaff	Director
/s/ SAMUEL M. MENCOFF Samuel M. Mencoff	Director
/s/ JUSTIN S. HUSCHER Justin S. Huscher	Director
/s/ THOMAS S. SOULELES Thomas S. Souleles	Director

EXHIBIT 2.1

CONTRIBUTION AGREEMENT

among

TENNECO PACKAGING INC.,

PCA HOLDINGS LLC

and

PACKAGING CORPORATION OF AMERICA

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CONTRIBUTION AGREEMENT

CONTRIBUTION AGREEMENT dated as of January 25, 1999, among TENNECO PACKAGING INC., a Delaware corporation ("TPI"), PCA Holdings LLC, a Delaware limited liability company ("PCA"), and Packaging Corporation of America, a Delaware corporation ("Newco").

PRELIMINARY STATEMENTS

A. TPI is engaged, in part, in the business of producing containerboard and corrugated packaging products (excluding folding carton and honeycomb paperboard - type products), (as currently conducted at four paper mills located at Counce, Tennessee, Valdosta, Georgia, Tomahawk, Wisconsin and Filer City, Michigan (the "Mills"), 70 box plants, two recycling facilities, four wood products facilities and certain timberlands and related facilities, the "Containerboard Business").

B. PCA recognizes that TPI has substantial experience and expertise in the ownership, management and operation of the Containerboard Business and desires to invest in the operation of the Containerboard Business. PCA and TPI have determined that it is advisable to form a joint venture corporation to facilitate PCA's investment in the operation of the Containerboard Business and have caused Newco to be incorporated under the laws of the State of Delaware as such joint venture corporation.

C. As of the date hereof, the Purchased Property (as defined below) is subject to various lease and financing arrangements, all of which lease and financing arrangements are described on Schedule PS-1 (the "Existing Financing Arrangements").

D. Upon the terms and subject to the conditions set forth more fully herein, each of TPI, PCA and Newco desires to cause PCA's investment in the Containerboard Business and the initial capitalization of Newco to be consummated as described below, which will occur in the following order but, except as otherwise specifically provided herein, will be consummated contemporaneously as part of the Closing:

First PCA will arrange, negotiate and obtain on behalf of TPI and/or Newco, subject to Section 5.3(b) hereof, credit facilities and other financings as set forth in the Commitment Letters (the "New Financing Arrangements") in an aggregate principal amount sufficient to fund the borrowings by TPI contemplated by paragraph D.2 below, and those New Financing Arrangements under which TPI is the initial borrower will be assigned to, and assumed by, Newco in connection with the transactions contemplated hereby (such that following the assignment to and assumption by Newco, the lenders shall not thereafter have recourse against PCA or TPI in respect thereof, but shall then have a security interest in the assets of Newco, including the Contributed Assets). Capitalized terms used in these

Preliminary Statements and not otherwise defined shall have the meaning ascribed thereto in the Commitment Letters.

Second: TPI will borrow $1.06 billion under the Term Loan Facilities on an unsecured basis.

Third: TPI will issue $700 million of Senior Subordinated Notes, or if elected by TPI, draw down under the Bridge Loan.

Fourth: TPI will contribute the Contributed Assets (including the Containerboard Business) to Newco free and clear of (i) all indebtedness for borrowed money or any other obligation that is fixed as to amount or certainty, other than the Assumed Indebtedness and (ii) all Encumbrances (other than Permitted Encumbrances but free and clear of all Encumbrances with respect to the Existing Financing Arrangements).

Fifth: In consideration of the Contributed Assets, Newco will (i) assume from TPI $1.06 billion under the Term Loan Facilities, (ii) enter into the Credit Facilities and become the Borrower under the Senior Secured Financing, (iii) grant the lenders under the Senior Secured Financing a security interest in the assets of Newco, including the Contributed Assets, and (iv) pay the required fees and expenses with respect thereto.

Sixth: In consideration of the Contributed Assets, Newco will assume TPI's obligations under the $700 million Senior Subordinated Notes (or the Bridge Loan if applicable) and issue replacement Senior Subordinated Notes (or notes evidencing the Bridge Loan if applicable). Newco will pay the required fees and expenses with respect to the Senior Subordinated Notes (or the Bridge Loan if applicable, provided that in such case TPI will pay the 1.5% Commitment Fee on behalf of Newco and PCA).

Seventh: Subject to adjustment pursuant to paragraph F below, Newco (or if requested by the underwriters, a holding company) will issue $100 million of Deferred-Pay Financing and will pay the required fees and expenses with respect thereto.

Eighth: Subject to adjustment pursuant to paragraph E below, PCA will contribute $236.5 million in cash (the "Cash Contribution") to Newco, and Newco will issue to PCA in respect thereof 55% of Newco's outstanding common stock, $.01 par value (the "Common Stock").

Ninth: In consideration of the Contributed Assets, Newco will assume the Assumed Liabilities, and subject to paragraph E below, Newco will issue to TPI 45% of Newco's outstanding Common Stock and distribute to TPI

cash in an amount equal to $246.5 million less the dollar amount of the PIK Preferred, if any, issued to TPI and/or its designees, as contemplated by paragraph F below (the "Cash Distribution"). Subject to paragraph E below, immediately following such actions PCA and TPI will own Newco Common Stock representing 55% and 45%, respectively, of the issued and outstanding common equity of Newco.

For purposes of the Closing hereunder, each of the above actions will be deemed to occur as part of an integrated Closing and the Closing will not be deemed to have occurred and no such action shall be effective unless and until all such actions have been completed, at which time the Closing will be deemed effective.

E. In addition to the issuance of Common Stock to TPI and PCA, at the Closing and during the 120-day period following the Closing, Newco may, at PCA's direction, sell shares of the Common Stock, at the same price per share as such stock is being purchased by PCA, representing up to 5% of the outstanding Common Stock of Newco (on a fully diluted basis) to certain members of Newco's management (the "Management Stock"), on the terms set forth on Schedule PS-2. TPI shall have the option to be exclusively diluted with respect to such purchases of Management Stock by delivering notice of its election to be exclusively diluted to PCA on or before the date on which TPI delivers to PCA the Most Recent Year End Statement in accordance with Section 5.14 hereof (a "Dilution Notice"). If TPI delivers PCA a Dilution Notice by such date, then to the extent such members of management purchase Management Stock at Closing, Newco shall issue fewer shares to TPI (equal to the number of shares of Management Stock purchased by management at Closing), in which event the Cash Distribution will be increased by an amount equal to the aggregate purchase price of the Management Stock purchased at Closing (provided the per share purchase price for the Management Stock is equal to the price per share paid for Common Stock purchased by PCA hereunder). If TPI does not deliver a Dilution Notice in accordance with the terms hereof, TPI and PCA shall be diluted pro rata with respect to issuances of Management Stock, so that the number of shares of Common Stock purchased or received by PCA or TPI shall be reduced by an aggregate number of shares of Management Stock purchased by management at Closing in a ratio of 55 to 45, the Cash Contribution shall be reduced by an amount equal to 55% of the aggregate purchase price of the Management Stock purchased at Closing, and the Cash Distribution shall be increased by an amount equal to 45% of the aggregate purchase price of the Management Stock purchased at Closing. To the extent members of management purchase Management Stock after the Closing, the provisions of Section 5.17 shall apply.

F. In the event the Deferred-Pay Financing is not sold as part of the New Financing Arrangements, (i) PCA and/or its designees shall purchase $55 million of PIK Preferred for $55 million, and (ii) Newco shall issue $45 million of PIK Preferred to TPI and/or its designees.

NOW, THEREFORE, TPI, PCA, and Newco agree as follows:

ARTICLE I

DEFINITIONS AND TERMS

1.1 Specific Definitions. As used in this Agreement, the following terms shall have the meanings set forth or as referenced below:

(a) "ACC" shall have the meaning set forth in Section 3.16(c).

(b) "Acquisition Proposal" shall have the meaning set forth in Section 5.13.

(c) "Adjusted Cash Contribution" means, as of any date, the Cash Contribution, minus (i) the product determined by multiplying (A) the purchase price paid per share of Common Stock purchased by PCA hereunder at Closing times (B)the number of shares of Common Stock transferred by PCA to any Person other than a PCA Affiliate, minus (ii) the aggregate amount of any cash payments previously paid to PCA in satisfaction of indemnity obligations to PCA under Section 7.3 hereof, and minus (iii) any distributions (other than pro rata stock dividends, splits or combinations) previously made by Newco to PCA.

(d) "Affiliates" shall mean, with respect to any Person, any Persons directly or indirectly controlling, controlled by or under common control with, such other Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For the purpose of this definition, "control" means (i) the ownership or control of 50% or more of the equity interest in any Person, or (ii) the ability to direct or cause the direction of the management or affairs of a Person, whether through the direct or indirect ownership of voting interests, by contract or otherwise.

(e) "Agreement" shall mean this Agreement (including the Preliminary Statements set forth above and all Exhibits), as the same may be amended or supplemented from time to time in accordance with the terms hereof.

(f) "Ancillary Agreements" shall mean the Facility Use Agreement, the Human Resources Agreement, the Registration Rights Agreement, the Stockholders Agreement, the Supply Agreements, and the Transition Services Agreement.

(g) "Applicable Tax Law" shall mean any Law of any nation, state, region, province, locality, municipality or other jurisdiction relating to Taxes, including regulations and other official pronouncements of any governmental entity or political subdivision of such jurisdiction charged with interpreting such Laws.

(h) "Appraisal" shall have the meaning set forth in Section 2.9.

(i) "Assumed Indebtedness" shall have the meaning set forth in the Preliminary Statements hereto.

(j) "Assumed Liabilities" shall mean all debts, liabilities, commitments, or obligations whatsoever, other than Retained Liabilities, Related to the Containerboard Business or Related to the Contributed Assets, whether arising before or after the Closing and whether known or unknown, fixed or contingent, including the following:

(i) all debts, liabilities, obligations or commitments related to or arising under the Contracts to the extent such Contracts are assigned to Newco, including the Real Estate Leases provided that, the foregoing notwithstanding the Assumed Liabilities shall not include any liabilities and obligations arising under any Contract which is not identified in the Disclosure Memorandum except as follows: (A) if such Contract is for an amount of $1,000,000 or less and (i) is entered into in the ordinary course of business; (ii) the terms of which are customary and normal for the Containerboard Business specifically and the containerboard industry generally and on market rates at the time entered into, and (iii) all of the fees, expenses, penalties, liabilities and other payment obligations (or commitments therefor) arising thereunder which were incurred during the 12-month period ending December 31, 1998 have been paid and have been (or will be) properly reflected on the Most Recent Year End Statement and, if applicable, Final Working Capital Statement), such Contract shall be an Assumed Liability; and (B) if such Contract is for an amount greater than $1,000,000 or otherwise does not meet the conditions set forth in clause (A), such Contract shall be an Assumed Liability only if and to the extent Newco elects to assume such Contract in accordance with Section 5.21 hereof.

(ii) all debts, liabilities, obligations or commitments Related to the Real Property;

(iii) the Current Liabilities;

(iv) the Assumed Indebtedness;

(v) except for the Retained Environmental Liabilities, all liabilities under Environmental Laws Related to the ownership, operation or conduct of the Containerboard Business or the Real Property; and

(vi) except for the Retained Litigation, all liabilities with respect to all actions, suits, proceedings, disputes, claims or investigations Related to the Containerboard Business or that otherwise are Related to the Contributed Assets, at law, in equity or otherwise.

(k) "Audited Financial Statements" shall have the meaning set forth in Section 3.6(a).

(l) "Auditor Consent Letter" shall have the meaning set forth in Section 5.15.

(m) "Books and Records" shall mean all lists, files and documents Relating to customers, suppliers and products of the Containerboard Business, the Contributed Assets, or the Assumed Liabilities, and all general ledgers and underlying books of original entry and other financial records of the Containerboard Business, except to the extent included in the Retained Assets and except for employee records and files.

(n) "Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banks in New York City are authorized or obligated by law or executive order to close.

(o) "Campbell Road Property" shall mean that Real Property identified as Item 1.I. on Schedule 1.1(vvv).

(p) "Cap" shall have the meaning set forth in Section 7.2(c).

(q) "Cash Contribution" shall have the meaning set forth in the Preliminary Statements hereto.

(r) "Cash Distribution" shall have the meaning set forth in the Preliminary Statements hereto.

(s) "Chosen Courts" shall have the meaning set forth in Section 10.11.

(t) "Closing" shall mean the closing of the transactions contemplated by this Agreement.

(u) "Closing Date" shall have the meaning set forth in Section 2.4.

(v) "Closing Working Capital" shall have the meaning set forth in Section 2.5(a).

(w) "Closing Working Capital Statement" shall have the meaning set forth in Section 2.5(a).

(x) "Code" shall mean the Internal Revenue Code of 1986, as amended.

(y) "Commitment Letters" shall have the meaning set forth in Section 4.7(b).

(z) "Common Stock" shall have the meaning set forth in the Preliminary Statements hereto.

(aa) "Confidentiality Agreement" shall mean the Confidentiality Agreement dated November 20, 1998, between Madison Dearborn Partners, Inc. and TPI.

(bb) "Consent" shall mean any consent, approval, authorization, waiver, permit, grant, franchise, concession, agreement, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to any Person, including any Governmental Authority, including those identified on Schedule 3.3.

(cc) "Containerboard Business" shall have the meaning set forth in the Preliminary Statements hereto.

(dd) "Contracts" shall mean all agreements, contracts, leases, timber deeds, purchase orders, trade billback, refund and other arrangements, incentive agreements, commitments, collective bargaining agreements, and licenses that are Related to the Containerboard Business or the Contributed Assets or to which the Contributed Assets are subject, except to the extent included in the Retained Assets.

(ee) "Contributed Assets" shall mean all of the assets of TPI which Relate to the Containerboard Business, whether tangible or intangible, real or personal, as they exist on the date hereof, with such changes, deletions or additions thereto as may occur from the date hereof to the Closing Date in the ordinary course of business (except, in each case, for the Retained Assets), including the following:

(i) the Real Property;

(ii) the Fixtures and Equipment;

(iii) the Current Assets;

(iv) the Intellectual Property and the PCA Mark;

(v) the Books and Records;

(vi) the Contracts other than (A) Existing Financing Arrangements, and (B) Contracts not included in the Assumed Liabilities pursuant to the exception set forth in Section 1.1(j)(i) (unless and to the extent assumed by Newco pursuant to Section 5.21 hereof);

(vii) the stock or other ownership interests of the Contributed Subsidiaries;

(viii) all prepaid Taxes, to the extent such prepaid Taxes are reflected on the Final Working Capital Statement;

(ix) all refunds of Taxes, to the extent such refunds of Taxes are reflected on the Final Working Capital Statement;

(x) the Purchased Property; and

(xi) all Governmental Authorizations which are transferable without obtaining any Consent.

(ff) "Contributed Subsidiaries" shall mean those Subsidiaries listed on Schedule 1.1(ff).

(gg) "CPA Firm" shall have the meaning set forth in Section 2.5(b).

(hh) "Current Assets" shall mean Inventory, accounts receivables (including the gross amount of any factored accounts receivable), deposits, and all other current assets of the Containerboard Business other than (i) cash, cash accounts, disbursement accounts, outstanding checks and disbursements in transit, investment securities and other short-term and medium-term investments (other than such items, if any, which are securing the performance of any obligations included in the Assumed Liabilities), and (ii) Non-Trade accounts receivable from TPI or its Affiliates. For purposes of this Agreement, an account receivable shall be deemed "Non-Trade" if it (i) is not supported by an issued invoice, (ii) is not of the type reflected on the Most Recent Statement of Assets and Liabilities, and (iii) is not the result of an arms' length sale of goods or services to a third party or a bona fide sale of goods or services to a third party.

(ii) "Current Liabilities" shall mean all of TPI's current liabilities to the extent Related to the Containerboard Business other than (i) Non-Trade accounts payable to TPI or its Affiliates, (ii) cash accounts, disbursement accounts, outstanding checks and disbursements in transit, and (iii) federal, state, local and foreign income Taxes with respect to the Tax Periods, or portions thereof, ending on or before the Closing Date. For purposes of this Agreement, an account payable shall be deemed "Non-Trade" if (i) it is not supported by an issued invoice, (ii) is not of the type reflected on the Most Recent Statement of Assets and Liabilities, and (iii) is not the result of a of an arms' length purchase of goods or services from a third party or bona fide purchase of goods or services from a third party. Liabilities for Taxes (other than federal, state, local or foreign income taxes) shall be Current Liabilities only to the extent such Tax is reflected in the Final Working Capital Statement, it being understood that in no event will any Taxes arising with respect to federal, state, local, or foreign income be included as a Current Liability.

(jj) "Deductible" shall have the meaning set forth in Section 7.2(c).

(kk) "Determination Date" shall mean 7:59 a.m. on the Closing Date.

(ll) "Disclosure Memorandum" shall mean the Disclosure Memorandum dated the date hereof delivered by TPI to PCA and Newco in connection with this Agreement. References herein to "Schedules" are to the various Schedules of the Disclosure Memorandum.

(mm) "Dilution Notice" shall have the meaning set forth in the Preliminary Statements.

(nn) "Encumbrances" shall mean liens, charges, encumbrances, security interests, options or any other restrictions or third-party rights.

(oo) "Environmental Law" shall mean any applicable federal, state, local, common or foreign law, statute, ordinance, rule, regulation, code, order, judgment, decree or injunction relating to (i) the protection of the environment (including air, water vapor, surface water, groundwater, drinking water supply, surface or subsurface land), or (ii) the exposure to, or the use, storage, recycling, treatment, generation, transportation, processing, handling, labeling, protection, release or disposal of, Hazardous Substances, or workplace safety or health.

(pp) "ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended.

(qq) "Existing Financing Arrangements" shall have the meaning set forth in the Preliminary Statements hereto.

(rr) "Facility Use Agreement" shall mean an agreement at the price as set forth on Exhibit 1.1(ggggg), and otherwise in form and substance reasonably satisfactory to PCA and TPI, to be entered into by Newco and TPI as of the Closing pursuant to which TPI grants Newco the right to use the first floor and related common areas (including the cafeteria, parking, and other ancillary areas and facilities) of TPI's facility located in Lake Forest, Illinois.

(ss) "Final Working Capital Statement" shall have the meaning set forth in Section 2.5(b).

(tt) "Financial Statements" shall have the meaning set forth in Section 3.6(a).

(uu) "Fixtures and Equipment" shall mean all furniture, fixtures, furnishings, machinery, vehicles, equipment (including computer hardware, computer terminals, network servers, and research and development equipment) and other tangible personal property Related to the Containerboard Business.

(vv) "Former Facility" shall mean a facility or property previously owned or operated by TPI or its predecessors in the conduct of the Containerboard Business that is not located on the Real Property or the Retained Real Property.

(ww) "GAAP" shall mean United States generally accepted accounting principles, consistently applied.

(xx) "Governmental Authority" shall mean any nation or government, any state, province or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of the United States, any State of the United States or any political subdivision thereof.

(yy) "Governmental Authorizations" shall mean all licenses, permits, franchises, certificates of occupancy, other certificates and other authorizations and approvals required to carry on the Containerboard Business as currently conducted under the applicable laws, ordinances or regulations of any Governmental Authority.

(zz) "Hazardous Substances" shall mean (i) petroleum, petroleum byproducts and any petroleum fractions; (ii) materials which contain any substance defined as a hazardous or toxic substance or words of similar meaning or effect under the following United States federal statutes and their state counterparts, as well as such statutes' implementing regulations: the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Water Act, the Safe Drinking Water Act, the Atomic Energy Act, the Toxic Substances Control Act, the Federal Insecticide, Fungicide, and Rodenticide Act, and the Clean Air Act; and (iii) any other materials as to which liability or standards of conduct are imposed pursuant to any Environmental Law.

(aaa) "HSR Act" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

(bbb) "Human Resources Agreement" shall mean an agreement to be entered into on the Closing Date by and among Tenneco, TPI and Newco in the form of Exhibit 1.1(bbb) attached hereto.

(ccc) "Indemnification Claim Notice" shall have the meaning set forth in Section 7.4(a).

(ddd) "Indemnified Parties" shall have the meaning set forth in Section 7.3(a).

(eee) "Indemnifying Party" shall have the meaning set forth in Section 7.4(a).

(fff) "Initial Price" per share means (i) in the case of an initial Public Offering, the initial offering price per share, and (ii) in the case of a Spin-Off, the average closing price per share on each of the 10 Business Days commencing on the first Business Day which is 30 days after the effective date of the Spin-Off, provided that if TPI or Goldman, Sachs & Co., or their respective Affiliates, shall have purchased any shares of Newco through the public market during such period, then the Initial Price shall be the lower of (x) the closing price on the effective date of the Spin-Off, and (y) the average closing price per share on each of the 10 Business Days commencing on the first Business Day which is 30 days after the effective date of the Spin-Off.

(ggg) "Intellectual Property" shall mean (except to the extent included in the Retained Assets) the following intellectual property (and the rights associated therewith) Related to the Containerboard Business or the Contributed Assets: trademarks, service marks, brand names, certification marks, trade dress, assumed names, Internet Domain names, trade names and other indications of origin, the goodwill associated with the foregoing and registrations in any jurisdiction of, and applications in any jurisdiction to register, the foregoing, including any extension, modification or renewal of any such registration or application; patents, applications for patents (including divisionals, continuations, continuations-in-part and renewal applications), and any renewals, extensions or reissues thereof, in any jurisdiction; patent disclosures and innovations (whether or not patentable and whether or not reduced to practice); non-public information, trade secrets and confidential information and rights in any jurisdiction to limit the use or disclosure thereof by any Person; copyrighted works and registrations or applications for registration of copyrights in any jurisdiction, and any renewals or extensions thereof; software; any similar intellectual property or proprietary rights; and any claims or causes of action arising out of or related to any infringement or misappropriation of any of the foregoing occurring before or after the Closing.

(hhh) "Inventory" shall mean all inventory held for resale in the Containerboard Business, all raw materials, work in process, finished products, office supplies, storeroom inventory, spare parts and equipment, wrapping, supply and packaging items, of the Containerboard Business.

(iii) "Knowledge" or any similar phrase means the actual knowledge of those management employees of TPI identified on Schedule 1.1(iii), after due inquiry

(jjj) "Laws" shall mean any federal, state, foreign or local law, statute, ordinance, rule, code, regulation, order, judgment or decree of any Governmental Authority.

(kkk) "Leased Real Property" shall mean all land (including, to the extent included in any such lease, any timberlands and tree farms associated with the Mills), buildings, fixtures and other real property leased on the date hereof by TPI or one of the Contributed Subsidiaries as lessee pursuant to the Real Estate Leases used by the Containerboard Business, other than the real property identified as "Transition Real Property" on Schedule 1.1(ggggg).

(lll) "Lemelson Patents" shall have the meaning set forth in Section 6.2(k).

(mmm) "Losses" shall have the meaning set forth in Section 7.2.

(nnn) "Material Adverse Change" shall mean a change that is materially adverse to the value of the Contributed Assets or the Containerboard Business taken as a whole or materially adverse to the business, financial condition or results of operations or business prospects of the Containerboard Business taken as a whole; provided that any change identified on Schedule 1.1(nnn) shall not constitute a Material Adverse Change. The scope of this definition of "Material Adverse Change" shall in no way be construed to be applicable to or to limit in any respect the determination of "Material Adverse Effect" or "Material Adverse Change" as used in the Commitment Letters, or the agreements and indentures contemplated thereby, by the lenders thereunder with respect to the conditions precedent to such lenders' obligation to consummate the New Financing Arrangements.

(ooo) "Material Adverse Effect" shall mean an effect that is materially adverse to the value of the Contributed Assets or the Containerboard Business taken as a whole or materially adverse to the business, financial condition or results of operations or business prospects of the Containerboard Business taken as a whole; provided that any effect arising from or attributable to any condition, event or circumstance identified on Schedule 1.1(nnn) shall not constitute a Material Adverse Effect. The scope of the definition of "Material Adverse Effect"shall in no way be construed to be applicable to or to limit in any respect the determination of "Material Adverse Effect" or "Material Adverse Change" as used in the Commitment Letters, or the agreements and indentures contemplated thereby, by the lenders thereunder with respect to the conditions precedent to such lenders' obligation to consummate the New Financing Arrangements.

(ppp) "MDP Transaction Fee" has the meaning set forth in Section 4.6.

(qqq) "Most Recent Statement of Assets and Liabilities" shall have the meaning set forth in Section 3.6(a).

(rrr) "Most Recent Year End Statement" shall have the meaning set forth in Section 3.6(a).

(sss) "Net Working Capital" shall mean the excess of Current Assets over Current Liabilities on a consolidated basis determined in accordance with Section 2.5.

(ttt) "New Financing Arrangements" shall have the meaning set forth in the Preliminary Statements hereto.

(uuu) "Noncompete Period" shall have the meaning set forth in Section 5.12(a).

(vvv) "Objection" shall have the meaning set forth in Section 2.5(b).

(www) "Owned Real Property" shall mean all land (including any timberlands and tree farms associated with the Mills) and all buildings, fixtures, and other improvements located thereon, and all easements, rights-of-way and appurtenances thereto, owned by TPI or one of the Contributed Subsidiaries which is identified on Schedule 1.1(vvv).

(xxx) "PCA Indemnified Parties" shall have the meaning set forth in Section 7.3(a).

(yyy) "PCA Marks" shall mean any mark that includes the phrase "Packaging Corporation of America" or the word "PCA" or any variation thereof and any trademark symbol or logo using such phrase or name and any variation thereof.

(zzz) "Permitted Encumbrances" shall have the meaning set forth in Section 3.16(b).

(aaaa) "Person" shall mean an individual, a corporation, a partnership, an association, a trust or other entity or organization.

(bbbb) "PIK Preferred" shall mean the Preferred Stock, as such term is defined in the Commitment Letters.

(cccc) "Post-Closing Period" shall mean, with respect to any Contributed Subsidiary, any Tax Period commencing after the Closing Date and the portion of any Straddle Period commencing after the Closing Date.

(dddd) "Pre-Closing Period" shall mean, with respect to any Contributed Subsidiary, any Tax Period ending on or before the Closing Date and the portion of any Straddle Period ending on the Closing Date.

(eeee) "Proceeding" shall have the meaning set forth in Section 7.4(a).

(ffff) "Public Offering" shall mean a public offering pursuant to an effective registration statement under the Securities Act (or any comparable form under any similar statute then in force), covering the offer and sale of Common Stock for the account of Newco and/or selling stockholders to the public.

(gggg) "Purchased Property" shall mean all land (including any timberlands and tree farms associated with the Mills) and all buildings, fixtures, other improvements, machinery and equipment located thereon, and all easements, rights-of-way and appurtenances thereto, that are subject to the Existing Financing Arrangements listed on Schedule PS-1.

(hhhh) "Real Estate Leases" shall mean those agreements pursuant to which TPI or one or more of the Contributed Subsidiaries leases, subleases, licenses, or otherwise uses or licenses, real property, including land (and everything growing upon the land, to the extent included in such Real Estate Lease), buildings, structures and improvements thereon or appurtenances thereto, which are identified on Schedule 1.1(gggg).

(iiii) "Real Property" shall mean the Owned Real Property (and the applicable Purchased Property) and the Leased Real Property.

(jjjj) "Registration Rights Agreement" shall have the meaning set forth in Section 2.1(c).

(kkkk) "Related to" or "Relating to" shall mean primarily related to, or used primarily in connection with.

(llll) "Required Consent" shall mean any Consents specifically identified on Schedule 3.3 as a "Required Consent" and each other material Consent, which may be a Consent listed on Schedule 3.3.

(mmmm) "Retained Assets" shall mean

(i) the assets (including real property, tangible personal property, accounts receivable, intellectual property and contracts) Related to all businesses conducted by TPI and any of its Affiliates, including but not limited to, their plastics and aluminum packaging, aluminum, plastics, folding carton, molded fiber, cushion protective packaging (including all honeycomb paperboard-type products), flexible packaging, and foam building products businesses, and all tangible assets located at TPI's Lake Forest, Illinois facility, but not including any assets Related to the Containerboard Business;

(ii) the stock or other ownership interests of all Subsidiaries of TPI other than the Contributed Subsidiaries;

(iii) all cash and cash accounts, disbursement accounts, outstanding checks and disbursements, investment securities and other short-term and medium-term investments and Non-Trade accounts receivable from TPI and its Affiliates and the notes receivable listed in Schedule 1.1(llll)(iii);

(iv) all deferred Tax assets of TPI;

(v) all prepaid Taxes to the extent such prepaid Taxes are not reflected on the Final Working Capital Statement;

(vi) all refunds of Taxes to the extent such Taxes are not reflected on the Final Working Capital Statement;

(vii) all Tax Returns of TPI;

(viii) all Books and Records which TPI is required by law to retain, provided that TPI shall provide Newco with complete copies of such Books and Records;

(ix) all Tenneco Plans, and all assets of the Tenneco Plans;

(x) all Governmental Authorizations to the extent not transferable without obtaining a Consent;

(xi) the Tenneco Marks;

(xii) the Retained Real Property and any financial instruments related to the Retained Real Property;

(xiii) all of TPI's or Tenneco's insurance policies Related to the Containerboard Business and, subject to the rights of Newco and obligations of TPI and TPI's Affiliates, respectively, set forth in Section 5.11, all rights under such insurance policies; and

(xiv) any Contracts not included in the Assumed Liabilities pursuant to the exception set forth in Section 1.1(j)(i) (unless and to the extent assumed by Newco pursuant to Section 5.21 hereof).

(nnnn)"Retained Environmental Liabilities" has the meaning set forth in the definition of "Retained Liabilities."

(oooo) "Retained Liabilities" shall mean all of the following debts, liabilities, commitments or obligations, whether arising before or after the Closing and whether known or unknown, fixed or contingent:

(i) all liabilities Related to the Retained Assets;

(ii) all (A) liabilities under Environmental Laws with respect to any property to which the Containerboard Business disposed or arranged for the disposal of Hazardous Substances prior to Closing, other than (x) at the Real Property, or (y) at locations other than the Retained Real Property where Hazardous Substances may have migrated or are alleged to have migrated from the Real Property, (B) liabilities under Environmental Laws with respect to any Former Facility, and (C) liabilities in

connection with the Retained Real Property (collectively, the "Retained Environmental Liabilities");

(iii) all liabilities arising out of the actions, suits, proceedings, disputes, claims or investigations identified in Schedule 1.1(nnnn)(iii) (the "Retained Litigation") and all Losses arising out of the three matters listed in Section 5.18 of this Agreement to the extent Newco's Losses in connection therewith exceed the limitations set forth in such section;

(iv) all liabilities which are retained by Tenneco or TPI under the Ancillary Agreements;

(v) all liabilities under the Tenneco Plans, except to the extent such liabilities are specifically assumed by Newco pursuant to the Human Resources Agreement;

(vi) all liabilities for Taxes imposed with respect to the taxable periods, or portions thereof, ending on or before the Closing Date except to the extent that any such Taxes are Current Liabilities and are reflected on the Final Working Capital Statement;

(vii) all liabilities for "non-trade" accounts payable to TPI or its Affiliates which arise prior to the Closing Date;

(viii) all liabilities for indebtedness for borrowed money and any other obligation which is fixed as to amount and certainty as of the Closing or which is secured by a lien that is not a Permitted Encumbrance on any of the Contributed Assets, including any liabilities under the Existing Financing Arrangements, but not including (A) the Assumed Indebtedness, (B) Assumed Liabilities as shown on the Final Working Capital Statement and (C) liabilities under Contracts included in the Contributed Assets;

(ix) all severance, termination, change of control and similar agreements, payments, debts, obligations or liabilities with respect to any director, officer, employee or consultant of TPI or any of its Subsidiaries which exist as of or prior to the Closing (after taking into account the transactions contemplated by this Agreement), other than (i) obligations under any collective bargaining agreement, (ii) obligations of the type described in Section 2.3 (v) of the Human Resources Agreement, and (iii) obligations under any employment, consulting, or other agreement entered into by Newco;

(x) all liabilities and obligations under any employment, consulting, or other agreement or arrangement between TPI or its Affiliates and William Sweeney, including any liabilities or obligations to Mr. Sweeney which exist as of or prior to the

Closing (including after taking into account the transactions contemplated by this Agreement and including severance and pension benefits, costs, or other expenses), except to the extent assumed by Newco under the Human Resources Agreement;

(xi) all other liabilities and obligations for which TPI has expressly assumed responsibility pursuant to this Agreement or the Ancillary Agreements;

(xii) all debts, liabilities or obligations whatsoever, that do not Relate to the Containerboard Business or that do not otherwise Relate to the Contributed Assets; and

(xiii) all liabilities and obligations arising under any Contract which is not identified in the Disclosure Memorandum except as follows: (A) if such Contract is for an amount of $1,000,000 or less and (i) is entered into in the ordinary course of business; (ii) the terms of which are customary and normal for the Containerboard Business specifically and the containerboard industry generally and on market rates at the time entered into, and (iii) all of the fees, expenses, penalties, liabilities and other payment obligations (or commitments therefor) arising thereunder which were incurred during the 12-month period ending December 31, 1998 have been paid and have been (or will be) properly reflected on the Most Recent Year End Statement, and, if applicable, Final Working Capital Statement), such Contract shall not be a Retained Liability; and (B) if such Contract is for an amount greater than $1,000,000 or otherwise does not meet the conditions set forth in clause (A), such Contract shall be a Retained Liability only if and to the extent Newco does not elect to assume such Contract in accordance with Section 5.21 hereof.

(pppp) "Retained Litigation" has the meaning set forth in the definition of "Retained Liabilities."

(qqqq) "Retained Real Property" shall mean the real property identified on Schedule 1.1(pppp).

(rrrr) "Spin-Off" shall mean any distribution by TPI or its Affiliates of any class or series of Newco Common Stock to TPI's or such Affiliate's public stockholders.

(ssss) "Straddle Period" shall mean, with respect to any Contributed Subsidiary, any Tax Period that begins before and ends after the Closing Date.

(tttt) "Stockholders Agreement" shall have the meaning set forth in Section 2.1(b) hereof.

(uuuu) "Stub Period Financial Statements" shall have the meaning set forth in Section 3.6(b).

(vvvv) "Subsidiary" shall mean, with respect to any Person, any corporation, partnership, joint venture or other legal entity of which such Person, either directly or through or together with any other Subsidiary of such Person, owns any equity interests.

(wwww) "Supply Agreements" shall mean the supply agreements, to be entered into at Closing by and among Newco, TPI and TPI's affiliates in form and substance satisfactory to each of TPI and PCA, setting forth the terms and conditions pursuant to which Newco agrees to supply to TPI and its Affiliates, and TPI and its Affiliates agree to purchase from Newco, certain products, at prices set forth on Schedule 1.1(vvvv), for a period of five years from the Closing Date.

(xxxx) "Survival Period" shall have the meaning set forth in Section 7.1.

(yyyy) "Target Working Capital" has the meaning set forth in Section 2.5(e).

(zzzz) "Tax Authority" shall mean, with respect to any Tax, the governmental entity or political subdivision thereof that imposes such Tax, and the agency (if any) charged with the collection of such Taxes for such entity or subdivision.

(aaaaa) "Tax Benefit" shall mean the amount by which a Person's Tax liability is actually reduced (including any related interest actually received from a Tax Authority in connection therewith).

(bbbbb) "Tax Period" shall mean, with respect to any Tax, the period for which the Tax is reported as provided under Applicable Tax Laws.

(ccccc) "Tax Return" shall mean, with respect to any Tax, any information return with respect to such Tax, any report, statement, declaration or document required to be filed under the Applicable Tax Law in respect of such Tax, any claim for refund of Taxes paid, and any amendment or supplement to any of the foregoing.

(ddddd) "Taxes" shall mean all federal, state, local or foreign taxes, including but not limited to income, gross receipts, windfall profits, goods and services, value added, severance, property, production, sales, use, license, excise, franchise, employment, withholding or similar taxes, together with any interest, additions or penalties with respect thereto and any interest in respect of such additions or penalties.

(eeeee) "Tenneco" means Tenneco Inc., a Delaware corporation.

(fffff) "Tenneco Mark" shall mean any mark that includes the word "Tenneco" or "Tenn"or any variation thereof, the Tenneco "horizon" symbol, and any trademark, symbol or logo using the "Tenneco" or "Tenn" name or such symbol or any variation thereof.

(ggggg) "Tenneco Plans" means all employee benefit plans, and all assets and liabilities related to such employee benefit plans, of TPI, or any Affiliate of TPI, including Tenneco.

(hhhhh) "Transition Services Agreement" shall mean a mutually satisfactory agreement to be entered into at Closing between Newco and TPI under which TPI and its Affiliates will provide transition services requested by Newco in order to allow it to operate the Containerboard Business after Closing in a manner consistent with past practices. The charge to Newco for such services will be TPI's or such Affiliate's (as the case may be) actual cost on a fully loaded basis without allocation of corporate overhead (the "TPI Cost"). To the extent of any services reflected in any of the eight service categories on Schedule 1.1 (ggggg) , the charge to Newco for each such service will be the lesser of (I) TPI's Cost for such services, and (ii) 105% of the cost for such service set forth on such Schedule. The Transition Services Agreement shall be for an initial one year term. Newco may extend the term beyond the initial term for up to six months for an upcharge of 15%. Newco may terminate any such services under the Transition Services Agreement on 90 days written notice to TPI. Newco may reduce or phase-down the services to be provided during the initial term or renewal term under the Transition Services Agreement upon reasonable written notice to TPI, in which case the charge to Newco will be reduced to reflect the actual TPI Cost for rendering such reduced service.

(iiiii) "TPI Indemnified Parties" shall have the meaning set forth in Section 7.2(a).

(jjjjj) "Transfer Costs" shall have the meaning set forth in Section 2.7.

(kkkkk) "WARN" shall have the meaning set forth in Section 5.5.

(lllll) "WARN Obligations" shall have the meaning set forth in Section 5.5.

1.2 Other Terms. Other terms may be defined elsewhere in the text of this Agreement, and unless otherwise indicated shall have such meanings throughout this Agreement.

1.3 Other Definitional Provisions.

(a) The words "hereof", "herein", and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The word "including" means "including without limitation."

(b) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) The terms "dollars" and "$" shall mean United States dollars.

ARTICLE II

ORGANIZATION OF NEWCO;
CONTRIBUTION OF THE CONTAINERBOARD BUSINESS

2.1 Organization of Newco. At or prior to Closing, TPI , Newco and PCA shall cause each of the following to occur:

(a) Corporate Documents. Newco's certificate of incorporation shall be amended and restated to be as set forth as Exhibit 2.1A hereto (except that such certificate of incorporation shall be amended to create a series of preferred stock entitled "Series A Preferred Stock as contemplated by the Stockholders Agreement) and Newco shall adopt amended and restated by-laws in form and substance satisfactory to PCA and TPI, which by-laws shall include all provisions required by the Stockholders Agreement to be included in Newco's by-laws.

(b) Stockholders Agreement. TPI, PCA and Newco shall enter into a Stockholders Agreement in the form of Exhibit 2.1B.

(c) Registration Rights Agreement. TPI, PCA and Newco shall enter into a Registration Rights Agreement in the form of Exhibit 2.1C.

2.2 Contribution and Purchase of Assets; Assumption of Liabilities.

(a) Borrowing of Assumed Indebtedness; Repayment of Existing Financing Arrangements. Immediately prior to the Closing, subject to Article VI, TPI will borrow the Assumed Indebtedness under the New Financing Arrangements and will use the proceeds to repay in full the Existing Financing Arrangements such that TPI shall own all of the Purchased Property free and clear of all Encumbrances (other than Permitted Encumbrances, but free and clear of all Encumbrances with respect to Existing Financing Arrangements), and the Purchased Property shall constitute a part of the Contributed Assets. On the terms and subject to the conditions set forth herein and in the Ancillary Agreements, at the Closing the parties shall take the following actions, in the order set forth below, provided that such actions shall take place contemporaneously as part of the Closing.

(b) PCA Cash Contribution; Issuance of Common Stock. PCA will contribute the Cash Contribution to Newco, and Newco will issue to PCA the number of fully paid, nonassessable shares of Common Stock determined in accordance with the Preliminary Statements.

(c) Contribution of Contributed Assets; Assumption of Liabilities. (i) TPI shall contribute, convey, transfer, assign and deliver to Newco, and Newco shall accept

and acquire from TPI, all right, title and interest of TPI in and to the Contributed Assets, free and clear of all Encumbrances (other than Permitted Encumbrances but free and clear of all Encumbrances with respect to Existing Financing Arrangements); (ii) Newco shall assume and agree to pay, honor, discharge and perform the Assumed Liabilities only and shall assume no other liabilities and obligations of any kind or nature; and (iii) Newco will issue to TPI the number of fully paid, nonassessable shares of Common Stock determined in accordance with the Preliminary Statements and pay TPI cash in an amount equal to the Cash Distribution.

(d) Adjustment for Management Purchases. To the extent members of Newco management purchase Management Stock at Closing, the number of shares of Common Stock issued to TPI and PCA, and the amounts of the Cash Distribution and the Cash Contribution, shall be adjusted as set forth in the Preliminary Statements.

2.3 Retained Assets and Retained Liabilities. Notwithstanding anything herein to the contrary, (i) from and after the Closing each of TPI and its Affiliates shall retain all of its direct or indirect right, title and interest in and to, and there shall be excluded from the sale, conveyance, assignment or transfer to Newco hereunder, the Retained Assets and the Retained Liabilities, and (ii) the Retained Liabilities shall not be assumed by Newco hereunder.

2.4 Closing Mechanics. The Closing shall take place at the offices of PCA's counsel at 8:00 a.m. (Chicago time), on the date which is the later of (i) the 90th day following the execution of this Agreement, (ii) the second Business Day following the satisfaction or waiver (by the party entitled to waive the condition) of each condition to the Closing set forth in Article VI, and (iii) the 45th day following delivery of the Most Recent Year End Statement and the Regulation S-X Financial Statements pursuant to Section 5.14, provided that on or prior to any such date TPI shall have provided to Newco any quarterly financial statements for any calendar quarter ended more than 30 days prior to such date (unless the foregoing condition is waived by PCA in its sole discretion), or at such other time and place as the parties hereto may mutually agree. The date on which the Closing occurs is called the "Closing Date." The Closing shall be deemed effective at 8:00 a.m. (Chicago time) on the Closing Date. To effect the steps set forth in Section 2.2 hereof, the parties shall execute and deliver to each other and to third parties, as appropriate, all documents reasonably necessary to effect the Closing. Without limiting the generality of the foregoing,

(a) TPI Deliveries. TPI shall execute and deliver to Newco and PCA:

(i) to Newco, deeds, in limited warranty or other similar form, in form and substance reasonably acceptable to PCA, transferring all Owned Real Property (and the applicable Purchased Property) to Newco;

(ii) to Newco, assignments, or where necessary subleases, in form and substance reasonably acceptable to PCA, assigning or subleasing to Newco all Real Property Leases;

(iii) to Newco, assignments, in form and substance reasonably acceptable to PCA, assigning to Newco all Intellectual Property and the PCA Marks;

(iv) to Newco, bills of sale, certificates of title, and all other instruments of transfer, in form and substance reasonably acceptable to PCA, transferring to Newco all Contributed Assets other than the Real Property or the Intellectual Property which are being transferred to Newco pursuant to conveyance documents in clauses (i) - (iii) above;

(v) to Newco, such instruments of assumption and other instruments or documents, in form and substance reasonably acceptable to PCA, as may be necessary to effect TPI's assignment of the Assumed Liabilities to Newco;

(vi) to Newco or PCA, as appropriate, a duly executed copy of each of the Ancillary Agreements to which TPI is a party;

(vii) to PCA, a copy of the opinion of Jenner & Block, TPI's counsel, in form and substance reasonably satisfactory to PCA;

(viii) to PCA, evidence reasonably satisfactory to PCA that all Encumbrances other than Permitted Encumbrances on any of the Contributed Assets have been released;

(ix) to Newco, stock certificates or other evidence of ownership of each of the Contributed Subsidiaries, in each case duly endorsed for transfer to Newco;

(x) the certificates and other documents to be delivered pursuant to Section 6.2(a) and (b); and

(xi) such other instruments or documents, in form and substance reasonably acceptable to PCA, as may be necessary to effect the Closing and the contribution of the Contributed Assets in accordance with this Agreement.

(b) PCA Deliveries. PCA shall execute and deliver to Newco and TPI:

(i) to Newco or TPI, as appropriate, a duly executed copy of each of the Ancillary Agreements to which PCA is a party;

(ii) to TPI, a copy of the opinion of Kirkland & Ellis, PCA's counsel, in form and substance reasonably satisfactory to TPI;

(iii) to Newco, the Cash Contribution;

(iv) the certificates and other documents to be delivered by PCA pursuant to Section 6.3(a) and (b); and

(v) such other instruments or documents, in form and substance reasonably acceptable to TPI, as may be necessary to effect the Closing.

(c) Newco Deliveries. Newco shall execute and deliver to TPI and PCA:

(i) to TPI and PCA, such instruments of assumption and other instruments or documents, in form and substance reasonably acceptable to TPI, as may be necessary to effect Newco's assumption of the Assumed Liabilities, including all documentation required by the lenders of the Assumed Indebtedness, and to cause such lenders to release TPI from and PCA any liability from the Assumed Indebtedness;

(ii) to TPI or PCA, as appropriate, a duly executed copy of each of the Ancillary Agreements to which Newco is a party;

(iii) to PCA, stock certificates representing that number of shares of Common Stock in Newco issuable to PCA as determined in accordance with the Preliminary Statements hereof;

(iv) to TPI, stock certificates representing that number of shares of Common Stock in Newco issuable to TPI as determined in accordance with the Preliminary Statements hereof;

(v) to TPI, the Cash Distribution; and

(vi) such other instruments or documents, in form and substance reasonably acceptable to TPI and PCA, as may be necessary to effect the Closing.

2.5 Post-Closing Adjustment.

(a) Within 60 days following the Closing, TPI shall, at its expense and with cooperation from Newco's employees and access to Newco's books and records, prepare or cause to be prepared, and deliver to PCA and Newco a statement (the "Closing Working Capital Statement") which shall set forth the Net Working Capital of the Containerboard Business as of the Determination Date (the "Closing Working Capital") and as of the date of the Most Recent Statement of Assets and Liabilities. The amounts so computed shall be used to determine the amount of the payment between TPI and Newco in accordance with this Section 2.5 (the "Post Closing Adjustment"). The Closing Working Capital Statement shall be prepared using the same principles, practices and procedures that were used in preparing the Most Recent Statement of Assets and Liabilities. Notwithstanding the foregoing, the following paragraphs (i) through (viii) shall take precedence over such principles, practices and procedures in the preparation of the Closing Working Capital Statement:

(i) The Current Assets included in the Closing Working Capital Statement will be adjusted to exclude the Retained Assets, the LIFO reserve and any current assets related to Tenneco defined benefit pension plans and shall not be taken into account in computing the Post Closing Adjustment.

(ii) The Current Liabilities included in the Closing Working Capital Statement will be adjusted to exclude the Retained Liabilities. Any current liabilities related to Tenneco's defined benefit pension plans shall not be taken into account in computing the Post Closing Adjustment.

(iii) The Most Recent Statement of Assets and Liabilities does not, and the Closing Working Capital Statement will not, include any accrual or deferral related to federal, state, local or foreign income Taxes.

(iv) The Closing Working Capital Statement shall not include any dollar amounts related to the Existing Financing Arrangements.

(v) The Closing Working Capital Statement shall not include any dollar amounts related to the New Financing Arrangements. No Post Closing Adjustment shall result from the purchase during the period from the date of the Most Recent Statement of Assets and Liabilities to the Determination Date of any assets which were leased at the date of the Most Recent Statement of Assets and Liabilities.

(vi) The Closing Working Capital Statement shall not include any liabilities related to bonuses or incentive compensation earned in 1998.

(vii) Any change in accounting principles after the date of the Most Recent Statement of Assets and Liabilities (including any changes required by GAAP) will not apply in determining the Closing Working Capital Statement.

(viii) The Closing Working Capital Statement shall exclude any increase or decrease in Current Assets or Current Liabilities resulting directly from accounting for the Transaction.

(b) PCA and PCA's accountants and Newco and Newco's accountants shall have 30 days after the delivery by TPI of the Closing Working Capital Statement to review the Closing Working Capital Statement. In the event that PCA or Newco determines that the Closing Working Capital as derived from the Closing Working Capital Statement has not been determined on the basis set forth herein, PCA or Newco shall inform TPI in writing (the "Objection"), setting forth a specific description of the basis of the Objection and the adjustments to the Closing Working Capital which PCA or Newco believes should be made, which Objection must be delivered to TPI on or before the last day of such 30-day period. TPI shall then have 30 days to review and respond to the Objection. TPI and PCA and Newco shall

attempt in good faith to reach an agreement with respect to any matters in dispute. If TPI and PCA and Newco are unable to resolve all of their disagreements with respect to the determination of the foregoing items within 45 days following the delivery of Objection, they shall refer their remaining differences to a "Big Five" firm of independent public accountants as to which TPI and PCA and Newco mutually agree (the "CPA Firm"), who shall, acting as experts and not as arbitrators, determine in accordance with this Agreement, and only with respect to the remaining differences so submitted, whether and to what extent, if any, the Closing Working Capital as derived from the Closing Working Capital Statement requires adjustment. TPI and PCA and Newco shall direct the CPA Firm to use its best efforts to render its determination within 30 days after such submission. The CPA Firm's determination shall be conclusive and binding upon Newco, PCA and TPI. The fees and disbursements of the CPA Firm shall be paid by Newco. PCA, Newco and TPI shall make readily available to the CPA Firm all relevant books and records and any work papers (including those of the parties' respective accountants) relating to the Closing Working Capital Statement and all other items reasonably requested by the CPA Firm. The "Final Working Capital Statement" shall be (i) the Closing Working Capital Statement in the event that no Objection is delivered by PCA or Newco during the 30-day period specified above, or (ii) the Closing Working Capital Statement, as adjusted by either (x) the agreement of TPI, PCA and Newco or (y) the CPA Firm.

(c) PCA and Newco shall have the opportunity to participate in the preparation of the Closing Working Capital Statement by (i) observing the physical inventory taken in connection therewith (which may begin prior to the Closing Date), (ii) attending any audit planning meetings in connection therewith, (iii) meeting with and discussing procedures with TPI and its accountants, and (iv) otherwise having full access to all information used by TPI in preparing the Closing Working Capital Statement, including the Books and Records and the work papers of its accountants (subject to PCA or Newco executing any necessary waivers or indemnifications required by TPI's accountants).

(d) In reviewing the Objection, TPI and its accountants shall have full access to all information used by PCA or Newco in preparing the Objection, including the work papers of PCA's and Newco's accountants (subject to TPI executing any necessary waivers or indemnifications required by PCA's and Newco's accountants).

(e) If the Closing Working Capital as reflected on the Final Working Capital Statement is less than the Working Capital of the Containerboard Business determined on the Most Recent Statement of Assets and Liabilities, subject to adjustments as set forth in this Section 2.5(a)(i-viii) (the "Target Working Capital"), then within 10 Business Days following issuance of the Final Working Capital Statement, TPI shall make a payment to Newco equal to such net change, plus interest at the prime rate (as set forth in the "Money Rates" section of The Wall Street Journal) on such amount from the Closing Date through the date of payment. If the Closing Working Capital as reflected on the Final Working Capital Statement is greater than the Target Working Capital, then within 10 Business Days following issuance of the Final Working Capital Statement, Newco shall make a payment to TPI equal

to such net change, plus interest at the prime rate (as set forth in the "Money Rates" section of The Wall Street Journal) on such amount from the Closing Date through the date of payment.

(f) Payments made by TPI pursuant to this Section 2.5 shall be deemed to result in adjustments to the Cash Distribution made to TPI in partial payment for the Contributed Assets for all purposes of this Agreement, including for purposes of (i) the tax appraisal pursuant to Section 2.9 hereof and (ii) the purchase price adjustment under Section 2.6 hereof.

(g) In preparing the Closing Working Capital Statement, (i) liabilities of Newco related to this transaction shall not be treated as liabilities, and (ii) no liabilities or reserves shall be established for matters for which PCA, TPI or Newco is (or but for the Cap or the Deductible would be) entitled to indemnification hereunder.

2.6 Purchase Price Adjustment Following Certain Sales of Common Stock By TPI. If

(a) during the one year period following the Closing Date, (i) Newco or TPI shall sell any of its shares of Common Stock in Newco pursuant to an initial Public Offering undertaken by Newco pursuant an exercise by TPI of its Demand Registration Right (as defined in the Registration Rights Agreement) under the Registration Rights Agreement, or (ii) TPI sells, transfers or distributes any of its shares of common stock in Newco pursuant to a Spin-Off, and

(b) the Initial Price per share is less than result of (i) the Adjusted Cash Contribution, divided by (ii) the number of outstanding shares of common stock of Newco issued to PCA as of the Closing hereunder and held by PCA and its Affiliates as of the date the calculation under this Section 2.6 is being made,

then TPI shall pay to PCA an amount equal to the product of such difference per share, times (y) the number of shares of common stock of Newco then held by PCA and its Affiliates, provided that the maximum amount to be paid by TPI under this Section 2.6 shall not exceed the lesser of (A) $64,500,000 and (B) 15% of the market value of Newco based on the Initial Price per share of the Public Offering or Spin-Off giving rise to the calculation under this Section 2.6 but excluding any shares issued or issuable in connection with such event). At TPI's option, any payment under this Section 2.6 may be paid in cash, in shares of Common Stock (valued at the Initial Price), or in a combination of cash and shares of Common Stock. In the event of a reorganization, recapitalization, stock dividend or stock split, or combination or other change in the shares of Newco's common stock, the parties shall make appropriate and equitable adjustments to the foregoing computation in order to prevent the dilution or enlargement of rights under this Section 2.6. This Section 2.6 shall not apply to any Spin-Off by TPI after Newco has had an initial Public Offering (unless such Spin-Off is part of the initial Public Offering).

2.7 Transfer Taxes and Recording Fees. One half of any and all Taxes (other than Taxes imposed on income or gains) or fees imposed or incurred by reason of the transfer of the Contributed Assets hereunder and/or the filing or recording of any instruments necessary to effect the transfer of the Contributed Assets hereunder, regardless of when such Taxes or fees are levied or imposed, including sales, use, value-added, excise, real estate transfer, lease assignment, stamp, documentary and similar Taxes and fees (the "Transfer Costs") shall be the responsibility of, and shall be paid by each of TPI and Newco. Newco shall prepare all Tax Returns required to be filed in respect of Transfer Costs, and PCA and TPI shall have the right to review and approve all such Tax Returns, upon approval, to be timely filed (if such filing is the responsibility of TPI or any of its Affiliates under applicable Law and to the extent that such Tax Returns are approved and given to TPI by Newco in final form before the applicable due dates thereof). In the event Transfer Costs are imposed on or incurred by TPI or its Affiliates in excess of its share hereunder, Newco shall promptly reimburse TPI and its Affiliates for such excess. In the event Transfer Costs are imposed on or incurred by Newco in excess of its share hereunder, TPI shall promptly reimburse Newco for such excess.

2.8 Certain Transfers. TPI shall use commercially reasonable efforts to obtain, at its sole expense, each Consent listed on Schedule 3.3 (other than those Consents marked with an asterisk on Schedule 3.3), and any other material Consent not listed on Section 3.3, if any, if such Consent is required to operate the Containerboard Business after Closing as such business has been operated over the 12-month period immediately prior to Closing. If prior to Closing TPI shall not have obtained any such Consent (other than a Required Consent), the failure to obtain such Consent shall not prevent the Closing, unless the failure to obtain such Consent, could, individually or together with the failure to obtain other Consents, have a Material Adverse Effect or preclude any closing condition to be satisfied. If TPI has not obtained a Consent (other than a Required Consent), the Closing of the transactions contemplated by this Agreement shall not constitute a transfer, or any attempted transfer of any Contract or asset, the transfer of which requires such Consent. Rather, following the Closing, TPI shall use commercially reasonable efforts at TPI's sole expense, and PCA and Newco shall cooperate in such efforts, to obtain promptly such Consent or to enter into reasonable and lawful arrangements (including subleasing or subcontracting if permitted) reasonably acceptable to Newco to provide to Newco the full economic (taking into account Tax costs and benefits) and operational benefits and liabilities which Newco would have had such Consent been obtained as of Closing. Once such Consent for the transfer of a Contributed Asset not transferred at the Closing is obtained on terms reasonably satisfactory to Newco, TPI shall promptly transfer or cause to be transferred, such Contributed Asset to Newco for no additional consideration.

2.9 Appraisal. Newco shall obtain a professional appraisal (the "Appraisal") which sets forth separately the fair market values of the Contributed Assets, and, within 90 days after the Closing Date, Newco shall provide a copy of such Appraisal to TPI and PCA. Within 15 days after the receipt of such appraisal, each of TPI and PCA will submit in writing to the other and to Newco any changes it proposes be made to such Appraisal, and Newco, TPI, and PCA will endeavor in good faith to resolve any differences with respect to

the Appraisal. Subject to the requirements of Applicable Tax Law or election, all Tax Returns and reports filed by Newco, PCA and TPI will be prepared consistently with the Appraisal, as modified by any subsequent agreement of Newco, TPI and PCA.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF TPI

TPI represents and warrants to PCA and Newco as follows:

3.1 Organization and Qualification. TPI and each of the Contributed Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware and has all requisite corporate power and authority to own and operate the Contributed Assets and to carry on the Containerboard Business as currently conducted. TPI and each of the Contributed Subsidiaries is duly qualified to do business and is in good standing as a foreign corporation in the jurisdictions listed on Schedule 3.1 with respect to TPI or the applicable Contributed Subsidiary which are the only jurisdictions where the ownership or operation of the Contributed Assets or the conduct of the Containerboard Business requires such qualification.

3.2 Corporate Authorization. TPI has full corporate power and authority to execute and deliver this Agreement and each of the Ancillary Agreements, and to perform its obligations hereunder and thereunder. The execution, delivery and performance by TPI of this Agreement and each of the Ancillary Agreements have been duly and validly authorized and no additional corporate authorization or consent is required in connection with the execution, delivery and performance by TPI of this Agreement and each of the Ancillary Agreements.

3.3 Consents and Approvals. Except as specifically set forth in Schedule 3.3 or as required by the HSR Act, no Consent is required to be obtained by TPI from, and no notice or filing is required to be given by TPI to or made by TPI with, any Governmental Authority or other Person or under any Contract listed, or required to be listed, on Schedule 3.14 in connection with the execution, delivery and performance by TPI of this Agreement and each of the Ancillary Agreements and the contribution of the Contributed Assets.

3.4 Non-Contravention. Except as set forth on Schedule 3.3, the execution, delivery and performance by TPI of this Agreement and each of the Ancillary Agreements, and the consummation of the transactions contemplated hereby and thereby, does not and will not (i) violate any provision of the certificate of incorporation or bylaws of TPI, (ii) subject to obtaining the Consents referred to in Section 3.3, conflict with, or result in the breach of, or constitute a default under, or result in the termination, cancellation or acceleration (whether after the filing of notice or the lapse of time or both) of any right or obligation of TPI under, or to a loss of any benefit to which TPI is entitled under, any Contract or result in the

creation of any Encumbrance (other than a Permitted Encumbrance) upon any of the Contributed Assets; or (iii) assuming compliance with the matters set forth in Section 3.3, violate, or result in a breach of or constitute a default under any law, rule, regulation, judgment, injunction, order, decree or other restriction of any court or governmental authority to which TPI is subject, including any Governmental Authorization.

3.5 Binding Effect. This Agreement constitutes, and each of the Ancillary Agreements when executed and delivered by the parties thereto will constitute, a valid and legally binding obligation of TPI, enforceable in accordance with its terms, subject to bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors, rights and to general equity principles.

3.6 Financial Statements: Absence of Certain Changes. Subject to the matters set forth on Section 3.6:

(a) The following financial statements of the Containerboard Business are (and, with respect to the Most Recent Year End Statement, will be prior to the Closing Date) attached as Schedule 3.6: (i) the audited combined financial statements of the Containerboard Business (collectively, the "Audited Financial Statements") as of and for the years ended December 31, 1996, 1997 and 1998 (the "Most Recent Year End Statement"); (ii) the unaudited combined statement of assets, liabilities and interdivision accounts of the Containerboard Business as of September 30, 1998 (the "Most Recent Statement of Assets and Liabilities"); and collectively with statements described in the foregoing clause (i) , the "Financial Statements"). The Financial Statements present (or, in the case of the Most Recent Year End Statement, will present), in all material respects, the financial condition of the Containerboard Business as of the dates thereof, or the results of operations for the periods then ended, as the case may be. The Financial Statements were (or, in the case of the Most Recent Year End Statement, will be) consistent with the Books and Records, which are complete and accurate in all material respects.

(b) TPI will either (i) engage AA on behalf of Newco to audit the combined statement of assets, liabilities, and interdivision account as of the Closing Date, and the related statements of revenues, expenses, and interdivision account and cash flows for the period from January 1, 1999 to the Closing Date (the "Stub Period Financial Statements"), or (ii) cooperate with Newco in the audit of the Stub Period Financial Statements.

(c) The Audited Financial Statements were (or, in the case of the Most Recent Year End Statement and the Stub Period Statements, will be) prepared in accordance with GAAP. All of the liabilities reflected in the Financial Statements are Related to the Containerboard Business and arose out of or were incurred in connection with the conduct of the Containerboard Business.

(d) The Inventory shown on the Financial Statements was determined in accordance with GAAP, and is stated at the lower of cost or market on a LIFO basis. This

representation shall not be deemed to constitute a warranty or guaranty that all such Inventory shall be sold.

(e) All accounts receivable reflected on the Financial Statements are, and all accounts receivable reflected on the Most Recent Year End Statement and the Stub Period Statements will be, bona fide receivables, accounted for in accordance with GAAP, and subject to no setoffs or counterclaims, representing amounts due with respect to actual transactions in the operation of the Containerboard Business; it being understood that this representation shall not be deemed to constitute a warranty or guaranty that all such accounts receivable shall be collected.

(f) Except as set forth in Schedule 3.6(e) or otherwise disclosed in this Agreement, since December 31, 1997, TPI has conducted the Containerboard Business in the ordinary and usual course and, other than in the ordinary and usual course, has not, with respect to the Containerboard Business: (i) sold, assigned, pledged, hypothecated or otherwise transferred any of the Contributed Assets, other than for such sales, assignments, pledges, hypothecations or other transfers which could not, individually or in the aggregate, have a Material Adverse Effect; (ii) terminated or materially amended any Contracts that are individually or in the aggregate material to the Containerboard Business; (iii) suffered any extraordinary damage, destruction or other casualty loss; (iv) except for normal salary administration for employees of the Containerboard Business, increases pursuant to collective bargaining agreements, or other compensation increases (including bonuses), in each case in the ordinary course of business, increased the compensation payable or to become payable by TPI to any of the employees of the Containerboard Business or increased any bonus, insurance, pension or other employee benefit plan, payment or arrangement made by TPI, for or with any such employees; or (v) entered into an agreement to do any of the foregoing.

3.7 Litigation and Claims. Except as disclosed on Schedule 3.7:

(a) There is no action (whether civil, criminal or administrative), suit, demand, claim, dispute, hearing, proceeding (including condemnation or other proceeding in eminent domain) or investigation pending or, to the Knowledge of TPI, threatened, Related to the Containerboard Business or any of the Contributed Assets or included in the Assumed Liabilities.

(b) None of the Contributed Assets is subject to any order, writ, judgment, award, injunction, or decree of or settlement enforceable in any court or governmental or regulatory authority of competent jurisdiction or any arbitrator or arbitrators.

3.8 Taxes. Except as disclosed on Schedule 3.8:

(a) TPI has duly and timely filed (or has caused to be duly and timely filed) each Tax Return required to be filed with any Tax Authority which includes or is based upon the Contributed Assets, or the operations, ownership or activities of the Containerboard Business, and all Taxes due and payable (whether or not shown on or required to be shown on a Tax Return) have been paid prior to their due dates; provided, however, that the representations and warranties set forth in this paragraph are made only to the extent that (i) such Taxes are or may become Encumbrances on the Contributed Assets, or (ii) Newco is or may be liable in the capacity of transferee of the Contributed Assets.

(b) TPI has duly and timely filed (or has caused to be duly and timely filed) each Tax Return which includes or is based upon the assets, operations, ownership or activities of any of the Contributed Subsidiaries, and all Taxes due and payable (whether or not shown on or required to be shown on a Tax Return) have been paid prior to their due dates.

(c) None of TPI (with respect to the Containerboard Business) and the Contributed Subsidiaries has made any payments, is obligated to make any payments or is a party to any agreement that could obligate it to make any future payments that will not be deductible under Sections 162(m) or 280G of the Code.

(d) None of the Contributed Assets or the assets of the Contributed Subsidiaries (i) is subject to any lien arising in connection with any failure or alleged failure to pay any Tax, (ii) secures any debt the interest on which is Tax-exempt under Section 103(a) of the Code, (iii) is required to be or is being depreciated under the alternative depreciation system under Section 168(g)(2) of the Code, (iv) is "limited use property" with the meaning of Revenue Procedure 76-30 or (v) will be treated as owned by any other person pursuant to the provisions of former Section 168(f)(8) of the Code.

(e) TPI (with respect to the Containerboard Business) and the Contributed Subsidiaries have withheld and paid each material Tax required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, shareholder or other party.

(f) There are no pending, threatened, or proposed audits, assessments or claims from any Tax Authority for deficiencies, penalties or interest against TPI (with respect to the Contributed Assets or the Containerboard Business) any of the Contributed Subsidiaries or any of their assets, operations or activities.

(g) No Contributed Subsidiary owns, directly or indirectly, and none of the Contributed Assets consists of any interest in any entity classified as a partnership for United States federal income Tax purposes.

(h) TPI's aggregate tax basis in the stock of the Containerboard Subsidiaries, determined immediately prior to the Closing, shall not exceed the aggregate tax basis of the net assets of the Containerboard Subsidiaries immediately prior to the Closing, by more than $100,000,000.

3.9 Employee Benefits. Each Tenneco Plan which is an employee benefit plan, as defined in Section 3(3) of ERISA, has been and is being maintained in substantial compliance with all applicable laws, including ERISA and the Code, and each plan that is intended to be qualified under Section 401(a) of the Code is so qualified and has received a determination of such qualification from the Internal Revenue Service. Except as provided on Schedule 3.9, no employee of the Containerboard Business is covered by a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA. None of the Tenneco Plans obligates Newco to pay separation, severance, termination or similar-type benefits solely as a result of any transaction contemplated by this Agreement or solely as a result of a "change in control" (as such term is defined in Section 280G of the Code). No liability to the PBGC (except for routine payment of premiums), Internal Revenue Service, Department of Labor, or otherwise has been or is expected to be incurred with respect to any Tenneco Plan that is subject to Title IV of ERISA which could result in a material liability to Newco.

3.10 Compliance with Laws. Except as set forth in Schedule 3.10, the Containerboard Business is being conducted in compliance in all material respects with all Laws material to the Containerboard Business and as of the Closing, Newco will have (subject to obtaining the Consents) all Governmental Authorizations necessary for the conduct of the Containerboard Business as currently conducted in all material respects and as shall be conducted immediately following Closing (assuming no material change in operations of the Containerboard Business from the manner of operation prior to Closing); it being understood that nothing in this representation is intended to address any compliance issue that is the subject of the representations and warranties set forth in Sections 3.7, 3.8, 3.9, 3.11, 3.12, or 3.13 hereof, and that TPI makes no representations as to the transferability or assignability of any such Governmental Authorizations. TPI has not received written notice that any Governmental Authorization may be suspended, revoked, materially modified or canceled.

3.11 Environmental Matters. Except as set forth in Schedule 3.11 and, in each case, other than as Relates to a Retained Liability:

(a) TPI has complied during the past five years and is currently in compliance with all applicable Environmental Laws with respect to the Containerboard Business, and there are no liabilities under any Environmental Law with respect to the Containerboard Business;

(b) TPI has not received any written notice of any material violation or alleged material violation of, or any material liability under, any Environmental Law in connec tion with the Containerboard Business during the past five years; and

(c) there are no material writs, injunctions, decrees, orders or judgments outstanding, or any actions, suits, proceedings or investigations pending or, to the Knowledge of TPI, threatened, relating to compliance with or liability under any Environmental Law affecting the Containerboard Business or the Contributed Assets.

3.12 Intellectual Property.

(a) Schedule 3.12 sets forth a list and description (including the country of registration) of all registered Intellectual Property currently (or, to the Knowledge of TPI, within the last 12 months) used in the Containerboard Business. No third party has rights in, or otherwise has the right to restrict TPI's use of, such Intellectual Property, and, to TPI's Knowledge (without any inquiry), no third party has rights in, or otherwise has the right to restrict Newco's use of the PCA Marks as of and following the Closing.

(b) To the Knowledge of TPI, no product (or component thereof or process) currently used, sold or manufactured by the Containerboard Business infringes on, misappropriates, or otherwise violates a valid and enforceable intellectual property right of any other Person.

(c) There are no actions or proceedings pending or, to the Knowledge of TPI, threatened challenging, and, to the Knowledge of TPI, no Person is infringing or otherwise violating, the Intellectual Property, except for challenges, infringements or violations which, individually or in the aggregate, would not have a Material Adverse Effect. As of November 1, 1995, to TPI's Knowledge (without any inquiry), no Person was infringing on or otherwise violating the PCA Marks.

(d) All of the Intellectual Property used in the Containerboard Business and all of TPI's interest in the PCA Marks will be transferred to Newco at Closing, except for the Intellectual Property that is used by TPI to provide services under the Transition Services Agreement, and such transferred Intellectual Property and the PCA Marks will be available to Newco after Closing on the same terms and conditions under which it was available to TPI prior to the Closing.

(e) Attached hereto as Schedule 3.12(e) is a copy of the provisions in Tenneco's most recent Form 10-Q describing Tenneco's efforts at addressing the Year 2000 issue in Tenneco's business. The information set forth therein is accurate as of the date hereof, in all material respects. TPI has developed and begun implementing a Project Plan to remediate and/or replace software, firmware, hardware (whether general or special purpose) or other similar or related items of automated, computerized or software systems that are used or relied upon in the Containerboard Business (each a "Computer System"), but are not Year 2000 ready. Such remediation and/or replacement is scheduled to be completed in 1999. Year 2000 ready means that the Computer System when used in accordance with its associated documentation is Year 2000 compliant, or is not Year 2000 compliant but will process date data accurately with the implementation of a tested procedure, or is not 2000 compliant but will not cause any

processing problem. Year 2000 compliant means that the applicable Computer System when used in accordance with its associated documentation will accurately process date data such that: no value for a date prior to year 2028 will cause any interruption in processing; date-based functionality operates consistently for dates prior to, during and after Year 2000 (through year 2027); in all interfaces and data storage, the century any date is specified either explicitly or by algorithms or inferencing rules; and leap years will be accurately recognized and processed. If implemented properly, the Project Plan should be successful in making all material Computer Systems Year 2000 ready, except to the extent that a Computer Systems interfaces or exchanges data with other software, firmware, hardware or other similar or related items of automated, computerized or software systems that are not Year 2000 compliant.

3.13 Labor Matters. Except as disclosed on Schedule 3.13:

(a) TPI is not a party to any labor or collective bargaining agreement with respect to employees of the Containerboard Business, no such employees are represented by any labor organization and, to the Knowledge of TPI, there are no organizing or decertification activities (including any demand for recognition or certification proceedings pending or threatened to be brought or filed with the National Labor Relations Board or other labor relations tribunal) involving TPI;

(b) There are no strikes, work stoppages, slowdowns, lockouts, unfair labor practice charges pending or, to the Knowledge of TPI, threatened against or involving the employees of the Containerboard Business;

(c) There are no complaints, charges, claims or grievances against TPI pending or, to the Knowledge of TPI, threatened to be brought or filed with any governmental authority, arbitrator or court based on or arising out of the employment by TPI of any employee of the Containerboard Business, except for those which, individually or in the aggregate, would not have a Material Adverse Effect; and

(d) TPI is in compliance with all Laws relating to the employment of labor, including all such Laws relating to wages, hours, collective bargaining, discrimination, civil rights, safety and health, immigration, workers' compensation, layoffs, and the collection and payment of withholding and/or Social Security Taxes and similar Taxes.

3.14 Contracts. Schedule 3.14 sets forth a list, as of the date hereof, of each Contract that is Related to the Containerboard Business other than (a) Real Estate Leases, which are listed on Schedule 1.1(gggg), and collective bargaining agreements which are listed on Schedule 3.13, (b) purchase orders or similar agreements for the purchase or sale of goods or services in the ordinary and usual course of business, (c) confidentiality agreements entered into in the usual course of business in connection with the purchase and sale of Inventory, and (d) any Contract which requires a payment or imposes an obligation on either party thereto less than $1,000,000 in the aggregate. Schedule 3.14 also identifies any Contract that contains a non-compete covenant or similar provision that could restrict Newco in its conduct of the

Containerboard Business following Closing, any employment agreement with any employee of the Containerboard Business, any employment agreement included in the Contributed Assets or Assumed Liabilities, and any Contract between any Affiliates of TPI, on one hand, and TPI or any of the Contributed Subsidiaries, on the other hand, which is related to the Containerboard Business. Each Contract set forth on Schedule 3.14 is a valid and binding agreement of TPI and, to the Knowledge of TPI, is in full force and effect. Except as otherwise provided in Schedule 3.14, TPI is not in, and, to TPI's knowledge, no other party thereto is, in default in any material respect under any Contract listed on Schedule 3.14 or any collective bargaining agreement listed on Schedule 3.13. Schedule 3.14 lists all of the Contracts that are material to the Containerboard Business other than those referred to in clauses (a) through (d) above.

3.15 Real Estate Leases. Schedule 1.1(gggg) sets forth a list, as of the date hereof, of each material written Real Estate Lease with a term of more than one month that is related to the Containerboard Business. Each Real Estate Lease set forth on Schedule 1.1(gggg) is a valid and binding agreement of TPI and is in full force and effect. There are no defaults under any Real Estate Lease listed on Schedule 1.1(gggg) which defaults have not been cured or waived and which would, individually or in the aggregate, have a Material Adverse Effect. If the Real Estate Leases that are part of the Existing Financing Arrangements are terminated prior to closing, as contemplated herein, TPI shall own title to the assets subject to such Real Estate Leases, upon such termination, the assets subject to such Real Estate Leases shall be deemed Purchased Property.

3.16 Entire Business; Title to Property.

(a) Except as set forth in Schedule 3.16(a) and Schedule 3.6(e), the Contributed Assets, the assets held by the Contributed Subsidiaries, the intangible Retained Assets (including cash and cash accounts, disbursement accounts, invested securities and other short and medium term investments, the Tenneco Marks, the Tenneco Plans, and TPI's and Tenneco's insurance policies), and the rights specifically provided or made available to Newco under the Ancillary Agreements include all of the buildings, machinery, equipment and other assets (whether tangible or intangible) necessary and adequate for Newco immediately after Closing to conduct in all material respects the Containerboard Business as conducted as of the date hereof and as of September 30, 1998, and as conducted during the 12-month period prior to the date hereof (subject to changes expressly permitted by the terms hereof to be made after the date hereof).

(b) TPI has (or in the case of the Purchased Property, will have on the Closing Date) good (and, in the case of Owned Real Property and Purchased Property (as applicable), marketable) title to, or a valid and binding leasehold interest in, the Contributed Assets, free and clear of all Encumbrances, except (i) as set forth in Schedule 3.16(b); (ii) any Encumbrances expressly disclosed in the Financial Statements; (iii) liens for Taxes (which are not related to income, sales or withholding Taxes), assessments and other governmental charges not yet due and payable or due but not delinquent as of the Closing Date or being

contested in good faith by appropriate proceedings and for which adequate reserves have been established in accordance with GAAP on the Final Working Capital Statement; (iv) mechanic's, workmen's, repairmen's, warehousemen's, carriers, or other like liens arising or incurred in the ordinary course of business for amounts which are not delinquent and which will not individually or in the aggregate have a Material Adverse Effect, original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business; (v) with respect to the Real Property, (A) easements, quasi-easements, licenses, covenants, rights-of-way and other similar restrictions, including any other agreements, conditions, restrictions, or other matters which would be shown by a current title report or other similar report or listing, (B) any conditions that may be shown by a current survey, title report or physical inspection, and (C) zoning, building and other similar restrictions, none of which Encumbrances in (A) through (C) materially impairs the uses of the Real Property as currently used in the Containerboard Business or materially detracts from the value thereof as currently used in the Containerboard Business; and (vi) Encumbrances not described in items (i) - (v) immediately preceding and which, individually or in the aggregate, would not have a Material Adverse Effect (all items included in (i) through (vi), including any matter set forth in Schedule 3.16(b), are referred to collectively herein as the "Permitted Encumbrances"); provided, however that as of the Closing Date and for any periods of time thereafter (including for purposes of Section 2.4 and Article VI), "Permitted Encumbrances" shall not include any Encumbrances granted or arising in connection with the Existing Financing Arrangements.

(c) The capital structure of each of the Contributed Subsidiaries is as set forth in Schedule 3.16(c). The shares of stock of the Contributed Subsidiaries included in the Contributed Assets constitute 100% of the issued and outstanding shares of stock of each Contributed Subsidiary, except for American Cellulose Corporation ("ACC"). The shares of stock of ACC included in the Contributed Assets constitute 50% of the issued and outstanding shares of stock of ACC, the remainder of which is owned as set forth on Schedule 3.16(c) hereof. All shares of stock of the Contributed Subsidiaries included in the Contributed Assets are validly issued, fully paid and non-assessable. Except as set forth in the ACC Agreement (as hereinafter defined) (i) there are no options, warrants, or similar rights to purchase any of the shares of any of the Contributed Subsidiaries, and no obligations binding upon any Contributed Subsidiary to issue, sell, redeem, purchase or exchange any of its capital stock or any right relating thereto, and (ii) there are shareholders' agreements, voting agreements, voting trusts or other agreements or rights of third parties with respect to or affecting any of the Contributed Subsidiaries or any of their shares of stock.

(d) The Contributed Assets and the assets of the Contributed Subsidiaries are in operating condition and repair (subject to normal wear and tear) and are in a condition to allow the continued conduct after the Closing by Newco of the Containerboard Business as it is currently conducted in all material respects.

3.17 Finders' Fees. Except for Goldman, Sachs & Co., whose fees will be paid by TPI, there is no investment banker, broker or finder which has been retained by or

is authorized to act on behalf of TPI who might be entitled to any fee or commission from PCA or Newco in connection with the transactions contemplated by this Agreement.

3.18 Insurance. Schedule 3.18 attached hereto sets forth the following information with respect to each insurance policy to which TPI, with respect to the Containerboard Business, has been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past five years:

(a) the name of the insurer, the name of the policyholder, and the name of each covered insured;

(b) the scope, period and amount of coverage; and

(c) a description of any retroactive premium adjustments or other loss-sharing arrangements.

Schedule 3.18 also describes any self insurance arrangements affecting the Containerboard Business.

3.19 No Undisclosed Liabilities. TPI does not have any material obligations or liabilities (whether accrued, absolute, contingent, unliquidated or otherwise, whether or not known to TPI, whether due or to become due and regardless of when asserted) arising out of transactions entered into at or prior to the Closing, or any action or inaction at or prior to the Closing, or any state of facts existing at or prior to the Closing other than: (i) liabilities set forth on the Most Recent Statement of Assets and Liabilities (including any notes thereto, if any), (ii) liabilities and obligations arising from or in connection with matters disclosed pursuant to TPI's representations and warranties in this Agreement or in the Disclosure Memorandum (none of which, except as set forth on Schedule 3.7, is a liability resulting from a breach of contract, breach of warranty, tort, infringement claim or lawsuit), (iii) liabilities and obligations which have arisen after September 30, 1998, in the ordinary course of business (none of which, except as set forth on Schedule 3.7, is a liability resulting from a breach of contract, breach of warranty, tort, infringement claim or lawsuit).

3.20 No Other Representations or Warranties. Except for the representations and warranties contained in this Article III, neither TPI nor any other Person makes any other express or implied representation or warranty on behalf of TPI.

3.21 Closing Date. The representations and warranties of TPI contained in this Article III and elsewhere in this Agreement and all information contained in any exhibit, schedule or attachment hereto or in any certificate or other writing delivered by, or on behalf of, TPI pursuant to this Agreement to PCA or Newco shall be true and correct in all respects on the Closing Date as though then made, except as affected by the transactions expressly contemplated by this Agreement. TPI shall have the right to update the Schedules up to five Business days prior to Closing to reflect changes in the Containerboard Business between the

date hereof and the Closing Date, provided that such changes are actions taken by TPI permitted under Section 5.2 without PCA's prior consent and that no such changes shall be deemed to cure any breach that existed as of the date hereof (none of which relates to any liability resulting from a breach of contract, breach of warranty, tort, infringement claim or lawsuit).

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PCA

PCA represents and warrants to TPI and Newco as follows:

4.1 Organization and Qualification. PCA is a limited liability company duly formed, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite limited liability company power and authority to own and operate and to carry on its business as currently conducted. PCA is duly qualified to do business and is in good standing as a foreign limited liability company in each jurisdiction where the ownership of its properties or the operation of its business requires such qualification.

4.2 Authorization. PCA has full power and authority to execute and deliver this Agreement and each of the Ancillary Agreements, and to perform its obligations hereunder and thereunder. The execution, delivery and performance by PCA of this Agreement and each of the Ancillary Agreements have been duly and validly authorized and no additional authorization or consent is required in connection with the execution, delivery and performance by PCA of this Agreement and each of the Ancillary Agreements.

4.3 Consents and Approvals. Except as required by the HSR Act, no consent is required to be obtained by PCA from, and no notice or filing is required to be given by PCA to, or made by PCA with, any Governmental Authority or other Person in connection with the execution, delivery and performance by PCA of this Agreement and each of the Ancillary Agreements.

4.4 Non-Contravention. The execution, delivery and performance by PCA of this Agreement and each of the Ancillary Agreements, and the consummation of the transactions contemplated hereby and thereby, does not and will not (i) violate any provision of the charter, bylaws or other organizational documents of PCA or (ii) assuming compliance with the matters set forth in Section 4.3, violate or result in a breach of or constitute a default under any law, rule, regulation, judgment, injunction, order, decree or other restriction of any court or governmental authority to which PCA is subject, including any Governmental Authorization.

4.5 Binding Effect. This Agreement constitutes, and each of the Ancillary Agreements when executed and delivered by the parties thereto will constitute, a valid and legally binding obligation of PCA enforceable in accordance with its terms, subject to

bankruptcy, insolvency, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights and to general equity principles.

4.6 Finders' Fees. Except for fees payable pursuant to the Commitment Letters and a fee in the amount of $15,000,000 to be paid to Madison Dearborn Capital Partners, Inc. or its designated affiliates at Closing (the "MDP Transaction Fee"), which fees will be paid by Newco, there is no fee or commission payable from TPI or Newco to any investment banker, broker or finder which has been retained by or is authorized to act on behalf of PCA or any Subsidiary of PCA in connection with the transactions contemplated by this Agreement.

4.7 Financial Capability.

(a) On the Closing Date PCA will have, sufficient funds to fund the Cash Contribution.

(b) PCA has received the commitment letters with respect to the New Financing Arrangements attached hereto as Schedule 4.7(b) (the "Commitment Letters"). As of the date of this Agreement, the Commitment Letters are in full force and effect and have not been amended or rescinded. The Commitment Letters set forth, to the best of PCA's knowledge, to the extent customarily set forth in commitment letters of such nature from such Persons, all the conditions to and material terms of the New Financing Arrangements. PCA has paid all fees and other amounts required by such Commitment Letters to be paid by it prior to the Closing, which amounts may be reimbursed by Newco to PCA, or paid directly by Newco, following Closing (provided that such reimbursement or any obligation with respect thereto shall not be included or incorporated in, or reflected as a Current Liability on, the Closing Working Capital Statement or the Final Working Capital Statement).

4.8 No Other Representations or Warranties. Except for the representations and warranties contained in this Article IV, neither PCA nor any other Person makes any other express or implied representation or warranty on behalf of PCA.

4.9 Closing Date. The representations and warranties by PCA contained in this Article IV and elsewhere in this Agreement, and all information contained in any exhibit, schedule or attachment hereto or in any certificate or other writing delivered by, or on behalf of, PCA pursuant to this Agreement to TPI or its representatives shall be true and correct in all respects on the Closing Date as though then made, except as affected by the transactions expressly contemplated by this Agreement.

ARTICLE V

COVENANTS

5.1 Access. Prior to the Closing, TPI shall permit PCA and its representatives to have full access, during regular business hours and upon reasonable advance notice, to the Contributed Assets and the Containerboard Business, subject to reasonable rules and regulations of TPI, and shall furnish, or cause to be furnished, to PCA, any financial and operating data and other information that is available with respect to the Containerboard Business, the Contributed Assets, or the Assumed Liabilities as PCA shall from time to time reasonably request. PCA shall abide by the terms of the Confidentiality Agreement with respect to such access and any information furnished to it or its representatives pursuant to this Section 5.1. Notwithstanding anything herein to the contrary, PCA shall not be permitted to perform any invasive testing of any of the Real Property without specific additional authorization from TPI (which consent shall not be unreasonably withheld), or to perform any testing which would cause a breach of any Real Estate Lease to which TPI is a party, provided that, upon request from PCA, TPI shall use reasonable efforts to obtain any necessary consent to permit such testing.

5.2 Conduct of Business. During the period from the date hereof to the Closing, except as otherwise contemplated by this Agreement or as PCA shall otherwise agree in writing in advance, TPI shall conduct the Containerboard Business in the ordinary and usual course. During the period from the date hereof to the Closing, except as otherwise expressly provided for in this Agreement or as PCA shall otherwise consent (which consent shall not be unreasonably withheld), with respect to the Containerboard Business, the Contributed Assets or the Assumed Liabilities other than in the ordinary and usual course or as set forth in Schedule 5.2, TPI shall not:

(a) enter into commitments for new capital expenditures in excess of $10,000,000 in the aggregate to the extent not otherwise contemplated in the 1999 business plan for the Containerboard Business;

(b) dispose of or otherwise transfer, or incur, create or assume any Encumbrance (other than Permitted Encumbrances) on (i) any individual fixed asset of the Containerboard Business if the greater of the book value or the fair market value of such fixed asset exceeds $1,000,000, or (ii) any group of fixed assets of the Containerboard Business if the greater of the book value or the fair market value of such fixed assets, taken as a whole and which in the aggregate during such period, exceeds $2,500,000, and such dispositions or transfers, in either case, are in the ordinary course of business;

(c) institute any material change in the methods of purchase, sale, lease or accounting or engage in any activity which would accelerate the collection of TPI's accounts or notes receivable, delay the payment of the TPI's accounts payable, or reduce or otherwise

restrict the amount of Inventory (including raw material, packaging, work-in-process, or finished goods) on hand;

(d) acquire (by merger, exchange, consolidation, acquisition of stock or assets or otherwise) any corporation, partnership, joint venture or other business organization or division or material assets thereof;

(e) grant licenses of Intellectual Property to any Person or allow registered Intellectual Property to lapse, expire or become abandoned;

(f) amend any Contributed Subsidiary's certificate of incorporation, bylaws or other charter documents;

(g) grant (or agree to grant) any salary or wage increases or (as it relates to employees of the Containerboard Business) materially change or amend any employee benefit or welfare plan, other than pursuant to renegotiation of any collective bargaining agreements in the normal course; or

(h) make any loans or advances to, guarantees for the benefit of or investments in any Person, other than intercompany loans to Affiliates of TPI;

(i) agree, in writing or otherwise, to do any of the foregoing or to take any other action which would be required to be disclosed in Schedule 3.6(e);

(j) enter into any transactions with Affiliates not in the ordinary course of business consistent with past practice; and

(k) enter into any Contracts required to be disclosed hereunder, other than timber leases, cutting rights agreements, and similar agreements entered into in the ordinary course of business at fair value consistent with past practices.

TPI will:

(a) use its commercially reasonable efforts to (A) preserve intact the organization and goodwill of the Containerboard Business, (B) keep available the services of its officers and employees as a group (provided that such efforts shall not require TPI to pay any bonuses or other amounts beyond normal compensation to such persons), (C) maintain satisfactory relationships with its material suppliers and customers and other Persons having business relationships with it, and (D) maintain all Governmental Authorizations;

(b) maintain its facilities and assets in good condition and repair and replace its facilities and assets in a manner consistent with past practices and

make capital expenditures in the ordinary course of business in an aggregate amount consistent with the 1999 Annual Operating Plan; and

(c) notify PCA of any emergency or other change in the normal course of the Containerboard Business or in the condition of the Contributed Assets or the Assumed Liabilities or the operation of the Containerboard Business and of any governmental or third party complaint, investigation or hearing (or communication indicating that such a complaint, investigation or hearing is or may be contemplated), if such emergency, change, complaint, investigation or hearing could reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect.

5.3 Reasonable Efforts. Each of TPI and PCA will use commercially reasonable efforts to fulfill the conditions precedent to its respective obligations hereunder and to secure as promptly as practicable all Consents required to be obtained by it in connection with the transactions contemplated hereby, and TPI and PCA will cooperate in all reasonable requests to fulfill the conditions precedent to their and the other party's obligations described in this Section 5.3. Without limiting the generality of the foregoing,

(a) TPI and PCA will file within 5 Business Days of the date hereof the required notice (including all documentary materials) under the HSR Act and promptly file any additional information requested as soon as practicable after receipt of request therefor.

(b) PCA, TPI and Newco each shall use all reasonable efforts to satisfy all conditions precedent in the Commitment Letters and to otherwise obtain, on behalf of TPI and Newco, the New Financing Arrangements. TPI shall use its reasonable efforts to cooperate with PCA in connection with the New Financing Arrangements, including providing information to and permitting the lenders and their representatives access to the Contributed Assets and the Containerboard Business, as set forth in Section 5.1 hereof. Such information shall include all existing title insurance polices and surveys for the Real Property, to the extent such items are in TPI's reasonable control. In addition, TPI shall provide affidavits and customary title insurance undertakings (including gap and non-imputation undertakings) with respect to the Real Property to the extent reasonably required by the title insurer. TPI shall have the opportunity to review and participate in the preparation of the New Financing Arrangements. The New Financing Arrangements shall be on the terms no less favorable to Newco as set forth in the Commitment Letters. The New Financing Arrangements shall provide (unless waived by TPI in its sole discretion and notwithstanding any provision in the Commitment Letters) that:

(i) the PIK Preferred generally shall have the terms set forth on Schedule 5.3, and that in the event the Deferred-Pay Financing (as defined in the Commitment Letters) is not sold to the underwriter, then (A) PCA and/or its designees will purchase $55 million of PIK Preferred, and (B) TPI and/or its designees will receive $45 million of PIK Preferred without additional payment;

(ii) the New Financing Arrangements shall not create a security interest on any of TPI's assets, including the Contributed Assets prior to their contribution to Newco hereunder; and

(iii) there are no materially adverse consequences to Newco which arise under the terms of the New Financing Arrangements as a result of a sale of all or a portion of TPI's equity interest in Newco (e.g., such sale will not trigger a change of control default), and there are no restrictions or limitations in the New Financing Arrangements on TPI's ability to sell or transfer all or any portion of TPI's equity interest in Newco; and

(iv) all of the proceeds of the New Financing Arrangements (other than from the Deferred-Pay Financing) shall be initially loaned to TPI, and thereafter assumed by Newco as the Assumed Indebtedness, as set forth in the Preliminary Statements hereof.

In addition, the material terms of the New Financing Arrangements (taken as a whole) shall be as favorable to Newco and TPI as financing arrangements then reasonably available in the financial markets to Newco in connection with the transactions contemplated hereby. In the event TPI is not reasonably satisfied with the New Financing Arrangements because the condition in the immediately preceding sentence has not been met, then TPI's sole remedy will be to arrange for substitute New Financing Arrangements on terms which are in all material respects no less favorable to Newco or PCA than under the proposed New Financing Arrangements. TPI shall have the right, at TPI's sole discretion, to direct PCA to make the necessary elections under the New Financing Arrangements (i) to cause Newco to obtain a commitment for the Bridge Loan (defined in the Commitment Letters), provided that if TPI makes such election, TPI shall pay the 1.5% Commitment Fee attributable to such Bridge Loan as set forth in the Commitment Letters, with Newco paying any other fees or costs associated with such Bridge Loan, and (ii) direct that all of the New Financing Arrangements initially be at the TPI level or to direct that a portion of such New Financing Arrangements initially be at the Newco level, to the extent PCA has the right to make such elections in the Commitment Letters. PCA shall make such elections as directed in writing by TPI, and shall not make such elections absent such directions from TPI.

(c) TPI shall use its commercially reasonable efforts to obtain prior to the Closing fee simple title to all of the Purchased Property.

5.4 Covenants Regarding Employees.

(a) At Closing, TPI and Newco shall enter into the Human Resources Agreement, and shall take all actions required by them pursuant to such Human Resources Agreement.

(b) Tenneco shall retain sponsorship of the Tenneco Plans, and neither Newco nor PCA shall be entitled to any assets of the Tenneco Plans.

(c) For a period of three years from the Closing Date, other than pursuant to the Human Resources Agreement.

(i) neither Newco, PCA nor any Affiliate of Newco will contact, solicit, induce or encourage any employee of TPI or any Affiliate of TPI, to leave such employment, or contact, solicit or approach any employee of TPI or any Affiliate of TPI for the purpose of offering employment to or hiring (whether as an employee, consultant, independent contractor or otherwise) without the prior written consent of TPI, and

(ii) TPI will not contact, solicit, induce or encourage any employee of Newco or any Affiliate of Newco to leave such employment, or contact, solicit or approach any employee of Newco for the purpose of offering employment to or hiring (whether as an employee, consultant, independent contractor or otherwise) without the prior written consent of Newco.

The foregoing clauses (i) and (ii) shall not apply to any employee who shall contact or approach such Person in response to a general solicitation for employment.

5.5 Compliance with WARN and Similar Laws. TPI and Newco do not anticipate that there will be any major employment losses as a consequence of the transactions contemplated by this Agreement and the Human Resources Agreement that might trigger obligations under the Worker Adjustment and Retraining Notification ("WARN") Act, 29 U.S.C. Section 2101 et seq., or under any similar provision of any federal, state, regional, foreign, or local law, rule, or regulation (referred to collectively as "WARN Obligations"). Nevertheless, to the extent that any WARN Obligations might arise as a consequence of the transactions contemplated by this Agreement, it is agreed that Newco will timely give all notices required to be given under WARN or other similar statutes or regulations of any jurisdiction relating to any plant closing or mass layoff or as otherwise required by any such statute. For this purpose, Newco shall be deemed to have caused a mass layoff if the mass layoff would not have occurred but for Newco's failure to employ the employees of the Containerboard Business in accordance with the terms of this Agreement and the Human Resources Agreement.

5.6 Further Assurances. At any time after the Closing Date, TPI, PCA and Newco shall promptly execute, acknowledge and deliver any other assurances or documents reasonably requested by Newco, PCA or TPI, as the case may be, and necessary for them or it to satisfy their or its respective obligations hereunder or obtain the benefits contemplated hereby. Without limiting the generality of the foregoing, Newco agrees that if any of the Contributed Subsidiaries are found to own assets that are not part of the Contributed Assets (that is, such assets are not Related to the Containerboard Business), or if any Retained

Assets are inadvertently transferred to Newco, Newco shall transfer such assets to TPI , or as TPI shall direct, at TPI's expense but without consideration. Similarly, if after the Closing TPI identifies any assets that should have been transferred to Newco as part of the Contributed Assets, but were not, TPI shall transfer such assets to Newco at TPI's expense without further consideration.

5.7 Use of Tenneco Marks. Except as set forth in this Section 5.7, after the Closing Newco shall not use the Tenneco Marks, except that for a period of one year following the Closing Date Newco may (a) continue to produce materials with such Tenneco Marks until changes can be made to plates, molds, and similar items so as to allow Newco to produce materials without such Tenneco Marks, (b) use the Tenneco Marks on products, labels, packaging and promotional materials that are in existence as of the Closing Date or produced pursuant to clause (a) above, and (c) use signage, invoices and stationery in existence as of the Closing Date bearing a Tenneco Mark. Subject to the preceding sentence, Newco shall cease using the Tenneco Marks as soon as possible after closing during such one year period and, following the periods described above, Newco shall cease all use of any Tenneco Marks.

5.8 Certain Matters Related to Retained and Assumed Liabilities.

(a) With respect to all Retained Liabilities, Newco Indemnified Parties shall, at TPI's expense, reasonably cooperate with TPI, provide TPI as promptly as possible with notices and other information received by such parties as well as all relevant materials, information and data requested by TPI and shall grant TPI, without charge, reasonable access to employees of the Containerboard Business and to the Real Property.

(b) With respect to all Assumed Liabilities, TPI Indemnified Parties shall, at Newco's expense, reasonably cooperate with Newco, provide Newco as promptly as possible with notices and other information received by such parties as well as all relevant materials, information and data requested by Newco and shall grant Newco, without charge, reasonable access to employees of TPI.

5.9 Intercompany Agreements. In the period between execution of this Agreement and the Closing, TPI shall terminate and shall cause its Affiliates to terminate, any and all agreements (i) between TPI, on one hand, and any of the Contributed Subsidiaries, on the other hand, or (ii) between TPI, on one hand, and any of TPI's Affiliates, on the other hand, to the extent such agreements Relate to the Containerboard Business. Without limiting the generality of the foregoing, all intercompany loans and Non-Trade accounts receivable and Non-Trade accounts payable between TPI, and any of its Affiliates, on one hand, and any of the Contributed Subsidiaries, on the other hand, shall be eliminated via dividend or capital contribution.

5.10 Records and Retention and Access. Newco shall keep and preserve in an organized and retrievable manner the Books and Records for at least seven years from the Closing Date. Newco shall neither dispose of nor destroy such Books and Records without

first offering to turn over possession thereof to TPI by written notice to TPI at least thirty (30) days prior to the proposed date of such disposition or destruction. While such Books and Records remain in existence, each party shall allow the other party, its representatives, attorneys and accountants, if accompanied by the party's tax representatives, accountants or attorneys, at the requesting party's expense, access to the Books and Records upon reasonable request and advance notice and during normal business hours for the purpose of interviewing, examining and copying in connection with such parties' preparation of financial .

5.11 Insurance.

(a) TPI shall use commercially reasonable efforts to assign to Newco, to the fullest extent, all of the benefits and rights under any insurance policies held by TPI and/or any of its Affiliates with respect to any Losses arising out of, related to or in connection with the Contributed Assets, the Assumed Liabilities and the Containerboard Business with respect to events occurring prior to the Closing Date. Newco shall have the right to such benefits and rights only to the extent actually paid or payable, and exclusive of any deductibles (including pass through deductibles for which TPI or any Affiliate is required to reimburse the insurer). To the extent such assignment is not permitted, TPI shall use commercially reasonable efforts on Newco's behalf to obtain such proceeds or benefits for Newco, or otherwise to provide Newco with the benefit equivalent to that which would have been available had such assignment been permitted. (b) TPI shall cooperate with Newco in obtaining insurance policies for the Containerboard Business to be in effect from and after Closing. Notwithstanding such assistance, all decisions with respect to such policies shall be made solely by Newco, and TPI shall not have any liability, whether to Newco or to any other Person, whether as an advisor, broker or otherwise, under any other theory, in connection with providing such assistance and cooperation. TPI makes no assurances whatsoever with respect to such insurance coverage, including the availability or price thereof.

5.12 Noncompetition. From and after the Closing:

(a) Noncompetition. In consideration of the mutual covenants provided for herein, during the period beginning on the Closing Date and ending on the fifth anniversary of the Closing Date (the "Noncompete Period"), neither TPI nor any of its Affiliates shall (i) sell containerboard or corrugated products (other than the sale of folding carton and honeycomb paperboard-type products), or otherwise engage in the business of the Containerboard Business (as conducted as of Closing), anywhere within the United States, or (ii) induce or attempt to induce any customer or other business relation of Newco or any of its Affiliates to terminate such relationship with Newco; provided that TPI shall not deemed to be competing in violation of this Section 5.12 by virtue of its or their (x) ownership of less than 5% of the outstanding stock of any publicly-traded corporation, (y) acquisition of any Person (whether by asset purchase, stock purchase, merger or otherwise) engaged in the sale of containerboard or corrugated products if such sales are not such Person's primary business and such sales are less than $100 million per year; and (z) sales of goods or services other than sales of goods or

services made in the Containerboard Business as of the Closing Date (e.g., sales of plastic, foam, molded fiber, folding carton, honeycomb paperboard-type products and other products not sold by the Containerboard Business as of the Closing Date). This Section 5.12 shall not apply to any entity which might acquire TPI, or any Affiliate of TPI, or any assets or division of TPI, subject to the terms of the Stockholders Agreement.

(b) Severability. The parties hereto agree that the covenant set forth in Section 5.12(a) is reasonable with respect to its duration, geographical area and scope. If the final judgment of a court of competent jurisdiction declares that any term or provision of Section 5.12(a) is invalid or unenforceable, the parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration or area of the term or provision, to delete specific words or phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

(c) Remedy for Breach. TPI, PCA and Newco acknowledge and agree that in the event of a breach of any of the provisions of this Section 5.12, monetary damages shall not constitute a sufficient remedy. Consequently, in the event of any such breach, PCA, Newco and/or their respective successors or assigns may, in addition to other rights and remedies existing in their favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violation of the provision hereof.

5.13 Exclusivity. TPI and Tenneco will not, and will not permit or cause their respective officers, directors, agents and Affiliates to, discuss a possible sale or other disposition of all or any part of the assets of the Containerboard Business other than the sale of Inventory in the ordinary course of business or other sales or dispositions permitted by this Agreement (whether by merger, reorganization, recapitalization or otherwise) with any party other than PCA and its Affiliates (an "Acquisition Proposal"), or provide any information to any other party regarding the Containerboard Business other than information which is traditionally provided in the regular course of its business operations to third parties where TPI or Tenneco and its officers, directors, agents and Affiliates have no reason to believe that such information may be utilized to evaluate a possible sale or other disposition of the Containerboard Business. TPI and its officers, directors and Affiliates (i) do not have any agreement, arrangement or understanding with any third party with respect to any Acquisition Proposal (other than confidentiality agreements), (ii) will cease and cause to be terminated any and all discussions with third parties regarding any Acquisition Proposal and (iii) will promptly notify PCA if any Acquisition Proposal, or any inquiry or contact with any Person or entity with respect thereto, is made.

5.14 Delivery of Most Recent Year End Statement and the Stub Period Statements and Regulation S-X Financial Statements. As soon as practicable, but in any

event no later than March 31, 1999 TPI will deliver to PCA a copy of the Most Recent Year End Statement, which statements shall be attached as part of Schedule 3.6. Prior to the Closing, TPI shall furnish or shall cause TPI's independent accountants to furnish audited financial statements for the Containerboard Business for the years ended December 31, 1996, 1997 and 1998 in a form meeting the requirements of Regulation S-X of the Securities Act of 1933, as amended ("Regulation S-X"). In addition, prior to the Closing, or as soon as practicable thereafter in the case of (iii) below, TPI shall provide to Newco: (i) unaudited selected financial data as of and for the years ended December 31, 1994 and 1995 (as described in Regulation S-K of the Securities Act of 1933, as amended); (ii) unaudited condensed combined statements of assets, liabilities and interdivision account as of March 31, 1998, June 30, 1998, and September 30, 1998, and the related unaudited condensed combined statements of revenues, expenses and interdivision account and cash flows for the three months ended March 31, 1998, the three and six months ended June 30, 1998, and the three and nine months ended September 30, 1998; and (iii) in the event the Closing Date is later than March 31, 1999, unaudited condensed combined statements of assets, liabilities and interdivision account and the related unaudited condensed combined statements of revenues, expenses and interdivision account and cash flows for any interim periods as are required by Regulation S-X. The financial statements and financial data in (i) through (iii) are collectively known as the "Regulation S-X Financial Statements." The Regulation S-X Financial Statements will be prepared in accordance with GAAP and in a form meeting the requirements of Regulation S-X for Newco's or its Subsidiaries' registration statement and any amendments thereto in connection with the New Financing Arrangements.

5.15 Consent of TPI Auditors. TPI shall use its commercially reasonable efforts to obtain prior to the Closing the written agreement (the "Auditor Consent Letter") of Arthur Anderson LLP ("AA") to permit the use of the Audited Financial Statements and any applicable Stub Period Financial Statements (a) in connection with Newco's offerings of securities as contemplated by the Commitment Letters, and (b) subject to AA's normal procedures, in other private or public offerings of securities as may be reasonably requested by Newco. In addition, TPI will use commercially reasonable efforts to cause AA to provide a comfort letter in accordance with SAS 72 for any such offering.

5.16 Covenant Regarding Campbell Road Property. Prior to the Closing, TPI shall permit PCA and its representatives to have full access, in accordance with Section 5.1 hereof, to the Campbell Road Property for the purposes of conducting such due diligence review of such property as PCA reasonably deems appropriate. If, based upon such review, PCA identifies any existing environmental conditions the reasonable costs of addressing which could reasonably be expected to exceed $1,000,000 within five years from the Closing Date, PCA may, in its sole discretion, elect to instruct TPI to retain the Campbell Road Property, in which case, the Campbell Road Property shall constitute Retained Real Property rather than Owned Real Property for purposes hereof and TPI shall be deemed to have consented to the appropriate revisions to the Schedules and any other necessary amendments to this Agreement to reflect such election.

5.17 Post Closing Sales of Management Stock. If (i) TPI has delivered PCA a Dilution Notice in accordance with the terms hereof and (ii) any members of management purchase Management Stock in the 120-day period following the Closing Date, then either (x) TPI shall sell shares of its Common Stock to such members of management, on the same terms as Newco would sell such shares, provided that such sales by TPI would not violate any state and federal securities laws and are in compliance with and pursuant to an exemption from registration under all state and federal securities laws, or (y) in the event that such sales by TPI cannot be implemented due to such restrictions in the foregoing clause (x), Newco shall sell such shares of Common Stock to such members of Management, and shall simultaneously redeem from TPI one share of Common Stock for each share sold to such Persons, at a redemption price per share equal to the per share price paid by the Persons purchasing such Management Stock (provided such amount is equal to the price per share paid for Common Stock purchased by PCA at Closing hereunder), provided such sales and redemptions are permitted under the New Financing Arrangements. Any shares sold by TPI under this Section 5.17 shall not be subject to, or entitle the holder to any of the benefits of, the Stockholders Agreement or the Registration Rights Agreement.

5.18 Certain Litigation and Claims. TPI shall indemnify Newco if and to the extent any Losses for the following matters exceeds the following amounts:

Matter No.	3.A on Schedule 3.7:	$350,000
Matter No.	1.K on Schedule 3.7:	$150,000
Matter No.	2.F on Schedule 3.7:	$250,000

Newco shall use its commercially reasonable efforts to settle or otherwise resolve such matters, in accordance with Newco's reasonable business judgment, for the least amount practical. Upon request, Newco will inform TPI as to the status of such matters. In the event Newco proposes a definitive settlement, for which a settlement agreement has been agreed to by all of the other parties thereto, that TPI does not approve, Newco may pay TPI the amount of such settlement (up to the aforesaid limits), and TPI shall be responsible for, and indemnify Newco from and against, all Losses in connection with such matters

5.19 ACC.

(a) The parties acknowledge that the shares of ACC held by TPI are subject to the terms and conditions set forth in that certain Subscription and Shareholders Agreement dated as of August 21, 1989, between Larry E. Homan ("Homan") and TPI (the "ACC Agreement"), a true and complete copy of which has been previously delivered to PCA.

(b) Within 30 days from the date hereof, Newco shall instruct TPI to (i) seek Homan's consent to the transfer of the ACC shares to Newco without triggering the provisions of Section 5.1 or 5.2 of the ACC Agreement, (ii) deliver an Offering Notice (as defined in the ACC Agreement) to Homan under Section 5.1 of

the ACC Agreement with respect to the proposed transfer of the ACC shares to Newco, at a price to be reasonably determined (based upon estimated fair market value) by TPI and Newco, granting Homan a right of first refusal to purchase the shares of ACC owned by TPI at such price on the terms set forth in Section 5.1 of the ACC Agreement, or (iii) deliver a Notice of Purchase (as defined in the ACC Agreement) to Homan under Section 5.2 of the ACC Agreement, at a price determined by Newco, granting Homan the right to purchase TPI's shares of ACC at such price, and requiring TPI to purchase Homan's shares at such price if Homan does not elect to purchase TPI's shares.

(c) If Homan consents to the transfer of the ACC shares to Newco, or if an Offering Notice is given pursuant to Section 5.19(b)(ii) and Homan does not elect to purchase TPI's shares of ACC, such shares shall be contributed to Newco as part of the Contributed Assets. If an Offering Notice is given pursuant to Section 5.19(b)(ii) or a Notice of Purchase is given pursuant to Section 5.19(b)(iii) and Homan elects to purchase TPI's shares of ACC, TPI shall sell such shares to Homan and Newco shall receive the proceeds thereof. If a Notice of Purchase is given pursuant to Section 5.19(b)(iii) and Homan does not elect to purchase TPI's shares of ACC, Newco shall purchase Homan's shares of ACC, and TPI's shares of ACC shall be contributed to Newco as part of the Contributed Assets.

(d) In no event shall the Cash Contribution, the Cash Distribution, or the stock issuances contemplated by this Agreement be effected by the disposition or transfer of the ACC shares.

5.20 Write Down. Prior to Closing, TPI will write down the Contributed Assets to fair market value based on the value of the consideration received by TPI pursuant to this Contribution Agreement unless prohibited by GAAP. The parties agree that 100% of the Common Stock of Newco will have a fair market value of $430 million immediately after the transactions contemplated by this Agreement.

5.21 Newco Right to Assume Certain Contracts. Newco shall have the right to assume any Contract not included in the Assumed Liabilities by reason of the exclusion in Section 1.1(j)(i) thereof. Newco must assume or reject such Contract within 30 days after discovery or notice of such Contract. If Newco assumes such Contract, such Contract shall be included in the Contributed Assets. Any such assumption must be for all benefits and obligations under the Contract arising from and after the date of assumption, provided that, notwithstanding such assumption, TPI shall be liable for performance of all obligations incurred prior to the date of assumption, and shall indemnify Newco against any and all Losses attributable to such Contract arising or based on event occurring prior to the date on which Newco elects to assume such Contract.

ARTICLE VI

CONDITIONS TO CLOSING

6.1 Conditions to the Obligations of PCA and TPI. The obligations of the parties hereto to effect the Closing and otherwise under Article II hereof are subject to the satisfaction (or waiver by both PCA and TPI) prior to the Closing of the following conditions:

(a) HSR Act. All filings under the HSR Act shall have been made and any required waiting period under such laws (including any extensions thereof obtained by request or other action of any governmental authority) applicable to the transactions contemplated hereby shall have expired or been earlier terminated.

(b) No Injunctions. No court or governmental authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any statute, rule, regulation, non-appealable judgment, decree, injunction or other order which is in effect on the Closing Date and prohibits the consummation of the Closing.

6.2 Conditions to the Obligations of PCA. The obligations of PCA to effect the Closing and otherwise under Article II hereof are subject to the satisfaction (or waiver by PCA) prior to the Closing, of the following conditions:

(a) Representations and Warranties. The representations and warranties of TPI contained herein shall have been true and correct in all material respects when made and shall be true and correct in all respects as of the Closing, as if made as of the Closing (except that representations and warranties that are made as of a specific date need be true in all material respects only as of such date), except to the extent the failure of any such representations or warranties to be true and correct in all respects could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect, and PCA shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of TPI.

(b) Covenants. The covenants and agreements of TPI to be performed on or prior to the Closing shall have been duly performed in all material respects, and PCA shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of TPI.

(c) Most Recent Year End Statement. TPI shall have delivered the Most Recent Year End Statement to PCA prepared and presented in accordance with Sections 3.6 and 5.14 and on a consistent basis with the audited financial statements for the year ended December 31, 1997. The Most Recent Year End Statement shall demonstrate Adjusted EBITDA, as described in this Section 6.2(c), of at least $309.8 million. Adjusted EBITDA is defined as operating profit adjusted for the following items (if reflected in Most Recent Year

End Statement): plus (i) interest expense, plus (ii) depreciation, depletion and amortization expenses, plus (iii) lease expense related to leases terminated as a result of the transaction, minus (iv) amortization of deferred gain on refinanced leases included in operating profit, plus (v) the amount of corporate allocations minus management's estimate of total divisional and corporate overhead costs ($69.2 million) plus divisional overhead costs, plus (vi) charge related to the 1998 restructuring included in operating profit, and plus (vii) rebates TPI or its Affiliates included in operating profit. An example of the foregoing calculation is set forth on Schedule 6.2(c).

(d) New Financing Arrangements; No Liens or Indebtedness. PCA shall have obtained, on behalf of TPI for assignment to and assumption by Newco at Closing, the New Financing Arrangements under which TPI is to be the initial borrower, and shall have obtained on behalf of Newco all other New Financing Arrangements, in each case as described in the Commitment Letters or otherwise on a basis reasonably satisfactory to PCA and TPI (as provided in Section 5.3(b)), and all conditions to funding under the New Financing Arrangements shall have been satisfied or waived by requisite lenders thereunder. Each of the Contributed Assets shall be free and clear of all Encumbrances other than Permitted Encumbrances, and the Containerboard Business shall not have or be liable for any indebtedness (meaning, for purposes hereof, any indebtedness for borrowed money or any other obligation that is fixed as to amount or certainty), or obligation giving rise to any lien on any of the Contributed Assets (other that the Permitted Encumbrances) other than the Assumed Indebtedness. The Purchased Property and all other Contributed Assets shall be free and clear of all Encumbrances with respect to Existing Financing Arrangements.

(e) No Material Adverse Change. Since the date of the Most Recent Statement of Assets and Liabilities, the Containerboard Business shall not have suffered a Material Adverse Change.

(f) TPI Required Consents. TPI shall have obtained and delivered copies to PCA of all Required Consents identified on Schedule 3.3 and any other Consents reasonably indicated by PCA or Newco's lenders in connection with the New Financing Arrangements as required for the continued operation of the Containerboard Business by Newco following Closing in accordance with past practices.

(g) Senior Management Arrangements. Newco shall have entered into an employment arrangement with Mr. Paul T. Stecko on the terms set forth in that certain letter dated January 25, 1999, between PCA and Mr. Stecko, and as of Closing Mr. Stecko shall confirm that he is willing to serve in the capacity and on the terms set forth in such letter.

(h) Resignation of Officers and Directors. All officers and directors of the Contributed Subsidiaries shall resign, effective as of the Closing, except as PCA shall otherwise request.

(i) Closing Documents. TPI and Newco shall have executed and delivered to Newco and PCA all of these documents, instruments, agreements and other deliveries described in Sections 2.4(a) and 2.4(c).

(j) Estoppel Certificates. TPI shall have obtained and delivered estoppel certificates with respect to those sites for which estoppel certificates shall have been requested by the lenders in connection with the New Financing Arrangements.

(k) Lemelson Settlement. Either (i) Newco shall have received from the Lemelson Foundation Partnership, either directly or through TPI, a royalty-free license or sublicense under all patents relating to machine vision, bar coding or flexible manufacturing that either have issued, or that in the future may issue, with Jerome H. Lemelson as a named inventor and which patents are now, or in the future may be owned by, or able to be licensed by, the Lemelson Foundation Partnership (collectively the "Lemelson Patents") and such license or sublicense shall include the right for Newco to make, use, sell and/or lease any and all products, apparatus, methods and services of the Containerboard Business, subject to any additional terms and conditions included in the royalty-free license (or sublicense), or (ii) in the event such a license or sublicense is not obtained by Closing, TPI shall defend indemnify and hold harmless the PCA Indemnified Parties from, against and in respect of any claim of infringement of the Lemelson Patents asserted against any of the PCA Indemnified Parties, directly or indirectly, relating to or arising out of Newco making, using, selling and/or leasing products, apparatus, methods and services of the Containerboard Business; provided TPI's obligations hereunder shall apply only to the extent of the levels of production of the Containerboard Business affected by the Lemelson Patents as of the Closing Date.

(l) Auditor Consent Letter. TPI shall have obtained and delivered a copy to PCA of the Auditor Consent Letter and related "cold comfort" letter for the financing arrangements contemplated as part of the New Financing Arrangements, each of which shall be in form and substance reasonably satisfactory to PCA.

(m) Existing Financing Arrangements; Leased Real Property. TPI shall have delivered to PCA, in form and substance reasonably satisfactory to PCA, evidence that all of the obligations arising under or related to the Existing Financing Arrangements have been paid and satisfied in full and that TPI has obtained a fee simple interest in all of the Purchased Property, free and clear of all Encumbrances other than Permitted Encumbrances, but free and clear of all Encumbrances in connection with the Existing Financing Arrangements.

(n) No Shared Facilities. Except as provided in the Facility Use Agreement and for the Transition Real Property, none of the Owned Real Property or the Leased Real Property or other assets of the Containerboard Business shall be owned, used or occupied in whole or in part by TPI or any of its Affiliates other than in connection with the operation of the Containerboard Business.

6.3 Conditions to the Obligations of TPI. The obligations of TPI to effect the Closing and otherwise under Article II hereof are subject to the satisfaction (or waiver by TPI) prior to the Closing of the following conditions:

(a) Representations and Warranties. The representations and warranties of PCA contained herein shall have been true and correct in all material respects when made and shall be true and correct in all respects as of the Closing, as if made as of the Closing (except that representations and warranties that are made as of a specific date need be true in all material respects only as of such date), except to the extent the failure of any such representations or warranties to be true and correct in all respects, could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect and TPI shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of PCA.

(b) Covenants. The covenants and agreements of PCA to be performed on or prior to the Closing shall have been duly performed in all material respects, and TPI shall have received a certificate to such effect dated the Closing Date and executed by a duly authorized officer of PCA.

(c) New Financing Arrangements. PCA shall have obtained on behalf of TPI, for assignment to and assumption by Newco at Closing, the New Financing Arrangements under which TPI is to be the initial borrower and all conditions to funding such New Financing Arrangements shall have been satisfied or waived. PCA shall have obtained on behalf of Newco all other New Financing Arrangements and all conditions to funding under such New Financing Arrangements shall have been satisfied or waived.

(d) Management Incentive Plan. Any stock option, management incentive, stock appreciation, phantom stock, or other similar plan established for Newco's management as of the Closing whereby such persons receive, or receive options or rights to acquire, any equity in Newco or equity-based compensation shall provide that the maximum amount of equity or equity equivalents (such as stock appreciation rights or phantom stock) that may be earned, acquired, paid or distributed under such plan, together with Management Stock issued at the Closing or within 120 days following Closing, shall not exceed 9.8% of the outstanding equity (in a fully diluted basis) of Newco.

(e) Closing Documents. PCA and Newco shall have executed and delivered to TPI and Newco, all of those documents, instruments, agreements and other deliveries described in Section 2.4(b) and Section 2.4(i).

ARTICLE VII

SURVIVAL; INDEMNIFICATION

7.1 Survival. The representations and warranties contained in this Agreement shall survive the Closing (regardless of any investigation, inquiry or examination made by or on behalf of, or any knowledge of any party hereto or the acceptance of any party or on its behalf of a certificate and opinion) for the respective periods (each, a "Survival Period") set forth in this Section 7.1. All of the representations and warranties of TPI contained in this Agreement and all claims and causes of action with respect thereto shall terminate upon expiration of the 18 month period commencing on the Closing Date, except that (a) the representations and warranties set forth in Section 3.8 shall survive until the expiration of the applicable statute of limitation (including any extension thereof), (b) the representations and warranties set forth in Sections 3.1-3.5, 3.16(a)-(c), 3.17, and 4.1-4.6 shall have no expiration date and (c) the representations and warranty set forth in Section 3.19 shall survive only until Closing. Any claim for indemnification for breach of a representation and warranty must be made during the applicable Survival Period. In the event notice of any claim for indemnification for a breach of a representation or warranty is given (within the meaning of Section 10.1) within the applicable Survival Period, an Indemnifying Party's obligations with respect to such indemnification claim shall survive until such time as such claim is finally resolved.

7.2 Indemnification by PCA and Newco.

(a) PCA shall indemnify, defend and hold harmless TPI, its Affiliates and, if applicable, their respective directors, officers, shareholders, partners, members, attorneys, accountants, agents and employees and their heirs, successors and assigns (the "TPI Indemnified Parties") from, against and in respect of any damages, claims, losses, charges, actions, suits, proceedings, deficiencies, Taxes, interest, penalties, and reasonable costs and expenses (including reasonable attorneys' fees, removal costs, remediation costs, closure costs, fines, penalties and expenses of investigation and ongoing monitoring) (collectively, the "Losses") imposed on, sustained, incurred or suffered by or asserted against any of the TPI Indemnified Parties, directly or indirectly, relating to or arising out of (i) subject to Section 7.2(c), any breach of any representation or warranty made by PCA contained in this Agreement, and (ii) the breach of any covenant or agreement of PCA contained in this Agreement.

(b) Newco shall indemnify, defend and hold harmless the TPI Indemnified Parties and the PCA Indemnified Parties from, against and in respect of any Losses imposed on, sustained, incurred or suffered by or asserted against any of the TPI Indemnified Parties or the PCA Indemnified Parties, directly or indirectly, relating to or arising out of (i) the breach of any covenant or agreement of Newco contained in this Agreement, and (ii) the Assumed Liabilities; provided that Newco shall have no indemnification obligations hereunder in respect

of Losses incurred or suffered by a Person solely in such Person's capacity as an equity holder or a debt holder (such as a diminution of value of such equity or debt) of Newco.

(c) PCA shall not be liable to the TPI Indemnified Parties for any Losses with respect to the matters contained in Section 7.2(a)(i) except to the extent (and then only to the extent) the Losses therefrom exceed an aggregate amount equal to $12,500,000 (the "Deductible"), and then only for all such Losses in excess thereof up to an aggregate amount equal to $150,000,000 (the "Cap"); provided that Losses from breaches of the representations and warranties in Sections 4.1-4.6 shall not be subject to the Cap and the Deductible.

(d) TPI acknowledges that this Article VII constitutes TPI's sole remedy against PCA or Newco with respect to any of the matters referred to herein other than with respect to claims based on fraud, including any Losses or liability under any Environmental Law or with respect to any Hazardous Substances, and expressly waives any other rights or causes of action, including under any Environmental Law or with respect to any claim involving the presence of or exposure to any Hazardous Substances.

7.3 Indemnification by TPI.

(a) TPI shall indemnify, defend and hold harmless Newco, PCA, their Affiliates and, if applicable, their respective directors, officers, shareholders, partners, members, lenders, attorneys, accountants, agents and employees and their heirs, successors and assigns (the "PCA Indemnified Parties" and, collectively with the TPI Indemnified Parties, the "Indemnified Parties") from, against and in respect and to the extent of any Losses imposed on, sustained, incurred or suffered by or asserted against each of the PCA Indemnified Parties, directly or indirectly, relating to or arising out of

(i) subject to Section 7.3(b), any breach of any representation or warranty made by TPI contained in this Agreement;

(ii) the Retained Liabilities;

(iii) the breach of any covenant or agreement of TPI contained in this Agreement;

(iv) provided such claim is made during the 18-month period commencing on the Closing Date, any liabilities from any Losses arising from, related to or incurred in connection with any state of facts or conditions or transactions (or series of facts, conditions or transactions) existing at or prior to the Closing Related to the Containerboard Business, other than (A) the Assumed Indebtedness, (B) the liabilities reflected on the Final Working Capital Statement, (C) liabilities and obligations disclosed pursuant to TPI's representations or warranties in this Agreement or in the Disclosure Memorandum (none of which relates to any liability resulting from a breach

of contract, breach of warranty, tort, infringement claim or lawsuit), (D) matters arising from or in connection with the matters disclosed on Schedule 3.7 or Schedule 3.11, and (E) other liabilities incurred in the ordinary course of business (none of which is or relates to any liability resulting from a breach of contract, breach of warranty, tort, infringement claim or lawsuit); provided, however, that if a liability for a matter which for indemnification is sought under this clause (iv) would also constitute a breach of a representation or warranty of TPI in Article III hereof (other than Section 3.19), TPI's sole obligation with respect to such liability, if any, shall be determined pursuant to Section 7.3(a)(i) hereof and not this Section 7.3(a)(iv), and provided further that TPI shall not have any liability with respect to a matter that is the subject of a representation and warranty hereunder but which was not required to be disclosed hereunder or in the Disclosure Memorandum due to the specific thresholds or exclusions included in such representation and warranty; and

(v) any liabilities arising with respect to the matters described in Section 6.2(k)(ii).

Newco and PCA acknowledge that Section 5.12(c), Section 5.18, and this Article VII constitute Newco's and PCA's sole remedy with respect to any of the covered by this Article VII, other than with respect to claims based on fraud, including any Losses or liability under any Environmental Law or with respect to any Hazardous Substances and expressly waives any other rights or causes of action, including under any Environmental Law or with respect to any claim involving the presence of or exposure to any Hazardous Substances.

(b) TPI shall not be liable to the PCA Indemnified Parties for any Losses with respect to the matters contained in Section 7.3(a)(i) except to the extent (and then only to the extent) the Losses therefrom exceed an aggregate amount equal to the Deductible, and then only for all such Losses in excess thereof up to an aggregate amount equal to the Cap; provided that Losses from breaches of the representations and warranties in Sections 3.1-3.5, 3.8, 3.16(a)-(c) and 3.17 shall not be subject to the Cap or the Deductible. TPI shall not be liable to the PCA Indemnified Parties for any Losses for which and to the extent (and only to the extent) a reserve is specifically provided on the Final Working Capital Statement that was not specifically provided in the Most Recent Statement of Assets or Liabilities, or to the extent of any increase in any such reserve on the Final Working Capital Statement from the amount of such reserve on the Most Recent Statement of Assets and Liabilities. In order to avoid double counting, the portion of any Loss incurred or sustained by Newco and PCA, respectively, will be determined after giving effect to indemnification payments (if any) made in respect of such Loss to the other Person. In the event of a breach of the representation contained in Section 3.8(h), the amount of any Loss shall be determined in the same manner in which Tax Benefits are determined under Section 7.6.

7.4 Indemnification Procedures.

(a) Any Indemnified Person making a claim for indemnification pursuant to Section 7.2 or 7.3 above must give the party from whom indemnification is sought (an "Indemnifying Party") written notice of such claim describing such claim with reasonable particularity and the nature and amount of such Loss to the extent that the nature and amount of such Loss is known at such time) (an "Indemnification Claim Notice") promptly after the Indemnified Party receives any written notice of any action, lawsuit, proceeding, investigation or other claim (a "Proceeding") against or involving the Indemnified Party by a Governmental Authority or other third party or otherwise discovers the liability, obligations or facts giving rise to such claim for indemnification; provided that the failure to notify or delay in notifying an Indemnifying Party will not relieve the Indemnifying Party of its obligations pursuant to Section 7.2 or 7.3, as applicable, except to the extent that (and only to the extent that) such failure shall have caused the damages for which the Indemnifying Party is obligated to be greater than such damages would have been had the Indemnified Party given the Indemnifying Party prompt notice hereunder.

(b) The Indemnifying Party shall have 30 days from the personal delivery or mailing of the Indemnification Claim Notice (the "Notice Period") to notify the Indemnified Party (i) whether or not the Indemnifying Party disputes the liability of the Indemnifying Party to the Indemnified Party hereunder with respect to such claim or demand and (ii) whether or not it desires to defend the Indemnified Party against such claim or demand.

(c) If (i) the Indemnifying Party agrees in writing to be, responsible for the full amount of such Loss, and (ii) the claim for indemnification does not relate to a matter (A) that, if determined adversely, could reasonably be expected to expose the Indemnified Party to criminal prosecution or penalties, (B) that, if determined adversely, could reasonably be expected to result in the imposition of a consent order, injunction or decree which would restrict the activity or conduct of the Indemnified Party or any Affiliate thereof, or (C) for which the Indemnified Party shall have reasonably concluded, in good faith, after consultation with the Indemnifying Party, that such representation is likely to result in a conflict of interest or materially jeopardize the viability of such defense, then the Indemnifying Party shall have the right to defend the Indemnified Party by appropriate proceedings and shall have the sole power to direct and control such defense. If any Indemnified Party desires to participate in any such defense, it may do so at its sole cost and expense. The Indemnifying Party in no event shall have any right to control (as opposed to participate in pursuant to Section 7.4(d) hereof) the defense of any claim and shall pay the expenses of the Indemnified Party's defense of such claim if:

(x) the Indemnifying Party does not agree in writing to be responsible for the full amount of any claim;

(y) the claim for indemnification Relates to a matter (A) that, if determined adversely, could reasonably be expected to expose the Indemnified Party

to criminal prosecution or penalties, (B) that, if determined adversely, could reasonably be expected to result in the imposition of a consent order, injunction or decree which would restrict the activity or conduct of the Indemnified Party or any Affiliate thereof, (C) for which the Indemnified party shall have reasonably concluded, in good faith, after consultation with the Indemnifying Party, that such representations is likely to result in a conflict of interest or materially jeopardize the viability of such defense; or

(z) a court determines that the Indemnified Party is not vigorously defending the claim.

(d) If the claim relates to a matter for which both the Indemnifying Party and any Indemnified Party could be liable or responsible hereunder, such as a Loss for which both parties could be partially liable due to the Cap and Deductible, the Indemnifying Party and the Indemnified Parties shall cooperate in good faith in the defense of such action. No party shall settle any claim without the prior consent of the other party (which consent shall not be unreasonably withheld); provided, however, that an Indemnified Party shall not be required to consent to any settlement if the proposed settlement (i) does not provide for a full release of all claims against such Indemnified Party, (ii) is on a basis which would result in the imposition of a consent order, injunction or decree or any other restriction on the activity or conduct of such Indemnified Party, or (iii) is on a basis which could, in such Indemnified Party's judgment, expose such Indemnified Party to criminal liability or required an admission of wrongdoing by such Indemnified Party; provided further that, the foregoing notwithstanding, an Indemnified Party may settle or compromise any claim without the prior consent of the Indemnifying Party if under Section 7.3(c) the Indemnifying Party had no right to control the defense of such claim. If an Indemnified Party does not consent to a definitive settlement proposed by the Indemnifying Party (with respect to which a settlement agreement has been agreed to by all parties other than the Indemnified Party) which settlement satisfies the foregoing clauses (i) through (iii) or if the Indemnifying Party does not consent to a settlement proposed by an Indemnified Party, then the party declining such settlement shall thereafter have full control of the defense of such claim, and the maximum liability of the party that proposed such settlement shall be determined as though such matter had settled on the terms so proposed, and, if applicable, the amount of the proposed settlement, together with all legal costs and expenses incurred in connection with such matter through and including the proposed settlement date, shall be deemed the amount of the Loss of the Indemnified Party for purposes of determining whether the Cap and Deductible have been met. If both parties agree to the settlement, the relative liabilities of the parties for such Losses shall be determined as provided in the other provisions of this Article VII.

(e) All costs and expenses incurred by the Indemnifying Party in defending claim or demand under Section 7.4(c), and all costs and expenses incurred by the Indemnified Party in defending claim or demand which the Indemnifying Party has elected not to defend (including by virtue of its failure to give timely notice to the Indemnified Party) or is not permitted to defend under Section 7.4(c) shall be a liability of, and shall be paid by, the Indemnifying Party.

(f) To the extent the Indemnifying Party shall direct, control or participate in the defense or settlement of any third-party claim or demand, the Indemnified Party will give the Indemnifying Party and its counsel access to, during normal business hours, the relevant business records and other documents, and shall permit them to consult with the employees and counsel of the Indemnified Party. The Indemnifying Party and Indemnified Parties shall use their best efforts in the defense of all such claims.

7.5 Acknowledgment Regarding Environmental Liabilities. PCA and TPI acknowledge the allocation of relative responsibility for liabilities under Environmental Laws under this Agreement is a material term of this Agreement, and that (i) they have taken such matters into consideration in determining the financial and other terms of this transaction, and (ii) they understand that Newco is accepting all risks resulting or arising in any way from any known or unknown liabilities in connection with such matters (other than the Retained Environmental Liabilities or liabilities as to which indemnification is provided under Section 7.3(a)) and TPI is retaining all risks relating the Retained Environmental Liabilities and indemnifying Newco for certain Losses relating to environmental matters under Section 7.3(a), and (iii) they acknowledge that neither shall have any claim of any nature against the other or the other's Affiliates in connection with any matters relating to known or unknown soil or groundwater contamination or any other claims under any Environmental Laws, other than as set forth herein.

7.6 Computation of Losses Subject to Indemnification. The amount of any Loss for which indemnification is provided under this Article VII shall be computed net of any insurance proceeds actually received by the Indemnified Party in connection with such Loss. Indemnification for any Loss shall be determined and paid without reduction for any Tax Benefits not yet realized by the Indemnified Party. The Indemnified Party will pay to the Indemnifying Party the amount of any Tax Benefits attributable to the Loss actually realized by the Indemnified Party promptly after such Tax Benefits are realized; provided, however, that in the event such Tax Benefits are realized prior to the indemnification payment hereunder, such indemnification payment shall be reduced by Tax Benefits previously realized in lieu of a separate payment to the Indemnifying Party. The amount of any Tax Benefit shall be determined (i) by comparing the liability of the Indemnified Party for Taxes, determined without the Loss, to the liability of the Indemnified Party for Taxes, taking into account the Loss and (ii) by treating any items attributable to the Loss as the last items claimed by the Indemnified Party in any given Tax Period. The amount of any Loss for which indemnification is provided under this Article VII shall exclude consequential and punitive damages and lost profits by an Indemnified Party, provided that any consequential or punitive damages or lost profits of a third party for which an Indemnified Party is liable shall be included in computing such Indemnified Party's Loss.

7.7 Characterization of Indemnification Payments. All amounts paid by PCA, Newco, or TPI, as the case may be, under Article II, Article V, this Article VII, or Article VIII shall be treated as adjustments to the amount contributed to Newco by PCA or TPI, pursuant to Section 2.4(a) or (b) hereof, as appropriate for all Tax purposes.

ARTICLE VIII

TAX COVENANTS

8.1 Liability for Taxes.

(a) TPI shall be liable for, and shall indemnify, defend and hold Newco harmless from and against, any and all Taxes imposed on or with respect to the Contributed Subsidiaries, or their respective assets, operations or activities for any Pre-Closing Period, except to the extent that any such Taxes are a Current Liability and are reflected on the Final Working Capital Statement.

(b) Newco shall be liable for, and shall indemnify, defend and hold TPI harmless from and against, any and all Taxes imposed on or with respect to the Contributed Subsidiaries or their respective operations, ownership, assets or activities for any Post-Closing Period.

(c) Tax items shall be apportioned between Pre-Closing Periods and Post-Closing Periods based on a closing of the books and records of the relevant entity or entities as of the Closing Date (provided that (i) depreciation, amortization and depletion for any Straddle Period shall be apportioned on a daily pro rata basis and (ii) any Taxes imposed on a periodic basis (including real property Taxes, but not including Taxes based on income and receipts) for any Straddle Period shall be apportioned on a daily pro rata basis). Notwithstanding anything to the contrary in the preceding sentence, the parties agree that for U.S. federal income Tax purposes, Tax items for any Straddle Period shall be apportioned between Pre-Closing Periods and Post-Closing Periods in accordance with U.S. Treasury Regulation Section 1.1502-76(b), which regulation shall be reasonably interpreted by the parties in a manner intended to achieve the method of apportionment described in the preceding sentence. Neither TPI nor PCA will exercise any option or election (including any election to ratably allocate a Tax year's items under Treasury Regulation Section 1.1502-76(b)(2)(ii)) to allocate Tax items in a manner inconsistent with this section.

8.2 Preparation of Tax Returns.

(a) TPI shall have the right and obligation to timely prepare and file, and cause to be timely prepared and filed, when due, any Tax Return that is required to include the operations, ownership, assets or activities of TPI, with respect to the Contributed Assets, or of any Contributed Subsidiary for Tax Periods ending on or before the Closing Date. TPI shall provide Newco with copies of any such Tax Returns (to the extent that they relate to the Contributed Assets or the Containerboard Business and reasonably may have a material effect on Newco's and its Affiliates' liability for Taxes) at least 30 days prior to the due date (as extended) for filing such Tax Returns. In the event that Newco reasonably determines that any such Tax Return should be modified, Newco shall notify TPI of Newco's proposed

modifications no later than 15 days from the date of receipt of such Tax Return. To the extent that TPI disagrees with such modifications, Newco and TPI shall endeavor to agree on the positions to be taken on such return. To the extent that they are unable to do so, a "Big-Five" accounting firm (other than the regular auditor of TPI or Newco) shall be retained to determine the position to be taken, with the fees and expenses of such accounting firm to be borne equally by TPI and Newco. Any such Tax Return which TPI is required to prepare under the terms hereof shall (to the extent such Tax Return relates to the Contributed Assets or the Containerboard Business and reasonably may have a material effect on Newco's or its Affiliates' Tax liability) be prepared in accordance with past Tax accounting practices used with respect to the Tax Returns in question (unless such past practices are no longer permissible under the Applicable Tax Law), and to the extent any item is not covered by such past practices (or such past practices are no longer permissible under the Applicable Tax Law), in accordance with reasonable Tax accounting practices selected by TPI. Newco shall have the right and obligation to timely prepare and file, or cause to be timely prepared and filed, when due, all Tax Returns that are required to include the operations, ownership, assets or activities Related to the Containerboard Business or of any Contributed Subsidiary for any Tax Period ending after the Closing Date (including, solely with respect to the Contributed Subsidiaries, Straddle Period Returns). Newco shall provide TPI with copies of any Straddle Period Tax Returns required to be filed by Newco hereunder at least 30 days prior to the due date (as extended) for filing such Tax Returns. In the event TPI reasonably determines that any Straddle Period Tax Return should be modified, TPI shall notify Newco of TPI's proposed modifications no later than fifteen days from the date of receipt of such Tax Return. To the extent that Newco disagrees with such modifications, Newco and TPI shall endeavor to agree on the positions to be taken on such return. To the extent that they are unable to do so, a "Big Five" accounting firm (other than the regular auditor of TPI or Newco) shall be retained to determine the position to be taken, with the fees and expenses of such accounting firm to be borne equally by TPI and Newco. Any Straddle Period Tax Return which Newco is required to prepare under the terms hereof shall be prepared in accordance with past Tax accounting practices used with respect to the Tax Returns in question (unless such past practices are no longer permissible under the Applicable Tax Law), and to the extent any item is not covered by such past practices (or such past practices are no longer permissible under the Applicable Tax Law), in accordance with reasonable Tax accounting practices selected by Newco.

(b) TPI shall prepare and provide to Newco such Tax information as is reasonably requested by Newco with respect to the operations, ownership, assets or activities of TPI, with respect to the Contributed Assets, or of any Contributed Subsidiary for Straddle Periods to the extent such information is relevant to any Tax Return which Newco has the right and obligation hereunder to file.

(c) The party not preparing a Tax Return shall pay the party preparing such Tax Return an amount equal to the non-preparing party's share of the Taxes shown on such Tax Return, if any, determined in accordance with the principles of Articles VII and VIII, not later than 2 business days before the filing of such Tax Return.

8.3 Amended Tax Returns.

(a) Any amended Tax Return or claim for Tax refund for any Contributed Subsidiary for any Pre-Closing Period other than a Straddle Period shall be filed, or caused to be filed, only by TPI who shall not be obligated to make (or cause to be made) such filing. TPI shall not, without the prior written consent of Newco (which consent shall not be unreasonably withheld or delayed), make or cause to be made, any such filing, to the extent such filing, if accepted, reasonably might change the Tax liability of Newco or any Affiliate of Newco for any Post-Closing Period. At Newco's request, TPI shall file an amended Tax Return with respect to Taxes accrued on the Final Working Capital Statement, except to the extent TPI reasonably objects.

(b) Any amended Tax Return or claim for Tax refund for any Straddle Period shall be filed by the party responsible for filing the original Tax Return hereunder if either Newco or TPI so requests, except that such filing shall not be done without the consent (which shall not be unreasonably withheld or delayed) of Newco (if the request is made by TPI) or of TPI (if the request is made by Newco).

(c) Any amended Tax Return or claim for Tax refund for any Post-Closing Period other than a Straddle Period shall be filed, or caused to be filed, only by Newco, who shall not be obligated to make (or cause to be made) such filing. Newco shall not, without the prior written consent of TPI (which consent shall not be unreasonably withheld or delayed) file, or cause to be filed, any such filing to the extent that such filing, if accepted, reasonably might change the Tax liability of TPI or any Affiliates of TPI for any Pre-Closing Period.

8.4 Carrybacks and Carryforwards.

(a) To the extent permitted by Applicable Tax Law, unless TPI, in its sole and absolute discretion, consents, Newco shall not and shall not permit any Contributed Subsidiary to carry back any losses or credits accruing after the Closing Date to any Tax Return of TPI, a Contributed Subsidiary, or any Affiliate of either TPI or a Contributed Subsidiary for any Pre-Closing Period. To the extent permitted by Applicable Tax Law, Newco shall and shall cause each Contributed Subsidiary to make any elections and take all such actions necessary to avoid any such carry back. To the extent that, under Applicable Tax Law, a Contributed Subsidiary is required to carry back any losses or credits accruing after the Closing Date to any Tax Return of TPI or its Affiliates, TPI shall pay to Newco the amount of any Tax Benefit actually realized by TPI and its Affiliates as a result of such carryback promptly after such Tax Benefits are realized. The amount of any Tax Benefit shall be determined (i) by comparing the liability of TPI and its Affiliates for Taxes, determined without the carryback, to the liability of TPI and its Affiliates for Taxes, taking into account the carryback and (ii) by treating the carryback as the last item claimed by TPI and its Affiliates in any given Tax Period.

(b) TPI shall not be liable hereunder for any decrease to any net operating loss carry forward or any other Tax attributes available to a Contributed Subsidiary resulting from adjustments to any item of income, deduction, credit, or exclusion on Tax Returns for which TPI is responsible.

8.5 Additional Tax Matters.

(a) As of the Closing Date, TPI shall cause all Tax allocation, Tax sharing, Tax reimbursement and similar arrangements or agreements between TPI and its Affiliates, on the one hand, and any of the Contributed Subsidiaries, on the other, to be extinguished and terminated with respect to such Contributed Subsidiaries and any rights or obligations existing under any such agreement or arrangement to be no longer enforceable.

(b) After the Closing Date, Newco will cause appropriate employees of the Contributed Subsidiaries to prepare usual and customary Tax Return packages with respect to the Tax Period beginning January 1, 1999 and ending as of the Closing Date. Newco will use its commercially reasonable efforts to cause such Tax Return packages to be delivered to TPI on or before March 1, 2000, but in any event not later that May 1, 2000.

(c) TPI and Newco agree that Newco has acquired substantially all of the property used in the Containerboard Business and that in connection therewith Newco will employ individuals who immediately before the Closing Date were employed in such trade or business by TPI. Accordingly, pursuant to Rev. Proc. 96-60, 1996-2 C.B. 399, provided that TPI makes available to Newco all necessary payroll records for the calendar year that includes the Closing Date, Newco will furnish a Form W-2 to each employee employed by Newco who had been employed by TPI, disclosing all wages and other compensation paid for such calendar year, and Taxes withheld therefrom, and TPI will be relieved of the responsibility to do so.

(d) If Newco or any Contributed Subsidiary receives a Tax refund with respect to Taxes of any Contributed Subsidiary attributable to a Pre-Closing Period (other than a Tax refund accrued on the Final Working Capital Statement or a refund of Taxes accrued on the Final Working Capital Statement) Newco shall pay, within the thirty (30) days following the receipt of such Tax refund, the amount of such Tax refund, net of any Taxes imposed thereon, to TPI. If TPI receives a Tax refund with respect to Taxes of any Contributed Subsidiary attributable to any Post-Closing Period or any Taxes accrued on the Final Working Capital Statement, TPI will pay, within thirty (30) days following the receipt of such Tax refund, the amount of such Tax refund, net of any Taxes imposed thereon, to Newco. In the case of any Tax refund with respect to Taxes of a Contributed Subsidiary attributable to a Straddle Period, the Tax refund shall be apportioned between Pre-Closing Periods and Post-Closing Periods in accordance with the principles of Section 8.1(c) hereof; provided that to the extent any Tax refund for a Straddle Period was accrued on the Final Working Capital Statement, such refund shall be for the account of Newco. The reduction of any Tax refund amount under this Section 8.5(d) by the amount of Taxes imposed on the payor's receipt of

such refund, shall be determined in the same manner in which Tax Benefits are determined and paid under Section 7.6.

(e) To the extent requested by TPI, Newco agrees that it will timely file all required applications and notices with the appropriate authorities to the extent necessary, under the applicable forest Tax laws, to maintain the current property tax classification of TPI's timberland properties being contributed to Newco under the terms hereof, except to the extent that any such filing would adversely affect Newco.

8.6 Tax Controversies; Cooperation.

(a) TPI shall control any audit, dispute, administrative, judicial or other proceeding related to Tax Returns filed for Pre-Closing Periods, and Newco shall control any audit, dispute, administrative, judicial or other proceeding related to Tax Returns filed for Post-Closing Periods and Straddle Periods of any Contributed Subsidiary. Subject to the preceding sentence, in the event an adverse determination may result in each party having responsibility for any amount of Taxes, each party shall be entitled to fully participate in that portion of the proceedings relating to the Taxes with respect to which it may incur liability hereunder. For purposes of this Section 8.6(a), the term "participation" shall include (i) participation in conferences, meetings or proceedings with any Tax Authority, the subject matter of which includes an item for which such party may have liability hereunder, (ii) participation in appearances before any court or tribunal, the subject matter of which includes an item for which a party may have liability hereunder, and (iii) with respect to the matters described in the preceding clauses (i) and (ii), participation in the submission and determination of the content of the documentation, protests, memorandum of fact and law, briefs, and the conduct of oral arguments and presentations.

(b) Newco and TPI shall not agree to settle any Tax liability or compromise any claim with respect to Taxes, which settlement or compromise may affect the liability for Taxes (or right to a Tax Benefit) hereunder of the other party, without such other party's consent (which consent shall not be unreasonably withheld or delayed).

(c) Newco and TPI shall bear their own expenses incurred in connection with audits and other administrative judicial proceedings relating to Taxes for which such party and its Affiliates are liable.

(d) TPI on the one hand, and Newco and the Contributed Subsidiaries, on the other, shall cooperate (and cause their Affiliates to cooperate) with each other and with each other's agents, including accounting firms and legal counsel, in connection with Tax matters relating to the Contributed Assets and the Contributed Subsidiaries, including (i) preparation and filing of Tax Returns, (ii) determining the liability and amount of any Taxes due or the right to and amount of any refund of Taxes, (iii) examinations of Tax Returns, and (iv) any administrative or judicial proceeding in respect of Taxes assessed or proposed to be assessed. Such cooperation shall include each party making all information and documents

in its possession relating to the Contributed Subsidiaries available to the other party. The parties shall retain all Tax Returns, schedules and work papers, and all material records and other documents relating thereto, until one year after the expiration of the applicable statute of limitations (including, to the extent notified by any party, any extension thereof) of the Tax Period to which such Tax Returns and other documents and information relate. Each of the parties shall also make available to the other party, as reasonably requested and available, personnel (including officers, directors, employees and agents) responsible for preparing, maintaining, and interpreting information and documents relevant to Taxes, and personnel reasonably required as witnesses or for purposes of providing information or documents in connection with any administrative or judicial proceedings relating to Taxes.

ARTICLE IX

TERMINATION

9.1 Termination. This Agreement may be terminated at any time prior to the Closing:

(a) by agreement of PCA and TPI;

(b) by either PCA or TPI by giving written notice of such termination to the other party if the Closing shall not have occurred on or prior to June 30, 1999, provided that the terminating party is not in material breach of its obligations under this Agreement;

(c) by either PCA or TPI if there shall be in effect any law or regulation that prohibits the consummation of the Closing or if consummation of the Closing would violate any non-appealable final order, decree or judgment of any court or governmental body having competent jurisdiction;

(d) by TPI if, as a result of action or inaction by PCA, the Closing shall not have occurred on or prior to the date that is 10 Business Days following the date on which the Closing is required to occur pursuant to Section 2.4;

(e) by PCA if, as a result of action or inaction by TPI, the Closing shall not have occurred on or prior to the date that is 10 Business Days following the date on which the Closing is required to occur pursuant to Section 2.4; or

(f) by either party, prior to Closing, following a material breach of this Agreement by the other party hereto, upon 10 Business Days' written notice to the breaching party, unless such breach is cured within such 10 Business Day period; provided that the terminating party is not in material breach of its obligations under this Agreement.

9.2 Effect of Termination. In the event of the termination of this Agreement in accordance with Section 9.1, this Agreement shall thereafter become void and

have no effect, and no party hereto shall have any liability to the other party hereto or their respective Affiliates, directors, officers or employees, except for the obligations of the parties hereto contained in this Section 9.2 and in Sections 10.1, 10.7, 10.8 and 10.11, and except that nothing herein will relieve any party from liability for any breach of this Agreement prior to such termination. Upon such termination, PCA shall (i) return immediately all of the originals or copies of the Books and Records to TPI, (ii) return (or, at TPI's option, destroy) all other copies of any Evaluation Material (as defined in the Confidentiality Agreement) in its possession or in the possession of its Affiliates, directors, officers, employees, agents and attorneys, and (iii) hold, and cause each of said parties to hold, all of such materials and the information contained in the Books and Records or Evaluation Material in confidence subject to the terms of the Confidentiality Agreement.

ARTICLE X

MISCELLANEOUS

10.1 Notices. All notices or other communications hereunder shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the party for whom it is intended, if delivered by registered or certified mail, return receipt requested, or by a national courier service, or if sent by facsimile transmission; provided that the facsimile transmission is promptly confirmed by telephone confirmation thereof, to the Person at the address or facsimile number set forth below, or such other address or facsimile number as may be designated in writing hereafter, in the same manner, by such Person:

To PCA: PCA HOLDINGS LLC
c/o Madison Dearborn Partners, Inc.
Three First National Plaza
Suite 3800
Chicago, IL 60602
Telephone: (312) 895-1000
Fax: (312) 895-1056
Attn: Samuel M. Mencoff
Justin S. Huscher

With a copy to: KIRKLAND & ELLIS
200 East Randolph Drive
Chicago, IL 60601
Telephone: (312) 861-2000
Fax: (312) 861-2200
Attn: William S. Kirsch, P.C.

To TPI: TENNECO PACKAGING INC.
1900 West Field Court
Lake Forest, Illinois 60045
Telephone: (847) 482-2447
Fax: (847) 482-4589
Attn: President

With a copy to: TENNECO PACKAGING INC.
1900 West Field Court
Lake Forest, Illinois 60045
Telephone: (847) 482-2430
Fax: (847) 482-4589
Attn: General Counsel

10.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by PCA and TPI, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

10.3 Assignment. No party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other party hereto (not to be unreasonably withheld), except that (i) a party may collaterally assign its rights and obligations under this Agreement to a lender as security for a loan to Newco or its Subsidiaries, (ii) following Closing, PCA and TPI may assign their rights, but not their obligations, to any Person to whom PCA or TPI may transfer their shares in Newco, and (iii) Newco may assign its rights under this Agreement in connection with any sale of all or any portion of timberland (and tree farms associated with the Mills) including any assets or operations related to or located thereon, to the extent such assigned rights relate to the assets so sold.

10.4 Entire Agreement. This Agreement (including the Preliminary Statements, all Schedules and Exhibits hereto and the Ancillary Agreements) contains the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters, except for the obligations of the parties under the Confidentiality Agreement and the obligations of Madison Dearborn Partners, Inc., set forth in that certain letter dated January 25, 1999, to Goldman, Sachs & Co., which obligations will remain in full force and effect.

10.5 Fulfillment of Obligations. Any obligation of any party to any other party under this Agreement or any of the Ancillary Agreements, which obligation is performed,

satisfied or fulfilled by an Affiliate of such party, shall be deemed to have been performed, satisfied or fulfilled by such party.

10.6 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than PCA, TPI, Newco or their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

10.7 Public Disclosure. Notwithstanding anything herein to the contrary, except as may be required to comply with the requirements of any applicable Laws and the rules and regulations of each stock exchange upon which the securities of one of the parties (or its Affiliate) is listed, no press release or similar public announcement or communication shall, prior to the Closing, be made or caused to be made concerning the execution or performance of this Agreement unless specifically approved in advance by all parties hereto.

10.8 Expenses. Except as otherwise expressly provided in this Agreement, whether or not the transactions contemplated by this Agreement are consummated, all costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby shall be borne by the party incurring such expenses. Notwithstanding the foregoing, (a) all expenses of PCA shall be paid by Newco, (b) all legal and accounting fees and expenses of TPI incurred in connection with negotiating the terms of this Agreement and the Ancillary Agreements and otherwise in connection with the transactions contemplated under this Agreement and the Ancillary Agreements (not to exceed $2,000,000) shall be paid by Newco, (c) the 1.5% Commitment Fee with respect to the Bridge Loan pursuant to the Commitment Letters, if such commitment is obtained by Newco pursuant to the direction of TPI, shall be paid by TPI as set forth in Section 5.3(b) hereof, and (d) the MDP Transaction Fee shall be paid by Newco, provided that the aggregate amount of bank fees and expenses (excluding any Commitment Fee with respect to the Bridge Loan) paid by Newco plus the MDP Transaction Fee shall not exceed $90 million.

10.9 Schedules. The disclosure of any matter in any Schedule shall not be deemed to constitute an admission by PCA or TPI or to otherwise imply that any such matter is material for the purposes of this Agreement.

10.10 Bulk Transfer Laws. PCA and Newco acknowledge that TPI has not taken, and does not intend to take, any action required to comply with any applicable bulk sale or bulk transfer laws or similar laws; provided that TPI shall indemnify PCA for any Losses arising from such non-compliance.

10.11 Governing Law; Submission to Jurisdiction; Selection of Forum. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois. Each party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement or the transactions contained in or

contemplated by this Agreement, whether in tort or contract or at law or in equity, exclusively in the United States District Court for the Northern District of Illinois or any state court located in Cook County, Illinois (the "Chosen Courts") and (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts, (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts, (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party hereto, and (iv) agrees that service of process upon such party in any such action or proceeding shall be effective if notice is given in accordance with Section 10.1 of this Agreement.

10.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.

10.13 Headings. The heading references herein and the table of contents hereto are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

10.14 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

* * * * *

IN WITNESS WHEREOF, the parties have executed this Contribution Agreement as of the date first written above.

TENNECO PACKAGING INC.

By: /s/ Theodore R. Tetzlaff

Name: Theodore R. Tetzlaff
Title: Authorized Signatory

PCA HOLDINGS LLC

By: /s/ Sammuel M. Mencoff

Name: Sammuel M. Mencoff
Title: Managing Director

PACKAGING CORPORATION OF AMERICA

By: /s/ Sammuel M. Mencoff

Name: Sammuel M. Mencoff
Title: Vice President

SCHEDULES AND EXHIBITS

Schedules

Schedule PS-1	-	Existing Financing Arrangements
Schedule PS-2	-	Term Sheet for Management Stock Purchases
Schedule 1.1(ff)	-	Contributed Subsidiaries
Schedule 1.1(hhh)	-	TPI Employees with "Knowledge"
Schedule 1.1(mmm)	-	Exceptions to Material Adverse Change or Effect
Schedule 1.1(vvv)	-	Owned Real Property
Schedule 1.1(gggg)	-	Real Estate Leases
Schedule 1.1(pppp)	-	Retained Real Property
Schedule 1.1(llll)(iii)	-	Retained Notes Receivable
Schedule 1.1(nnnn)(iii)	-	Retained Litigation
Schedule 1.1(vvvv)	-	Supply Agreement Pricing Terms
Schedule 1.1(ggggg)	-	Services and Pricing under Transition Services Agreement and Facility Use Agreement
Schedule 2.5	-	Target Capital Expenditure
Schedule 3.1	-	TPI Qualifications
Schedule 3.3	-	TPI Consent and Approvals
Schedule 3.6	-	Certain Matters Related to Financial Statements
Schedule 3.6	-	Financing Statements
Schedule 3.6(e)	-	Changes Since 12/31/97
Schedule 3.7	-	Litigation and Claims
Schedule 3.8	-	Taxes
Schedule 3.9	-	Employee Benefits
Schedule 3.10	-	Compliance with Laws
Schedule 3.11	-	Environmental Matters
Schedule 3.12	-	Intellectual Property
Schedule 3.12(e)	-	Year 2000 language from most recent 10-Q
Schedule 3.13	-	Labor Matters
Schedule 3.14	-	Contracts
Schedule 3.16(a)	-	Exceptions to Entire Business
Schedule 3.16(b)	-	Encumbrances
Schedule 3.16(c)	-	Capital Structure of Contributed Subsidiaries
Schedule 3.18	-	Insurance
Schedule 4.7(b)	-	PCA New Financing Arrangement Commitment Letters
Schedule 5.2	-	Conduct of Business
Schedule 5.3	-	Terms of PIK Preferred
Schedule 6.2(c)	-	Adjusted EBITDA

Exhibits

Exhibit 1.1(aaa)	-	Human Resources Agreement
Exhibit 2.1A.	-	Newco Certificate of Incorporation
Exhibit 2.1B	-	Stockholders Agreement
Exhibit 2.1C	-	Registration Rights Agreement

EXHIBIT 2.2

TENNECO PACKAGING INC.
1900 FIELD COURT
LAKE FOREST, ILLINOIS 60045

April 12, 1999

PCA Holdings, LLC
c/o Madison Dearborn Partners, Inc.
Three First National Plaza
Suite 3800
Chicago, IL 60602
Attn: Samuel M. Mencoff
Justin S. Huscher

Re: CONTRIBUTION AGREEMENT

Gentlemen:

Reference is made to that certain Contribution Agreement, dated as of January 25, 1999 (the "CONTRIBUTION AGREEMENT"), among Tenneco Packaging Inc. ("TPI"), PCA Holdings LLC ("PCA"), and Packaging Corporation of America ("NEWCO"). Capitalized terms used in this letter agreement not defined herein shall have the meanings set forth in the Contribution Agreement.

The purpose of this letter agreement is to correct certain errors or ambiguities that were included in the Contribution Agreement, and to reflect the parties' agreements with respect to certain other matters, to the extent those agreements differ form the terms of the Contribution Agreement

1. The definition of "ASSUMED INDEBTEDNESS" in the Contribution Agreement refers to the definition set forth in the Preliminary Statements. The definition of "Assumed Indebtedness" in the Preliminary Statements of the Contribution Agreement was inadvertently deleted in preparing the Contribution Agreement. The parties agree that, as used in the Contribution Agreement, the term "ASSUMED INDEBTEDNESS" shall mean (i) the $1.21 billion borrowed by TPI under the Term Loan Facilities and (ii) the $550 million promissory note issued by TPI to J.P. Morgan Securities, Inc. (the "MORGAN INTERIM NOTE"), each of which will be assigned to and assumed by Newco at Closing.

2. TPI, PCA, and Newco each hereby agree that the amount of the Term Loan Facilities and the Senior Subordinated Notes, and the terms of the Deferred-Pay Financing shall be on the terms set forth in the Offering Memorandum dated March 30, 1999, notwithstanding that such amounts and terms differ from those set forth in the Contribution Agreement.

3. TPI agrees that the Term Loan Facilities, pursuant to which TPI will initially borrow $1.21 billion and which indebtedness will be assigned to and assumed by Newco as part of the Assumed Indebtedness, may, until the time of such assignment and assumption, be secured by certain depositary accounts and timberland assets of TPI, on terms satisfactory to TPI, notwithstanding that the Contribution Agreement provides for such loan to be unsecured as to TPI and that such security interest shall be released contemporaneously with the assignment and assumption by Newco.

4. The parties agree that the Senior Subordinated Notes will not be issued by TPI, but that TPI will instead borrow $550 million pursuant to the Morgan Interim Note that will be assigned to and assumed by Newco as part of the Assumed Indebtedness, and which indebtedness will be repaid by Newco at the Closing.

5. PCA hereby waives its right to elect, pursuant to Section 5.16 of the Contribution Agreement, to instruct TPI to retain the Campbell Road Property, and agrees that the Campbell Road Property will, for purposes of the Contribution Agreement, constitute Owned Real Property and will be conveyed to Newco at Closing.

6. Newco agrees that for a period of one year following the Closing Date TPI may (a) continue to use the PCA Marks on Corrugated Products purchased by TPI or its Affiliates from Newco pursuant to the Supply Agreements, until changes can be made to plates, molds, and similar items so as to allow Newco to produce such materials for TPI and such Affiliates without such PCA Marks, and (b) use the PCA marks on Corrugated Products that are in existence as of the Closing Date. Subject to the preceding sentence, TPI shall cease using the PCA Marks as soon as possible after Closing during such one year period and, following such one year period, TPI shall cease all use of any PCA Marks.

7. PCA waives the condition to Closing set forth in Section 6.2(g) of the Contribution Agreement, to the extent such closing condition would require PCA and Mr. Stecko to enter into any agreement beyond the letter agreement referred to therein, as such letter agreement may be modified.

8. TPI hereby agrees and acknowledges that it has not delivered a Dilution Notice pursuant to Paragraph E of the Preliminary Statements of the Contribution Agreement. PCA and TPI hereby agree that, notwithstanding anything in the Contribution Agreement to the contrary, upon issuance of Management Stock during the 120-day period following the Closing, Newco shall simultaneously redeem or purchase from PCA and TPI an aggregate number of Common Stock shares equal to the aggregate number of shares of

Management Stock purchased during such 120-day period in a ratio of 55 shares from PCA to 45 shares from TPI at a price per share equal to the price per share paid by the Persons purchasing such Management Stock (provided such price per share is equal to the price per share paid for Common Stock purchased by PCA at Closing).

9. The following changes are made to the definition of "Retained Liabilities": (A) paragraph (ix) is amended by adding the words "subject to paragraph (xiv) of this definition" after the word "Agreement" in clause (ii) thereof; and (B) a new paragraph (xiv) is added, a follows: "(xiv) all liability to make severance payments to seven named individuals who will be transferred to PCA and who have been identified to Newco and TPI in an aggregate amount of up to $385,000."

10. TPI has provided the Michigan Department of Natural Resources with a letter of credit in connection with certain operations at the Filer City Mill. TPI agrees to leave such letter of credit in place for 30 days after Closing or until Newco provides the Michigan Department of Natural Resources with a replacement letter of credit. Newco agrees to obtain and post such a replacement letter of credit within such 30-day period. Newco shall reimburse TPI for any draws made under TPI's letter of credit from and after Closing.

11. PCA and Newco hereby waive the closing condition set forth in Section 5.14(ii) of the Contribution Agreement, and TPI agrees at its sole expense to implement the steps set forth in Rick West's memorandum dated April 7, 1999, entitled "Form S-4 Exchange Option and Quarterly Filings," relating to the preparation of the quarterly financial statements referred to in Section 5.14(ii) of the Contribution Agreement provided that TPI hereby covenants it will deliver to PCA the financial statements referred to in Section 5.14(ii) of the Contribution Agreement (a) for the quarter ended March 31, 1998, no later than May 10, 1999 and (b) for each of the other quarters of 1998, no later than May 31, 1999. Newco agrees that it will cause its appropriate financial officers and employees to provide reasonable assistance to TPI in its preparation of the financial statements referenced in this paragraph 11.

12. TPI hereby certifies that during the period from and including January 25, 1999 and the Closing, TPI has complied in all material respects with and not breached Section 5.2 of the Contribution Agreement.

13. TPI agrees to obtain, at its expense, for Newco commencing no later than the end of the term of the Technology, Financial and Administrative Transition Services Agreement (the "TRANSITION EXPIRATION DATE"), licenses to use the following software, which licenses shall be substantially commensurate with the licenses to such software held by TPI or its Affiliates and used for the Containerboard Business prior to Closing (including, without limitation, as to scope and term as described in such existing licenses):

VENDOR	NAME OF SOFTWARE
Levi, Ray & Shoup	VPS and DRS
GEAC	Financial Applications (GL, AR, AP, FA)
Comshare	System W
Hyperion	Hyperion (NT)
XRT	Treasury Workstation (Netware)

14. TPI agrees to obtain, for Newco commencing no later than the Transition Expiration Date, licenses to use the following software, which licenses shall be substantially commensurate with the licenses to such software held by TPI or its Affiliates and used for the Containerboard Business prior to Closing (including, without limitation, as to scope and term as described in such existing licenses):

VENDOR	NAME OF SOFTWARE
TSI	Keymaster
Information Builders	Focus

TPI shall pay 50% of the costs of obtaining such licenses and Newco shall pay 50% of the costs of obtaining such licenses.

15. TPI's sole obligation pursuant to paragraphs 13 and 14 above shall be to purchase the licenses described in such paragraphs in the name of Newco, and shall not extend to any other fees, maintenance, costs, expenses or other payments required to be made pursuant to such licenses in respect of periods commencing after the Transition Expiration Date. The parties hereto hereby agree that neither TPI nor any of its Affiliates shall be required pursuant to the Contribution Agreement or any Ancillary Agreement to pay for any other license to use software that is not Related to the Containerboard Business but is used by TPI or its Affiliates to provide the services to Newco under the Transition Services Agreement, other than those licenses expressly described in paragraphs 13 or 14.

16. TPI , PCA and Newco hereby stipulate that the definition of "RETAINED LIABILITIES" shall include all liabilities arising from, related to or incurred in connection with any state of facts or conditions or transactions (or series of facts, conditions or transactions) related, under or otherwise in connection with (i) IFC CREDIT CORPORATION V. TENNECO PACKAGING, INC. filed in the Circuit Court of Cook County, Illinois 99CH4738 (the "LAWSUIT")

or (ii) the Master Lease Agreement between IFC Credit Corporation and TPI (f/k/a/ Packaging Corporation of America) that is the subject of the Lawsuit, in each case other than liabilities to the extent arising from, related to or incurred in connection with any breach by Newco of its obligations under this paragraph 16. Newco agrees to cease using the equipment that is the subject of the Lawsuit (the "EQUIPMENT") and return the Equipment where directed by TPI as soon as reasonably practical, and in no event will Newco use the Equipment after (and it will return the Equipment by) June 30, 1999. Newco shall use its reasonable efforts consistent with TPI's past practice to maintain the Equipment in the operating condition and state of repair that it is in as of the date hereof, ordinary wear and tear excepted.

17. The parties hereby acknowledge that following the date of the Contribution Agreement and prior to the date hereof, approximately 5,963 acres of timberland located in Hamilton, Dixie and Taylor Counties, Florida that were subject to the Existing Financing Arrangements have been sold (the "FLORIDA PROPERTY TRANSFER"). The parties hereby agree that (i) no PCA Indemnified Party shall have, assert or be entitled to assert any claim (and each of PCA and Newco agrees that it shall not assert or permit to be asserted any claim) against TPI or any of its Subsidiaries or Affiliates arising out of, in connection with or related to the Florida Property Transfer, whether pursuant to the Contribution Agreement or otherwise and (ii) Newco assumes no liability with respect to the Florida Property Transfer.

Please acknowledge your agreement to the foregoing by signing below.

Sincerely,

TENNECO PACKAGING INC.

By: /s/ James V. Faulkner

Its: Vice President

Agreed to:

PCA HOLDINGS LLC

By: /s/ Samuel M. Mencoff

Samuel M. Mencoff
Managing Director

PACKAGING CORPORATION OF AMERICA

By: /s/ Richard B. West

Its: Secretary

Date: April 12, 1999

EXHIBIT 3.1

RESTATED CERTIFICATE OF INCORPORATION

OF

PACKAGING CORPORATION OF AMERICA

The corporation was incorporated under the name "Packaging Corporation of America" by the filing of its original Certificate of Incorporation with the Secretary of State of the State of Delaware on January 25, 1999. This Restated Certificate of Incorporation of the corporation, which both restates and further amends the provisions of the corporation's Certificate of Incorporation, was duly adopted in accordance with the provisions of Sections 241 and 245 of the General Corporation Law of the State of Delaware. The corporation has not received any payment for any of its stock. The Certificate of Incorporation of the corporation is hereby amended and restated to read in its entirety as follows:

ARTICLE ONE

The name of the corporation is Packaging Corporation of America (the "Corporation").

ARTICLE TWO

The address of the Corporation's registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE THREE

The nature of the business or purposes to be conducted or promoted is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

ARTICLE FOUR

4.1 Authorized Shares. The total number of shares of stock which the Corporation has authority to issue is 4,000,100 shares, consisting of 3,000,000 shares of initially undesignated Preferred Stock, with a par value of $0.01 per share (the "Preferred Stock"), 100 shares

of Junior Preferred Stock, with a par value of $0.01 per share (the "Junior Preferred Stock"), and 1,000,000 shares of Common Stock, with a par value of $0.01 per share (the "Common Stock").

4.2 Preferred Stock. The Preferred Stock may be issued from time to time in one or more series. The board of directors of the Corporation is hereby authorized to provide for the issuance of shares of Preferred Stock in one or more series and, by filing a certificate pursuant to the applicable law of the State of Delaware (hereinafter referred to as a "Preferred Stock Designation"), to establish from time to time the number of shares to be included in each such series, and to fix the designations, powers, preferences and rights of the shares of each such series and the qualifications, limitations and restrictions thereof. The authority of the board of directors with respect to each series shall include, but not be limited to, determination of the following:

A. The designation of the series, which may be by distinguishing number, letter or title.

B. The number of shares of the series, which number the board of directors may thereafter (except where otherwise provided in the Preferred Stock Designation) increase or decrease (but not below the number of shares thereof then outstanding).

C. The amounts payable on, and the preferences, if any, of shares of the series in respect of dividends, and whether such dividends, if any, shall be cumulative or noncumulative.

D. Dates at which dividends, if any, shall be payable.

E. The redemption rights and price or prices, if any, for shares of the series.

F. The terms and amount of any sinking fund provided for the purchase or redemption of shares of the series.

G. The amounts payable on, and the preferences, if any, of shares of the series in the event of any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation.

H. Whether the shares of the series shall be convertible into or exchangeable for shares of any other class or series, or any other security, of the Corporation or any other corporation, and, if so, the specification of such other class or series or such other security, the conversion or exchange price or prices or rate or rates, any adjustments thereof, the date or dates at which such shares shall be convertible or exchangeable and all other terms and conditions upon which such conversion or exchange may be made.

I. Restrictions on the issuance of shares of the same series or of any other class or series.

J. The voting rights, if any, of the holders of shares of the series.

4.3 Junior Preferred Stock.

A. General. Except as otherwise may be required by law, all shares of Junior Preferred Stock shall be identical in all respects and shall entitle the holders thereof to the same rights, preferences and privileges, subject to the same qualifications, limitations and restrictions as set forth herein.

B. Voting Rights. Unless otherwise agreed to in writing by all of the holders of Junior Preferred Stock, until such time when the Stockholders Agreement, to be dated as of April 12, 1999, among Tenneco Packaging Inc., PCA Holdings LLC and the Corporation (as the same may be amended from time to time, the "Stockholders Agreement"), or Section 3.3 thereof is terminated or is no longer effective, whether by its terms or pursuant to agreement of the parties thereto, the holders of the shares of Junior Preferred Stock shall have the right, voting separately as a class, to elect one director (the "CEO Director") to the board of directors of the Corporation. Except as set forth in the immediately preceding sentence and except as otherwise required by applicable law, holders of Junior Preferred Stock shall not be entitled to vote at or receive notice of any meeting of stockholders.

C. Dividends. The holders of the shares of Junior Preferred Stock, as such, shall not be entitled to receive any dividends or other distributions in respect thereof (except as provided below in Section 4.3(D) hereof).

D. Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and after the payment of any preferential amounts to be distributed to the holders of the Preferred Stock, before any payment or distribution of assets of the Corporation shall be made or set apart for payment to the holders of any shares of Common Stock, the holders of the shares of Junior Preferred Stock shall be entitled to receive $1.00 per share (the "Liquidation Preference"), but such holders shall not be entitled to any further payment. If, upon any liquidation, dissolution or winding up of the Corporation, the assets of the Corporation, or proceeds thereof, distributable among the holders of the shares of Junior Preferred Stock shall be insufficient to pay in full the Liquidation Preference and the liquidation preference on all other shares of any class or series of stock of the Corporation that ranks on a parity with the Junior Preferred Stock as to amounts distributable upon liquidation, dissolution or winding up of the Corporation, then such assets, or the proceeds thereof, shall be distributed to the holders of the shares of Junior Preferred Stock and any such other parity stock ratably in accordance with the respective amounts that would be payable on such shares of Junior Preferred Stock and any such other parity stock if all amounts payable thereon were paid in full. For purposes of this Section 4.3(D), a consolidation or merger of the Corporation or a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets shall not be deemed to be a liquidation, dissolution or winding up of the Corporation.

E. Transfer. Except as contemplated by Section 8.1 of the Stockholders Agreement, the shares of Junior Preferred Stock are not transferrable by the original holders thereof without the prior written approval of all of the holders of Junior Preferred Stock; provided that shares of Junior Preferred Stock may be redeemed, at the election of the Corporation, at any time, at a price of $1.00 per share.

F. Retirement. Shares of Junior Preferred Stock which shall have been issued, redeemed or otherwise reacquired in any manner by the Corporation shall, upon such acquisition, be retired automatically (without any further action by the Corporation or the board of directors of the Corporation) and shall not be reissued by the Corporation.

4.4 Common Stock.

A. General. Except as otherwise may be required by law, all shares of Common Stock shall be identical in all respects and shall entitle the holders thereof to the same rights, preferences and privileges, subject to the same qualifications, limitations and restrictions as set forth herein.

B. Voting Rights. Except as otherwise provided by the General Corporation Law of the State of Delaware or by a Preferred Stock Designation, all of the voting power of the Corporation shall be vested in the holders of the Common Stock, and each holder of Common Stock shall have one (1) vote for each share of Common Stock held by such holder on all matters voted upon by the stockholder, and holders of Preferred Stock and, except as expressly provided in Section 4.3, the Junior Preferred Stock shall not be entitled to vote at or receive notice of any meeting of stockholders.

C. Dividends. Subject to the express terms of any Preferred Stock Designation, the board of directors may declare a dividend upon the Common Stock. The holders of the Common Stock shall share ratably in any such dividend in proportion to the number of shares of Common Stock held by each.

D. Liquidation. In the event of any voluntary or involuntary liquidation, dissolution or winding up of the Corporation and after the payment of any preferential amounts to be distributed to the holders of Preferred Stock and Junior Preferred Stock, the remaining assets of the Corporation shall be distributed ratably among the holders of the Common Stock in proportion to the number of shares held by each. For purposes of this Section 4.4(D), a consolidation or merger of the Corporation or a sale, lease, exchange or transfer of all or substantially all of the Corporation's assets shall not be deemed to be a liquidation, dissolution or winding up of the Corporation.

E. Director Approval. In addition to any other vote of the board of directors required by applicable law, the Corporation shall not take any action which, as of the time the proposed action is taken, requires the affirmative vote of at least four of the five TPI/PCA Directors

(as defined in the Stockholders Agreement) under Section 3.6 of the Stockholders Agreement without such affirmative vote, so long as the applicable provision of such Section of the Stockholders Agreement is effective and enforceable by the parties to such agreement and has not otherwise terminated by its terms, by operation of law or by agreement of the parties thereunder.

ARTICLE FIVE

The Corporation is to have perpetual existence.

ARTICLE SIX

In furtherance and not in limitation of the powers conferred by statute, the board of directors of the Corporation is expressly authorized to make, alter or repeal the by-laws of the Corporation upon the affirmative vote of a majority of the board of directors, except as may otherwise be required by Section 4.4(E). Each director of the Corporation shall be entitled to cast one vote as such; provided that in any instance in which the CEO Director is present and purports to vote and the vote of the CEO Director would result in an equal number of votes of the directors being cast for and against the proposal or matter, the CEO Director shall be deemed not entitled to vote on such matter or proposal.

ARTICLE SEVEN

Meetings of stockholders may be held within or without the State of Delaware, as the by-laws of the Corporation may provide. The books of the Corporation may be kept outside the State of Delaware at such place or places as may be designated from time to time by the board of directors or in the by-laws of the Corporation. Election of directors need not be by written ballot unless the by-laws of the Corporation so provide.

ARTICLE EIGHT

To the fullest extent permitted by the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended, a director of this Corporation shall not be liable to the Corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director. Any repeal or modification of this ARTICLE EIGHT shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE NINE

The Corporation expressly elects not to be governed by Section 203 of the General Corporation Law of the State of Delaware.

ARTICLE TEN

The Corporation reserves the right to amend, alter, change or repeal any provision contained in this certificate of incorporation in the manner now or hereafter prescribed herein and by the laws of the State of Delaware, and all rights conferred upon stockholders herein are granted subject to this reservation.

I, THE UNDERSIGNED, being the Secretary of the Corporation, do make this certifi cate, hereby declaring and certifying that this is my act and deed and the facts stated herein are true, and accordingly have hereunto set my hand on the 8th day of April, 1999.

/s/ Thomas S. Souleles

Thomas S. Souleles
Secretary

EXHIBIT 3.2

AMENDED AND RESTATED BY-LAWS

OF

PACKAGING CORPORATION OF AMERICA

A Delaware Corporation

ARTICLE I

OFFICES

Section 1. Registered Office. The registered office of the Corporation in the State of Delaware shall be located at the Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, Delaware, County of New Castle. The name of the Corporation's registered agent at such address shall be The Corporation Trust Company. The registered office and/or registered agent of the Corporation may be changed from time to time by action of the board of directors (the "Board" or the "Board of Directors").

Section 2. Other Offices. The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine or the business of the Corporation may require.

ARTICLE II

MEETINGS OF STOCKHOLDERS

Section 1. Place and Time of Meetings. An annual meeting of the stockholders shall be held each year within one hundred twenty (120) days after the close of the immediately preceding fiscal year of the Corporation for the purpose of electing directors and conducting such other proper business as may come before the meeting. The date, time and place of the annual meeting shall be determined by the chief executive officer or the president of the Corporation; provided, that if the chief executive officer or the president does not act, the Board of Directors shall determine the date, time and place of such meeting.

Section 2. Special Meetings. Special meetings of stockholders may be called for any purpose and may be held at such time and place, within or without the State of Delaware, as shall be stated in a notice of meeting or in a duly executed waiver of notice thereof. Such meetings may be called at any time by the Board of Directors, the chief executive officer or the president and shall be called by the chief executive officer or the president upon the written request of holders of shares entitled to cast not less than a majority in voting power of the outstanding shares of common stock of the Corporation, such written request shall state the purpose or purposes of the meeting and shall be delivered to the chief executive officer or the president.

Section 3. Place of Meetings. The Board of Directors may designate any place, either within or without the State of Delaware, as the place of meeting for any annual meeting or for any special meeting called by the Board of Directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the principal executive office of the Corporation.

Section 4. Notice. Whenever stockholders are required or permitted to take action at a meeting, written or printed notice stating the place, date, time, and, in the case of special meetings, the purpose or purposes, of such meeting, shall be given to each stockholder entitled to vote at such meeting not less than ten (10) nor more than sixty (60) days before the date of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, postage prepaid, addressed to the stockholder at his, her or its address as the same appears on the records of the Corporation. If sent by facsimile transmission, such notice shall be deemed to be delivered when the facsimile transmission is promptly confirmed by telephone confirmation thereof. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5. Stockholders List. The officer having charge of the stock ledger of the Corporation shall make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at such meeting arranged in alphabetical order, showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 6. Quorum. The holders of a majority of the outstanding shares of capital stock entitled to vote at the meeting, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders, except as otherwise provided by statute or by the certificate of incorporation. If a quorum is not present, the holders of a majority of the shares present in person or represented by proxy at the meeting, and entitled to vote at the meeting, may adjourn the meeting to another time and/or place.

Section 7. Adjourned Meetings. When a meeting is adjourned to another time and place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 8. Vote Required. All matters and questions (other than the election of directors) shall, unless otherwise provided by the certificate of incorporation of the Corporation, these by-laws, the rules or regulations of any stock exchange applicable to the Corporation, as otherwise provided

by law or pursuant to any regulation applicable to the Corporation or its securities, be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock of the Corporation which are present in person or by proxy and entitled to vote thereon.

Section 9. Voting Rights. Except as otherwise provided by the General Corporation Law of the State of Delaware or by the certificate of incorporation of the Corporation or any amendments thereto and subject to Section 3 of Article VI hereof, every stockholder shall at every meeting of the stockholders be entitled to cast one (1) vote in person or by proxy for each share of common stock held by such stockholder.

Section 10. Proxies. Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him or her by proxy, but no such proxy shall be voted or acted upon after three (3) years from its date, unless the proxy provides for a longer period. A proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. Any proxy is suspended when the person granting the proxy is present at a meeting of stockholders and elects to vote, except that when such proxy is coupled with an interest and the fact of the interest appears on the face of the proxy, the agent named in the proxy shall have all voting and other rights referred to in the proxy, notwithstanding the presence of the person granting the proxy. At each meeting of the stockholders, and before any voting commences, all proxies submitted at or before the meeting shall be submitted to the secretary or a person designated by the secretary, and no shares may be represented or voted under a proxy that has been found to be invalid or irregular.

Section 11. Action by Written Consent. Unless otherwise provided in the certificate of incorporation, any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken and bearing the dates of signature of the stockholders who signed the consent or consents, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and shall be delivered to the Corporation by delivery to its registered office in the state of Delaware, or the Corporation's principal place of business, or an officer or agent of the Corporation having custody of the book or books in which proceedings of meetings of the stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested provided, however, that no consent or consents delivered by certified or registered mail shall be deemed delivered until such consent or consents are actually received at the registered office. All consents properly delivered in accordance with this section shall be deemed to be recorded when so delivered. No written consent shall be effective to take the corporate action referred to therein unless, within sixty (60) days of the earliest dated consent delivered to the Corporation as required by this section, written consents signed by the holders of a sufficient number of shares to take such corporate action are so recorded. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders

who have not consented in writing and who, if the action had been taken at a meeting, would have been entitled to notice of the meeting if the record date for such meeting had been the date that written consents signed by a sufficient number of holders to take the action were delivered to the Corporation as provided herein. Any action taken pursuant to such written consent or consents of the stockholders shall have the same force and effect as if taken by the stockholders at a meeting thereof.

ARTICLE III

DIRECTORS

Section 1. General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors, subject to the General Corporation Law of the State of Delaware.

Section 2. Size and Composition. The number of directors shall be established from time to time by resolution of the Board except that until such time when the Stockholders Agreement, dated April 12, 1999, among TPI, PCA and the Corporation (as may be amended from time to time, the "Stockholders Agreement") or Section 3.3 thereof is no longer effective and enforceable against the parties thereto or until such time when the Stockholders Agreement or Section 3.3 thereof is terminated, whether by its terms, by agreement of the parties thereto or by operation of law, the composition of the Board shall be as follows: The Board shall consist initially of six individuals of which (i) two directors shall be designated in writing by Tenneco Packaging, Inc., a Delaware corporation ("TPI"); (ii) three directors shall be designated in writing by PCA Holdings LLC, a Delaware limited liability company ("PCA"); and (iii) the remaining director shall be the Chief Executive Officer of the Corporation (the "CEO Director"). The directors in the preceding clause (i) (the "TPI Directors") and in the preceding clause (ii) (the "the PCA Directors") sometimes are referred to collectively as the "TPI/PCA Directors." TPI and PCA, as the holders of the Junior Preferred Stock and thus entitled to elect the CEO Director, shall: (x) at each election of directors (or filling of a vacancy with respect to the CEO Director), elect the individual then serving as the Chief Executive Officer of the Corporation as the CEO Director; and (y) remove the CEO Director if the CEO Director ceases to serve as the Chief Executive Officer of the Corporation. The size and composition of the board of directors or similar governing body of each Subsidiary of the Corporation (each, a "Subsidiary Board") and the manner in which the initial members and any subsequent members (including any subsequent member selected or appointed to fill a vacancy) of any such Subsidiary Board will be the same as that of the Board. Capitalized terms used in this Article III and Article VIII herein but not otherwise defined herein shall have the meanings ascribed to them under the Stockholders Agreement. If directed by PCA, a representative of J.P. Morgan & Co. shall be entitled to attend meetings of (and receive information provided to the directors of) the Board and each Subsidiary Board; provided, however, that such representative shall not be or have any rights of a director of the Board or any Subsidiary Board. Anything to the contrary contained herein notwithstanding, the rights of each of TPI and PCA under this Section 2 to designate directors as provided herein shall not be assignable (by operation of law, the transfer of Shares or otherwise) without the prior written consent of the other; provided, however, that each of TPI and PCA shall

be entitled to assign its rights to designate directors as provided herein to one of its Affiliates that is (or becomes) a Stockholder without the prior written consent of the other.

Section 3. Term; Removal; Vacancies. The members of the Board other than the CEO Director shall hold office at the pleasure of the Stockholders (or group of Stockholders) which designated them. Any such Stockholder may at any time, by written notice to the other Stockholders and the Corporation, remove (with or without cause) any member of the Board designated by such Stockholders other than the CEO Director. Subject to applicable law, no member of the Board may be removed except by written request by the Stockholders that designated the same. In the event a vacancy occurs on the Board for any reason, the vacancy will be filled by the written designation of the Stockholder(s) entitled to designate the director creating the vacancy.

Section 4. Notice; Quorum. Meetings of the Board may be called upon three days' prior written notice to all directors stating the purpose or purposes thereof. Such notice shall be effective upon receipt, in the case of personal delivery or facsimile transmission, and five business days after deposit with the U.S. Postal Service, postage prepaid, if mailed. The presence in person of three of the five TPI/PCA Directors shall be necessary to constitute a quorum for the transaction of business at any special, annual or regular meeting of the Board. Each Stockholder shall use its reasonable efforts to ensure that a quorum is present at any duly convened meeting of the Board. If at any meeting of the Board a quorum is not present, a majority of the directors present may, without further notice, adjourn the meeting from time to time until a quorum is obtained.

Section 5. Voting. Except as otherwise expressly provided by the Stockholders Agreement, the certificate of incorporation or these by-laws, the act of a majority of the members of the Board present and entitled to vote at any meeting at which a quorum is present shall constitute an act of the Board. Notwithstanding anything to the contrary contained herein, so long as the applicable provision of Section 3.6 of the Stockholders Agreement is effective and enforceable against the parties thereto and has not terminated or expired (whether by its terms, by agreement of the parties thereto or by operation of law): (a) the following matters shall require, in addition to any other vote required by applicable law, the affirmative vote of at least four of the five TPI/PCA Directors; (b) the Corporation shall not directly or indirectly take, and shall not permit any of its Subsidiaries to directly or indirectly take, any of the following actions without first obtaining such approval; and (c) PCA shall not cause or, to the extent reasonably within PCA's control, permit the Corporation or any of its Subsidiaries to take any of the following actions without first obtaining such approval:

(i) (a) the approval of any annual business plan and budget for the Corporation and its Subsidiaries ("Annual Business Plan"), (b) any material change to an approved Annual Business Plan, and (c) engaging in or the ownership or operation of any activities or business by the Corporation and/or any of its Subsidiaries which are not within the Business Scope (as such term is defined in the Stockholders Agreement);

(ii) subject to Section 275(c) of the General Corporation Law of the State of Delaware, any dissolution or liquidation of the Corporation;

(iii) (a) during the period from April 12, 1999 through April, 11, 2000, any amendment of the certificate of incorporation, articles of incorporation, by-laws or other

governing documents of the Corporation or any of its Subsidiaries (other than such amendment which may be necessary in connection with other actions (or inactions) which would be permissible under the Stockholders Agreement but for this clause (a)); and (b) after April 11, 2000, any amendment of the certificate of incorporation, articles of incorporation, by-laws or other governing documents of the Corporation or any of its Subsidiaries which would: (1) treat any TPI Holder disproportionately vis-a-vis any PCA Holder; (2) place any restriction or limitation on the ability of any TPI Holder to directly or indirectly sell, assign, pledge, encumber, hypothecate, dispose of or otherwise transfer ("Transfer") all or any portion of its Shares or reduce the consideration received or to be received by such TPI Holder in connection with such Transfer; or (3) cause such governing documents, taken as a whole, to be less favorable to any stockholder than the governing documents typical of a publicly-traded company engaged in a business within the Business Scope;

(iv) any merger, consolidation, reorganization (except as provided in ss.253 of the General Corporation Law of the State of Delaware and except for a merger, consolidation or reorganization in which the consideration to be received by TPI is cash, publicly-traded securities or a combination thereof and in which TPI Holders are not treated disproportionately or differently than PCA Holders) or the issuance of capital stock or other securities of the Corporation or any of its Subsidiaries (other than the formation of or issuance of securities of a wholly-owned Subsidiary, the issuance of up to the number of shares of common stock equal to the Share Performance Plan Amount pursuant to the Share Performance Plan and other than issuances of a number of shares of common stock which, on a cumulative basis, does not exceed 5% of the number of shares of common stock outstanding as of April 12, 1999 and other than issuances pursuant to the Management Buy-In);

(v) the sale, transfer, exchange, license, assignment or other disposition by the Corporation and/or any of its Subsidiaries of assets having a fair market value exceeding $32.5 million in any transaction or series of related transactions (excluding sales of inventory and other assets in the ordinary course of business and timberlands sales pursuant to Section 5.2 of the Stockholders Agreement), except in each case for Permitted Encumbrances;

(vi) the acquisition of assets (tangible or intangible) by the Corporation and/or any of its Subsidiaries (including any capital expenditure not included in the approved Annual Business Plan) for an acquisition price exceeding $32.5 million in value in any transaction or series of related transactions (excluding acquisitions of inventory and other assets in the ordinary course of business);

(vii) the acquisition of another Person or an existing business from another Person in any transaction or series of related transactions or the entry into any partnership or formal joint venture or similar arrangement involving an acquisition price or investment exceeding $32.5 million in value;

(viii) the refinancing of existing indebtedness, amendment of any existing loan or financing arrangement or incurrence of any new indebtedness by the Corporation and/or any

of its Subsidiaries on terms which either: (a) are, taken as a whole, less favorable to the Corporation and its Subsidiaries than the terms then reasonably available in the financial markets to similarly situated borrowers; (b) place any restriction or limitation on the ability of any TPI Holder to Transfer all or any portion of its Shares; or (c) include any event of default or other materially adverse consequence to the Corporation and/or any of its Subsidiaries (including, for example, an increase in the interest rate) as a result of a sale of all or a portion of any Stockholder's Shares;

(ix) the making or guarantee by the Corporation or any of its Subsidiaries of any loan or advance to any Person except: (a) in the ordinary course of business; (b) to a wholly-owned Subsidiary; (c) for advances to employees in amounts not to exceed $500,000 to any one individual and $7.5 million in the aggregate; (d) for loans or advances made in connection with any acquisition of the business, capital stock or assets or any other Person that is otherwise permitted or approved as provided by this Section 5; and (e) guarantees, loans and advances in connection with the Management Buy-In and Share Performance Plan, not to exceed $15 million in the aggregate;

(x) the entry into, or amendment of, contracts or other transactions between the Corporation and/or any of its Subsidiaries, on the one hand, and a Stockholder or any Affiliate thereof, on the other hand, except for: (a) ancillary agreements and other agreements and instruments delivered in connection with the closing of the Contribution Agreement by and among TPI, PCA and the Corporation, dated January 25, 1999, as amended by the Letter Agreement, dated April 12, 1999, by and among TPI, PCA and the Corporation (the "Contribution Agreement"); and (b) contracts, amendments and transactions which are no less favorable to the Corporation and its Subsidiaries than could be obtained from TPI or its Affiliates or Independent Third Parties negotiated on an arms-length basis;

(xi) the direct or indirect redemption, retirement, purchase or other acquisition of any equity securities of the Corporation or any of its Subsidiaries (other than securities of its wholly-owned Subsidiary) except for pro rata redemptions with respect to the proceeds received from the disposition of the timberlands or any of the assets or operations related thereto or located thereon or pursuant to the provisions of agreements with employees of the Corporation or its Subsidiaries under which such equity securities were originally issued to such employees;

(xii) the appointment of the members of any committee of the Board or any Subsidiary Board, unless at least one member of such committee is a director who was designated by TPI;

(xiii)(a) the creation of any Subsidiary, unless: (1) all of the equity interests of such Subsidiary are owned by the Corporation, or by another Subsidiary in which all the equity interests of such other Subsidiary are owned directly or indirectly by the Corporation; and (2) the by-laws or similar governing documents of each such Subsidiary contain provisions regarding the size, composition, quorum requirements and voting of the board of directors equivalent to those provided for herein with respect to the Corporation; and (b) the Transfer of any equity interest in a Subsidiary other than to the Corporation or another

Subsidiary in which all the equity interests of such other Subsidiary are owned by the Corporation;

(xiv) removal of the independent public auditors of the Corporation or a Subsidiary of the Corporation or appointment of any public auditors which are not one of the Big Five accounting firms; and

(xv) delegation of any of the matters covered by any of clauses (i) through (xiv) above to any committee of the Board or committee of any Subsidiary Board.

Notwithstanding the foregoing: (i) the approvals required by this Section 5 with respect to any of the matters in subsections (ii) through (xv) above shall not apply to any matter included in an Annual Business Plan which has been approved pursuant to this Section 5; (ii) nothing in this Section 5 shall restrict the sale of the timberlands or any of the assets or operations related thereto or located thereon and (iii) nothing in this Section 5 shall restrict the issuances of management equity (representing in the aggregate up to 9.8% of the Corporation's outstanding Common Stock) and the related distribution of proceeds from such issuance and repurchases of the corresponding number of outstanding shares for such issuances as contemplated in the Contribution Agreement.

Section 6. Telephonic Meetings; Written Consents. Except as may otherwise be provided by applicable law, any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting pursuant to a written consent, in compliance with the General Corporation Law of the State of Delaware and Section 5 hereof and such written consent is filed with the minutes of the proceedings of the Board or such committee. Any meeting of the Board or any committee thereof may be held by conference telephone or similar communication equipment, so long as all Board or committee members participating in the meeting can hear one another clearly, and participation in a meeting by use of conference telephone or similar communication equipment shall constitute presence in person at such meeting.

Section 7. Annual Meetings. The annual meeting of each newly elected Board of Directors shall be held without other notice than this by-law immediately after, and at the same place as, the annual meeting of stockholders.

Section 8. Committees. Subject to Section 5 of this Article III, the Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation, which to the extent provided in such resolution or these by-laws shall have and may exercise, subject to Section 5 of this Article III, the powers of the Board of Directors in the management and affairs of the Corporation except as otherwise limited by law. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. Each committee shall keep regular minutes of its meetings and report the same to the Board of Directors when required.

Section 9. Committee Rules. Each committee of the Board of Directors may fix its own rules of procedure and shall hold its meetings as provided by such rules, except as may otherwise be provided by a resolution of the Board of Directors designating such committee or otherwise

provided in Section 5. Unless otherwise provided in such a resolution, the presence of at least a majority of the members of the committee shall be necessary to constitute a quorum.

Section 10. Waiver of Notice and Presumption of Assent. Any member of the Board of Directors or any committee thereof who is present at a meeting shall be conclusively presumed to have waived notice of such meeting except when such member attends for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Such member shall be conclusively presumed to have assented to any action taken unless his or her dissent shall be entered in the minutes of the meeting or unless his or her written dissent to such action shall be filed with the person acting as the secretary of the meeting before the adjournment thereof or shall be forwarded by registered mail to the secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to any member who voted in favor of such action.

ARTICLE IV

OFFICERS

Section 1. Number. The officers of the Corporation shall be elected by the Board of Directors and shall consist of a chief executive officer, a president, one or more vice-presidents, a secretary, a treasurer, and such other officers and assistant officers as may be deemed necessary or desirable by the Board of Directors. Any number of offices may be held by the same person. In its discretion, the Board of Directors may choose not to fill any office for any period as it may deem advisable, except that the office of chief executive officer shall be filled as expeditiously as possible.

Section 2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at its first meeting held after each annual meeting of stockholders or as soon thereafter as conveniently may be. Vacancies may be filled or new offices created and filled at any meeting of the Board of Directors. Each officer shall hold office until a successor is duly elected and qualified or until his or her earlier death, resignation or removal as hereinafter provided.

Section 3. Removal. Any officer or agent elected by the Board of Directors may be removed by the Board of Directors with or without cause, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4. Vacancies. Any vacancy occurring in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the Board of Directors for the unexpired portion of the term by the Board of Directors then in office.

Section 5. Compensation. Compensation of all officers shall be fixed by the Board of Directors, and no officer shall be prevented from receiving such compensation by virtue of his or her also being a director of the Corporation.

Section 6. The Chief Executive Officer. The chief executive officer, if there shall be one, shall preside at all meetings of the stockholders and Board of Directors at which he is present; subject to the powers of the Board of Directors, shall have general charge of the business, affairs and property of the Corporation, and control over its officers, agents and employees; and shall see that all orders and resolutions of the Board of Directors are carried into effect. The chief executive officer shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation. The chief executive officer shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or as may be provided in these by-laws.

Section 7. President. The president, if there shall be one, shall, in the absence or disability of the chief executive officer, act with all of the powers and be subject to all the restrictions of the chief executive officer. The president shall also perform such other duties and have such other powers as the Board of Directors, the chief executive officer or these by-laws may, from time to time, prescribe.

Section 8. Vice-Presidents. The vice-president, or if there shall be more than one, the vice-presidents in the order determined by the Board of Directors or by the chief executive officer, shall, in the absence or disability of the president, act with all of the powers and be subject to all the restrictions of the president. The vice-presidents shall also perform such other duties and have such other powers as the Board of Directors, the chief executive officer, the president or these by-laws may, from time to time, prescribe.

Section 9. The Secretary and Assistant Secretaries. The secretary shall attend all meetings of the Board of Directors, all meetings of the committees thereof and all meetings of the stockholders and record all the proceedings of the meetings in a book or books to be kept for that purpose. Under the president's supervision, the secretary shall give, or cause to be given, all notices required to be given by these by-laws or by law; shall have such powers and perform such duties as the Board of Directors, the chief executive officer or these by-laws may, from time to time, prescribe; and shall have custody of the corporate seal of the Corporation. The secretary, or an assistant secretary, shall have authority to affix the corporate seal to any instrument requiring it and when so affixed, it may be attested by his or her signature or by the signature of such assistant secretary. The Board of Directors may give general authority to any other officer to affix the seal of the Corporation and to attest the affixing by his or her signature. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the Board of Directors, shall, in the absence or disability of the secretary, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the Board of Directors, the chief executive officer, the president or secretary may, from time to time, prescribe.

Section 10. The Treasurer and Assistant Treasurer. The treasurer shall have the custody of the corporate funds and securities; shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation; shall deposit all monies and other valuable effects in the name and to the credit of the Corporation as may be ordered by the Board of Directors; shall cause the funds of the Corporation to be disbursed when such disbursements have been duly

authorized, taking proper vouchers for such disbursements; shall render to the chief executive officer and the Board of Directors, at its regular meeting or when the Board of Directors so requires, an account of the Corporation; and shall have such powers and perform such duties as the Board of Directors, the chief executive officer, the president or these by-laws may, from time to time, prescribe. If required by the Board of Directors, the treasurer shall give the Corporation a bond (which shall be rendered every six years) in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of the office of treasurer and for the restoration to the Corporation, in case of death, resignation, retirement, or removal from office, of all books, papers, vouchers, money, and other property of whatever kind in the possession or under the control of the treasurer belonging to the Corporation. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the Board of Directors, shall in the absence or disability of the treasurer, perform the duties and exercise the powers of the treasurer. The assistant treasurers shall perform such other duties and have such other powers as the Board of Directors, the chief executive officer, the president or treasurer may, from time to time, prescribe.

Section 11. Other Officers, Assistant Officers and Agents. Officers, assistant officers and agents, if any, other than those whose duties are provided for in these by-laws, shall have such authority and perform such duties as may from time to time be prescribed by resolution of the Board of Directors.

Section 12. Absence or Disability of Officers. In the case of the absence or disability of any officer of the Corporation and of any person hereby authorized to act in such officer's place during such officer's absence or disability, the Board of Directors may by resolution delegate the powers and duties of such officer to any other officer or to any director, or to any other person whom it may select.

ARTICLE V

INDEMNIFICATION OF OFFICERS, DIRECTORS AND OTHERS

Section 1. Nature of Indemnity. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he, or a person of whom he or she is the legal representative, is or was a director or officer, of the Corporation or, while a director or officer of the Corporation, is or was serving at the request of the Corporation as a director, officer, employee, fiduciary, or agent of another corporation or of a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless by the Corporation to the fullest extent which it is empowered to do so unless prohibited from doing so by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended against all expense, liability and loss (including attorneys' fees actually and reasonably incurred by such person in connection with such proceeding) and such indemnification shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in Section 2 hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding initiated by such person only if such proceeding was authorized by the

Board of Directors of the Corporation. The right to indemnification conferred in this Article V shall be a contract right. The Corporation may, by action of its Board of Directors, provide indemni fication to employees and agents of the Corporation with the same scope and effect as the foregoing indemnification of directors and officers.

Section 2. Procedure for Indemnification of Directors and Officers. Any indemnification of a director or officer of the Corporation under Section 1 of this Article V or advance of expenses under Section 5 of this Article V shall be made promptly, and in any event within 30 days, upon the written request of the director or officer. If a determination by the Corporation that the director or officer is entitled to indemnification pursuant to this Article V is required, and the Corporation fails to respond within thirty days to a written request for indemnity, the Corporation shall be deemed to have approved the request. If the Corporation denies a written request for indemnification or advancing of expenses, in whole or in part, or if payment in full pursuant to such request is not made within 30 days, the right to indemnification or advances as granted by this Article V shall be enforceable by the director or officer in any court of competent jurisdiction. Such person's costs and expenses incurred in connection with successfully establishing his or her right to indemnification, in whole or in part, in any such action shall also be indemnified by the Corporation. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any, has been tendered to the Corporation) that the claimant has not met the standards of conduct which make it permissible under the General Corporation Law of the State of Delaware for the Corporation to indemnify the claimant for the amount claimed, but the burden of such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he or she has met the applicable standard of conduct set forth in the General Corporation Law of the State of Delaware, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

Section 3. Article Not Exclusive. The rights to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Article V shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the certificate of incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

Section 4. Insurance. The Corporation may purchase and maintain insurance on its own behalf and on behalf of any person who is or was a director, officer, employee, fiduciary, or agent of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him or her and incurred by him or her in any such capacity, whether or not the Corporation would have the power to indemnify such person against such liability under this Article V.

Section 5. Expenses. Expenses incurred by any person described in Section 1 of this Article V in defending a proceeding shall be paid by the Corporation in advance of such proceeding's final disposition upon receipt of an undertaking by or on behalf of the director or officer to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Corporation. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board of Directors deems appropriate.

Section 6. Employees and Agents. Persons who are not covered by the foregoing provisions of this Article V and who are or were employees or agents of the Corporation, or who are or were serving at the request of the Corporation as employees or agents of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified to the extent authorized at any time or from time to time by the Board of Directors.

Section 7. Contract Rights. The provisions of this Article V shall be deemed to be a contract right between the Corporation and each director or officer who serves in any such capacity at any time while this Article V and the relevant provisions of the General Corporation Law of the State of Delaware or other applicable law are in effect, and any repeal or modification of this Article V or any such law shall not affect any rights or obligations then existing with respect to any state of facts or proceeding then existing.

Section 8. Merger or Consolidation. For purposes of this Article V, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors, officers, and employees or agents, so that any person who is or was a director, officer, employee or agent of such constituent corporation, or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under this Article V with respect to the resulting or surviving corporation as he or she would have with respect to such constituent corporation if its separate existence had continued.

ARTICLE VI

CERTIFICATES OF STOCK

Section 1. Form. Every holder of stock in the Corporation shall be entitled to have a certificate, signed by, or in the name of the Corporation by the chief executive officer, the president or a vice-president and the secretary or an assistant secretary of the Corporation, certifying the number of shares owned by such holder in the Corporation. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on, any such certificate or certificates shall cease to be such officer or officers of the Corporation whether because of death, resignation or otherwise before such certificate or certificates have been delivered by the Corporation, such certificate or certificates may nevertheless be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the Corporation. Shares of stock of the Corporation shall only be transferred on the books of the Corporation by the holder of record thereof or by such holder's attorney duly authorized in writing, upon surrender to the Corporation of the certificate or certificates for such shares endorsed by the appropriate person or persons, with such evidence of the authenticity of such endorsement, transfer, authorization, and other matters as the Corporation may reasonably require, and accompanied by all necessary stock transfer stamps. In that event, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate or certificates, and record the transaction on its books. The Board of Directors may appoint a bank or trust company organized under the laws of the United States or any state thereof to act as its transfer agent or registrar, or both in connection with the transfer of any class or series of securities of the Corporation.

Section 2. Lost Certificates. The Board of Directors may direct a new certificate or certificates to be issued in place of any certificate or certificates previously issued by the Corporation alleged to have been lost, stolen, or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen, or destroyed. When authorizing such issue of a new certificate or certificates, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen, or destroyed certificate or certificates, or his or her legal representative, to give the Corporation a bond sufficient to indemnify the Corporation against any claim that may be made against the Corporation on account of the loss, theft or destruction of any such certificate or the issuance of such new certificate.

Section 3. Fixing a Record Date for Stockholder Meetings. In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty nor less than ten days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of stockholders shall be the close of business on the next day preceding the day on which notice is given, or if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

Section 4. Fixing a Record Date for Action by Written Consent. In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. If no record date has been fixed by the Board of Directors, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting, when no prior action by the Board of Directors is required by statute, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered

to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of stockholders are recorded. Delivery made to the Corporation's registered office shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the Board of Directors and prior action by the Board of Directors is required by statute, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the day on which the Board of Directors adopts the resolution taking such prior action.

Section 5. Fixing a Record Date for Other Purposes. In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment or any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purposes of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 6. Registered Stockholders. Prior to the surrender to the Corporation of the certificate or certificates for a share or shares of stock with a request to record the transfer of such share or shares, the Corporation may treat the registered owner as the person entitled to receive dividends, to vote, to receive notifications, and otherwise to exercise all the rights and powers of an owner. Except as otherwise required by applicable law, the Corporation shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof.

Section 7. Subscriptions for Stock. Unless otherwise provided for in the subscription agreement, subscriptions for shares shall be paid in full at such time, or in such installments and at such times, as shall be determined by the Board of Directors. Any call made by the Board of Directors for payment on subscriptions shall be uniform as to all shares of the same class or as to all shares of the same series. In case of default in the payment of any installment or call when such payment is due, the Corporation may proceed to collect the amount due in the same manner as any debt due the Corporation.

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the Corporation, subject to the provisions of the certificate of incorporation and these by-laws, may be declared by the Board of Directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think

proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or any other purpose and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks, Drafts or Orders. All checks, drafts, or other orders for the payment of money by or to the Corporation and all notes and other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation, and in such manner, as shall be determined by resolution of the Board of Directors or a duly authorized committee thereof.

Section 3. Contracts. Except as otherwise provided in Article III, the Board of Directors may authorize any officer or officers, or any agent or agents, of the Corporation to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 4. Loans. Except as otherwise provided in Article III, the Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or of its subsidiary, including any officer or employee who is a director of the Corporation or its subsidiary, whenever, in the judgment of the directors, such loan, guaranty or assistance may reasonably be expected to benefit the Corporation. The loan, guaranty or other assistance may be with or without interest, and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this section contained shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the Corporation at common law or under any statute.

Section 5. Fiscal Year. The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 6. Voting Securities Owned By Corporation. Voting securities in any other Corporation held by the Corporation shall be voted by the chief executive officer, unless the Board of Directors specifically confers authority to vote with respect thereto, which authority may be general or confined to specific instances, upon some other person or officer. Any person authorized to vote securities shall have the power to appoint proxies, with general power of substitution.

Section 7. Inspection of Books and Records. Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the Corporation's stock ledger, a list of its stockholders, and its other books and records, and to make copies or extracts therefrom. A proper purpose shall mean any purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent shall be the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing which authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the Corporation at its registered office in the State of Delaware or at its principal place of business.

Section 8. Section Headings. Section headings in these by-laws are for convenience of reference only and shall not be given any substantive effect in limiting or otherwise construing any provision herein.

Section 9. Inconsistent Provisions. In the event that any provision of these by-laws is or becomes inconsistent with any provision of the certificate of incorporation, the General Corporation Law of the State of Delaware or any other applicable law, the provision of these by-laws shall not be given any effect to the extent of such inconsistency but shall otherwise be given full force and effect.

ARTICLE VIII

AMENDMENTS

These by-laws may be amended, altered, or repealed and new by-laws adopted:

(i) during the period prior to April 12, 2000, at any meeting of the Board of Directors upon the affirmative vote of at least four of the five TPI/PCA Directors and thereafter, at any meeting of the Board of Directors, upon the affirmative vote of a majority of the directors; except that, the foregoing notwithstanding, prior to the termination or expiration of Section 3.6 of the Stockholders Agreement (whether by its terms, by agreement of the parties thereto or by operation of law) or until such time when such Section is no longer valid and enforceable against the parties thereto, the affirmative vote of four out of five TPI/PCA Directors shall be required with respect to any amendment to these by-laws which would (a) treat any TPI Holder disproportionately more adversely vis-a-vis any PCA Holder; (b) place any restriction on the ability of any TPI Holder to Transfer, directly or indirectly, all or any portion of its Shares or reduce the consideration received or to be received therefor in connection with such Transfer or (c) cause these by-laws, taken as a whole, to be less favorable to any stockholder than by-laws typical of a publicly-traded company engaged in business within the Business Scope; or

(ii) by the stockholders of the Corporation upon the approval thereof by the holders of at least 82.6% of the outstanding shares of common stock of the Corporation.

EXHIBIT 4.1

EXECUTION COPY

PACKAGING CORPORATION OF AMERICA

$750,000,000

SERIES A AND SERIES B
9 5/8% SENIOR SUBORDINATED NOTES DUE 2009

INDENTURE

Dated as of April 12, 1999

UNITED STATES TRUST COMPANY OF NEW YORK

Trustee

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	Indenture Section
310 (a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311 (a)	7.11
(b)	7.11
(i)(c)	N.A.
312 (a)	2.05
(b)	13.03
(c)	13.03
313 (a)	7.06
(b)(2)	7.07
(c)	7.06; 13.02
(d)	7.06
314 (a)	4.03; 13.02
(c)(1)	13.04
(c)(2)	13.04
(c)(3)	N.A.
(e)	13.05
(f)	N.A.
315 (a)	7.01
(b)	7.05; 13.02
(A)(c)	7.01
(d)	7.01
(e)	6.11
316 (a)(last sentence)	2.09
(a)(1)(a)	6.05
(a)(1)(b)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	2.12
317 (a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318 (a)	13.01
(b)	N.A.
(c)	12.01

N.A. means not applicable.

*This Cross-Reference Table is not part of the Indenture.

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INDENTURE dated as of April 12, 1999 by and among Packaging Corporation of America, a Delaware corporation (the "Company"), the Guarantors named on the signature pages hereto and United States Trust Company of New York, a bank and trust company organized under the New York Banking Law, as trustee (the "Trustee").

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 95/8% Series A Senior Subordinated Notes due 2009 (the "Series A Notes") and the 95/8% Series B Senior Subordinated Notes due 2009 (the "Series B Notes" and, together with the Series A Notes, the "Notes"):

ARTICLE 1.
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. DEFINITIONS.

"144A Global Note" means a global note in the form of Exhibit A-1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"Acquired Debt" means, with respect to any specified Person:

(i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Additional Notes" means up to $200.0 million in aggregate principal amount of Notes (other than the Initial Notes) issued under this Indenture in accordance with Sections 2.02 and 4.09 hereof.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings.

"Agent" means any Registrar, Paying Agent or co-registrar.

"Applicable Premium" means, with respect to any Note on any Redemption Date, the greater of:

(i) 1.0% of the principal amount of such Note; or

(ii) the excess of:

(A) the present value at the Redemption Date of (1) the redemption price of such Note at April 1, 2004 (such redemption price being set forth in the table in Section 3.07 hereof) plus (2) all required interest payments due on such Note through April 1, 2004 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate at the Redemption Date plus 50 basis points; over

(B) the principal amount of such Note, if greater.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and CEDEL that apply to such transfer or exchange.

"Asset Sale" means:

(i) the sale, lease, conveyance or other disposition of any assets or rights, other than sales of inventory in the ordinary course of business; provided that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole shall be governed by the provisions of Section 4.15 hereof and/or the provisions of Section 5.01 hereof and not by the provisions of Section 4.10 hereof; and

(ii) the issuance of Equity Interests by any of the Company's Restricted Subsidiaries or the sale of Equity Interests in any of the Company's Subsidiaries.

Notwithstanding the foregoing, the following items shall not be deemed to be Asset Sales:

(i) any single transaction or series of related transactions that involves assets having a fair market value of less than $10.0 million;

(ii) a transfer of assets between or among the Company and its Wholly Owned Restricted Subsidiaries;

(iii) an issuance of Equity Interests by a Wholly Owned Restricted Subsidiary to the Company or to another Wholly Owned Restricted Subsidiary;

(iv) the sale, license or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(v) the sale or other disposition of cash or Cash Equivalents or Marketable Securities;

(vi) the transfer or disposition of assets and the sale of Equity Interests pursuant to the Contribution;

(vii) sales of accounts receivables and related assets of the type specified in the definition of "Qualified Receivables Transaction" to a Receivables Subsidiary for the fair market value thereof including cash or Cash Equivalents or Marketable Securities in an amount at least equal to 75% of the fair market value thereof as determined in accordance with GAAP; and

(viii) a Restricted Payment or Permitted Investment that is permitted under Section 4.07 hereof.

"Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. For purposes of this definition, the terms "Beneficially Owns" and "Beneficially Owned" shall have corresponding meanings.

"Board of Directors" means:

(i) with respect to a corporation, the board of directors of the corporation;

(ii) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(iii) with respect to any other Person, the board or committee of such Person serving a similar function.

"Broker-Dealer" has the meaning set forth in the Registration Rights Agreement.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means:

(i) in the case of a corporation, corporate stock;

(ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means:

(i) United States dollars;

(ii) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than six months from the date of acquisition;

(iii) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(iv) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in clause (iii) above;

(v) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Rating Services and in each case maturing within twelve months after the date of acquisition; and

(vi) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (i) through (v) of this definition.

"CEDEL" means CEDEL Bank, SA.

"Change of Control" means the occurrence of any of the following:

(i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger, consolidation or transfer of the Company's Voting Stock), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than to a Principal or a Related Party of a Principal;

(ii) the adoption of a plan relating to the liquidation or dissolution of the Company (other than a plan relating to the sale or other disposition of timberlands);

(iii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above), other than the Principals and their Related Parties or a Permitted Group, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares; or

(iv) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"Company" means Packaging Corporation of America, and any and all successors thereto.

"Consolidated Cash Flow" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus:

(i) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(ii) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

(iii) depletion, depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depletion, depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; plus

(iv) all one-time charges incurred in 1999 in connection with the Contribution (including the impairment charge described under the section "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" in the Offering Memorandum) to the extent such charges were deducted in computing such Consolidated Net Income; plus

(v) all restructuring charges incurred prior to the date of this Indenture (including the restructuring charge that was added to pro forma EBITDA to calculate adjusted pro forma EBITDA as set forth in footnote 4 under the section "Selected Combined Financial and Other Data" in the Offering Memorandum); minus

(vi) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depletion, depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of the Company shall be added to Consolidated Net Income to compute Consolidated Cash Flow of the Company only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"Consolidated Indebtedness" means, with respect to any Person as of any date of determination, the sum, without duplication, of:

(i) the total amount of Indebtedness of such Person and its Restricted Subsidiaries; plus

(ii) the total amount of Indebtedness of any other Person, to the extent that such Indebtedness has been Guaranteed by the referent Person or one or more of its Restricted Subsidiaries; plus

(iii) the aggregate liquidation value of all Disqualified Stock of such Person and all preferred stock of Restricted Subsidiaries of such Person, in each case, determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that:

(i) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Wholly Owned Restricted Subsidiary thereof;

(ii) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders;

(iii) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded;

(iv) the cumulative effect of a change in accounting principles shall be excluded; and

(v) for purposes of calculating Consolidated Cash Flow to determine the Debt to Cash Flow Ratio or the Fixed Charge Coverage Ratio, the Net Income (but not loss) of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the specified Person or one of its Subsidiaries.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who:

(i) was a member of such Board of Directors on the date of this Indenture; or

(ii) was nominated for election or elected to such Board of Directors either (A) with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election or (B) pursuant to and in accordance with the terms of the Stockholders Agreement as in effect on the date of this Indenture.

"Contribution" means the Contribution contemplated by the Contribution Agreement.

"Contribution Agreement" means that certain Contribution Agreement dated as of January 25, 1999 among TPI, PCA Holdings and the Company as the same is in effect on the date of this Indenture.

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Company.

"Credit Agreement" means that certain Credit Agreement, dated as of the date hereof by and among the Company, J.P. Morgan Securities Inc. and BT Alex.Brown Incorporated, as co-lead arrangers, Bankers Trust Company, as syndication agent, and Morgan Guaranty Trust Company of New York, as administrative agent, and the other lenders party thereto, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"Credit Facilities" means one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), working capital loans, swing lines, advances or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured or refinanced in whole or in part from time to time.

"Debt to Cash Flow Ratio" means, as of any date of determination, the ratio of:

(i) the Consolidated Indebtedness of the Company as of such date to

(ii) the Consolidated Cash Flow of the Company for the four most recent full fiscal quarters ending immediately prior to such date for which internal financial statements are available, determined on a pro forma basis after giving effect to all acquisitions or dispositions of assets made by the Company and its Restricted Subsidiaries from the beginning of such four-quarter period through and including such date of determination (including any related financing transactions) as if such acquisitions and dispositions had occurred at the beginning of such four-quarter period.

In addition, for purposes of making the computation referred to above:

(i) acquisitions that have been made by the Company or any Restricted Subsidiary of the Company, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the date of determination shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act and including those cost savings that management reasonably expects to realize within six months of the consummation of the acquisition, but without giving effect to clause (iii) of the proviso set forth in the definition of Consolidated Net Income;

(ii) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the date of determination, shall be excluded;

(iii) for any four-quarter reference period that includes any period of time prior to the consummation of the Contribution, pro forma effect shall be given for such period to the Transactions and the related corporate overhead savings and cost savings that were added to pro forma EBITDA to calculate adjusted pro forma EBITDA as set forth in footnote 4 under the section "Selected Combined Financial and Other Data" in the Offering Memorandum, all as calculated in good faith by a responsible financial or accounting officer of the Company, as if they had occurred on the first day of such four-quarter reference period; and

(iv) the impact of the Treasury Lock shall be excluded.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Definitive Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, in the form of Exhibit A-1 hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"Designated Noncash Consideration" means any non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is designated as Designated Noncash Consideration pursuant to an Officers' Certificate executed by the principal executive officer and the principal financial officer of the Company or such Restricted Subsidiary. Such Officers' Certificate shall state the basis of such valuation, which shall be a report of a nationally recognized investment banking firm with respect to the receipt in one or a series of related transactions of Designated Noncash Consideration with a fair market value in excess of $10.0 million. A particular item of Designated Noncash Consideration shall no longer be considered to be outstanding when it has been sold for cash or redeemed or paid in full in the case of non-cash consideration in the form of promissory notes or equity.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07 hereof. The Preferred Stock as in effect on the date of this Indenture shall not constitute Disqualified Stock for purposes of this Indenture.

"Domestic Subsidiary" means any Restricted Subsidiary that was formed under the laws of the United States or any state thereof or the District of Columbia or that guarantees or otherwise provides direct credit support for any Indebtedness of the Company.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Euroclear" means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Notes" means the Series B Notes issued in the Exchange Offer pursuant to Section 2.06(f) hereof.

"Exchange Offer" has the meaning set forth in the Registration Rights Agreement.

"Exchange Offer Registration Statement" has the meaning set forth in the Registration Rights Agreement.

"Existing Indebtedness" means Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the date of this Indenture, until such amounts are repaid.

"Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of:

(i) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, excluding amortization of debt issuance costs and net of the effect of all payments made or received pursuant to Hedging Obligations; plus

(ii) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(iii) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; plus

(iv) the product of (A) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or to the Company or a Restricted Subsidiary of the Company, times (B) a fraction, the numerator of which is one and the denominator of which is one minus the Company's then current effective combined federal, state and local tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"Fixed Charge Coverage Ratio" means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(i) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act and including those cost savings that management reasonably expects to realize within six months of the consummation of the acquisition, but without giving effect to clause (iii) of the proviso set forth in the definition of Consolidated Net Income;

(ii) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded;

(iii) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(iv) for any four-quarter reference period that includes any period of time prior to the consummation of the Contribution, pro forma effect shall be given for such period to the Transactions and the related corporate overhead savings and cost savings that were added to pro forma EBITDA to calculate adjusted pro forma EBITDA as set forth in footnote 4 under the section "Selected Combined Financial and Other Data" in the Offering Memorandum, all as calculated in good faith by a responsible financial or accounting officer of the Company, as if they had occurred on the first day of such four-quarter reference period; and

(v) the impact of the Treasury Lock shall be excluded.

"Foreign Subsidiary Working Capital Indebtedness" means Indebtedness of a Restricted Subsidiary that is organized outside of the United States under lines of credit extended after the date of this Indenture to any such Restricted Subsidiary by Persons other than the Company or any Restricted Subsidiary of the Company, the proceeds of which are used for such Restricted Subsidiary's working capital purposes.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"Global Note Legend" means the legend set forth in Section 2.06(g)(ii), which is required to be placed on all Global Notes issued under this Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, in the form of Exhibit A-1 or A-2 hereto issued in accordance with Section 2.01, 2.06(b)(iv), 2.06(d)(ii) or 2.06(f) hereof.

"Government Securities" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

"Guarantee" means a guarantee of all or any part of any Indebtedness (other than by endorsement of negotiable instruments for collection in the ordinary course of business), including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof.

"Guarantors" means:

(i) each Restricted Subsidiary that is or becomes a Domestic Subsidiary of the Company (other than a Receivables Subsidiary); and

(ii) any other subsidiary that executes a Subsidiary Guarantee in accordance with the provisions of this Indenture, and their respective successors and assigns.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(i) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

(ii) other agreements or arrangements designed to protect such Person against fluctuations in interest rates.

"Holder" means a Person in whose name a Note is registered.

"IAI Global Note" means the global Note in the form of Exhibit A-1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold to Institutional Accredited Investors.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(i) in respect of borrowed money;

(ii) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(iii) in respect of banker's acceptances;

(iv) representing Capital Lease Obligations;

(v) in respect of the deferred balance of the purchase price of any property outside of the ordinary course of business which remains unpaid, except any such balance that constitutes an operating lease payment, accrued expense, trade payable or similar current liability; or

(vi) in respect of any Hedging Obligations or Other Hedging Agreements, if and to the extent any of the preceding items (other than letters of credit, Hedging Obligations and Other Hedging Agreements) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP.

In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof, in the case of any Indebtedness issued with original issue discount, and (ii) the principal amount thereof in the case of any other Indebtedness.

"Indenture" means this Indenture, as amended or supplemented from time to time.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Notes" means $550.0 million in aggregate principal amount of Notes issued under this Indenture on the date hereof.

"Initial Purchasers" means J.P. Morgan Securities Inc. and BT Alex.Brown Incorporated.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, which is not also a QIB.

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no

longer a Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.07 hereof. The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 4.07 hereof.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Company and sent to all Holders of the Notes for use by such Holders in connection with the Exchange Offer.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement.

"Liquidated Damages" means all amounts owing pursuant to Section 5 of the Registration Rights Agreement.

"Marketable Securities" means publicly traded debt or equity securities that are listed for trading on a national securities exchange and that were issued by a corporation whose debt securities are rated in one of the three highest rating categories by either Standard & Poor's Rating Services or Moody's Investors Service, Inc.

"Net Income" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (i) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with (A) any Asset Sale or (B) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries and (ii) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

"Net Proceeds" means the aggregate cash proceeds received by the Company or any Restricted Subsidiary of the Company in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, sales commissions, any relocation expenses incurred as a result thereof, all taxes of any kind paid or payable as a result thereof and reasonable reserves established to cover any indemnity obligations incurred in connection therewith, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, other than Indebtedness under a Credit Facility, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"Non-Recourse Debt" means Indebtedness:

(i) as to which neither the Company nor any Restricted Subsidiary of the Company (A) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (B) is directly or indirectly liable as a guarantor or otherwise, or (C) constitutes the lender; (ii) with respect to which no default (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both, any holder of any other Indebtedness (other than the Notes) of the Company or any Restricted Subsidiary of the Company to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(iii) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any Restricted Subsidiary of the Company.

"Non-U.S. Person" means a Person who is not a U.S. Person.

"Note Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Notes" has the meaning assigned to it in the preamble to this Indenture.

"Obligations" means any principal, interest, penalties, fees, indemnifications, expenses, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering" means the offering of the Initial Notes by the Company.

"Offering Memorandum" means the Offering Memorandum, dated March 30, 1999, pursuant to which the Initial Notes were offered and sold.

"Officer" means, with respect to the Company or any Guarantor, any Chairman of the Board, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Senior Vice President, Vice President, Treasurer, Secretary or Assistant Secretary of such Person.

"Officers' Certificate" means a certificate that meets the requirements of Section 13.5 and has been signed by two Officers.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

"Other Hedging Agreements" means any foreign exchange contracts, currency swap agreements, commodity agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency or commodity values.

"PCA Holdings" means PCA Holdings LLC, a Delaware limited liability company.

"Participant" means, with respect to the Depositary, Euroclear or CEDEL, a Person who has an account with the Depositary, Euroclear or CEDEL, respectively (and, with respect to The Depository Trust Company, shall include Euroclear and CEDEL).

"Permitted Business" means the containerboard, paperboard and packaging products business and any business in which the Company and its Restricted Subsidiaries are engaged on the date of this Indenture or any business reasonably related, incidental or ancillary to any of the foregoing.

"Permitted Group" means any group of investors that is deemed to be a "person" (as that term is used in Section 13(d)(3) of the Exchange Act) at any time prior to the Company's initial public offering of common stock, by virtue of the Stockholders Agreement, as the same may be amended, modified or supplemented from time to time, provided that no single Person (other than the Principals and their Related Parties) Beneficially Owns (together with its Affiliates) more of the Voting Stock of the Company that is Beneficially Owned by such group of investors than is then collectively Beneficially Owned by the Principals and their Related Parties in the aggregate.

"Permitted Investments" means:

(i) any Investment in the Company or in a Restricted Subsidiary of the Company;

(ii) any Investment in Cash Equivalents;

(iii) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment (A) such Person becomes a Restricted Subsidiary of the Company or (B) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(iv) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof;

(v) any acquisition of assets to the extent acquired in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;

(vi) Hedging Obligations and Other Hedging Agreements;

(vii) any Investment existing on the date of this Indenture;

(viii) loans and advances to employees and officers of the Company and its Restricted Subsidiaries in the ordinary course of business;

(ix) any Investment in securities of trade creditors or customers received in compromise of obligations of such persons incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;

(x) negotiable instruments held for deposit or collection in the ordinary course of business;

(xi) loans, guarantees of loans and advances to officers, directors, employees or consultants of the Company or a Restricted Subsidiary of the Company not to exceed $7.5 million in the aggregate outstanding at any time;

(xii) any Investment by the Company or any Restricted Subsidiary of the Company in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Transaction; provided that each such Investment is in the form of a Purchase Money Note, an equity interest or interests in accounts receivables generated by the Company or any Restricted Subsidiary of the Company; and

(xiii) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (xiii) that are at the time outstanding not to exceed the greater of $50.0 million or 5% of Total Assets.

"Permitted Liens" means:

(i) Liens of the Company and any Guarantor securing Senior Debt that was permitted by the terms of this Indenture to be incurred;

(ii) Liens in favor of the Company or the Guarantors;

(iii) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Subsidiary of the Company; provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Subsidiary;

(iv) Liens on property existing at the time of acquisition thereof by the Company or any Subsidiary of the Company, provided that such Liens were in existence prior to the contemplation of such acquisition;

(v) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(vi) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (iv) of the second paragraph of Section 4.09 hereof covering only the assets acquired with such Indebtedness;

(vii) Liens existing on the date of this Indenture together with any Liens securing Permitted Refinancing Indebtedness incurred under clause (v) of the second paragraph of Section 4.09 hereof in order to refinance the Indebtedness secured by Liens existing on the date of this Indenture; provided that the Liens securing the Permitted Refinancing Indebtedness shall not extend to property other than that pledged under the Liens securing the Indebtedness being refinanced;

(viii) Liens on assets of Unrestricted Subsidiaries that secure Non-Recourse Debt of Unrestricted Subsidiaries;

(ix) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and

diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(x) Liens to secure Foreign Subsidiary Working Capital Indebtedness permitted by this Indenture to be incurred so long as any such Lien attached only to the assets of the Restricted Subsidiary which is the obligor under such Indebtedness;

(xi) Liens securing Attributable Debt;

(xii) Liens on assets of a Receivables Subsidiary incurred in connection with a Qualified Receivables Transaction; and

(xiii) Liens incurred in the ordinary course of business of the Company or any Subsidiary of the Company with respect to obligations that do not exceed $15.0 million at any one time outstanding.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any Restricted Subsidiary of the Company issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any Restricted Subsidiary of the Company (other than intercompany Indebtedness); provided that:

(i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of all expenses and premiums incurred in connection therewith);

(ii) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(iv) such Indebtedness is incurred either by the Company or by the Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Preferred Stock" means the Company's 123/8% Senior Exchangeable Preferred Stock due 2010.

"Principals" means (i) Madison Dearborn Partners, LLC and its Affiliates and (ii) TPI and its Affiliates.

"Private Placement Legend" means the legend set forth in Section 2.06(g)(i) to be placed on all Notes issued under this Indenture except where otherwise permitted by the provisions of this Indenture.

"Purchase Money Note" means a promissory note evidencing a line of credit, which may be irrevocable, from, or evidencing other Indebtedness owed to, the Company or any Restricted Subsidiary of the Company in connection with a Qualified Receivables Transaction, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated receivables.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Qualified Receivables Transaction" means any transaction or series of transactions that may be entered into by the Company or any Restricted Subsidiary of the Company pursuant to which the Company or any Restricted Subsidiary of the Company may sell, convey or otherwise transfer to (i) a Receivables Subsidiary (in the case of a transfer by the Company or any Restricted Subsidiary of the Company) and (ii) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any Restricted Subsidiary of the Company, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets that are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization transactions involving accounts receivable.

"Receivables Subsidiary" means a Wholly Owned Subsidiary of the Company that engages in no activities other than in connection with the financing of accounts receivable and that is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and

(i) has no Indebtedness or other Obligations (contingent or otherwise) that (A) are guaranteed by the Company or any Restricted Subsidiary of the Company, other than contingent liabilities pursuant to Standard Securitization Undertakings, (B) are recourse to or obligate the Company or any Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings or (C) subjects any property or asset of the Company or any Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(ii) has no contract, agreement, arrangement or undertaking (except in connection with a Purchase Money Note or Qualified Receivables Transaction) with the Company or its Restricted Subsidiaries other than on terms no less favorable to the Company or such Restricted Subsidiaries than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(iii) neither the Company nor any Restricted Subsidiary of the Company has any obligation to maintain or preserve the Receivables Subsidiary's financial condition or cause the Receivables Subsidiary to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying, to the best of such officers' knowledge and belief after consulting with counsel, that such designation complied with the foregoing conditions.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the date hereof, by and among the Company and the other parties named on the signature pages thereof, as such agreement may be amended, modified or supplemented from time to time and, with respect to any Additional Notes, one or more registration rights agreements between the Company and the other parties thereto, as such agreement(s) may be amended, modified or supplemented from time to time, relating to rights given by the Company to the purchasers of Additional Notes to register such Additional Notes under the Securities Act.

"Regulation S" means Regulation S promulgated under the Securities Act.

"Regulation S Global Note" means a Regulation S Temporary Global Note or Regulation S Permanent Global Note, as appropriate.

"Regulation S Permanent Global Note" means a permanent global Note in the form of Exhibit A-1 hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Regulation S Temporary Global Note upon expiration of the Restricted Period.

"Regulation S Temporary Global Note" means a temporary global Note in the form of Exhibit A-2 hereto bearing the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of the Notes initially sold in reliance on Rule 903 of Regulation S.

"Related Party" means:

(i) any controlling stockholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Principal; or

(ii) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (i).

"Responsible Officer," when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Period" means the 40-day restricted period as defined in Regulation S.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated the Securities Act.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Shelf Registration Statement" means the Shelf Registration Statement as defined in the Registration Rights Agreement.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Act, as such Regulation is in effect on the date hereof.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary of the Company that are reasonably customary in an accounts receivable transaction.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Stockholders Agreement" means that certain Stockholders Agreement dated as of April 12, 1999 by and among PCA Holdings, TPI and the Company, as in effect on the date of this Indenture.

"Subordinated Exchange Debentures" means the Company's 123/8% Subordinated Exchange Debentures due 2010.

"Subsidiary" means, with respect to any specified Person:

(i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(ii) any partnership (A) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (B) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

"Subsidiary Guarantee" means the subordinated Guarantee by each Guarantor of the Company's payment obligations under this Indenture and the Notes, executed pursuant to the provisions of this Indenture.

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. ss.ss. 77aaa-77bbbb) as in effect on the date on which this Indenture is qualified under the TIA.

"TPI" means Tenneco Packaging Inc., a Delaware corporation.

"Timberlands Net Proceeds" means the Net Proceeds from Timberlands Sales in excess of $500.0 million, up to a maximum of $100.0 million (or such larger amount as may be necessary to repurchase or redeem all outstanding Preferred Stock or Subordinated Exchange Debentures in the event of a repurchase or redemption of all outstanding Preferred Stock or Subordinated Exchange Debentures), as long as at least $500.0 million of Net Proceeds from such Timberlands Sales have been applied to repay Indebtedness under the Credit Agreement.

"Timberlands Repurchase" means the repurchase or redemption of, payment of a dividend on, or return of capital with respect to any Equity Interests of the Company, the repurchase or redemption of Subordinated Exchange Debentures or the redemption of Notes with Timberlands Net Proceeds in accordance with the terms of this Indenture.

"Timberlands Sale" means a sale or series of sales by the Company or a Restricted Subsidiary of the Company of timberlands.

"Total Assets" means the total consolidated assets of the Company and its Restricted Subsidiaries, as set forth on the Company's most recent consolidated balance sheet.

"Transacations" has the meaning given to such term in the Offering Memorandum.

"Transaction Agreements" means:

(i) those certain Purchase/Supply Agreements between the Company and each of TPI, Tenneco Automotive, Inc. and Tenneco Packaging Specialty and Consumer Products, Inc. each dated the date of this Indenture;

(ii) that certain Facilities Use Agreement between the Company and TPI, dated the date of this Indenture;

(iii) that certain Human Resources Agreement among the Company, TPI and Tenneco Inc., dated the date of this Indenture;

(iv) that certain Transition Services Agreement between the Company and TPI, dated the date of this Indenture;

(v) that certain Holding Company Support Agreement between the Company and PCA Holdings, dated the date of this Indenture;

(vi) that certain Registration Rights Agreement among the Company, PCA Holdings and TPI, dated the date of this Indenture; and

(vii) the Stockholders Agreement.

"Treasury Lock" means the interest rate protection agreement dated as of March 5, 1999 between PCA and J.P. Morgan Securities Inc.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to April 1, 2004; provided, however, that if the period from the redemption date to April 1, 2004 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Trustee" means the party named in the preamble until a successor replaces it in accordance with the applicable provisions of this Indenture and thereafter means the successor serving hereunder.

"Unrestricted Definitive Note" means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a permanent global Note in the form of Exhibit A-1 attached hereto that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Notes that do not bear the Private Placement Legend.

"Unrestricted Subsidiary" means any Subsidiary of the Company that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary:

(i) has no Indebtedness other than Non-Recourse Debt;

(ii) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(iii) is a Person with respect to which neither the Company nor any Restricted Subsidiary of the Company has any direct or indirect obligation (A) to subscribe for additional Equity Interests or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(iv) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any Restricted Subsidiary of the Company.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to

such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted under Section 4.07 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09 hereof, the Company shall be in default of Section 4.09. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (x) such Indebtedness is permitted under Section 4.09 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period and (y) no Default or Event of Default would be in existence following such designation.

"U.S. Person" means a U.S. person as defined in Rule 902(k) under the Securities Act.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(i) the sum of the products obtained by multiplying (A) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (B) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(ii) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Restricted Subsidiary" of any specified Person means any Wholly Owned Subsidiary of such Person which at the time of determination is a Restricted Subsidiary.

"Wholly Owned Subsidiary" of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Subsidiaries of such Person.

SECTION 1.02. OTHER DEFINITIONS.

Term	Defined in Section
"Affiliate Transaction"	4.11
"Asset Sale Offer"	4.10
"Authentication Order"	2.02
"Change of Control Offer"	4.15
"Change of Control Payment"	4.15
"Change of Control Payment Date"	4.15
"Covenant Defeasance"	8.03

"Designated Senior Debt	10.02
"Designation"	4.07
"Event of Default"	6.01
"Excess Proceeds"	4.10
"incur"	4.09
"Legal Defeasance"	8.02
"Offer Amount"	3.09
"Offer Period"	3.09
"Paying Agent"	2.03
"Payment Blockage Notice"	10.04
"Permitted Indebtedness"	4.09
"Permitted Junior Securities"	10.02
"Purchase Date"	3.09
"Redemption Date"	3.07
"Registrar"	2.03
"Representative"	10.02
"Restricted Payments"	4.07
"Revocation"	4.07
"Senior Debt"	10.02

SECTION 1.03. TRUST INDENTURE ACT DEFINITIONS

Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security Holder" means a Holder of a Note;

"indenture to be qualified" means this Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the Notes or the Subsidiary Guarantees means the Company and the Guarantors, respectively and any successor obligor upon the Notes and the Subsidiary Guarantees, respectively.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

SECTION 1.04. RULES OF CONSTRUCTION.

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) "or" is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) provisions apply to successive events and transactions; and

(f) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2.
THE NOTES

SECTION 2.01. FORM AND DATING.

(a) General.

The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibits A-1 and A-2 hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of $1,000 and integral multiples thereof.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling.

(b) Global Notes.

Notes issued in global form shall be substantially in the form of Exhibits A-1 or A-2 attached hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A-1 attached hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

(c) Temporary Global Notes.

Notes offered and sold in reliance on Regulation S shall be issued initially in the form of the Regulation S Temporary Global Note, which shall be deposited on behalf of the purchasers of the Notes represented thereby with the Trustee, at its New York office, as custodian for the Depositary, and registered in the name of the Depositary or the nominee of the Depositary for the accounts of designated

agents holding on behalf of Euroclear or CEDEL Bank, duly executed by the Company and authenticated by the Trustee as hereinafter provided. The Restricted Period shall be terminated upon the receipt by the Trustee of a written certificate from the Depositary, together with copies of certificates from Euroclear and CEDEL Bank certifying that they have received certification of non-United States beneficial ownership of 100% of the aggregate principal amount of the Regulation S Temporary Global Note (except to the extent of any beneficial owners thereof who acquired an interest therein during the Restricted Period pursuant to another exemption from registration under the Securities Act and who will take delivery of a beneficial ownership interest in a 144A Global Note or an IAI Global Note bearing a Private Placement Legend, all as contemplated by Section 2.06(a)(ii) hereof). Following the termination of the Restricted Period, beneficial interests in the Regulation S Temporary Global Note shall be exchanged for beneficial interests in Regulation S Permanent Global Notes pursuant to the Applicable Procedures. Simultaneously with the authentication of Regulation S Permanent Global Notes, the Trustee shall cancel the Regulation S Temporary Global Note. The aggregate principal amount of the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes may from time to time be increased or decreased by adjustments made on the records of the Trustee and the Depositary or its nominee, as the case may be, in connection with transfers of interest as hereinafter provided.

(d) Euroclear and CEDEL Procedures Applicable.

The provisions of the "Operating Procedures of the Euroclear System" and "Terms and Conditions Governing Use of Euroclear" and the "General Terms and Conditions of CEDEL Bank" and "Customer Handbook" of CEDEL Bank shall be applicable to transfers of beneficial interests in the Regulation S Temporary Global Note and the Regulation S Permanent Global Notes that are held by Participants through Euroclear or CEDEL Bank.

SECTION 2.02. EXECUTION AND AUTHENTICATION.

Two Officers shall sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee shall, upon a written order of the Company signed by two Officers (an "Authentication Order"), authenticate Notes for original issue up to the aggregate principal amount stated in paragraph 4 of the Notes. The aggregate principal amount of Notes outstanding at any time may not exceed such amount except as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

SECTION 2.03. REGISTRAR AND PAYING AGENT.

The Company shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be

presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Note Custodian with respect to the Global Notes.

The Trustee is authorized to enter into a letter of representations with DTC in the form provided to the Trustee by the Company and to act in accordance with such letter.

SECTION 2.04. PAYING AGENT TO HOLD MONEY IN TRUST.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium or Liquidated Damages, if any, or interest on the Notes, and will promptly notify the Trustee in writing of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Notes.

SECTION 2.05. HOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA ss. 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company shall otherwise comply with TIA ss. 312(a).

SECTION 2.06. TRANSFER AND EXCHANGE.

(a) Transfer and Exchange of Global Notes.

A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if (i) the Company delivers to the Trustee written notice from the Depositary that it is unwilling or unable to

continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary or (ii) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; provided that in no event shall the Regulation S Temporary Global Note be exchanged by the Company for Definitive Notes prior to (x) the expiration of the Restricted Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903(c)(3)(ii)(B) under the Securities Act. Upon the occurrence of either of the preceding events in (i) or (ii) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b),(c) or (f) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes.

The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend; provided, however, that prior to the expiration of the Restricted Period, transfers of beneficial interests in the Temporary Regulation S Global Note may not be made to a U.S. Person or for the account or benefit of a U.S. Person (other than an Initial Purchaser). Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(i) above, the transferor of such beneficial interest must deliver to the Registrar either (A) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above,

provided that in no event shall Definitive Notes be issued upon the transfer or exchange of beneficial interests in the Regulation S Temporary Global Note prior to (x) the expiration of the Restricted Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903 under the Securities Act. Upon consummation of an Exchange Offer by the Company in accordance with Section 2.06(f) hereof, the requirements of this Section 2.06(b)(ii) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(iii) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(ii) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Temporary Global Note or the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications and certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in the Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(ii) above and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal or via the Depositary's book-entry system that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(i) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through written instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Beneficial Interests in Regulation S Temporary Global Notes to Definitive Notes. Notwithstanding Sections 2.06(c)(i)(A) and (C) hereof, a beneficial interest in the Regulation S Temporary Global Note may not be exchanged for a Definitive Note or transferred to a Person who takes delivery thereof in the form of a Definitive Note prior to (x) the expiration of the Restricted Period and (y) the receipt by the Registrar of any certificates required pursuant to Rule 903(c)(3)(ii)(B) under the Securities Act, except in the case of a transfer pursuant to an exemption from the registration requirements of the Securities Act other than Rule 903 or Rule 904.

(iii) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iv) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(ii) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iv) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iv) shall not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(i) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, in the case of clause (c) above, the Regulation S Global Note, and in all other cases, the IAI Global Note.

(ii) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(2) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest in a Global Note is effected pursuant to subparagraphs (ii)(B), (ii)(D) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes.

Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(ii) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Registration Rights Agreement;

(C) any such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(2) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) Exchange Offer.

Upon the occurrence of the Exchange Offer in accordance with the Registration Rights Agreement, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate (i) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by Persons that certify in the applicable Letters of Transmittal or via the Depositary's book-entry system that (x) they are not broker-dealers, (y) they are not participating in a distribution of the Exchange Notes and (z) they are not affiliates (as defined in Rule 144) of the Company, and accepted for exchange in the Exchange Offer and (ii) Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in the Exchange Offer. Concurrently with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and deliver to the Persons designated by the Holders of Definitive Notes so accepted Definitive Notes in the appropriate principal amount.

(g) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in the applicable provisions of this Indenture.

(i) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT TO THE DELIVERY OF SUCH EVIDENCE, IF ANY REQUIRED UNDER THE INDENTURE PURSUANT TO WHICH THIS NOTE IS ISSUED)

AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(a) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (b) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (c) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 904 UNDER THE SECURITIES ACT OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), SUBJECT TO THE RECEIPT BY THE REGISTRAR OF A CERTIFICATION OF THE TRANSFEROR AND AN OPINION OF COUNSEL TO THE EFFECT THAT SUCH TRANSFER IS IN COMPLIANCE WITH THE SECURITIES ACT, (2) TO THE COMPANY OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER FROM IT OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTION SET FORTH IN (A) ABOVE."

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(iv), (c)(ii), (c)(iii), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) to this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.07 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY."

(iii) Regulation S Temporary Global Note Legend. The Regulation S Temporary Global Note shall bear a legend in substantially the following form:

"THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON."

(h) Cancellation and/or Adjustment of Global Notes.

At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon the Company's order or at the Registrar's request.

(ii) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.10, 4.15 and 9.05 hereof).

(iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) The Company shall not be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of the mailing of notice of redemption under Section 3.02 hereof and ending at the close of business on such day,

(B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

SECTION 2.07. REPLACEMENT NOTES

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon receipt of an Authentication Order, shall authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

SECTION 2.08. OUTSTANDING NOTES.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(ii) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser or protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on

and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

SECTION 2.09. TREASURY NOTES.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that the Trustee actually knows are so owned shall be so disregarded.

SECTION 2.10. TEMPORARY NOTES

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

SECTION 2.11. CANCELLATION.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy canceled Notes (subject to the record retention requirements of the Exchange Act). Certification of the destruction of all canceled Notes shall be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation for which the Company has received notice of cancellation from the Trustee.

SECTION 2.12. DEFAULTED INTEREST.

If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.13. CUSIP NUMBERS.

The Company in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use CUSIP numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or the omission of such numbers. The Company will promptly notify the Trustee of any change in the CUSIP numbers.

ARTICLE 3.
REDEMPTION AND PREPAYMENT

SECTION 3.01. NOTICES TO TRUSTEE.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it shall furnish to the Trustee, at least 30 days but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the clause of this Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed, (iv) the redemption price and (v) the CUSIP numbers of the Notes to be redeemed.

SECTION 3.02. SELECTION OF NOTES TO BE REDEEMED

If less than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee shall select the Notes to be redeemed or purchased among the Holders of the Notes in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed or, if the Notes are not so listed, on a pro rata basis, by lot or in accordance with any other method the Trustee considers fair and appropriate. In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of $1,000 or whole multiples of $1,000; except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed. Except as provided in the preceding sentence, provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

SECTION 3.03. NOTICE OF REDEMPTION

Subject to the provisions of Section 3.09 hereof, at least 30 days but not more than 60 days before a redemption date, the Company shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

The notice shall identify the Notes to be redeemed and shall state:

(i) the redemption date;

(ii) the redemption price;

(iii) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;

(iv) the name and address of the Paying Agent;

(v) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(vi) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(vii) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(viii) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; provided, however, that the Company shall have delivered to the Trustee, at least 45 days prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

SECTION 3.04. EFFECT OF NOTICE OF REDEMPTION

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

SECTION 3.05. DEPOSIT OF REDEMPTION PRICE

Prior to 9:00 a.m. (New York City time) on the redemption date, the Company shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued interest on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued interest on, all Notes to be redeemed.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

SECTION 3.06. NOTES REDEEMED IN PART.

Upon surrender of a Note that is redeemed in part, the Company shall issue and, upon receipt of an Authentication Order, the Trustee shall authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

SECTION 3.07. OPTIONAL REDEMPTION.

(i) Except as provided below, the Notes shall not be redeemable at the Company's option prior to April 1, 2004. Thereafter, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below:

Year	Percentage
2004	104.8125%
2005	103.2083%
2006	101.6042%
2007 and thereafter	100.0000%

(ii) Notwithstanding the foregoing, at any time prior to April 1, 2002, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes originally issued under this Indenture at a redemption price of 109.625% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the redemption date, with the net cash proceeds of one or more offerings of common stock of the Company or a capital contribution to the Company's common equity made with the net cash proceeds of an offering of common stock of the Company's direct or indirect parent or with Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the fourth paragraph of Section 4.10 hereof); provided that:

(A) at least 65% of the aggregate principal amount of Notes issued under this Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company and its Subsidiaries); and

(B) the redemption must occur within 60 days of the date of the closing of such offering, the making of such capital contribution or the consummation of a Timberlands Sale.

(iii) At any time prior to April 1, 2004, the Company may also redeem the Notes, in whole but not in part, upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior written notice, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, thereon, to, the date of redemption.

(iv) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through 3.06 hereof. Nothing in this Indenture prohibits the Company from

acquiring the Notes by means other than a redemption, whether pursuant to an issuer tender offer or otherwise, assuming such acquisition does not otherwise violate the terms of this Indenture.

SECTION 3.08. MANDATORY REDEMPTION.

The Company shall not be required to make mandatory redemption payments with respect to the Notes.

SECTION 3.09. OFFER TO PURCHASE BY APPLICATION OF EXCESS PROCEEDS.

In the event that, pursuant to Section 4.10 hereof, the Company shall be required to commence an Asset Sale Offer, it shall follow the procedures specified below.

The Asset Sale Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "Offer Period"). No later than five Business Days after the termination of the Offer Period (the "Purchase Date"), the Company shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.10 hereof (the "Offer Amount") or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Asset Sale Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company shall send, by first class mail, a notice to the Trustee and each of the Holders. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(i) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer shall remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Purchase Date;

(v) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may only elect to have all of such Note purchased and may not elect to have only a portion of such Note purchased;

(vi) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer the Note by book-entry transfer, to the Company, a

depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(vii) that Holders shall be entitled to withdraw their election if the Company, the depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(viii) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Company shall select the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of $1,000, or integral multiples thereof, shall be purchased); and

(ix) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer).

On or before 10:00 a.m. on the Purchase Date, the Company shall, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and shall deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company, the Depositary or the Paying Agent, as the case may be, shall promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company shall promptly issue a new Note, and the Trustee, upon written request from the Company shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

ARTICLE 4.
COVENANTS

SECTION 4.01. PAYMENT OF NOTES.

The Company shall pay or cause to be paid the principal of, premium, if any, and interest and Liquidated Damages, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest and Liquidated Damages, if any, shall be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest and Liquidated Damages, if any, then due. The Company shall pay all Liquidated Damages, if any, in the same manner on the dates and in the amounts set forth in the Registration Rights Agreement.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace period) at the same rate to the extent lawful.

SECTION 4.02. MAINTENANCE OF OFFICE OR AGENCY.

The Company shall maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03 hereof.

SECTION 4.03. REPORTS.

(a) Whether or not required by the rules and regulations of the SEC, so long as any Notes are outstanding, the Company shall furnish to the Trustee and the Holders of Notes, within the time periods specified in the SEC's rules and regulations: (i) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Company were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by the Company's certified independent accountants; and (ii) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports. In addition, following the consummation of the Exchange Offer contemplated by the Registration Rights Agreement, whether or not required by the rules and regulations of the SEC, the Company shall file a copy of all the information and reports referred to in clauses (i) and (ii) above with the SEC for public availability within the time periods specified in the SEC's rules and regulations (unless the SEC will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. The Company shall at all times comply with TIA ss. 314(a).

(b) For so long as any Notes remain outstanding the Company and the Subsidiary Guarantors shall furnish to the Trustee and the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

If the Company designates any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required in clauses (i) and (ii) above shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

SECTION 4.04. COMPLIANCE CERTIFICATE.

(a) The Company and each Guarantor shall (to the extent that such Guarantor is so required under the TIA) deliver to the Trustee within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto. For purposes of this paragraph, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Indenture.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 4.03(a) hereof shall be accompanied by a written statement of the Company's independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Company has violated any provisions of Article 4 or Article 5 hereof or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) The Company shall, so long as any of the Notes are outstanding, deliver to the Trustee, promptly upon any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto unless such Default or Event of Default is no longer continuing.

SECTION 4.05. TAXES.

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

SECTION 4.06. STAY, EXTENSION AND USURY LAWS.

The Company and each of the Guarantors covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the covenants or the performance of this Indenture; and the Company and each of the Guarantors (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.07. RESTRICTED PAYMENTS.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any Restricted Subsidiary of the Company) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable (A) in Equity Interests (other than Disqualified Stock) of the Company or (B) to the Company or a Restricted Subsidiary of the Company);

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company;

(iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is by its terms expressly subordinated to the Notes or the Subsidiary Guarantees, except a payment of interest or principal at the Stated Maturity thereof; or

(iv) make any Restricted Investment (all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "Restricted Payments")

unless, at the time of and after giving effect to such Restricted Payment:

(i) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(ii) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof; and

(iii) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the date of this Indenture (excluding Restricted Payments permitted by clauses (ii), (iii), (iv) and (v) of the next succeeding paragraph), is less than the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the date of this Indenture to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus

(B) 100% of the aggregate net cash proceeds received by the Company since the date of this Indenture as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company), together with the net proceeds received by the Company upon such conversion or exchange, if any, plus

(C) to the extent that any Restricted Investment that was made after the date of this Indenture is sold for cash or otherwise liquidated or repaid for cash, the lesser of (1) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (2) the initial amount of such Restricted Investment.

The foregoing provisions shall not prohibit:

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Indenture;

(ii) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Company or any Guarantor or of any Equity Interests of the Company in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (iii)(B) of the preceding paragraph;

(iii) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of the Company or any Guarantor with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(iv) so long as no Default has occurred and is continuing or would be caused thereby, any Timberlands Repurchase pursuant to and in accordance with the fourth paragraph of Section 4.10 hereof;

(v) the payment of any dividend by a Restricted Subsidiary of the Company to the holders of its common Equity Interests on a pro rata basis;

(vi) so long as no Default has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any current or former officers, directors or employees of the Company (or any Restricted Subsidiary of the Company) pursuant to any management equity subscription agreement, stock option agreement or stock plan entered into in the ordinary course of

business; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $5.0 million in any calendar year;

(vii) repurchases of Equity Interests of the Company deemed to occur upon exercise of stock options to the extent Equity Interests represent a portion of the exercise price of such options;

(viii) cash payments, advances, loans or expense reimbursements made to PCA Holdings to permit PCA Holdings to pay its general operating expenses (other than management, consulting or similar fees payable to Affiliates of the Company), franchise tax obligations, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of its business in an amount not to exceed $1.0 million in the aggregate in any fiscal year; and

(ix) so long as no Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed $25.0 million since the date of this Indenture.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant shall be determined by the Board of Directors whose resolution with respect thereto shall be conclusive. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds $25.0 million.

SECTION 4.08. DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions to the Company or any of its Restricted Subsidiaries on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Company or any of its Restricted Subsidiaries;

(ii) make loans or advances to the Company or any Restricted Subsidiary of the Company; or

(iii) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

However, the preceding restrictions shall not apply to encumbrances or restrictions existing under or by reasons of:

(i) Existing Indebtedness as in effect on the date of this Indenture;

(ii) this Indenture, the Notes and the Subsidiary Guarantees;

(iii) applicable law;

(iv) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any Restricted Subsidiary of the Company as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Indenture to be incurred;

(v) non-assignment provisions in leases, licenses or similar agreements entered into in the ordinary course of business and consistent with past practices;

(vi) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (iii) of the first paragraph of this Section 4.08 on the property so acquired;

(vii) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(viii) Liens securing Indebtedness that limit the right of the debtor to dispose of the assets subject to such Lien;

(ix) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business;

(x) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(xi) the Credit Agreement as in effect on the date of this Indenture;

(xii) restrictions on the transfer of assets subject to any Lien permitted under this Indenture imposed by the holder of such Lien;

(xiii) any Purchase Money Note or other Indebtedness or other contractual requirements of a Receivables Subsidiary in connection with a Qualified Receivables Transaction; provided that such restrictions apply only to such Receivables Subsidiary;

(xiv) encumbrances or restrictions existing under or arising pursuant to Credit Facilities entered into in accordance with this Indenture; provided that the encumbrances or restrictions in such Credit Facilities are not materially more restrictive than those contained in the Credit Agreement as in effect on the date hereof; and

(xv) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (i) through (xiv) above; provided, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Board of Directors of the Company, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in the dividends or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

SECTION 4.09. INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Company shall not issue any Disqualified Stock and shall not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Guarantors may incur Indebtedness or issue preferred stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1 or, if a Timberlands Repurchase has occurred pursuant to and in accordance with the fourth paragraph of Section 4.10 hereof, 2.25 to 1, in either case determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the preferred stock or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The provisions of the first paragraph of this Section 4.09 shall not apply to the incurrence of any of the following items of Indebtedness (collectively, "Permitted Debt"):

(i) the incurrence by the Company and any Guarantor of additional Indebtedness under Credit Facilities and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (i) (with letters of credit being deemed to have a principal amount equal to the face amount) not to exceed $1.51 billion less the aggregate amount of all Net Proceeds of Asset Sales that have been applied by the Company or any Restricted Subsidiary of the Company since the date of this Indenture to permanently repay Indebtedness under a Credit Facility pursuant to Section 4.10 hereof and less the amount of Indebtedness outstanding under clause (xviii) below; provided that the amount of Indebtedness permitted to be incurred pursuant to Credit Facilities in accordance with this clause (i) shall be in addition to any Indebtedness permitted to be incurred pursuant to Credit Facilities, in reliance on, and in accordance with, clauses (iv) and (xix) below or in the first paragraph hereof;

(ii) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(iii) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes and the related Subsidiary Guarantees to be issued on the date of this Indenture and the Exchange Notes and the related Subsidiary Guarantees to be issued pursuant to the Registration Rights Agreement;

(iv) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Restricted Subsidiary, in an aggregate principal amount (which amount may, but need not be, incurred in whole or in part under Credit Facilities), including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (iv), not to exceed the greater of 7.5% of Total Assets as of the date of incurrence and $50.0 million at any time outstanding;

(v) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under the first paragraph hereof or clauses (ii), (iii), (iv), (xv) or (xix) of this paragraph;

(vi) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any Restricted Subsidiary of the Company; provided, however, that each of the following shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi):

(A) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary thereof; and

(B) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary thereof;

(vii) the incurrence by the Company or any of the Guarantors of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate risk with respect to any floating or fixed rate Indebtedness that is permitted by the terms of this Indenture to be outstanding and the incurrence of Indebtedness under Other Hedging Agreements providing protection against fluctuations in currency values or in the price of energy, commodities and raw materials in connection with the Company's or any of its Restricted Subsidiaries' operations so long as management of the Company or such Restricted Subsidiary, as the case may be, has determined that the entering into of such Other Hedging Agreements are bona fide hedging activities;

(viii) the guarantee by the Company or any of the Guarantors of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred under by another provision of this Section 4.09;

(ix) the incurrence by the Company's Unrestricted Subsidiaries of Non-Recourse Debt, provided, however, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, such event shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Company that was not permitted by this clause (ix);

(x) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock shall not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 4.09; provided, in each such case, that the amount thereof is included in Fixed Charges and Consolidated Indebtedness of the Company as accrued;

(xi) the incurrence by the Company of Indebtedness and the issuance by the Company of preferred stock, in each case, that is deemed to be incurred or issued, as the case may be, in connection with the Contribution;

(xii) the incurrence by the Company or any Guarantor of obligations pursuant to foreign currency agreements entered into in the ordinary course of business and not for speculative purposes;

(xiii) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; provided, however, that (A) such Indebtedness is not reflected on the balance sheet of the Company or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (A)) and (B) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds including noncash proceeds (the fair market value of such noncash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(xiv) the incurrence of obligations in respect of performance and surety bonds and completion guarantees provided by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(xv) the incurrence of Indebtedness by any Restricted Subsidiary in connection with the acquisition of assets or a new Restricted Subsidiary in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (xv), not to exceed $25.0 million at any one time outstanding; provided that such Indebtedness was incurred by the prior owner of such asset or such Restricted Subsidiary prior to such acquisition by the Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such acquisition by the Restricted Subsidiary;

(xvi) the incurrence of Indebtedness consisting of guarantees of loans made to management for the purpose of permitting management to purchase Equity Interests of the Company, in an amount not to exceed $7.5 million at any one time outstanding;

(xvii) Indebtedness of the Company that may be deemed to exist under the Contribution Agreement as a result of the Company's obligation to pay purchase price adjustments; provided that the incurrence of Indebtedness to pay the purchase price adjustment shall be deemed to constitute an incurrence of Indebtedness that was not permitted by this clause (xvii);

(xviii) the incurrence of Indebtedness by a Receivables Subsidiary in a Qualified Receivables Transaction that is not recourse to the Company or any of its Subsidiaries (except for Standard Securitization Undertakings); provided that the aggregate principal amount of Indebtedness outstanding under this clause (xviii) and clause (i) above does not exceed $1.51 billion less the aggregate amount of all Net Proceeds of Asset Sales that have been applied by the Company or any Restricted Subsidiary of the Company since the date of this Indenture to permanently repay Indebtedness under a Credit Facility pursuant to Section 4.10 hereof; and

(xix) the incurrence by the Company of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) (which amount may, but need not be, incurred in whole or in part under the Credit Facilities) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (xix), not to exceed $75.0 million.

For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (xix) above, or is entitled to be incurred pursuant to the first paragraph of this Section 4.09, the Company shall be permitted to classify or later reclassify such item of Indebtedness in any manner that complies with this Section 4.09. Indebtedness under Credit Facilities outstanding on the date on which Notes are first issued and authenticated under this Indenture shall be deemed to have been incurred on such date in reliance on the exception provided by clause (i) of the definition of Permitted Debt.

SECTION 4.10. ASSET SALES

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless (x) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale which, taken as a whole, is at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of, (y) such fair market value is determined by the Company's Board of Directors and evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee and (z) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents or Marketable Securities. For purposes of this provision, each of the following shall be deemed to be cash:

(i) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet), of the Company or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Subsidiary Guarantee) that are assumed by the transferee of any such assets;

(ii) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted, sold or exchanged by the Company or such Restricted Subsidiary into cash within 30 days of the related Asset Sale (to the extent of the cash received in that conversion); and

(iii) any Designated Noncash Consideration received by the Company or any Restricted Subsidiary of the Company in such Asset Sale having an aggregate fair market value, taken together with all other Designated Noncash Consideration received since the date of this Indenture pursuant to this clause (iii) that is at that time outstanding, not to exceed 10% of Total Assets at the time of the receipt of such Designated Noncash Consideration (with the fair market value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company may apply such Net Proceeds, at its option:

(i) to repay Senior Debt and, if the Senior Debt repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

(ii) to invest in or to acquire other properties or assets to replace the properties or assets that were the subject of the Asset Sale or that will be used in businesses of the Company or its Restricted Subsidiaries, as the case may be, existing at the time such assets are sold;

(iii) to make a capital expenditure or commit, or cause such Restricted Subsidiary to commit, to make a capital expenditure (such commitments to include amounts anticipated to be expended pursuant to the Company's capital investment plan as adopted by the Board of Directors of the Company) within 24 months of such Asset Sale; or

(iv) to make a Timberlands Repurchase in accordance with Section 3.07(ii) hereof.

Pending the final application of any such Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph shall constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $25.0 million, the Company shall make an Asset Sale Offer to all Holders of Notes and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in this Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer shall be equal to 100% of the principal amount plus accrued and unpaid interest and Liquidated Damages, if any, to the date of purchase, and shall be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other pari passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such other pari passu Indebtedness to be purchased on a pro rata basis based on the principal amount of Notes and such other pari passu Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

Notwithstanding the three preceding paragraphs, the Company shall be permitted to apply up to $100.0 million of Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with Section 3.07(ii) hereof) to repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any Equity Interests of the Company, or repurchase or redeem Subordinated Exchange Debentures, if:

(i) the repurchase, redemption, dividend or return of capital is consummated within 90 days of the final sale of such Timberlands Sale;

(ii) the Company's Debt to Cash Flow Ratio at the time of such Timberlands Repurchase, after giving pro forma effect to (A) such repurchase, redemption, dividend or return of capital, (B) the Timberlands Sale and the application of the net proceeds therefrom and (C) any increase or decrease in fiber, stumpage or similar costs as a result of the Timberlands Sale as if the same had occurred at the beginning of the most recently ended four full fiscal quarter period of the Company for which internal financial statements are available, would have been no greater than 4.5 to 1; and

(iii) in the case of a repurchase or redemption of all of the then outstanding Preferred Stock or Subordinated Exchange Debentures, no Timberlands Net Proceeds have previously been applied to redeem Notes or repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any other Equity Interests of the Company.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.10, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the provisions of this Section 4.10 by virtue of such conflict.

SECTION 4.11. TRANSACTIONS WITH AFFILIATES.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

(i) such Affiliate Transaction is on terms taken as a whole that are no less favorable to the Company or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person and

(ii) the Company delivers to the Trustee

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $5.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 4.11 and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, an opinion as to the fairness to the Holders of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal, investment banking or advisory firm of national standing; provided that this clause (B) shall not apply to transactions with TPI and its subsidiaries in the ordinary course of business at a time when Madison Dearborn Partners, LLC and its Affiliates are entitled, directly or indirectly, to elect a majority of the Board of Directors of the Company.

Notwithstanding the foregoing, the following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the first paragraph of this Section 4.11:

(i) any employment agreement entered into by the Company or any Restricted Subsidiary of the Company in the ordinary course of business and consistent with the past practice of the Company or such Restricted Subsidiary;

(ii) transactions between or among the Company and/or its Restricted Subsidiaries;

(iii) transactions with a Person that is an Affiliate of the Company solely because the Company owns an Equity Interest in such Person;

(iv) payment of reasonable directors fees to Persons who are not otherwise Affiliates of the Company;

(v) sales of Equity Interests (other than Disqualified Stock) to Affiliates of the Company;

(vi) the payment of transaction, management, consulting and advisory fees and related expenses to Madison Dearborn Partners, LLC and its Affiliates; provided that such fees shall not, in the aggregate, exceed $15.0 million (plus out-of-pocket expenses) in connection with the Contribution or $2.0 million in any twelve-month period commencing after the date of the Contribution;

(vii) the payment of fees and expenses related to the Contribution other than fees and expenses paid to Madison Dearborn Partners, LLC and its Affiliates;

(viii) Restricted Payments that are permitted by Section 4.07 hereof;

(ix) transactions described in clause (xi) of the definition of Permitted Investments;

(x) reasonable fees and expenses and compensation paid to, and indemnity provided on behalf of, officers, directors or employees of the Company or any Subsidiary as determined in good faith by the Board of Directors of the Company or senior management;

(xi) payments made to PCA Holdings for the purpose of allowing PCA Holdings to pay its general operating expenses, franchise tax obligations, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of its business in an amount not to exceed $1.0 million in the aggregate in any fiscal year;

(xii) transactions contemplated by the Contribution Agreement and the Transaction Agreements as the same are in effect on the date of this Indenture;

(xiii) transactions in connection with a Qualified Receivables Transaction; and

(xiv) transactions with either of the Initial Purchasers or any of their respective Affiliates.

SECTION 4.12. LIENS.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind on any asset now owned or hereafter acquired securing Indebtedness, Attributable Debt or trade payables, except Permitted Liens.

SECTION 4.13. SALE AND LEASEBACK TRANSACTIONS.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; provided that the Company or any Restricted Subsidiary may enter into a sale and leaseback transaction if:

(i) either (A) the Company or that Restricted Subsidiary, as applicable, could have incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Fixed Charge Coverage Ratio test in the first paragraph of Section 4.09 hereof or (B) the Net Proceeds of such sale and leaseback transaction are applied to repay outstanding Senior Debt; and

(ii) the transfer of assets in that sale and leaseback transaction is permitted by, and the Company applies the net proceeds of such transaction in compliance with, Section 4.10 hereof.

SECTION 4.14. CORPORATE EXISTENCE.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect (i) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary and (ii) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

SECTION 4.15. OFFER TO REPURCHASE UPON CHANGE OF CONTROL.

(a) If a Change of Control occurs, each Holder of Notes shall have the right to require the Company to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of that Holder's Notes pursuant to the offer described below (the "Change of Control Offer") on the terms set forth in this Section 4.15. In the Change of Control Offer, the Company shall offer payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the date of purchase (the "Change of Control Payment"). Within thirty (30) days following any Change of Control, the Company shall mail a notice to the Trustee and each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date"), pursuant to the procedures required by this Indenture and described in such notice. The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.15, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the provisions of this Section 4.15 by virtue of such conflict.

(b) On the Change of Control Payment Date, the Company shall, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

The Paying Agent shall promptly mail to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note shall be in a principal amount of $1,000 or an integral multiple thereof. Prior to complying with any of the provisions of this Section 4.15, but in any event within 90 days following a Change of Control, the Company shall either repay all outstanding Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Senior Debt to permit the repurchase of Notes required by this Section 4.15. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) The Company shall first comply with the first sentence in the immediately preceding paragraph before it shall be required to repurchase Notes pursuant to the provisions described above. The Company's failure to comply with the first sentence in the immediately preceding paragraph may (with notice and lapse of time) constitute an Event of Default described in clause (iii) of Section 6.01 but shall not constitute an Event of Default described in clause (ii) of Section 6.01.

(d) Notwithstanding anything to the contrary in this Section 4.15, the Company shall not be required to make a Change of Control Offer upon the occurrence of a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.15 and all other provisions of this Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

The foregoing provisions of this Section 4.15, insofar as they require the Company to make a Change of Control Offer following a Change of Control, shall be applicable regardless of whether any other provisions of this Indenture are applicable.

SECTION 4.16. NO SENIOR SUBORDINATED DEBT.

The Company shall not incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to any Senior Debt of the Company and senior in any respect in right of payment to the Notes. No Guarantor shall incur, create, issue, assume, guarantee or otherwise become liable for any Indebtedness that is subordinate or junior in right of payment to the Senior Debt of such Guarantor and senior in any respect in right of payment to such Guarantor's Subsidiary Guarantee.

SECTION 4.17. ADDITIONAL SUBSIDIARY GUARANTEES.

If the Company or any of its Restricted Subsidiaries acquires or creates another Domestic Subsidiary or if any Restricted Subsidiary becomes a Domestic Subsidiary of the Company after the date of this Indenture, then that newly acquired or created Domestic Subsidiary (other than a Receivables Subsidiary) shall become a Guarantor and execute a supplemental indenture and deliver an Opinion of Counsel to the Trustee within 10 Business Days of the date on which it was acquired or created.

SECTION 4.18. BUSINESS ACTIVITIES

The Company shall not, and shall not permit any Restricted Subsidiary of the Company to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

SECTION 4.19. DESIGNATION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary so designated shall be deemed to be an Investment made as of the time of such designation and shall either reduce the amount available for Restricted Payments under the first paragraph of Section 4.07 hereof or reduce the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as the Company shall determine. That designation shall only be permitted if such Investment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

ARTICLE 5.
SUCCESSORS

SECTION 5.01. MERGER, CONSOLIDATION, OR SALE OF ASSETS.

The Company shall not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person unless:

(i) either (a) the Company is the surviving corporation, or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(ii) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of the Company under the Notes, this Indenture and the Registration Rights Agreement pursuant to agreements reasonably satisfactory to the Trustee;

(iii) immediately after such transaction no Default or Event of Default exists; and

(iv) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition shall have been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof.

In addition, the Company shall not, directly or indirectly, lease all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to any other Person. This Section 5.01 shall not apply to a sale, assignment, transfer,

conveyance or other disposition of assets between or among the Company and any of its Wholly Owned Restricted Subsidiaries.

SECTION 5.02. SUCCESSOR CORPORATION SUBSTITUTED.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.01 hereof, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Indenture referring to the "Company" shall refer instead to the successor corporation and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; provided, however, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Company's assets that meets the requirements of Section 5.01 hereof.

ARTICLE 6.
DEFAULTS AND REMEDIES

SECTION 6.01. EVENTS OF DEFAULT.

Each of the following is an Event of Default:

(i) default for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the Notes (whether or not prohibited by Article 10 hereof);

(ii) default in payment when due of the principal of, or premium, if any, on the Notes (whether or not prohibited by Article 10 hereof);

(iii) failure by the Company or any of its Restricted Subsidiaries to comply with Sections 4.10 or 5.01 hereof;

(iv) failure by the Company or any of its Restricted Subsidiaries for 30 days after notice by the Trustee or by the Holders of at least 25% in principal amount of the Notes to comply with any of the other agreements in this Indenture;

(v) default under any mortgage, indenture or instrument under which there is issued and outstanding any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of this Indenture, if that default:

(A) is caused by a failure to pay principal at the final stated maturity of such Indebtedness (a "Payment Default"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a

Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more;

(vi) failure by the Company or any of its Restricted Subsidiaries to pay final nonappealable judgments aggregating in excess of $25.0 million, which judgments are not paid, discharged or stayed for a period of 90 days;

(vii) except as permitted by this Indenture, any Subsidiary Guarantee by a Guarantor that is a Significant Subsidiary shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor that is a Significant Subsidiary, or any Person acting on behalf of any Guarantor that is a Significant Subsidiary, shall deny or disaffirm its obligations under its Subsidiary Guarantee;

(viii) the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case,

(B) consents to the entry of an order for relief against it in an involuntary case,

(C) consents to the appointment of a custodian of it or for all or substantially all of its property,

(D) makes a general assignment for the benefit of its creditors, or

(E) generally is not paying its debts as they become due; or

(ix) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Significant Subsidiaries;

(B) appoints a custodian of the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; or

(C) orders the liquidation of the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

SECTION 6.02. ACCELERATION.

If any Event of Default occurs (other than an Event of Default specified in clause (viii) or (ix) of Section 6.01 hereof with respect to the Company) and is continuing, the Trustee, upon request of

the Holders of at least 25% in principal amount of the Notes then outstanding, or the Holders of at least 25% in principal amount of the Notes then outstanding may declare the principal of, premium and accrued interest and Liquidated Damages, if any, on all the Notes to be due and payable by notice in writing to the Company and the Trustee specifying the respective Event of Default and that such notice is a "notice of acceleration" (the "Acceleration Notice"), and the same (i) shall become immediately due and payable or (ii) if there are any amounts outstanding under the Credit Agreement, shall become immediately due and payable upon the first to occur of (x) an acceleration under the Credit Agreement or (y) five Business Days after receipt by the Company and the Representative under the Credit Agreement of such Acceleration Notice but only if such Event of Default is then continuing. Notwithstanding the foregoing, if an Event of Default specified in clause (viii) or (ix) of Section 6.01 hereof occurs with respect to the Company, all outstanding Notes shall be due and payable immediately without further action or notice. The Holders of a majority in aggregate principal amount of the Notes then outstanding by written notice to the Trustee may on behalf of the Holders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived.

If an Event of Default occurs on or after April 1, 2004 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company in bad faith with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07 hereof, then, upon acceleration of the Notes, an equivalent premium shall also become and be immediately due and payable, to the extent permitted by law, anything in this Indenture or in the Notes to the contrary notwithstanding. If an Event of Default occurs prior to April 1, 2004 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company in bad faith with the intention of avoiding the prohibition on redemption of the Notes prior to April 1, 2004, then, upon acceleration of the Notes, an additional premium shall also become and be immediately due and payable in an amount, for each of the years beginning on April 1 of the years set forth below, as set forth below (expressed as a percentage of the aggregate principal amount to the date of payment that would otherwise be due but for the provisions of this sentence):

Year	Percentage
1999	112.8333%
2000	111.2292%
2001	109.6250%
2002	108.0208%
2003	106.4167%

SECTION 6.03. OTHER REMEDIES.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest and Liquidated Damages, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. WAIVER OF PAST DEFAULTS.

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium and Liquidated Damages, if any, or interest on, the Notes (including in connection with an offer to purchase) (provided, however, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration). Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.05. CONTROL BY MAJORITY.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

SECTION 6.06. LIMITATION ON SUITS.

A Holder of a Note may pursue a remedy with respect to this Indenture or the Notes only if:

(i) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;

(ii) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(iii) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(v) during such 60-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

SECTION 6.07. RIGHTS OF HOLDERS OF NOTES TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium and Liquidated Damages, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase),

or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 6.01(i) or (ii) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium and Liquidated Damages, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09. TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. PRIORITIES.

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium and Liquidated Damages, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium and Liquidated Damages, if any, and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

SECTION 6.11. UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7.
TRUSTEE

SECTION 7.01. DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts purported to be stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. RIGHTS OF TRUSTEE.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may consult with counsel and may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

SECTION 7.03. INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

SECTION 7.04. TRUSTEE'S DISCLAIMER.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

SECTION 7.05. NOTICE OF DEFAULTS.

If a Default or Event of Default occurs and is continuing and if it is actually known to the Trustee, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it becomes known to the Trustee. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold the notice if and so long as its board of directors, its executive committee or a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes. Notwithstanding anything to the contrary expressed in this Indenture, the Trustee shall not be deemed to have knowledge of any Default or Event of Default hereunder, except in the case of an Event of Default under Section 6.01(i) or (ii) hereof (provided that the Trustee is the Paying Agent), unless and until a Responsible Officer shall have actual knowledge thereof or shall have received written notice, at its Principal Corporate Trust Office as specified in Section 11.02 hereof, from the Company or any Holder of Senior Notes that such a Default or an Event of Default has occurred.

SECTION 7.06. REPORTS BY TRUSTEE TO HOLDERS OF THE NOTES.

Within 60 days after each May 15 beginning with the May 15 following the date of this Indenture, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA ss. 313(a) (but if no event described in TIA ss. 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA ss. 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA ss. 313(c).

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Company and filed with the SEC and each stock exchange on which the Notes are listed in accordance with TIA ss. 313(d). The Company shall promptly notify the Trustee when the Notes are listed on any securities exchange or of any delisting thereof.

SECTION 7.07. COMPENSATION AND INDEMNITY.

The Company shall pay to the Trustee from time to time such compensation for its acceptance of this Indenture and services hereunder as the Company and the Trustee shall agree. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel and any taxes.

The Company shall indemnify the Trustee and its officers, directors, shareholders, agents and employees (each an "Indemnified Party") for and hold each Indemnified Party harmless against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.07) and defending itself against any claim (whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith. The Trustee and its officers, directors, shareholders, agents and employees in its capacity as Paying Agent, Registrar, and Custodian and Agent for services of notices and demands shall have the full benefit of the foregoing indemnity. An Indemnified Party shall notify the Company promptly of any claim for which it may seek indemnity. Failure by an Indemnified Party to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and an Indemnified Party shall cooperate in the defense. An Indemnified Party may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 7.07 shall survive the satisfaction and discharge of this Indenture.

To secure the Company's payment obligations in this Section with respect to compensation and indemnity, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Indenture. The Trustee's right to receive payment of any amounts under this Indenture shall not be subordinated to any other liability or any of the Indebtedness of the Company.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(viii) or (ix) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA ss. 313(b)(2) to the extent applicable.

SECTION 7.08. REPLACEMENT OF TRUSTEE.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of Notes of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10 hereof;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(c) a custodian or public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of Notes of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of a Note who has been a Holder of a Note for at least six months, fails to comply with Section 7.10 hereof, such Holder of a Note may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

SECTION 7.09. SUCCESSOR TRUSTEE BY MERGER, ETC.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

SECTION 7.10. ELIGIBILITY; DISQUALIFICATION.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $50.0 million as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA ss. 310(a)(1), (2) and (5). The Trustee is subject to TIA ss. 310(b); provided, however, that there shall be excluded from the operation of TIA ss. 310(b)(1) any indenture or indentures under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, if the requirements for such exclusion set forth in TIA ss. 310 (b)(1) are met.

SECTION 7.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY.

The Trustee is subject to TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b). A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated therein.

ARTICLE 8.
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 8.01. OPTION TO EFFECT LEGAL DEFEASANCE OR COVENANT DEFEASANCE.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.02 or 8.03 hereof applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

SECTION 8.02. LEGAL DEFEASANCE AND DISCHARGE.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its Obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Indenture referred to in (i) and (ii) below, and to have satisfied all of its obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

(i) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section 8.04, payments in respect of the principal of and premium, interest and Liquidated Damages, if any, on such Notes when such payments are due;

(ii) the Company's obligations with respect to such Notes under Article 2 and Section 4.02 hereof;

(iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations in connection therewith; and

(iv) this Article 8.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

SECTION 8.03. COVENANT DEFEASANCE.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each Guarantor shall, subject to the satisfaction of the conditions set forth

in Section 8.04 hereof, be released from their respective obligations under the covenants contained in Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16, 4.17, 4.18 and 4.19 hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(iii) through 6.01(vii) hereof shall not constitute Events of Default.

SECTION 8.04. CONDITIONS TO LEGAL OR COVENANT DEFEASANCE.

The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes:

(i) the Company must irrevocably deposit, with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium and Liquidated Damages, if any, on the outstanding Notes on the stated maturity thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(ii) in the case of Legal Defeasance, the Company must deliver to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (B) since the date of this Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(iii) in the case of Covenant Defeasance, the Company must deliver to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(iv) no Default or Event of Default shall have occurred and be continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be

applied to such deposit) or insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(v) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Indenture but in any event including the Credit Agreement) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(vi) the Company must deliver to the Trustee an Opinion of Counsel in the United States to the effect that, assuming no intervening bankruptcy of the Company or any Guarantor between the date of deposit and the 91st day following the deposit and assuming that no Holder is an "insider" of the Company under applicable bankruptcy law, after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights and remedies generally;

(vii) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the Notes over other creditors of the Company, or with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(viii) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel in the United States, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

SECTION 8.05. DEPOSITED MONEY AND GOVERNMENT SECURITIES TO BE HELD IN TRUST; OTHER MISCELLANEOUS PROVISIONS.

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(ii) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06. REPAYMENT TO COMPANY.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, interest or Liquidated Damages, if any, on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as a secured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times (national edition) and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 8.07. REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any United States dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; provided, however, that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9.
AMENDMENT, SUPPLEMENT AND WAIVER

SECTION 9.01. WITHOUT CONSENT OF HOLDERS OF NOTES.

Notwithstanding Section 9.02 hereof, the Company, the Guarantors and the Trustee may amend or supplement this Indenture, the Notes or the Subsidiary Guarantees without the consent of any Holder of a Note:

(i) to cure any ambiguity, defect, error or inconsistency;

(ii) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(iii) to provide for the assumption of the Company's or any Guarantor's obligations to the Holders of the Notes by a successor to the Company or a Guarantor pursuant to Article 5 hereof;

(iv) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder of the Note;

(v) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the TIA;

(vi) to provide for the issuance of Additional Notes in accordance with the provisions set forth in this Indenture as of the date hereof; or

(vii) to allow any Guarantor to execute a supplemental indenture and/or a Subsidiary Guarantee with respect to the Notes.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee shall join with the Company and the Guarantors in the execution of any amended or supplemental indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

SECTION 9.02. WITH CONSENT OF HOLDERS OF NOTES.

Except as provided below in this Section 9.02, the Company, the Guarantors and the Trustee may amend or supplement this Indenture (including Section 3.09, 4.10 and 4.15 hereof), the Notes or the Subsidiary Guarantees with the consent of the Holders of at least a majority in principal amount Notes (including Additional Notes, if any) then outstanding voting as a single class (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Indenture, the Notes or the Subsidiary Guarantees may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including Additional Notes, if any) voting as a single class (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes). Without the consent of at least 75% in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), no waiver or amendment to this Indenture may make any change in the provisions of Article 10 hereof that adversely affects the rights of any Holder of Notes. Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee shall join with the Company in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental indenture.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes (including Additional Notes, if any) then outstanding voting as a single class may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes. However, without the consent of each Holder affected, an amendment or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

(i) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption of the Notes, other than provisions relating to Sections 3.09, 4.10 or 4.15 hereof;

(iii) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(iv) waive a Default or Event of Default in the payment of principal of or premium or Liquidated Damages, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes (including Additional Notes, if any) and a waiver of the payment default that resulted from such acceleration;

(v) make any Note payable in money other than that stated in the Notes;

(vi) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or premium, interest or Liquidated Damages, if any, on the Notes;

(vii) waive a redemption payment with respect to any Note, other than a payment required by Section 3.09, 4.10 or 4.15 hereof;

(viii) make any change in the foregoing amendment and waiver provisions; or

(ix) release any Guarantor from any of its obligations under its Subsidiary Guarantee or this Indenture, except in accordance with the terms of this Indenture.

SECTION 9.03. COMPLIANCE WITH TRUST INDENTURE ACT.

Every amendment or supplement to this Indenture or the Notes shall be set forth in a amended or supplemental indenture that complies with the TIA as then in effect.

SECTION 9.04. REVOCATION AND EFFECT OF CONSENTS.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note

may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

SECTION 9.05. NOTATION ON OR EXCHANGE OF NOTES.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06. TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amendment or supplemental indenture until the Board of Directors approves it. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive and (subject to Section 7.01 hereof) shall be fully protected in relying upon an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture and that such amendment is the legal, valid and binding obligation of the Company and any Guarantors, enforceable against them in accordance with their terms, subject to customary exceptions, and complies with the provisions hereof (including Section 9.03).

ARTICLE 10.
SUBORDINATION

SECTION 10.01. AGREEMENT TO SUBORDINATE.

The Company agrees, and each Holder by accepting a Note agrees, that the principal of and premium, interest and Liquidated Damages, if any, and any other Obligations on, or relating to the Notes are subordinated and junior in right of payment, to the extent and in the manner provided in this Article 10, to the prior payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) of all Senior Debt of the Company (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of and shall be enforceable by, the holders of Senior Debt of the Company, and that each holder of Senior Debt of the Company whether now outstanding or hereafter created, incurred, assumed or guaranteed shall be deemed to have acquired such Senior Debt in reliance upon the covenants and provisions contained in this Indenture and the Notes.

SECTION 10.02. CERTAIN DEFINITIONS.

"Designated Senior Debt" means:

(i) any Indebtedness under or in respect of the Credit Agreement; and

(ii) any other Senior Debt permitted under this Indenture the principal amount of which is $25.0 million or more and that has been designated by the Company in the instrument or agreement relating to the same as "Designated Senior Debt."

"Permitted Junior Securities" means debt or equity securities of the Company or any successor corporation issued pursuant to a plan of reorganization or readjustment of the Company that are subordinated to the payment of all then outstanding Senior Debt of the Company at least to the same extent that the Notes are subordinated to the payment of all Senior Debt of the Company on the date of this Indenture, so long as:

(i) the effect of the use of this defined term in the provisions of Article 10 hereof is not to cause the Notes to be treated as part of (A) the same class of claims as the Senior Debt of the Company or (B) any class of claims pari passu with, or senior to, the Senior Debt of the Company for any payment or distribution in any case or proceeding or similar event relating to the liquidation, insolvency, bankruptcy, dissolution, winding up or reorganization of the Company; and

(ii) to the extent that any Senior Debt of the Company outstanding on the date of consummation of any such plan of reorganization or readjustment is not paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) on such date, either (A) the holders of any such Senior Debt not so paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) have consented to the terms of such plan of reorganization or readjustment or (B) such holders receive securities which constitute Senior Debt of the Company (which are guaranteed pursuant to guarantees constituting Senior Debt of each Guarantor) and which have been determined by the relevant court to constitute satisfaction in full in money or money's worth of any Senior Debt of the Company (and any related Senior Debt of the Guarantors) not paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof).

"Representative" means the indenture trustee or other trustee, agent or representative in respect of any Designated Senior Debt; provided that if, and for so long as, any Designated Senior Debt lacks such a representative, then the Representative for such Designated Senior Debt shall at all times constitute the holders of a majority in outstanding principal amount of such Designated Senior Debt in respect of any Designated Senior Debt.

"Senior Debt" means:

(i) all Indebtedness outstanding under all Credit Facilities, all Hedging Obligations and all Other Hedging Agreements (including guarantees thereof) with respect thereto of the Company and the Guarantors, whether outstanding on the date of this Indenture or thereafter incurred;

(ii) any other Indebtedness incurred by the Company and the Guarantors, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Notes or the Subsidiary Guarantees, as the case may be; and

(iii) all Obligations with respect to the items listed in the preceding clauses (i) and (ii) (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law).

Notwithstanding anything to the contrary in the preceding, Senior Debt shall not include:

(i) any liability for federal, state, local or other taxes owed or owing by the Company or the Guarantors;

(ii) any Indebtedness of the Company or any Guarantor to any of its Subsidiaries;

(iii) any trade payables; or

(iv) the portion of any Indebtedness that is incurred in violation of this Indenture (but only to the extent so incurred).

A "distribution" may consist of cash, securities or other property, by set-off or otherwise.

SECTION 10.03. LIQUIDATION; DISSOLUTION; BANKRUPTCY.

Upon any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors of the Company in a liquidation or dissolution of the Company, in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, in an assignment for the benefit of creditors or in any marshalling of the Company's assets and liabilities:

(i) holders of Senior Debt of the Company shall receive payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) of all Obligations due in respect of such Senior Debt (including interest after the commencement of any such proceeding at the rate specified in the applicable Senior Debt, whether or not such interest is an allowable claim) before Holders of the Notes shall be entitled to receive any payment or distribution of any kind or character with respect to any Obligations on, or relating to, the Notes (except that Holders may receive and retain (A) Permitted Junior Securities and (B) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof, so long as the trust was created in accordance with all relevant conditions specified in Article 8 hereof); and

(ii) until all Obligations with respect to Senior Debt of the Company (as provided in subsection (i) above) are paid in full, in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof), any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which Holders would be entitled but for this Article 10 shall be made to holders of such Senior Debt (except that Holders of Notes may receive (A) Permitted Junior Securities and (B) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof, so long as the trust was created in accordance with all relevant conditions specified in Article 8 hereof), as their interests may appear.

SECTION 10.04. DEFAULT ON DESIGNATED SENIOR DEBT.

The Company may not make any payment or distribution of any kind or character to the Trustee or any Holder with respect to any Obligations on, or relating to, the Notes and may not acquire from the Trustee or any Holder any Notes for cash or property (other than (x) Permitted Junior Securities and (y) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof, so long as the trust was created in accordance with all relevant conditions specified in Article 8 hereof) until all principal and other Obligations with respect to the Senior Debt have been paid in full in

cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) if:

(i) a default in the payment when due, whether at maturity, upon redemption, declaration or otherwise, of any principal of, interest on, unpaid drawings for letters of credit issued in respect of, or any other Obligations with respect to any Designated Senior Debt of the Company occurs and is continuing; or

(ii) a default, other than a default referred to in clause (i) of this Section 10.04, on Designated Senior Debt of the Company occurs and is continuing that then permits holders of such Designated Senior Debt to accelerate its maturity and the Trustee receives a written notice of such default (a "Payment Blockage Notice") from the holders or a Representative of such Designated Senior Debt. If the Trustee receives any such Payment Blockage Notice, no subsequent Payment Blockage Notice shall be effective for purposes of this Section 10.04 unless and until at least 360 days shall have elapsed since the effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been waived for a period of not less than 90 consecutive days.

The Company may and shall resume payments on and distributions with respect to any Obligations on, or with respect to, the Notes and may acquire them upon the earlier of:

(i) in the case of a default referred to in clause (i) of the immediately preceding paragraph, the date upon which the default is cured or waived, or

(ii) in the case of a default referred to in clause (ii) of the immediately preceding paragraph, the earlier of (A) the date on which all nonpayment defaults are cured or waived, (B) 179 days after the date of delivery of the applicable Payment Blockage Notice or (C) the date on which the Trustee receives notice from the Representative for such Designated Senior Debt rescinding the Payment Blockage Notice, unless the maturity of any such Designated Senior Debt has been accelerated.

SECTION 10.05. ACCELERATION OF NOTES.

If payment of the Notes is accelerated because of an Event of Default, the Company shall promptly notify holders of Senior Debt of the Company of the acceleration.

SECTION 10.06. WHEN DISTRIBUTION MUST BE PAID OVER.

In the event that the Trustee or any Holder receives any payment or distribution of any kind or character, whether in cash, properties or securities, in respect of any Obligations with respect to the Notes (other than (x) Permitted Junior Securities and (y) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof) at a time when such payment or distribution is prohibited by Section 10.03 or 10.04 hereof, such payment shall be held by the Trustee or such Holder, in trust for the benefit of, and shall be paid forthwith over and delivered, upon written request, (on a pro rata basis based on the aggregate principal amount of such Senior Debt held by such holders), to the holders of Senior Debt of the Company or their Representative under the indenture or other agreement (if any) pursuant to which such Senior Debt may have been issued for application to the payment of all Obligations with respect to Senior Debt remaining unpaid to the extent necessary to pay such Obligations in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and

(iv) of the definition thereof) in accordance with their terms, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Debt.

If any Holder or the Trustee is required by any court or otherwise to deliver payments it received by the Company or Guarantor to a holder of Senior Debt, any amount so paid to the extent theretofore discharged, shall be reinstated in full force and effect.

With respect to the holders of Senior Debt, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article 10, and no implied covenants or obligations with respect to the holders of Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt of the Company, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of Holders or the Company or any other Person money or assets to which any holders of Senior Debt shall be entitled by virtue of this Article 10, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

To the extent any payment of Senior Debt of the Company (whether by or on behalf of the Company, as proceeds of security or enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then, if such payment is recovered by, or paid over to, such receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person, the Senior Debt of the Company or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

SECTION 10.07. NOTICE BY COMPANY.

The Company shall promptly notify the Trustee and the Paying Agent in writing of any facts known to the Company that would cause a payment of any Obligations with respect to the Notes to violate this Article 10, but failure to give such notice shall not affect the subordination of the Notes to the Senior Debt of the Company as provided in this Article 10.

SECTION 10.08. SUBROGATION.

Subject to the payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) of all Senior Debt of the Company, Holders of Notes shall be subrogated (equally and ratably with all other Indebtedness pari passu with the Notes) to the rights of holders of Senior Debt of the Company to receive payments or distributions of cash, properties or securities of the Company applicable to the Senior Debt of the Company until the Notes have been paid in full. A distribution made under this Article 10 to holders of Senior Debt of the Company that otherwise would have been made to Holders of Notes is not, as between the Company and Holders, a payment by the Company to or on account of Senior Debt of the Company.

SECTION 10.09. RELATIVE RIGHTS.

This Article 10 defines the relative rights of Holders of Notes and holders of Senior Debt of the Company. Nothing in this Indenture shall:

(i) impair, as between the Company and Holders of Notes, the obligation of the Company, which is absolute and unconditional, to pay principal of and interest and Liquidated Damages, if any, on the Notes in accordance with their terms;

(ii) affect the relative rights of Holders of Notes and creditors of the Company other than their rights in relation to holders of Senior Debt of the Company; or

(iii) prevent the Trustee or any Holder of Notes from exercising its available remedies upon a Default or Event of Default, subject to the rights of holders and owners of Senior Debt of the Company to receive distributions and payments otherwise payable to Holders of Notes.

The failure to make a payment on account of principal of, or interest on, the Notes by reason of any provision of this Article 10 will not be construed as preventing the occurrence of a Default or Event of Default.

SECTION 10.10. SUBORDINATION MAY NOT BE IMPAIRED BY COMPANY.

No right of any holder of Senior Debt of the Company to enforce the subordination of the Indebtedness evidenced by the Notes as provided herein shall at any time in any way be prejudiced or be impaired by any act or failure to act by the Company or any Holder or by the failure of the Company or any Holder to comply with this Indenture, regardless of any knowledge thereof which any such Holder may have otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Debt of the Company may, at any time and from time to time, without the consent of or notice to the Trustee, without incurring responsibility to the Trustee or the Holders of the Notes and without impairing or releasing the subordination provided in this Article 10 or the obligations hereunder of the Holders of the Notes to the holders of the Senior Debt of the Company, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt of the Company, or otherwise amend or supplement in any manner Senior Debt of the Company, or any instrument evidencing the same or any agreement under which Senior Debt of the Company is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt of the Company; (iii) release any Person liable in any manner for the payment or collection of Senior Debt of the Company; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

SECTION 10.11. DISTRIBUTION OR NOTICE TO REPRESENTATIVE.

Whenever a distribution is to be made or a notice given to holders of Senior Debt, the distribution may be made and the notice given to their Representative.

Upon any payment or distribution of assets of the Company referred to in this Article 10, the Trustee and the Holders of Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction or upon any certificate of such Representative or of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders of Notes for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Debt of the Company and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10.

SECTION 10.12. RIGHTS OF TRUSTEE AND PAYING AGENT.

Notwithstanding the provisions of this Article 10 or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee, and the Trustee and the Paying Agent may continue to make payments on the Notes, unless the Trustee shall have received at its Corporate Trust Office at least three Business Days prior to the date upon which such payment would otherwise become due and payable written notice of facts that would cause the payment of any Obligations with respect to the Notes to violate this Article 10. Only the Company, the holders of Senior Debt of the Company or a Representative therefor may give any such notice. Nothing in this Article 10 shall impair the claims of, or payments to, the Trustee under or pursuant to Section 7.07 hereof.

The Trustee in its individual or any other capacity may hold Senior Debt of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

SECTION 10.13. AUTHORIZATION TO EFFECT SUBORDINATION.

Each Holder of Notes, by the Holder's acceptance thereof, authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article 10, and appoints the Trustee to act as such Holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in Section 6.09 hereof at least 30 days before the expiration of the time to file such claim, the holders of Senior Debt of the Company or their Representatives are hereby authorized to file an appropriate claim for and on behalf of the Holders of the Notes.

SECTION 10.14. AMENDMENTS.

The provisions of this Article 10 shall not be amended or modified without the written consent of the parties holding a majority of the outstanding Indebtedness under each credit agreement included in the Credit Facilities.

ARTICLE 11.
SUBSIDIARY GUARANTEES

SECTION 11.01. SUBSIDIARY GUARANTEE.

Subject to this Article 11, each of the Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Company hereunder or thereunder, that:

(i) the principal of and interest on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful, and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise.

Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection. The Guarantors hereby agree that their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenant that this Subsidiary Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by the Company or the Guarantors to the Trustee or such Holder, this Subsidiary Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (i) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article 6 hereof for the purposes of this Subsidiary Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such obligations as provided in Article 6 hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Subsidiary Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Subsidiary Guarantee.

SECTION 11.02. SUBORDINATION OF SUBSIDIARY GUARANTEE.

Each Guarantor agrees, and each Holder by accepting a Note agrees, that the Obligations of each Guarantor under its Subsidiary Guarantee, are subordinated and junior in right of payment to the prior payment of all Senior Debt of each Guarantor on the same basis as the Obligations on, or relating to the Notes, are subordinated and junior in right of payment to the prior payment of all Senior Debt of the Company pursuant to Article 10. In furtherance of the foregoing, each Guarantor agrees, and the Trustee and each Holder by accepting a Note agrees, that the subordination and related provisions applicable to the Obligations of each Guarantor under its Subsidiary Guarantee by virtue of the preceding sentence shall be as set forth in Article 10 as if each reference to "Company" therein were instead a reference to "a Guarantor," each reference to "Senior Debt of the Company" therein were instead a reference to "Senior Debt of each Guarantor" and each reference to "Notes" therein were instead a reference to "this Subsidiary Guarantee," with such appropriate modifications as the context may require. For the purposes

of the foregoing sentence, the Trustee and the Holders shall have the right to receive and/or retain payments by any of the Guarantors only at such times as they may receive and/or retain payments in respect of the Notes pursuant to this Indenture, including Article 10 hereof. The provisions of this Section 11.02 may not be amended or modified without the written consent of the parties holding a majority of the outstanding Indebtedness under each credit agreement included in the Credit Facilities.

SECTION 11.03. LIMITATION ON GUARANTOR LIABILITY.

Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Subsidiary Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Subsidiary Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor under its Subsidiary Guarantee and this Article 11 shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article 11, result in the obligations of such Guarantor under its Subsidiary Guarantee not constituting a fraudulent transfer or conveyance.

SECTION 11.04. EXECUTION AND DELIVERY OF SUBSIDIARY GUARANTEE.

To evidence its Subsidiary Guarantee set forth in Section 11.01, each Guarantor hereby agrees that a notation of such Subsidiary Guarantee substantially in the form included in Exhibit E shall be endorsed by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Guarantor by an Officer thereof.

Each Guarantor hereby agrees that its Subsidiary Guarantee set forth in Section 11.01 shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guarantee.

If an Officer whose signature is on this Indenture or on the Subsidiary Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Subsidiary Guarantee is endorsed, the Subsidiary Guarantee shall be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Subsidiary Guarantee set forth in this Indenture on behalf of the Guarantors.

In the event that the Company creates or acquires any other Domestic Subsidiaries subsequent to the date of this Indenture, or if any current or future Subsidiaries become Domestic Subsidiaries subsequent to the date of this Indenture, if required by Section 4.17 hereof, the Company shall cause such Subsidiaries to execute supplemental indentures to this Indenture in accordance with Section 4.17 hereof, and this Article 11, to the extent applicable.

SECTION 11.05. GUARANTORS MAY CONSOLIDATE, ETC., ON CERTAIN TERMS.

No Guarantor may consolidate with or merge with or into (whether or not such Guarantor is the surviving Person) another corporation, Person or entity whether or not affiliated with such Guarantor unless:

(i) subject to Section 11.06 hereof, the Person formed by or surviving any such consolidation or merger (if other than such Guarantor) assumes all the obligations of such Guarantor, pursuant to a supplemental indenture in form and substance reasonably satisfactory to the Trustee, under the Notes, this Indenture, the Registration Rights Agreement and the Subsidiary Guarantee on the terms set forth herein or therein; and

(ii) immediately after giving effect to such transaction, no Default or Event of Default exists.

In case of any such consolidation, merger, sale or conveyance and upon the assumption by the successor Person, by supplemental indenture, executed and delivered to the Trustee and satisfactory in form to the Trustee, of the Subsidiary Guarantee endorsed upon the Notes and the due and punctual performance of all of the covenants and conditions of this Indenture to be performed by the Guarantor, such successor Person shall succeed to and be substituted for the Guarantor with the same effect as if it had been named herein as a Guarantor. Such successor Person thereupon may cause to be signed any or all of the Subsidiary Guarantees to be endorsed upon all of the Notes issuable hereunder which theretofore shall not have been signed by the Company and delivered to the Trustee. All the Subsidiary Guarantees so issued shall in all respects have the same legal rank and benefit under this Indenture as the Subsidiary Guarantees theretofore and thereafter issued in accordance with the terms of this Indenture as though all of such Subsidiary Guarantees had been issued at the date of the execution hereof.

Except as set forth in Articles 4 and 5 hereof, and notwithstanding clauses (i) and (ii) above, nothing contained in this Indenture or in any of the Notes shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or shall prevent any sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

SECTION 11.06. RELEASES FOLLOWING SALE OF ASSETS.

In the event of a sale or other disposition of all of the assets of any Guarantor, by way of merger, consolidation or otherwise, or a sale or other disposition of all of the capital stock of any Guarantor, then such Guarantor (in the event of a sale or other disposition, by way of merger, consolidation or otherwise, of all of the capital stock of such Guarantor) or the corporation acquiring the property (in the event of a sale or other disposition of all or substantially all of the assets of such Guarantor) will be released and relieved of any obligations under its Subsidiary Guarantee; provided that the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of this Indenture, including without limitation Section 4.10 hereof. Upon delivery by the Company to the Trustee of an Officers' Certificate and an Opinion of Counsel to the effect that such sale or other disposition was made by the Company in accordance with the applicable provisions of this Indenture, including without limitation Section 4.10 hereof, the Trustee shall execute any documents reasonably required in order to evidence the release of any Guarantor from its obligations under its Subsidiary Guarantee.

Any Guarantor not released from its obligations under its Subsidiary Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under this Indenture as provided in this Article 11.

ARTICLE 12.
SATISFACTION AND DISCHARGE

SECTION 12.01. SATISFACTION AND DISCHARGE OF INDENTURE.

This Indenture shall be discharged and shall cease to be of further effect as to all Notes issued hereunder, when

(i) either

(A) all such Notes theretofore authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or

(B) all such Notes not theretofore delivered to such Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, in cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on such Notes not theretofore delivered to the Trustee for cancellation for principal, premium and Liquidated Damages, if any, and accrued interest to the date of maturity or redemption;

(ii) no Default or Event of Default with respect to this Indenture or the Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or a Guarantor, is a party or by which the Company or a Guarantor is bound;

(iii) the Company or a Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(iv) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of such Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

SECTION 12.02. APPLICATION OF TRUST MONEY

Subject to the provisions of the last paragraph of Section 4.19 hereof, all money deposited with the Trustee pursuant to Section 12.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to Persons entitled thereto, of the principal (and premium, if any), interest and Liquidated Damages, if any, for whose payment such money has been deposited with the Trustee.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 12.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though such deposit had occurred pursuant to Section 12.01 hereof; provided that if the Company has made any payment of principal of, premium, if any, or interest on any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 13.
MISCELLANEOUS

SECTION 13.01. TRUST INDENTURE ACT CONTROLS.

If any provision of this Indenture limits, qualifies or conflicts with the duties imposed by TIA ss. 318(c), the imposed duties shall control.

SECTION 13.02. NOTICES.

Any notice or communication by the Company, any Guarantor or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company and/or any Guarantor:

Packaging Corporation of America
1900 West Field Court
Lake Forest, Illinois 60045
Telecopier No.: (847) 482-4559
Attention: Chief Financial Officer

With a copy to:

Kirkland & Ellis
200 East Randolph Drive
Chicago, Illinois 60601
Telecopier No.: (312) 861-2200
Attention: William S. Kirsch, P.C.

If to the Trustee:

United States Trust Company of New York
114 West 47th Street
New York, New York 10036
Telecopier No.: (212) 852-1626
Attention: John Guiliano

With a copy to:

Olshan Grundman Frome Rosenzweig & Wolosky LLP
505 Park Avenue
New York, New York 10022
Telecopier No.: (212) 753-0751
Attention: Jeffrey Spindler

The Company, or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA ss. 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 13.03. COMMUNICATION BY HOLDERS OF NOTES WITH OTHER HOLDERS OF NOTES.

Holders may communicate pursuant to TIA ss. 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA ss. 312(c).

SECTION 13.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Company to the Trustee to take any action under this Indenture, the Company shall furnish to the Trustee:

(i) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 13.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied; and

(ii) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 13.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

SECTION 13.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA ss. 314(a)(4)) shall comply with the provisions of TIA ss. 314(e) and shall include:

(i) a statement that the Person making such certificate or opinion has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of such Person, he or she has or they have made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

SECTION 13.06. RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 13.07. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND SHAREHOLDERS.

No past, present or future director, officer, employee, incorporator or stockholder of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes, the Subsidiary Guarantees, this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 13.08. GOVERNING LAW.

THIS INDENTURE, THE NOTES AND THE SUBSIDIARY GUARANTEES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 13.09. NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

SECTION 13.10. SUCCESSORS.

All agreements of the Company in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 13.11. SEVERABILITY.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 13.12. COUNTERPART ORIGINALS.

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 13.13. TABLE OF CONTENTS, HEADINGS, ETC.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Indenture signature page follows]

DATED APRIL 12, 1999

PACKAGING CORPORATION OF AMERICA

BY: /s/ Richard B. West

Name: Richard B. West
Title: Chief Finacial Officer,
Secretary and Treasurer

Guarantors:

DAHLONEGA PACKAGING CORPORATION

BY: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

DIXIE CONTAINER CORPORATION

BY: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

PCA HYDRO, INC.

BY: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

PCA TOMAHAWK CORPORATION

BY: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

PCA VALDOSTA CORPORATION

BY: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

UNITED STATES TRUST COMPANY OF NEW YORK,
as Trustee

BY: /s/ John Guiliano

Name: John Guiliano
Title: Vice President

CERTIFICATE OF DESIGNATIONS, PREFERENCES AND RELATIVE, PARTICIPATING, OPTIONAL AND OTHER SPECIAL RIGHTS OF PREFERRED STOCK AND QUALIFICATIONS, LIMITATIONS AND RESTRICTIONS THEREOF OF 12 3/8% SENIOR EXCHANGEABLE PREFERRED STOCK DUE 2010 AND 12 3/8% SERIES B SENIOR EXCHANGEABLE PREFERRED STOCK DUE 2010 OF PACKAGING CORPORATION OF AMERICA

Pursuant to Section 151 of the
General Corporation Law of the State of Delaware

Packaging Corporation of America (the "COMPANY"), a corporation organized and existing under the General Corporation Law of the State of Delaware, certifies that pursuant to the authority contained in Article Four of its Restated Certificate of Incorporation (the "CERTIFICATE OF INCORPORATION") and in accordance with the provisions of Section 151 of the General Corporation Law of the State of Delaware, the Board of Directors of the Company has duly approved and adopted the following resolution (this "CERTIFICATE OF DESIGNATIONS"), which resolution remains in full force and effect on the date hereof:

RESOLVED, that pursuant to the authority vested in the Board of Directors by the Certificate of Incorporation, the Board of Directors does hereby designate, create, authorize and provide for the issue of 1,100,000 shares of 12 3/8% Senior Exchangeable Preferred Stock due 2010, par value $0.01 per share, and 1,900,000 shares of 12 3/8% Series B Senior Exchangeable Preferred Stock due 2010, par value $0.01 per share, with a liquidation preference of $100 per share (the "LIQUIDATION PREFERENCE"), PROVIDED that no shares of the Series B Senior Exchangeable Preferred Stock Preferred Stock may be issued except upon the surrender and cancellation of such number of shares of the Senior Exchangeable Preferred Stock having an aggregate Liquidation Preference equal to the aggregate Liquidation Preference of the shares of the Series B Senior Exchangeable Preferred Stock so issued or as payment of dividends in accordance with the terms described herein. The Senior Exchangeable Preferred Stock and the Series B Senior Exchangeable Preferred Stock shall have the following powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof as follows:

SECTION 1 CERTAIN DEFINITIONS

Unless the context otherwise requires, the terms defined in this Section 1 shall have, for all purposes of this resolution, the meanings herein specified (with terms defined in the singular having comparable meanings when used in the plural).

"ACQUIRED DEBT" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"AFFILIATE" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; PROVIDED that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings.

"APPLICABLE PREMIUM" means, with respect to any Preferred Stock on any redemption date, the greater of:

(1) 1.0% of the Liquidation Preference of the Preferred Stock; or

(2) the excess of:

(a) the present value at such redemption date of (i) the redemption price of the Preferred Stock at April 1, 2004 (such redemption price being set forth in the table appearing in Section 6.2 hereof plus (ii) all required dividend payments due on the Preferred Stock through April 1, 2004 (excluding accrued but unpaid dividends), computed using a discount rate equal to the Treasury Rate as of such Redemption Date plus 50 basis points; over

(b) the Liquidation Preference of the Preferred Stock, if greater.

"APPLICABLE PROCEDURES" means, with respect to any transfer or exchange of or for beneficial interests in any Global Certificate, the rules and procedures of the Depositary that apply to such transfer or exchange.

"ASSET SALE" means:

(1) the sale, lease, conveyance or other disposition of any assets or rights, other than sales of inventory in the ordinary course of business; PROVIDED that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by Section 8.1 hereof and/or Section 9.4 hereof and not by Section 8.2 hereof; and

(2) the issuance of Equity Interests by any of the Company's Restricted Subsidiaries or the sale of Equity Interests in any of the Company's Subsidiaries.

Notwithstanding the preceding, the following items shall not be deemed to be Asset Sales:

(1) any single transaction or series of related transactions that involves assets having a fair market value of less than $10.0 million;

(2) a transfer of assets between or among the Company and its Wholly Owned Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Wholly Owned Restricted Subsidiary to the Company or to another Wholly Owned Restricted Subsidiary;

(4) the sale, license or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(5) the sale or other disposition of cash or Cash Equivalents or Marketable Securities;

(6) the transfer or disposition of assets and the sale of Equity Interests pursuant to the Contribution;

(7) sales of accounts receivables and related assets of the type specified in the definition of "Qualified Receivables Transaction" to a Receivables Subsidiary for the fair market value thereof including cash or Cash Equivalents or Marketable Securities in an amount at least equal to 75% of the fair market value thereof as determined in accordance with GAAP; and

(8) a Restricted Payment or Permitted Investment that is permitted by Section 9.1 hereof.

"ATTRIBUTABLE DEBT" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"BANKRUPTCY LAW" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"BENEFICIAL OWNER" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term

is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" shall have a corresponding meaning.

"BOARD OF DIRECTORS" means:

(1) with respect to a corporation, the board of directors of the corporation;

(2) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(3) with respect to any other Person, the board or committee of such Person serving a similar function.

"BROKER-DEALER" means any broker or dealer registered under the Exchange Act.

"BUSINESS DAY" means any day other than a Legal Holiday.

"CAPITAL LEASE OBLIGATION" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"CAPITAL STOCK" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"CASH EQUIVALENTS" means:

(1) United States dollars;

(2) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (PROVIDED that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than six months from the date of acquisition;

(3) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(4) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (2) and (3) above entered into with any financial institution meeting the qualifications specified in clause (3) above;

(5) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Rating Services and in each case maturing within twelve months after the date of acquisition; and

(6) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (5) of this definition.

"CHANGE OF CONTROL" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger, consolidation or transfer of the Company Voting Stock), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 1 3(d)(3) of the Exchange Act) other than to a Principal or a Related Party of a Principal;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company (other than a plan relating to the sale or other disposition of timberlands);

(3) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above), other than the Principals and their Related Parties or a Permitted Group, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares; or

(4) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"CONSOLIDATED CASH FLOW" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period PLUS:

(1) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; PLUS

(2) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the

interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income; PLUS

(3) depletion, depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depletion, depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; PLUS

(4) all one-time charges incurred in 1999 in connection with the Contribution (including the impairment charge described in the Offering Memorandum under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview") to the extent such charges were deducted in computing such Consolidated Net Income; PLUS

(5) all restructuring charges incurred prior to the Issue Date (including the restructuring charge that was added to pro forma EBITDA to calculate Adjusted pro forma EBITDA as set forth in the Offering Memorandum in footnote 4 under the heading "Selected Combined Financial and Other Data"); MINUS

(6) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depletion, depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of the Company shall be added to Consolidated Net Income to compute Consolidated Cash Flow of the Company only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"CONSOLIDATED INDEBTEDNESS" means, with respect to any Person as of any date of determination, the sum, without duplication, of:

(1) the total amount of Indebtedness of such Person and its Restricted Subsidiaries; PLUS

(2) the total amount of Indebtedness of any other Person, to the extent that such Indebtedness has been Guaranteed by the referent Person or one or more of its Restricted Subsidiaries; PLUS

(3) the aggregate liquidation value of all Disqualified Stock of such Person and all preferred stock of Restricted Subsidiaries of such Person, in each case, determined on a consolidated basis in accordance with GAAP.

"CONSOLIDATED NET INCOME" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; PROVIDED that:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Wholly Owned Restricted Subsidiary thereof;

(2) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders;

(3) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded;

(4) the cumulative effect of a change in accounting principles shall be excluded; and

(5) for purposes of calculating Consolidated Cash Flow to determine the Debt to Cash Flow Ratio or the Fixed Charge Coverage Ratio, the Net Income (but not loss) of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the specified Person or one of its Subsidiaries.

"CONTINUING DIRECTORS" means, as of any date of determination, any member of the Board of Directors of the Company who:

(1) was a member of such Board of Directors on the Issue Date; or

(2) was nominated for election or elected to such Board of Directors either (a) with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election or (b) pursuant to and in accordance with the terms of the Stockholders Agreement as in effect on the Issue Date.

"CONTRIBUTION" means the Contribution contemplated by the Contribution Agreement.

"CONTRIBUTION AGREEMENT" means that certain Contribution Agreement dated as of January 25, 1999 among TPI, PCA Holdings and the Company as the same is in effect on the Issue Date.

"CREDIT AGREEMENT" means that certain Credit Agreement, dated as of the date hereof by and among the Company, J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated, as co-lead arrangers, Bankers

Trust Company, as syndication agent, and Morgan Guaranty Trust Company of New York, as administrative agent, and the other lenders party thereto, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"CREDIT FACILITIES" means, one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), working capital loans, swing lines, advances or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured or refinanced in whole or in part from time to time.

"DEBT AND PREFERRED STOCK TO CASH FLOW RATIO" means, as of any date of determination, the ratio of (1) the Consolidated Indebtedness and Preferred Stock of the Company as of such date to (2) the Consolidated Cash Flow of the Company for the four most recent full fiscal quarters ending immediately prior to such date for which internal financial statements are available, determined on a pro forma basis after giving effect to all acquisitions or dispositions of assets made by the Company and its Restricted Subsidiaries from the beginning of such four-quarter period through and including such date of determination (including any related financing transactions) as if such acquisitions and dispositions had occurred at the beginning of such four-quarter period. In addition, for purposes of making the computation referred to above:

(1) acquisitions that have been made by the Company or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the date of determination shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act and including those cost savings that management reasonably expects to realize within six months of the consummation of the acquisition, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the date of determination, shall be excluded;

(3) for any four-quarter reference period that includes any period of time prior to the consummation of the Contribution, pro forma effect shall be given for such period to the Transactions described in the Offering Memorandum and the related corporate overhead savings and cost savings that were added to pro forma EBITDA to calculate Adjusted pro forma EBITDA as set forth in the Offering Memorandum in footnote 4 under the heading "Selected Combined Financial

and Other Data," all as calculated in good faith by a responsible financial or accounting officer of the Company, as if they had occurred on the first day of such four-quarter reference period; and

(4) the impact of the Treasury Lock shall be excluded.

"DEFAULT" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"DESIGNATED NONCASH CONSIDERATION" means any non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is designated as Designated Noncash Consideration pursuant to an Officers' Certificate executed by the principal executive officer and the principal financial officer of the Company or such Restricted Subsidiary. Such Officers' Certificate shall state the basis of such valuation, which shall be a report of a nationally recognized investment banking firm with respect to the receipt in one or a series of related transactions of Designated Noncash Consideration with a fair market value in excess of $10.0 million. A particular item of Designated Noncash Consideration shall no longer be considered to be outstanding when it has been sold for cash or redeemed or paid in full in the case of non-cash consideration in the form of promissory notes or equity.

"DISQUALIFIED STOCK" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Preferred Stock mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 9.1 hereof. The Preferred Stock as in effect on the Issue Date shall not constitute Disqualified Stock for purposes of this Certificate of Designations.

"EQUITY INTERESTS" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"EXCHANGE DATE" means the date on which the Company exchanges all but not less than all of the Preferred Stock for Subordinated Exchange Debentures.

"EXCHANGE DEBENTURE SENIOR DEBT" means:

(1) all Indebtedness outstanding under all Credit Facilities, all Hedging Obligations and all Other Hedging Agreements (including guarantees thereof) with respect thereto of the Company and its Restricted Subsidiaries, whether outstanding on the Issue Date or thereafter incurred;

(2) all Indebtedness of the Company and its Restricted Subsidiaries outstanding under the Notes or the guarantees of the Notes;

(3) any other Indebtedness incurred by the Company and its Restricted Subsidiaries under the terms of the Exchange Indenture, unless the instrument under which such Indebtedness is

incurred expressly provides that it is on a parity with or subordinated in right of payment to the Subordinated Exchange Debentures; and

(4) all Obligations with respect to the items listed in the preceding clauses (1), (2) and (3) (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law).

Notwithstanding anything to the contrary in the preceding, Exchange Debenture Senior Debt shall not include:

(1) any liability for federal, state, local or other taxes owed or owing by the Company or its Restricted Subsidiaries;

(2) any Indebtedness of the Company or any of its Restricted Subsidiaries to any of its Subsidiaries;

(3) any trade payables; or

(4) the portion of any Indebtedness that is incurred in violation of the Exchange Indenture (but only to the extent so incurred).

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXCHANGE INDENTURE" means the indenture between the Company and the Exchange Trustee governing the Subordinated Exchange Debentures.

"EXISTING INDEBTEDNESS" means Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the Issue Date, until such amounts are repaid.

"FIXED CHARGES" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, excluding amortization of debt issuance costs and net of the effect of all payments made or received pursuant to Hedging Obligations; PLUS

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; PLUS

(3) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; PLUS

(4) the product of (a) all dividends, whether paid or accrued in cash, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the Company's then current effective combined federal, state and local tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"FIXED CHARGE COVERAGE RATIO" means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "CALCULATION DATE"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act and including those cost savings that management reasonably expects to realize within six months of the consummation of the acquisition, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(4) for any four-quarter reference period that includes any period of time prior to the consummation of the Contribution, pro forma effect shall be given for such period to the Transactions described in the Offering Memorandum and the related corporate overhead savings and cost savings that were added to pro forma EBITDA to calculate Adjusted pro forma EBITDA as set forth in the Offering Memorandum in footnote 4 under the heading "Selected Combined Financial and Other Data," all as calculated in good faith by a responsible financial or accounting officer of the Company, as if they had occurred on the first day of such four-quarter reference period; and

(5) the impact of the Treasury Lock shall be excluded.

"FOREIGN SUBSIDIARY WORKING CAPITAL INDEBTEDNESS" means Indebtedness of a Restricted Subsidiary that is organized outside of the United States under lines of credit extended after the Issue Date to any such Restricted Subsidiary by Persons other than the Company or any of its Restricted Subsidiaries, the proceeds of which are used for such Restricted Subsidiary's working capital purposes.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"GLOBAL CERTIFICATE LEGEND" means the legend set forth in Section 15.3(g)(ii) to be placed on all Preferred Stock issued under this Certificate of Designations except where otherwise permitted by the provisions of this Certificate of Designations.

"GUARANTEE" means a guarantee of all or any part of any Indebtedness (other than by endorsement of negotiable instruments for collection in the ordinary course of business), including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof.

"HEDGING OBLIGATIONS" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

(2) other agreements or arrangements designed to protect such Person against fluctuations in interest rates.

"HOLDER" means a Person in whose name any Preferred Stock or any Subordinated Exchange Debentures, as applicable, are registered.

"INDEBTEDNESS" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) in respect of the deferred balance of the purchase price of any property outside of the ordinary course of business which remains unpaid, except any such balance that constitutes an operating lease payment, accrued expense, trade payable or similar current liability; or

(6) in respect of any Hedging Obligations or Other Hedging Agreements,

if and to the extent any of the preceding items (other than letters of credit, Hedging Obligations and Other Hedging Agreements) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

The amount of any Indebtedness outstanding as of any date shall be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof in the case of any other Indebtedness.

"INDENTURE" means the indenture among the Company, the guarantors named therein and United States Trust Company of New York, as trustee, governing the Notes.

"INITIAL PURCHASERS" means J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated.

"INVESTMENTS" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of Section 9.1 hereof. The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 9.1 hereof.

"ISSUE DATE" means the closing date for sale and original issuance of the Preferred Stock.

"LEGAL HOLIDAY" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next

succeeding day that is not a Legal Holiday, and no dividends shall accrue on such payment for the intervening period.

"LETTER OF TRANSMITTAL" means the letter of transmittal to be prepared by the Company and sent to all Holders of Preferred Stock or Subordinated Exchange Debentures, as applicable, for use by such Holders in connection with the Preferred Stock Exchange Offer.

"LIEN" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement.

"LIQUIDATED DAMAGES" means all amounts owing pursuant to Section 5 of the Preferred Stock Registration Rights Agreement.

"MARKETABLE SECURITIES" means publicly traded debt or equity securities that are listed for trading on a national securities exchange and that were issued by a corporation whose debt securities are rated in one of the three highest rating categories by either Standard & Poor's Rating Services or Moody's Investors Service, Inc.

"NET INCOME" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however:

(1) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with: (a) any Asset Sale; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

"NET PROCEEDS" means the aggregate cash proceeds received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, sales commissions, any relocation expenses incurred as a result thereof, all taxes of any kind paid or payable as a result thereof and reasonable reserves established to cover any indemnity obligations incurred in connection therewith, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, other than Indebtedness under a Credit Facility, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"NEW EXCHANGE DEBENTURES" means the Company's 12 3/8% Subordinated Exchange Debentures due 2010 issued pursuant to the Exchange Indenture (i) in the Preferred Stock Exchange Offer or (ii) in connection with a resale of Subordinated Exchange Debentures in reliance on a shelf registration statement.

"NEW PREFERRED STOCK" means the Company's 12 3/8% Senior Exchangeable Preferred Stock due 2010 issued pursuant to this Certificate of Designations (i) in the Preferred Stock Exchange Offer or (ii) in connection with a resale of Preferred Stock in reliance on a shelf registration statement.

"NON-U.S. PERSON" means a Person who is not a U.S. Person.

"NON-RECOURSE DEBT" means Indebtedness:

(1) as to which neither the Company nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (b) is directly or indirectly liable as a guarantor or otherwise, or (c) constitutes the lender;

(2) with respect to which no default (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Subordinated Exchange Debentures) of the Company or any of its Restricted Subsidiaries to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(3) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any of its Restricted Subsidiaries.

"NOTE REGISTRATION RIGHTS AGREEMENT" means the registration rights agreement to be entered into by the Company on or before the Issue Date relating to the registration of the Notes with the Commission.

"NOTES" means the Company's 9 5/8% Senior Subordinated Notes due 2009.

"OBLIGATIONS" means any principal, interest, penalties, fees, indemnifications, expenses, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"OFFERING MEMORANDUM" means the Offering Memorandum, dated March 30, 1999, pursuant to which the Preferred Stock was offered and sold.

"OFFICERS" means, with respect to the Company, any Chairman of the Board, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Senior Vice President, Vice President, Treasurer, Secretary or Assistant Secretary of the Company.

"OFFICERS' CERTIFICATE" means a certificate that meets the requirements of Section 12 hereof and has been signed by two Officers.

"OPINION OF COUNSEL" means an opinion from legal counsel who is reasonably acceptable to the Exchange Trustee, that meets the requirements of Section 12 hereof. The counsel may be an employee of or counsel to the Company, any Subsidiary of the Company, the Transfer Agent or the Trustee.

"OTHER HEDGING AGREEMENTS" means any foreign exchange contracts, currency swap agreements, commodity agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency or commodity values.

"PCA HOLDINGS" means PCA Holdings LLC, a Delaware limited liability company.

"PARTICIPATING BROKER-DEALER" means a Broker-Dealer that participates in the Preferred Stock Exchange Offer in accordance with Section 3(c) of the Preferred Stock Registration Rights Agreement.

"PERMITTED BUSINESS" means the containerboard, paperboard and packaging products business and any business in which the Company and its Restricted Subsidiaries are engaged on the Issue Date or any business reasonably related, incidental or ancillary to any of the foregoing.

"PERMITTED GROUP" means any group of investors that is deemed to be a "person" (as that term is used in Section 13(d)(3) of the Exchange Act) at any time prior to the Company's initial public offering of common stock, by virtue of the Stockholders Agreement, as the same may be amended, modified or supplemented from time to time, PROVIDED that no single Person (other than the Principals and their Related Parties) Beneficially Owns (together with its Affiliates) more of the Voting Stock of the Company that is Beneficially Owned by such group of investors than is then collectively Beneficially Owned by the Principals and their Related Parties in the aggregate.

"PERMITTED INVESTMENTS" means:

(1) any Investment in the Company or in a Restricted Subsidiary of the Company;

(2) any Investment in Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Company; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 8.2 hereof;

(5) any acquisition of assets to the extent acquired in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;

(6) Hedging Obligations and Other Hedging Agreements;

(7) any Investment existing on the Issue Date;

(8) loans and advances to employees and officers of the Company and its Restricted Subsidiaries in the ordinary course of business;

(9) any Investment in securities of trade creditors or customers received in compromise of obligations of such persons incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;

(10) negotiable instruments held for deposit or collection in the ordinary course of business;

(11) loans, guarantees of loans and advances to officers, directors, employees or consultants of the Company or a Restricted Subsidiary of the Company not to exceed $7.5 million in the aggregate outstanding at any time;

(12) any Investment by the Company or any of its Restricted Subsidiaries in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Transaction; PROVIDED that each such Investment is in the form of a Purchase Money Note, an equity interest or interests in accounts receivables generated by the Company or any of its Restricted Subsidiaries; and

(13) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (13) that are at the time outstanding not to exceed the greater of $50.0 million or 5% of Total Assets.

"PERMITTED LIENS" means:

(1) Liens of the Company and its Restricted Subsidiaries securing Exchange Debenture Senior Debt that was permitted by the terms of this Certificate of Designations to be incurred;

(2) Liens in favor of the Company or its Restricted Subsidiaries;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Subsidiary of the Company; PROVIDED that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Subsidiary;

(4) Liens on property existing at the time of acquisition thereof by the Company or any Subsidiary of the Company, PROVIDED that such Liens were in existence prior to the contemplation of such acquisition;

(5) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(6) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the second paragraph of Section 9.2 hereof covering only the assets acquired with such Indebtedness;

(7) Liens existing on the Issue Date together with any Liens securing Permitted Refinancing Indebtedness incurred under clause (5) of the second paragraph of Section 9.2 hereof in order to refinance the Indebtedness secured by Liens existing on the Issue Date; PROVIDED that the Liens securing the Permitted Refinancing Indebtedness shall not extend to property other than that pledged under the Liens securing the Indebtedness being refinanced;

(8) Liens on assets of Unrestricted Subsidiaries that secure Non-Recourse Debt of Unrestricted Subsidiaries;

(9) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, PROVIDED that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(10) Liens to secure Foreign Subsidiary Working Capital Indebtedness permitted by this Certificate of Designations to be incurred so long as any such Lien attached only to the assets of the Restricted Subsidiary which is the obligor under such Indebtedness;

(11) Liens securing Attributable Debt;

(12) Liens on assets of a Receivables Subsidiary incurred in connection with a Qualified Receivables Transaction; and

(13) Liens incurred in the ordinary course of business of the Company or any Subsidiary of the Company with respect to obligations that do not exceed $15.0 million at any one time outstanding.

"PERMITTED REFINANCING INDEBTEDNESS" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); PROVIDED that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of all expenses and premiums incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Subordinated Exchange Debentures, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Subordinated Exchange Debentures on terms at least as favorable to the Holders of Subordinated Exchange Debentures as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(4) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"PERSON" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"PREFERRED STOCK" means the Company's 12 3/8% Senior Exchangeable Preferred Stock due 2010 including the New Preferred Stock.

"PREFERRED STOCK EXCHANGE OFFER" means the exchange and issuance by the Company of New Preferred Stock or New Exchange Debentures, as the case may be, which shall be registered pursuant to a registration statement, in an amount equal to (1) the aggregate Liquidation Preference of all shares of Preferred Stock that are tendered by the Holders thereof or (2) the aggregate principal amount of all Subordinated Exchange Debentures that are tendered by the Holders thereof, as the case may be, in connection with such exchange and issuance.

"PREFERRED STOCK EXCHANGE OFFER REGISTRATION STATEMENT" means the registration statement relating to the Preferred Stock Exchange Offer, including the related prospectus.

"PREFERRED STOCK REGISTRATION RIGHTS AGREEMENT" means the registration rights agreement to be entered into by the Company on or before the Issue Date relating to the registration of the Preferred Stock and the Subordinated Exchange Debentures with the Commission.

"PREFERRED STOCK REGISTRATION STATEMENT" means any registration statement of the Company relating to an offering of New Preferred Stock or New Exchange Debentures, as the case may be, that is filed pursuant to the provisions of the Preferred Stock Registration Rights Agreement, and includes the prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

"PRINCIPALS" means:

(1) Madison Dearborn Partners, LLC and its Affiliates; and

(2) TPI and its Affiliates.

"PRIVATE PLACEMENT LEGEND" means the legend set forth in Section 15.3(g)(i) to be placed on all Preferred Stock issued under this Certificate of Designations except where otherwise permitted by the provisions of this Certificate of Designations.

"PURCHASE MONEY NOTE" means a promissory note evidencing a line of credit, which may be irrevocable, from, or evidencing other Indebtedness owed to, the Company or any of its Restricted Subsidiaries in connection with a Qualified Receivables Transaction, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated receivables.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A of the Securities Act.

"QUALIFIED RECEIVABLES TRANSACTION" means any transaction or series of transactions that may be entered into by the Company or any of its Restricted Subsidiaries pursuant to which the Company or any of its Restricted Subsidiaries may sell, convey or otherwise transfer to:

(1) a Receivables Subsidiary (in the case of a transfer by the Company or any of its Restricted Subsidiaries); and

(2) any other Person (in the case of a transfer by a Receivables Subsidiary),

or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the Company or any of its Restricted Subsidiaries, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets that are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization transactions involving accounts receivable.

"RECEIVABLES SUBSIDIARY" means a Wholly Owned Subsidiary of the Company that engages in no activities other than in connection with the financing of accounts receivable and that is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and:

(1) has no Indebtedness or other Obligations (contingent or otherwise) that:

(a) are guaranteed by the Company or any of its Restricted Subsidiaries, other than contingent liabilities pursuant to Standard Securitization Undertakings;

(b) are recourse to or obligate the Company or any of its Restricted Subsidiaries in any way other than pursuant to Standard Securitization Undertakings; or

(c) subjects any property or assets of the Company or any of its Restricted Subsidiaries, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(2) has no contract, agreement, arrangement or undertaking (except in connection with a Purchase Money Note or Qualified Receivables Transaction) with the Company or any of its Restricted Subsidiaries than on terms no less favorable to the Company or such Restricted Subsidiaries than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(3) neither the Company nor any of its Restricted Subsidiaries has any obligation to maintain or preserve the Receivables Subsidiary's financial condition or cause the Receivables Subsidiary to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Transfer Agent or Exchange Trustee, as applicable, by filing with the Transfer Agent or Exchange Trustee, as applicable, a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying, to the best of such officers' knowledge and belief after consulting with counsel, that such designation complied with the foregoing conditions.

"REGULATION S" means Regulation S promulgated under the Securities Act.

"RELATED PARTY" means:

(1) any controlling stockholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Principal; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (1).

"RESTRICTED DEFINITIVE CERTIFICATE" means a definitive certificate evidencing Preferred Stock, registered in the name of the holder thereof, in the form of Exhibit A hereto and bearing the Private Placement Legend.

"RESTRICTED GLOBAL CERTIFICATE" means a global certificate in the form of Exhibit A hereto bearing the Global Certificate Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding aggregate Liquidation Preference of the Preferred Stock sold in reliance on Rule 144A.

"RESTRICTED INVESTMENT" means an Investment other than a Permitted Investment.

"RESTRICTED SUBSIDIARY" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"RULE 144" means Rule 144 promulgated under the Securities Act.

"RULE 144A" means Rule 144A promulgated under the Securities Act.

"RULE 903" means Rule 903 promulgated under the Securities Act.

"RULE 904" means Rule 904 promulgated the Securities Act.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SHELF REGISTRATION STATEMENT" means the Shelf Registration Statement as defined in the Preferred Stock Registration Rights Agreement.

"SIGNIFICANT SUBSIDIARY" means any Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

"STANDARD SECURITIZATION UNDERTAKINGS" means representations, warranties, covenants and indemnities entered into by the Company or any of its Restricted Subsidiaries that are reasonably customary in an accounts receivable transaction.

"STATED MATURITY" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"STOCKHOLDERS AGREEMENT" means that certain Stockholders Agreement to be dated as of April 12, 1999 by and among PCA Holdings LLC, TPI and the Company, as in effect on the Issue Date.

"SUBSIDIARY" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"SUBORDINATED EXCHANGE DEBENTURES" means the Company's 12 3/8% Subordinated Exchange Debentures due 2010 issuable in exchange for Preferred Stock.

"TPI" means Tenneco Packaging Inc., a Delaware corporation.

"TIMBERLANDS NET PROCEEDS" means the Net Proceeds from Timberlands Sales in excess of $500.0 million, up to a maximum of $100.0 million (or such larger amount as may be necessary to repurchase or redeem all outstanding Preferred Stock in the event of a repurchase or redemption of all outstanding Preferred Stock), as long as at least $500.0 million of Net Proceeds have been applied to repay Indebtedness under the Credit Agreement.

"TIMBERLANDS REPURCHASE" means the repurchase or redemption of, payment of a dividend on, or return of capital with respect to any Equity Interests of the Company, or the redemption of Notes, with Timberlands Net Proceeds in accordance with the terms of this Certificate of Designations.

"TIMBERLANDS SALE" means a sale or series of sales by the Company or a Restricted Subsidiary of the Company of timberlands.

"TOTAL ASSETS" means the total consolidated assets of the Company and its Restricted Subsidiaries, as set forth on the Company's most recent consolidated balance sheet.

"TRANSACTION AGREEMENTS" means:

(1) those certain Purchase/Supply Agreements between the Company and TPI, Tenneco Automotive, Inc. and Tenneco Packaging Specialty and Consumer Products, Inc., each dated the Issue Date;

(2) that certain Facilities Use Agreement between the Company and TPI, dated the Issue Date;

(3) that certain Human Resources Agreement among the Company, TPI and Tenneco Inc., dated the Issue Date;

(4) that certain Transition Services Agreement among the Company and TPI, dated the Issue Date;

(5) that certain Holding Company Support Agreement among the Company and PCA Holdings, dated the Issue Date;

(6) that certain Registration Rights Agreement among the Company, PCA Holdings and TPI, dated the Issue Date; and

(7) the Stockholders Agreement.

"TRANSACTIONS" has the meaning given to such term in the Offering Memorandum.

"TRANSFER AGENT" means the Transfer Agent for the Preferred Stock, who shall be United States Trust Company of New York unless and until a successor is selected by the Company.

"TREASURY LOCK" means the interest rate protection agreement dated as of March 5, 1999 between the Company and J.P. Morgan Securities Inc.

"TREASURY RATE" means, as of any redemption date, the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to April 1, 2004; PROVIDED, HOWEVER, that if the period from the redemption date to April 1, 2004 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"TRUST INDENTURE ACT" means the Trust Indenture Act of 1939 (15 U.S.C. Sections 77aaa-77bbbb) as in effect on the date on which the Exchange Indenture is qualified under the Trust Indenture Act.

"UNRESTRICTED DEFINITIVE CERTIFICATE" means a definitive certificate evidencing Preferred Stock, registered in the name of the holder thereof, in the form of Exhibit A hereto, representing a series of Preferred Stock that do not bear the Private Placement Legend.

"UNRESTRICTED GLOBAL CERTIFICATE" means a permanent global certificate in the form of Exhibit A attached hereto that bears the Global Certificate Legend and that has the "Schedule of Exchanges of Interests in the Global Certificate" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Preferred Stock that do not bear the Private Placement Legend.

"UNRESTRICTED SUBSIDIARY" means any Subsidiary of the Company that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary:

(1) has no Indebtedness other than Non-Recourse Debt;

(2) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(3) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Transfer Agent or Exchange Trustee, as applicable, by filing with the Transfer Agent or Exchange Trustee, as applicable, a certified copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by Section 9.1 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Certificate of Designations and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 9.2 hereof, the Company shall be in default of Section 9.2. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; PROVIDED that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (1) such Indebtedness is permitted under Section 9.2 hereof, calculated on a pro forma basis as if such designation had occurred at

the beginning of the four-quarter reference period; and (2) no Default or Event of Default would be in existence following such designation.

"U.S. PERSON" means a U.S. person as defined in Rule 902(k) under the Securities Act.

"VOTING STOCK" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"WEIGHTED AVERAGE LIFE TO MATURITY" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"WHOLLY OWNED RESTRICTED SUBSIDIARY" of any specified Person means any Wholly Owned Subsidiary of such Person which at the time of determination is a Restricted Subsidiary.

"WHOLLY OWNED SUBSIDIARY" of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Subsidiaries of such Person.

SECTION 2 RANKING

The Preferred Stock shall rank senior in right of payment to all classes or series of the Company's capital stock as to dividends and upon liquidation, dissolution or winding up of the Company.

Without the consent of the Holders of at least a majority in aggregate Liquidation Preference of the then outstanding Preferred Stock, the Company may not authorize, create (by way of reclassification or otherwise) or issue:

(1) any class or series of capital stock of the Company ranking on a parity with the Preferred Stock ("PARITY SECURITIES");

(2) any obligation or security convertible or exchangeable into or evidencing a right to purchase, any Parity Securities;

(3) any class or series of capital stock of the Company ranking senior to the Preferred Stock ("SENIOR SECURITIES") or

(4) any obligation or security convertible or exchangeable into, or evidencing a right to purchase, any Senior Securities.

SECTION 3 DIVIDENDS

When the Board of Directors declares dividends out of legally available Company funds, the Holders of the Preferred Stock, who are Holders of record as of the preceding March 15 and September 15 (each, a "RECORD DATE"), shall be entitled to receive cumulative preferential dividends at the rate per share of 12 3/8% per annum. Dividends on the Preferred Stock shall be payable semiannually in arrears on April 1 and October 1 of each year (each, a "DIVIDEND PAYMENT DATE"), commencing on October 1, 1999.

On or prior to April 1, 2004, the Company may, at its option, pay dividends:

(1) in cash or

(2) in additional fully-paid and non-assessable shares of Preferred Stock (including fractional stock) having an aggregate Liquidation Preference equal to the amount of such dividends.

After April 1, 2004, the Company shall pay dividends in cash only.

Dividends payable on the Preferred Stock shall:

(1) be computed on the basis of a 360-day year comprised of twelve 30-day months; and

(2) accrue on a daily basis.

Dividends on the Preferred Stock shall accrue whether or not:

(1) the Company has earnings or profits;

(2) there are funds legally available for the payment of such dividends; or

(3) dividends are declared.

Dividends shall accumulate to the extent they are not paid on the Dividend Payment Date for the semiannual period to which they relate. Accumulated unpaid dividends will accrue dividends at the rate of 12 3/8% per annum. The Company must take all actions required or permitted under Delaware law to permit the payment of dividends on the Preferred Stock.

Unless the Company has declared and paid full cumulative dividends upon, or declared and set apart a sufficient sum for the payment of full cumulative dividends on, all outstanding Preferred Stock due for all past dividend periods, then:

(1) no dividend (other than a dividend payable solely in shares of any class or series of capital stock ranking junior to the Preferred Stock as to the payment of dividends and as to rights in liquidation, dissolution and winding up of the affairs of the Company (any such stock, "JUNIOR SECURITIES")) shall be declared or paid upon, or any sum set apart for the payment of dividends upon, any Junior Securities;

(2) no other distribution shall be declared or made upon, or any sum set apart for the payment of any distribution upon, any Junior Securities;

(3) no Junior Securities shall be purchased, redeemed or otherwise acquired or retired for value (excluding an exchange for other Junior Securities) by the Company or any of its Restricted Subsidiaries; and

(4) no monies shall be paid into or set apart or made available for a sinking or other like fund for the purchase, redemption or other acquisition or retirement for value of any Junior Securities by the Company or any of its Restricted Subsidiaries.

Holders of the Preferred Stock shall not be entitled to any dividends, whether payable in cash, property or stock, in excess of the full cumulative dividends as herein described.

SECTION 4 VOTING RIGHTS

Holders of the Preferred Stock shall have no voting rights, except as required by law and as provided in this Certificate of Designations. Under this Certificate of Designations, the number of members of the Company's Board of Directors shall immediately and automatically increase by two, and the Holders of a majority in Liquidation Preference of the outstanding Preferred Stock, voting as a separate class, may elect two members to the Board of Directors of the Company, upon the occurrence of any of the following events (each, a "VOTING RIGHTS TRIGGERING EVENT"):

(1) the accumulation of accrued and unpaid dividends on the outstanding Preferred Stock in an amount equal to three or more full semiannual dividends (whether or not consecutive);

(2) failure by the Company or any of its Restricted Subsidiaries to comply with any mandatory redemption obligation with respect to the Preferred Stock, the failure to make an Asset Sale Offer or Change of Control Offer in accordance with the provisions of this Certificate of Designations or the failure to repurchase Preferred Stock pursuant to such offers;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with any of the other covenants or agreements set forth in this Certificate of Designations and the continuance of such failure for 30 consecutive days or more after notice from the Holders of at least 25% in aggregate Liquidation Preference of the Preferred Stock then outstanding;

(4) default under any mortgage, indenture or instrument under which there is issued and outstanding any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the Issue Date, if that default (i) is caused by a failure to pay principal at the final stated maturity of such Indebtedness (a "PAYMENT DEFAULT") or (ii) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more;

(5) the Company or any of its Significant Subsidiaries pursuant to or within the meaning of Bankruptcy Law:

(i) commences a voluntary case,

(ii) consents to the entry of an order for relief against it in an involuntary case,

(iii) consents to the appointment of a custodian of it or for all or substantially all of its property,

(iv) makes a general assignment for the benefit of its creditors, or

(v) generally is not paying its debts as they become due; or

(6) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company or any Significant Subsidiary in an involuntary case;

(ii) appoints a custodian of the Company or any Significant Subsidiary or for all or substantially all of the property of the Company or any Significant Subsidiary; or

(iii) orders the liquidation of the Company or any Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

Voting Rights arising as a result of a Voting Rights Triggering Event shall continue until all dividends in arrears on the Preferred Stock are paid in full and all other Voting Rights Triggering Events have been cured or waived.

In addition, as provided in Section 2 hereof, the Company may not authorize, create (by way of reclassification or otherwise) or issue any Senior Securities or Parity Securities, or any obligation or security convertible into or evidencing a right to purchase any Senior Securities or Parity Securities, without the affirmative vote or consent of the Holders of a majority in Liquidation Preference of the then outstanding shares of Preferred Stock.

SECTION 5 EXCHANGE

On any Dividend Payment Date, the Company may exchange all and not less than all of the shares of then outstanding Preferred Stock for the Company's Subordinated Exchange Debentures if:

(1) on the date of the exchange, there are no accumulated and unpaid dividends on the Preferred Stock (including the dividend payable on that date) or other contractual impediments to the exchange;

(2) the exchange does not immediately cause:

(a) a Default or Event of Default (each as defined in the Exchange Indenture) under the Exchange Indenture;

(b) a default or event of default under any Credit Facility or the Indenture; and

(c) a default or event of default under any material instrument governing Indebtedness of the Company or any of its Restricted Subsidiaries that is outstanding at the time;

(3) the Exchange Indenture has been duly authorized, executed and delivered by the Company and a trustee of recognized national standing selected by the Company, which on the Issue Date shall be U.S. Trust Company of Texas, N.A. (the "EXCHANGE TRUSTEE"), and is a legal, valid and binding agreement of the Company;

(4) the Exchange Indenture has been qualified under the Trust Indenture Act, if qualification is required at the time of exchange; and

(5) the Company has delivered a written opinion to the Exchange Trustee stating that all conditions to the exchange have been satisfied and as to such other matters as the Exchange Trustee shall reasonably request.

Upon any exchange pursuant to the preceding paragraph, Holders of outstanding Preferred Stock shall be entitled to receive:

(1) a principal amount of Subordinated Exchange Debentures equal to the aggregate Liquidation Preference of the Preferred Stock held by such Holder, PLUS

(2) without duplication, any accrued and unpaid dividends and Liquidated Damages, if any, on such shares.

The Subordinated Exchange Debentures shall be:

(1) issued in registered form, without coupons; and

(2) issued in principal amounts of $1,000 and integral multiples thereof to the extent possible and any other principal amount to the extent necessary, PROVIDED that the Company may pay cash in lieu of issuing a Subordinated Exchange Debenture having a principal amount that is less than $1,000.

The Company shall send notice of its intention to exchange by first class mail, postage prepaid, to each Holder of Preferred Stock at its registered address not more than 60 days nor less than 30 days prior to the Exchange Date. In addition to any information required by law or by the applicable rules of any exchange upon which Preferred Stock may be listed or admitted to trading, the notice shall state:

(1) the Exchange Date;

(2) the place or places where certificates for such stock are to be surrendered for exchange, including any procedures applicable to exchanges to be accomplished through book-entry transfers; and

(3) that dividends on the Preferred Stock to be exchanged will cease to accrue on the Exchange Date.

If notice of any exchange has been properly given, and if on or before the Exchange Date the Subordinated Exchange Debentures have been duly executed and authenticated and an amount in cash or additional Preferred Stock (as applicable) equal to all accrued and unpaid dividends and Liquidated Damages, if any, thereon to the Exchange Date has been deposited with the Transfer Agent, then on and after the close of business on the Exchange Date:

(1) the Preferred Stock to be exchanged shall no longer be considered outstanding and may subsequently be issued in the same manner as the other authorized but unissued preferred stock, but not as Preferred Stock; and

(2) all rights of the Holders as stockholders of the Company shall cease, except their right to receive upon surrender of their certificates the Subordinated Exchange Debentures and all accrued and unpaid dividends and Liquidated Damages, if any, thereon to the Exchange Date.

SECTION 6 REDEMPTION

SECTION 6.1 MANDATORY REDEMPTION

On April 1, 2010 (the "MANDATORY REDEMPTION DATE"), the Company shall be required to redeem (subject to it having sufficient legally available funds and subject to compliance with the Credit Agreement, the Indenture, the Exchange Indenture and any Credit Facility entered into by the Company and its Restricted Subsidiaries after the Issue Date) all outstanding Preferred Stock at a price in cash equal to the Liquidation Preference, plus accrued and unpaid dividends and Liquidated Damages, if any, to the date of redemption. The Company shall not be required to make sinking fund payments with respect to the Preferred Stock.

If the Contribution is not consummated by 5:00 p.m. on the Issue Date, the Company shall be required to redeem (subject to it having sufficient legally available funds) all outstanding Preferred Stock at a price in cash equal to 100% of the Liquidation Preference thereof. The Company must take all actions required or permitted under Delaware law to permit such redemption.

SECTION 6.2 OPTIONAL REDEMPTION

At any time prior to April 1, 2002, the Company may on any one occasion redeem all, or on any one or more occasions redeem up to 35% of the aggregate principal amount of Preferred Stock at a redemption price of 112.375% of the Liquidation Preference thereof, plus accrued and unpaid dividends and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more offerings of common stock of the Company or a capital contribution to the Company's common equity made with the net cash proceeds of an offering of common stock of the Company's direct or indirect parent or with Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the fourth paragraph of Section 8.2 hereof; PROVIDED that:

(1) except in the case of a redemption of all of the then outstanding Preferred Stock, at least 65% of the aggregate Liquidation Preference of the Preferred Stock issued under this Certificate of Designations remains outstanding immediately after the occurrence of such redemption (excluding Preferred Stock held by the Company and its Subsidiaries); and

(2) the redemption must occur within 60 days of the date of the closing of such offering or the making of such capital contribution or the consummation of a Timberlands Sale.

Prior to April 1, 2004, the Company may also redeem the Preferred Stock, as a whole but not in part, upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior written notice, at a redemption price equal to 100% of the Liquidation Preference thereof plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, thereon, to the date of redemption.

Except pursuant to the preceding paragraphs, the Preferred Stock shall not be redeemable at the Company's option prior to April 1, 2004. Nothing in this Certificate of Designations prohibits the Company from acquiring the Preferred Stock by means other than a redemption, whether pursuant to an issuer tender offer or otherwise, assuming such acquisition does not otherwise violate the terms of this Certificate of Designations.

After April 1, 2004, the Company may redeem all or a part of the Preferred Stock upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of the Liquidation Preference) set forth below plus accrued and unpaid dividends and Liquidated Damages, if any, thereon, to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below:

YEAR	PERCENTAGE
2004	106.1875%
2005	104.6406%
2006	103.0938%
2007	101.5469%
2008 and thereafter	100.0000%

SECTION 6.3 SELECTION AND NOTICE

If less than all of the Preferred Stock is to be redeemed at any time, the Transfer Agent will select Preferred Stock for redemption as follows:

(1) if the Preferred Stock is listed, in compliance with the requirements of the principal national securities exchange on which the Preferred Stock is listed; or

(2) if the Preferred Stock is not so listed, on a pro rata basis, by lot or by such method as the Transfer Agent shall deem fair and appropriate.

No shares of Preferred Stock shall be redeemed in part. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of Preferred

Stock to be redeemed at its registered address. Notices of redemption may not be conditional.

If any Preferred Stock is to be redeemed in part only, the notice of redemption that relates to that Preferred Stock shall state the portion of the Liquidation Preference thereof to be redeemed. A new certificate with an aggregate Liquidation Preference equal to the unredeemed portion of the original certificate evidencing Preferred Stock presented for redemption shall be issued in the name of the Holder thereof upon cancellation of the certificate. Preferred Stock called for redemption become due on the date fixed for redemption. On and after the redemption date, dividends cease to accrue on Preferred Stock or portions thereof called for redemption.

SECTION 7 LIQUIDATION RIGHTS

Each Holder of the Preferred Stock shall be entitled to payment, out of the assets of the Company available for distribution (after giving effect to the prior payment of all Indebtedness and other claims), of an amount equal to the Liquidation Preference of the Preferred Stock held by such Holder, plus accrued and unpaid dividends and Liquidated Damages, if any, to the date fixed for liquidation, dissolution, winding up or reduction or decrease in capital stock, before any distribution is made on any Junior Securities, including, without limitation, common stock of the Company, upon any:

(1) voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Company; or

(2) reduction or decrease in the Company's capital stock resulting in a distribution of assets to the holders of any class or series of the Company's capital stock (a "reduction or decrease in capital stock").

After payment in full of the Liquidation Preference and all accrued and unpaid dividends and Liquidated Damages, if any, to which Holders of Preferred Stock are entitled, such Holders may not further participate in any distribution of assets of the Company. However, neither the voluntary sale, conveyance, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Company nor the consolidation or merger of the Company with or into one or more Persons shall be a voluntary or involuntary liquidation, dissolution or winding up of the Company or reduction or decrease in capital stock, unless such sale, conveyance, exchange or transfer is in connection with a liquidation, dissolution or winding up of the business of the Company or reduction or decrease in capital stock.

SECTION 8 REPURCHASE AT THE OPTION OF HOLDERS

SECTION 8.1 CHANGE OF CONTROL

If a Change of Control occurs, each Holder of Preferred Stock shall have the right to require the Company to repurchase all or any part (but not any fractional shares) of that Holder's Preferred Stock pursuant to the offer described below (the "CHANGE OF CONTROL OFFER"). In the Change of Control Offer, the Company shall offer a payment in cash equal to 101% of the aggregate Liquidation Preference of Preferred Stock repurchased plus accrued and unpaid dividends and Liquidated Damages, if any, thereon, to the date of purchase (the "CHANGE OF CONTROL PAYMENT"). Within 30 days following any Change of Control, the Company shall mail a notice to each Holder describing the transaction or transactions that constitute the

Change of Control and offering to repurchase Preferred Stock on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "CHANGE OF CONTROL PAYMENT DATE"), pursuant to the procedures required by this Certificate of Designations and described in such notice.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Preferred Stock as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with this Section 8.1, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 8.1 by virtue of such conflict.

On the Change of Control Payment Date, the Company shall, to the extent lawful:

(1) accept for payment all Preferred Stock or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent (as defined in Section 13 hereof) an amount equal to the Change of Control Payment in respect of all Preferred Stock or portions thereof so tendered; and

(3) deliver or cause to be delivered to the Transfer Agent the Preferred Stock so accepted together with an Officers' Certificate stating the Liquidation Preference of Preferred Stock or portions thereof being purchased by the Company.

The Paying Agent shall promptly mail to each Holder of Preferred Stock so tendered the Change of Control Payment for such Preferred Stock, and the Transfer Agent shall promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new certificate representing the Preferred Stock equal in Liquidation Preference to any unpurchased portion of the Preferred Stock surrendered, if any.

Prior to complying with any of the provisions of this Section 8.1, but in any event within 90 days following a Change of Control, the Company shall either repay all outstanding Exchange Debenture Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Exchange Debenture Senior Debt to permit the repurchase of Preferred Stock required by this Section 8.1. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The Company shall first comply with the first sentence in the immediately preceding paragraph before it shall be required to repurchase Preferred Stock pursuant to the provisions described above. The Company's failure to comply with the first sentence in the immediately preceding paragraph may (with notice and lapse of time) constitute a Voting Rights Triggering Event described in clause (3) but shall not constitute a Voting Rights Triggering Event described under clause (2) of Section 4 hereof.

This Section 8.1 shall be applicable regardless of whether any other provisions of this Certificate of Designations are applicable.

The Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance

with the requirements set forth in this Certificate of Designations applicable to a Change of Control Offer made by the Company and purchases all Preferred Stock validly tendered and not withdrawn under such Change of Control Offer.

SECTION 8.2 ASSET SALES

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale which, taken as a whole, is at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(2) such fair market value is determined by the Company's Board of Directors and evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Transfer Agent; and

(3) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents or Marketable Securities.

For purposes of this provision, each of the following shall be deemed to be cash:

(a) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or any Restricted Subsidiary (other than contingent liabilities) that are assumed by the transferee of any such assets;

(b) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted, sold or exchanged by the Company or such Restricted Subsidiary into cash within 30 days of the related Asset Sale (to the extent of the cash received in that conversion); and

(c) any Designated Noncash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sale having an aggregate fair market value, taken together with all other Designated Noncash Consideration received since the Issue Date pursuant to this clause (c) that is at that time outstanding, not to exceed 10% of Total Assets at the time of the receipt of such Designated Noncash Consideration (with the fair market value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value).

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company may apply such Net Proceeds at its option:

(1) to repay Exchange Debenture Senior Debt and, if the Exchange Debenture Senior Debt repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

(2) to invest in or to acquire other properties or assets to replace the properties or assets

that were the subject of the Asset Sale or that will be used in businesses of the Company or its Restricted Subsidiaries, as the case may be, existing at the time such assets are sold;

(3) to make a capital expenditure or commit, or cause such Restricted Subsidiary to commit, to make a capital expenditure (such commitments to include amounts anticipated to be expended pursuant to the Company's capital investment plan as adopted by the Board of Directors of the Company) within 24 months of such Asset Sale; or

(4) to make a Timberlands Repurchase in accordance with the first paragraph of Section 6.2 hereof.

Pending the final application of any such Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Certificate of Designations.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph will constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $25.0 million, the Company shall make an Asset Sale Offer to all Holders of Preferred Stock and all holders of Parity Securities containing provisions similar to those set forth in this Certificate of Designations with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum amount of Preferred Stock and such other Parity Securities that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer shall be equal to 100% of the Liquidation Preference plus accrued and unpaid dividends and Liquidated Damages, if any, to the date of purchase, and shall be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Certificate of Designations. If the aggregate Liquidation Preference of Preferred Stock and such other Parity Securities tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Transfer Agent shall select the Preferred Stock and such other Parity Securities to be purchased on a pro rata basis based on the Liquidation Preference of Preferred Stock and such other Parity Securities tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

Notwithstanding the three preceding paragraphs, the Company shall be permitted to apply Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the first paragraph of Section 6.2 hereof) to repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any Equity Interests of the Company if:

(1) the repurchase, redemption, dividend or return of capital is consummated within 90 days of the final sale of such Timberlands Sale;

(2) the Company's Debt and Preferred Stock to Cash Flow Ratio at the time of such Timberlands Repurchase, after giving pro forma effect to (a) such repurchase, redemption, dividend or return of capital, (b) the Timberlands Sale and the application of the net proceeds therefrom and (c) any increase or decrease in fiber, stumpage or similar costs as a result of the Timberlands Sale as if the same had occurred at the beginning of the most recently ended four full fiscal quarter period of the Company for which internal financial statements are available, would have been no greater than 5.0 to 1; and

(3) in the case of a repurchase or redemption of all of the then outstanding Preferred Stock, no Timberlands Net Proceeds have been previously applied to repurchase or redeem, or pay a dividend on, or return of capital with respect to, any other Equity Interests of the Company.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Preferred Stock pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 8.2, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the provisions of this Section 8.2 by virtue of such conflict.

SECTION 9 CERTAIN COVENANTS

SECTION 9.1 RESTRICTED PAYMENTS

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (other than the Preferred Stock) including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests (other than the Preferred Stock in their capacity as such) other than dividends or distributions payable (a) in Equity Interests (other than Disqualified Stock) of the Company or (b) to the Company or a Restricted Subsidiary of the Company;

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company other than Preferred Stock; or

(3) make any Restricted Investment (all such payments and other actions set forth in clauses (1) through (3) above being collectively referred to as "RESTRICTED PAYMENTS"),

unless, at the time of and after giving effect to such Restricted Payment:

(1) no Voting Rights Triggering Event shall have occurred and be continuing or would occur as a consequence thereof; and

(2) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 9.2 hereof; and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (2), (3) and (4) of the next succeeding paragraph), is less

than the sum, without duplication, of:

(a) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), PLUS

(b) 100% of the aggregate net cash proceeds received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company), together with the net proceeds received by the Company upon such conversion or exchange, if any, PLUS

(c) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment.

The preceding provisions shall not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Certificate of Designations;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any Equity Interests of the Company in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock); PROVIDED that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (3) (b) of the preceding paragraph;

(3) so long as no Voting Rights Triggering Event has occurred and is continuing or would be caused thereby, any Timberlands Repurchase pursuant to and in accordance with the fourth paragraph of Section 8.2 hereof;

(4) the payment of any dividend by a Restricted Subsidiary of the Company to the holders of its common Equity Interests on a pro rata basis;

(5) so long as no Voting Rights Triggering Event has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any current or former officers, directors or employees of the Company (or any of its Restricted Subsidiaries')

pursuant to any management equity subscription agreement, stock option agreement or stock plan entered into in the ordinary course of business; PROVIDED that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $5.0 million in any calendar year;

(6) repurchases of Equity Interests of the Company deemed to occur upon exercise of stock options to the extent Equity Interests represent a portion of the exercise price of such options;

(7) cash payments, advances, loans or expense reimbursements made to PCA Holdings to permit PCA Holdings to pay its general operating expenses (other than management, consulting or similar fees payable to Affiliates of the Company), franchise tax obligations, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of its business in an amount not to exceed $1.0 million in the aggregate in any fiscal year; and

(8) so long as no Voting Rights Triggering Event has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed $25.0 million since the Issue Date.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant shall be determined by the Board of Directors whose resolution with respect thereto shall be conclusive. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds $25.0 million.

SECTION 9.2 INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Company shall not issue any Disqualified Stock and shall not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; PROVIDED, HOWEVER, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Restricted Subsidiaries of the Company may incur Indebtedness or issue preferred stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1 or, if a Timberlands Repurchase has occurred, 2.25 to 1, in either case determined on a pro forma basis (including a pro forma application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the preferred stock or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this Section 9.2 shall not prohibit the incurrence of any of the following items of Indebtedness (collectively, "CERTIFICATE OF DESIGNATIONS PERMITTED DEBT"):

(1) the incurrence by the Company and its Restricted Subsidiaries of additional Indebtedness under Credit Facilities and letters of credit under Credit Facilities in an aggregate

principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the face amount) not to exceed $1.51 billion LESS the aggregate amount of all Net Proceeds of Asset Sales that have been applied by the Company or any of its Restricted Subsidiaries since the Issue Date to permanently repay Indebtedness under a Credit Facility pursuant to Section 8.2 hereof and LESS the amount of Indebtedness outstanding under clause (18) below; PROVIDED that the amount of Indebtedness permitted to be incurred pursuant to Credit Facilities in accordance with this clause (1) shall be in addition to any Indebtedness permitted to be incurred pursuant to Credit Facilities, in reliance on, and in accordance with, clauses (4) and (19) below or in the first paragraph of this Section 9.2;

(2) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(3) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness represented by the Notes and the related subsidiary guarantees to be issued on the Issue Date and the exchange notes and the related subsidiary guarantees to be issued pursuant to the Note Registration Rights Agreement;

(4) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Restricted Subsidiary, in an aggregate principal amount (which amount may, but need not be, incurred in whole or in part under Credit Facilities), including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (4), not to exceed the greater of 7.5% of Total Assets as of the date of incurrence and $50.0 million at any time outstanding;

(5) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, Indebtedness (other than intercompany Indebtedness) that was permitted by this Certificate of Designations to be incurred under the first paragraph of this Section 9.2 or clauses (2), (3), (4), (15) or (19) of this paragraph;

(6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; PROVIDED, HOWEVER, that each of the following shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6):

(a) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary thereof; and

(b) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary thereof,

(7) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate risk with respect to any floating or fixed rate Indebtedness that is permitted by the terms of this Certificate of Designations to be outstanding and the incurrence of Indebtedness under Other Hedging Agreements providing protection against fluctuations in currency values or in the price of energy, commodities and raw materials in connection with the Company's or any of its Restricted Subsidiaries' operations so long as management of the Company or such Restricted Subsidiary, as the case may be, has determined that the entering into of such Other Hedging Agreements are bona fide hedging activities;

(8) the guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this Section 9.2;

(9) the incurrence by the Company's Unrestricted Subsidiaries of Non-Recourse Debt, PROVIDED, HOWEVER, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, such event shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Company that was not permitted by this clause (9);

(10) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this covenant; PROVIDED, in each such case, that the amount thereof is included in Fixed Charges and Consolidated Indebtedness of the Company as accrued;

(11) the incurrence by the Company of Indebtedness and the issuance by the Company of preferred stock, in each case, that is deemed to be incurred or issued, as the case may be, in connection with the Contribution;

(12) the incurrence by the Company or any of its Restricted Subsidiaries of obligations pursuant to foreign currency agreements entered into in the ordinary course of business and not for speculative purposes;

(13) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; PROVIDED, HOWEVER, that (a) such Indebtedness is not reflected on the balance sheet of the Company or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (a)) and (b) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds including noncash proceeds (the fair market value of such noncash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(14) the incurrence of obligations in respect of performance and surety bonds and completion guarantees provided by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(15) the incurrence of Indebtedness by any Restricted Subsidiary that is organized outside of the United States in connection with the acquisition of assets or a new Restricted Subsidiary in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (15), not to exceed $25.0 million at any one time outstanding; PROVIDED that such Indebtedness was incurred by the prior owner of such asset or such Restricted Subsidiary prior to such acquisition by the Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such acquisition by the Restricted Subsidiary;

(16) the incurrence of Indebtedness consisting of guarantees of loans made to management for the purpose of permitting management to purchase Equity Interests of the Company, in an amount not to exceed $7.5 million at any one time outstanding;

(17) Indebtedness of the Company that may be deemed to exist under the Contribution Agreement as a result of the Company's obligation to pay purchase price adjustments; PROVIDED that the incurrence of Indebtedness to pay the purchase price adjustment shall be deemed to constitute an incurrence of Indebtedness that was not permitted by this clause (17);

(18) the incurrence of Indebtedness by a Receivables Subsidiary in a Qualified Receivables Transaction that is not recourse to the Company or any of its Subsidiaries (except for Standard Securitization Undertakings); PROVIDED that the aggregate principal amount of Indebtedness outstanding under this clause (18) and clause (1) above does not exceed $1.51 billion LESS the aggregate amount of all Net Proceeds of Asset Sales that have been applied by the Company or any of its Restricted Subsidiaries since the Issue Date to permanently repay Indebtedness under a Credit Facility pursuant to Section 8.2 hereof; and

(19) the incurrence by the Company of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) (which amount may, but need not be, incurred in whole or in part under the Credit Facilities) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (19), not to exceed $75.0 million.

For purposes of determining compliance with this Section 9.2, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Certificate of Designations Permitted Debt described in clauses (1) through (19) above, or is entitled to be incurred pursuant to the first paragraph of this Section 9.2, the Company shall be permitted to classify or later reclassify such item of Indebtedness in any manner that complies with this Section 9.2. Indebtedness under Credit Facilities outstanding on the Issue Date shall be deemed to have been incurred on such date in reliance on the exception provided by clause (1) of the definition of Certificate of Designations Permitted Debt.

SECTION 9.3 DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or

indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock to the Company or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

However, the preceding restrictions shall not apply to encumbrances or restrictions existing under or by reason of:

(1) Existing Indebtedness as in effect on the Issue Date;

(2) the Indenture, the Notes and the subsidiary guarantees of the Notes;

(3) this Certificate of Designations;

(4) applicable law;

(5) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, PROVIDED that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Certificate of Designations to be incurred;

(6) non-assignment provisions in leases, licenses or similar agreements entered into in the ordinary course of business and consistent with past practices;

(7) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (3) of the preceding paragraph;

(8) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(9) Liens securing Indebtedness that limit the right of the debtor to dispose of the assets subject to such Lien;

(10) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, assets sale agreements, stock sale agreements and other similar agreements

entered into in the ordinary course of business;

(11) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(12) the Credit Agreement as in effect on the Issue Date;

(13) restrictions on the transfer of assets subject to any Lien permitted under this Certificate of Designations imposed by the holder of such Lien;

(14) any Purchase Money Note or other Indebtedness or other contractual requirements of a Receivables Subsidiary in connection with a Qualified Receivables Transaction; PROVIDED that such restrictions apply only to such Receivables Subsidiary;

(15) encumbrances or restrictions existing under or arising pursuant to Credit Facilities entered into in accordance with this Certificate of Designations or the Exchange Indenture, as applicable; PROVIDED that the encumbrances or restrictions in such Credit Facilities are not materially more restrictive than those contained in the Credit Agreement as in effect on the Issue Date; and

(16) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (15) above; PROVIDED, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Board of Directors of the Company, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in the dividends or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

SECTION 9.4 MERGER, CONSOLIDATION OR SALE OF ASSETS

The Company shall not, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person; unless:

(1) either: (a) the Company is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(2) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of the Company under the Preferred Stock, this Certificate of Designations and the Preferred Stock Registration Rights Agreement pursuant to agreements reasonably satisfactory to the Transfer Agent;

(3) immediately after such transaction no Voting Rights Triggering Event exists; and

(4) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition shall have been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 9.2 hereof.

In addition, the Company shall not, directly or indirectly, lease all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to any other Person. This Section 9.4 shall not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and any of its Wholly Owned Restricted Subsidiaries.

SECTION 9.5 DESIGNATION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Voting Rights Triggering Event. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary so designated will be deemed to be an Investment made as of the time of such designation and will either reduce the amount available for Restricted Payments under the first paragraph of Section 9.1 hereof or reduce the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as the Company shall determine. That designation shall only be permitted if such Investment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Voting Rights Triggering Event.

SECTION 9.6 TRANSACTIONS WITH AFFILIATES

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "AFFILIATE TRANSACTION"), unless:

(1) such Affiliate Transaction is on terms taken as a whole that are no less favorable to the Company or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(2) the Company delivers to the Transfer Agent:

(a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $5.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 9.6 and that such Affiliate Transaction has

been approved by a majority of the disinterested members of the Board of Directors; and

(b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, an opinion as to the fairness to the Holders of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal, investment banking or advisory firm of national standing; PROVIDED that this clause (b) shall not apply to transactions with TPI and its subsidiaries in the ordinary course of business at a time when Madison Dearborn Partners, LLC and its Affiliates are entitled, directly or indirectly, to elect a majority of the Board of Directors of the Company.

The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the first paragraph of this Section 9.6:

(1) any employment agreement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of the Company or such Restricted Subsidiary;

(2) transactions between or among the Company and/or its Restricted Subsidiaries;

(3) transactions with a Person that is an Affiliate of the Company solely because the Company owns an Equity Interest in such Person;

(4) payment of reasonable directors fees to Persons who are not otherwise Affiliates of the Company;

(5) sales of Equity Interests (other than Disqualified Stock) to Affiliates of the Company;

(6) the payment of transaction, management, consulting and advisory fees and related expenses to Madison Dearborn Partners, LLC and its Affiliates; PROVIDED that such fees shall not, in the aggregate, exceed $15.0 million (plus out-of-pocket expenses) in connection with the Contribution or $2.0 million in any twelve-month period commencing after the date of the Contribution;

(7) the payment of fees and expenses related to the Contribution other than fees and expenses paid to Madison Dearborn Partners, LLC and its Affiliates;

(8) Restricted Payments that are permitted by Section 9.1 hereof;

(9) transactions described in clause (11) of the definition of Permitted Investments;

(10) reasonable fees and expenses and compensation paid to, and indemnity provided on behalf of, officers, directors or employees of the Company or any Subsidiary as determined in good faith by the Board of Directors of the Company or senior management;

(11) payments made to PCA Holdings for the purpose of allowing PCA Holdings to pay its general operating expenses, franchise tax obligations, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of its business in an amount not to exceed $1.0 million in the aggregate in any fiscal year;

(12) transactions contemplated by the Contribution Agreement and the Transaction Agreements as the same are in effect on the Issue Date;

(13) transactions in connection with a Qualified Receivables Transaction; and

(14) transactions with either of the Initial Purchasers or any of their respective Affiliates.

SECTION 9.7 SALE AND LEASEBACK TRANSACTIONS

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; PROVIDED that the Company or any Restricted Subsidiary may enter into a sale and leaseback transaction if:

(1) either (a) the Company or that Restricted Subsidiary, as applicable, could have incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Fixed Charge Coverage Ratio test in the first paragraph of Section 9.2 hereof or (b) the Net Proceeds of such sale and leaseback transaction are applied to repay outstanding Exchange Debenture Senior Debt; and

(2) the transfer of assets in that sale and leaseback transaction is permitted by, and the Company applies the net proceeds of such transaction in compliance with, Section 8.2 hereof.

SECTION 9.8 BUSINESS ACTIVITIES

The Company shall not, and shall not permit any Restricted Subsidiary to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

SECTION 9.9 REPORTS

Whether or not required by the Securities and Exchange Commission (the "Commission"), so long as any Preferred Stock is outstanding, the Company shall furnish to the Holders of Preferred Stock, within the time periods specified in the Commission's rules and regulations:

(1) all quarterly and annual financial information that would be required to be contained in a filing with the Commission on Forms 10-Q and 10-K if the Company were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by the Company's certified independent accountants; and

(2) all current reports that would be required to be filed with the Commission on Form 8-K

if the Company were required to file such reports.

In addition, following the consummation of the exchange offer contemplated by the Preferred Stock Registration Rights Agreement, whether or not required by the Commission, the Company shall file a copy of all of the information and reports referred to in clauses (1) and (2) above with the Commission for public availability within the time periods specified in the Commission's rules and regulations (unless the Commission will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. In addition, the Company has agreed that, for so long as any Preferred Stock remains outstanding, it will furnish to the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

If the Company has designated any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

SECTION 9.10 RESTRICTIONS ON THE COMPANY PRIOR TO THE CONTRIBUTION

Prior to the Contribution, the Company shall not engage in any activities other than activities contemplated by or in connection with the Contribution Agreement.

SECTION 10 AMENDMENT, SUPPLEMENT AND WAIVER

Except as provided in the next two succeeding paragraphs, this Certificate of Designations or the Preferred Stock may be amended or supplemented with the consent of the Holders of at least a majority in aggregate Liquidation Preference of the Preferred Stock then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Preferred Stock), and any existing default or compliance with any provision of this Certificate of Designations or the Preferred Stock may be waived with the consent of the Holders of a majority in aggregate Liquidation Preference of the then outstanding Preferred Stock (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Preferred Stock).

Without the consent of each Holder affected, an amendment or waiver may not (with respect to any shares of Preferred Stock held by a non-consenting Holder):

(1) alter the voting rights with respect to the Preferred Stock or reduce the number of shares of Preferred Stock whose Holders must consent to an amendment, supplement or waiver;

(2) reduce the Liquidation Preference of or change the Mandatory Redemption Date of any Preferred Stock or alter the provisions with respect to the redemption of the Preferred Stock (other than provisions relating to Sections 8.1 and 8.2 hereof);

(3) reduce the rate of or change the time for payment of dividends on any Preferred Stock;

(4) waive a default in the payment of Liquidation Preference of, or dividends or premium or Liquidated Damages, if any, on the Preferred Stock;

(5) make any Preferred Stock payable in any form or money other than that stated in this Certificate of Designations;

(6) waive a redemption payment with respect to any Preferred Stock (other than a payment required by Sections 8.1 or 8.2 hereof), or

(7) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any Holder of Preferred Stock, the Company may (to the extent permitted by Delaware law) amend or supplement this Certificate of Designations:

(1) to cure any ambiguity, defect, error or inconsistency;

(2) to provide for uncertificated Preferred Stock in addition to or in place of certificated Preferred Stock;

(3) to provide for the assumption of the Company's obligations to Holders of Preferred Stock in the case of a merger or consolidation or sale of all or substantially all of the Company's assets; or

(4) to make any change that would provide any additional rights or benefits to the Holders of Preferred Stock or that does not adversely affect the legal rights under this Certificate of Designations of any such Holder.

SECTION 11 REISSUANCE

Preferred Stock redeemed or otherwise acquired or retired by the Company shall assume the status of authorized but unissued preferred stock and may thereafter be reissued in the same manner as the other authorized but unissued preferred stock, but not as Preferred Stock.

SECTION 12 STATEMENTS REQUIRED IN CERTIFICATE OR OPINION

Each Officers' Certificate or Opinion of Counsel provided for in this Certificate of Designations shall include:

(1) a statement that the Officers or Person making such certificate or opinion have read such covenant or condition;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(3) a statement that, in the opinion of each such Person or Officer, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(4) a statement as to whether or not, in the opinion of each such Person or Officer, such condition or covenant has been satisfied.

SECTION 13 PAYMENT

All amounts payable in cash with respect to the Preferred Stock shall be payable in United States dollars at the office or agency of the Company maintained for such purpose within the City and State of New York or, at the option of the Company, payment of dividends (if any) may be made by check mailed to the Holders of the Preferred Stock at their respective addresses set forth in the register of Holders of Preferred Stock maintained by the Transfer Agent; PROVIDED that all cash payments with respect to the Global Certificates (as defined below) and shares of Preferred Stock the Holders of which have given wire transfer instructions to the Company shall be required to be made by wire transfer of immediately available funds to the accounts specified by the Holders thereof.

Any payment, redemption or exchange with respect to the Preferred Stock due on any day that is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on such due date.

The Company has initially appointed the Transfer Agent to act as the "PAYING AGENT." The Company may at any time terminate the appointment of any Paying Agent and appoint additional or other Paying Agents; PROVIDED that until the Preferred Stock has been delivered to the Company for cancellation, or moneys sufficient to pay the Liquidation Preference of the Preferred Stock PLUS, without duplication, accumulated and unpaid dividends (including an amount in cash equal to a prorated dividend for any partial Dividend Period) and Liquidated Damages, if any, on the Preferred Stock shall have been made available for payment and either paid or returned to the Company as provided in this Certificate of Designations, the Company shall maintain an office or agency in the Borough of Manhattan, The City of New York for surrender of Preferred Stock for payment and exchange.

Dividends payable on the Preferred Stock on any redemption date or repurchase date that is a Dividend Payment Date shall be paid to the Holders of record as of the immediately preceding Record Date.

All moneys and shares of Preferred Stock deposited with any Paying Agent or then held by the Company in trust for the payment of the Liquidation Preference and accumulated and unpaid dividends and Liquidated Damages, if any, on any shares of Preferred Stock which remain unclaimed at the end of two years after such payment has become due and payable shall be repaid to the Company, and the Holder of such shares of Preferred Stock shall thereafter look only to Company for payment thereof.

SECTION 14 EXCLUSION OF OTHER RIGHTS

Except as may otherwise be required by law, the shares of Preferred Stock shall not have any powers, preferences and relative, participating, optional or other special rights, other than those specifically set forth in this Certificate of Designations (as this Certificate of Designations may be amended from time to time) and in the Certificate of Incorporation. The shares of Preferred Stock shall have no preemptive or subscription rights.

SECTION 15 PREFERRED STOCK CERTIFICATES

SECTION 15.1 FORM AND DATING.

The Preferred Stock and the Transfer Agent's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Preferred Stock may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Preferred Stock certificate shall be dated the date of its authentication. The terms and provisions contained in the Preferred Stock shall constitute, and are hereby expressly made, a part of this Certificate of Designations.

The Preferred Stock sold in reliance on Rule 144A shall be issued initially in the form of one or more fully registered global certificates with the private placement legend in Section 15.3(g)(i) and the global securities legend in Section 15.3(g)(ii) and set forth in Exhibit A hereto (the "GLOBAL CERTIFICATES"), which shall be deposited on behalf of the purchasers represented thereby with the Transfer Agent, at its New York office, as custodian for the Depository Trust Company ("DTC," and together with any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Certificate of Designations, the "DEPOSITARY") or with such other custodian as DTC may direct, and registered in the name of DTC or a nominee of DTC, duly executed by the Company and authenticated by the Transfer Agent as hereinafter provided. Subject to the terms hereof and to the requirements of applicable law, the number of shares of Preferred Stock represented by Global Certificates may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Certificate to reflect the amount of any increase or decrease in the number of shares of Preferred Stock outstanding represented thereby shall be made by the Transfer Agent as hereinafter provided. Members of, or participants in, DTC ("PARTICIPANTS") shall have no rights under this Certificate of Designations with respect to any Global Certificates held on their behalf by DTC or by the Transfer Agent as the custodian of DTC or under such Global Certificate, and DTC may be treated by the Company, the Transfer Agent and any agent of the Company or the Transfer Agent as the absolute owner of such Global Certificate for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Company, the Transfer Agent or any agent of the Company or the Transfer Agent from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and its Participants, the operation of customary practices of DTC governing the exercise of the rights of a holder of a beneficial interest in any Global Certificate. Except as otherwise provided by applicable law or as provided in Section 15.3 of this Certificate of Designations, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of Preferred Stock in definitive form registered in the name of such owner ("DEFINITIVE CERTIFICATES").

SECTION 15.2 EXECUTION AND AUTHENTICATION.

Two Officers shall sign the certificates representing the Preferred Stock for the Company by manual or facsimile signature.

If an Officer whose signature is on a certificate representing Preferred Stock no longer holds that office at the time the Transfer Agent authenticates such certificate, the shares of Preferred Stock evidenced thereby shall nevertheless be valid.

A certificate representing Preferred Stock shall not be valid until authenticated by the manual signature of the Transfer Agent. The signature shall be conclusive evidence that the certificate representing Preferred Stock has been authenticated under this Certificate of Designations.

The Transfer Agent shall, upon a written order of the Company signed by two Officers (an "AUTHENTICATION ORDER"), authenticate a certificate representing Preferred Stock for original issue and, from time to time, upon notice from the Company, increase the number of shares evidenced by such certificate for the payment of dividends in accordance with Section 3 hereof. The Transfer Agent also shall, upon receipt of an Authentication Order, authenticate certificates representing shares of New Preferred Stock for issue only in a registered exchange offer pursuant to the Preferred Stock Registration Rights Agreement or as payment of dividends in accordance with the terms described herein. Notwithstanding the foregoing, in no event shall the number of additional shares, plus the total number of shares of Preferred Stock then outstanding, exceed the total number of shares of Preferred Stock then authorized by the Certificate of Incorporation.

The Transfer Agent may appoint an authenticating agent acceptable to the Company to authenticate Preferred Stock. An authenticating agent may authenticate Preferred Stock whenever the Transfer Agent may do so. Each reference in this Certificate of Designations to authentication by the Transfer Agent includes authentication by such agent. An authenticating agent has the same rights as the Transfer Agent or agent for service of notices and demands.

SECTION 15.3 TRANSFER AND EXCHANGE

(a) TRANSFER AND EXCHANGE OF GLOBAL CERTIFICATES. A Global Certificate may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Certificates will be exchanged by the Company for Definitive Certificates if (i) the Company delivers to the Transfer Agent notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary or (ii) the Company in its sole discretion determines that the Global Certificates (in whole but not in part) should be exchanged for Definitive Certificates and delivers a written notice to such effect to the Transfer Agent. Upon the occurrence of either of the preceding events in (i) or (ii) above, Definitive Certificates shall be issued in such names as the Depositary shall instruct the Transfer Agent. Global Certificates also may be exchanged or replaced, in whole or in part, as provided in Sections 15.4 and 15.7 hereof. Every certificate evidencing Preferred Stock authenticated and delivered in exchange for, or in lieu of, a Global Certificate or any portion thereof, pursuant to this Section 15.3 or Section 15.4 or 15.7 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Certificate. A Global Certificate may not be exchanged for another Global Certificate other than as provided in this Section 15.3(a), however, beneficial interests in a Global Certificate may be transferred and exchanged as provided in Section 15.3(b), (c) or (f) hereof.

(b) TRANSFER AND EXCHANGE OF BENEFICIAL INTERESTS IN THE GLOBAL CERTIFICATES. (i) The transfer and exchange of beneficial interests in the Global Certificates shall be effected through the Depositary, in accordance with the provisions of this Certificate of Designations and the Applicable Procedures. Beneficial interests in the Restricted Global Certificates shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Beneficial interests in any Restricted Global Certificate may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Certificate in accordance with the transfer restrictions set forth in the Private Placement Legend. Beneficial interests in any Unrestricted Global Certificate may be transferred to Persons

who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Certificate. No written orders or instructions shall be required to be delivered to the Transfer Agent to effect the transfers described in this Section 15.3(b).

(ii) A beneficial interest in any Restricted Global Certificate may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Certificate representing the same number of shares of Preferred Stock or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Certificate representing the same number of shares of Preferred Stock only if the transferor of such beneficial interest delivers to the Transfer Agent either (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in the other Global Certificate in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase, and:

(A) such exchange or transfer is effected pursuant to the Preferred Stock Exchange Offer in accordance with the Preferred Stock Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the New Preferred Stock or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Preferred Stock Registration Rights Agreement;

(C) such transfer is effected by a Participating Broker-Dealer pursuant to the Preferred Stock Exchange Offer Registration Statement in accordance with the Preferred Stock Registration Rights Agreement; or

(D) the Transfer Agent receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Certificate proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Certificate, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Certificate proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Certificate, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Transfer Agent so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Transfer Agent to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Certificate has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order, the Transfer Agent shall authenticate one or more Unrestricted Global Certificates Certificate representing the number of shares of Preferred Stock equal to the number of shares of Preferred Stock represented by the beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Certificate cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Certificate.

(c) TRANSFER AND EXCHANGE OF BENEFICIAL INTERESTS IN GLOBAL CERTIFICATES FOR DEFINITIVE CERTIFICATES.

(i) BENEFICIAL INTERESTS IN RESTRICTED GLOBAL CERTIFICATES TO RESTRICTED DEFINITIVE CERTIFICATES. If any holder of a beneficial interest in a Restricted Global Certificate proposes to exchange such beneficial interest for a Restricted Definitive Certificate representing the same number of shares of Preferred Stock or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Certificate representing the same number of shares of Preferred Stock, then, upon receipt by the Transfer Agent of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Certificate proposes to exchange such beneficial interest for a Restricted Definitive Certificate, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(F) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Transfer Agent shall cause the number of shares of Preferred Stock represented by the applicable

Global Certificate to be reduced accordingly, and the Company shall execute and the Transfer Agent shall authenticate and deliver to the Person designated in the instructions a Definitive Certificate representing such number of shares. Any Definitive Certificate issued in exchange for a beneficial interest in a Restricted Global Certificate shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Transfer Agent through instructions from the Depositary and the Participant or Indirect Participant. The Transfer Agent shall deliver such Definitive Certificates to the Persons in whose names such Preferred Stock are so registered. Any Definitive Certificate issued in exchange for a beneficial interest in a Restricted Global Certificate pursuant to this Section 15(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) BENEFICIAL INTERESTS IN RESTRICTED GLOBAL CERTIFICATES TO UNRESTRICTED DEFINITIVE CERTIFICATES. A holder of a beneficial interest in a Restricted Global Certificate may exchange such beneficial interest for an Unrestricted Definitive Certificate representing the same number of shares of Preferred Stock or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Certificate representing the same number of shares of Preferred Stock only if:

(A) such exchange or transfer is effected pursuant to the Preferred Stock Exchange Offer in accordance with the Preferred Stock Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the New Preferred Stock or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Preferred Stock Registration Rights Agreement;

(C) such transfer is effected by a Participating Broker-Dealer pursuant to the Preferred Stock Exchange Offer Registration Statement in accordance with the Preferred Stock Registration Rights Agreement; or

(D) the Transfer Agent receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Certificate proposes to exchange such beneficial interest for a Definitive Certificate that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Certificate proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Definitive Certificate that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Transfer Agent so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the

Transfer Agent to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) BENEFICIAL INTERESTS IN UNRESTRICTED GLOBAL CERTIFICATES TO UNRESTRICTED DEFINITIVE CERTIFICATES. If any holder of a beneficial interest in an Unrestricted Global Certificate proposes to exchange such beneficial interest for a Definitive Certificate representing the same number of shares of Preferred Stock or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Certificate representing the same number of shares of Preferred Stock, then, upon the delivery by the transferor of such beneficial interest to the Transfer Agent of either (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to debit or cause to be debited a beneficial interest in the Global Certificate in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be debited, the Transfer Agent shall cause the number of shares of Preferred Stock represented by the applicable Global Certificate to be reduced accordingly pursuant to Section 15.3(h) hereof, and the Company shall execute and the Transfer Agent shall authenticate and deliver to the Person designated in the instructions a Definitive Certificate representing such number of shares. Any Definitive Certificate issued in exchange for a beneficial interest pursuant to this Section 15.3(c)(iii) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Transfer Agent through instructions from the Depositary and the Participant or Indirect Participant. The Transfer Agent shall deliver such Definitive Certificates to the Persons in whose names such Preferred Stock are so registered. Any Definitive Certificate issued in exchange for a beneficial interest pursuant to this Section 15.3(c)(iii) shall not bear the Private Placement Legend.

(d) TRANSFER AND EXCHANGE OF DEFINITIVE CERTIFICATES FOR BENEFICIAL INTERESTS.

(i) RESTRICTED DEFINITIVE CERTIFICATES TO BENEFICIAL INTERESTS IN RESTRICTED GLOBAL CERTIFICATES. If any Holder of a Restricted Definitive Certificate proposes to exchange such Preferred Stock for a beneficial interest in a Restricted Global Certificate representing the same number of shares of Preferred Stock or to transfer such Restricted Definitive Certificates to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Certificate representing the same number of shares of Preferred Stock, then, upon receipt by the Transfer Agent of the following documentation:

(A) if the Holder of such Restricted Definitive Certificate proposes to exchange such Preferred Stock for a beneficial interest in a Restricted Global Certificate, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Certificate is being transferred to a QIB in accordance with Rule 144A under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Certificate is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule

144 under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(D) if such Restricted Definitive Certificate is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(E) if such Restricted Definitive Certificate is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Transfer Agent shall cancel the Restricted Definitive Certificate, increase or cause to be increased number of shares of Preferred Stock represented by the Global Certificate. At no time shall holders of Definitive Certificates be able to transfer or exchange their Preferred Stock for a beneficial interest in a Global Certificate in reliance on Regulation S under the Securities Act.

(ii) RESTRICTED DEFINITIVE CERTIFICATES TO BENEFICIAL INTERESTS IN UNRESTRICTED GLOBAL CERTIFICATES. A Holder of a Restricted Definitive Certificate may exchange such Preferred Stock for a beneficial interest in an Unrestricted Global Certificate representing the same number of shares of Preferred Stock or transfer such Restricted Definitive Certificate to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Certificate representing the same number of shares of Preferred Stock only if:

(A) such exchange or transfer is effected pursuant to the Preferred Stock Exchange Offer in accordance with the Preferred Stock Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the New Preferred Stock or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Preferred Stock Registration Rights Agreement;

(C) such transfer is effected by a Participating Broker-Dealer pursuant to the Preferred Stock Exchange Offer Registration Statement in accordance with the Preferred Stock Registration Rights Agreement; or

(D) the Transfer Agent receives the following:

(1) if the Holder of such Definitive Certificates proposes to exchange such Preferred Stock for a beneficial interest in the Unrestricted Global Certificate, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(2) if the Holder of such Definitive Certificates proposes to transfer such Preferred Stock to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Certificate, a certificate from such

Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Transfer Agent so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Transfer Agent to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 15.3(d)(ii), the Transfer Agent shall cancel the Definitive Certificates and increase or cause to be increased the number of shares of Preferred Stock represented by the Unrestricted Global Certificate.

(iii) UNRESTRICTED DEFINITIVE CERTIFICATES TO BENEFICIAL INTERESTS IN UNRESTRICTED GLOBAL CERTIFICATES. A Holder of an Unrestricted Definitive Certificate may exchange such Preferred Stock for a beneficial interest in an Unrestricted Global Certificate representing the same number of shares of Preferred Stock or transfer such Definitive Certificates to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Certificate representing the same number of shares of Preferred Stock at any time. Upon receipt of a request for such an exchange or transfer, the Transfer Agent shall cancel the applicable Unrestricted Definitive Certificate and increase or cause to be increased the number of shares of Preferred Stock represented by one of the Unrestricted Global Certificates.

If any such exchange or transfer from a Definitive Certificate to a beneficial interest is effected pursuant to subparagraphs (ii)(B), (ii)(D) or (iii) above at a time when an Unrestricted Global Certificate has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 15.2 hereof, the Transfer Agent shall authenticate one or more Unrestricted Global Certificate representing the number of shares of Preferred Stock equal to the number of shares of Preferred Stock represented by the Definitive Certificates so transferred.

(e) TRANSFER AND EXCHANGE OF DEFINITIVE CERTIFICATES FOR DEFINITIVE CERTIFICATES. Upon request by a Holder of Definitive Certificates and such Holder's compliance with the provisions of this Section 15.3(e), the Transfer Agent shall register the transfer or exchange of Definitive Certificates. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Transfer Agent the Definitive Certificates duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Transfer Agent duly executed by such Holder or by his attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 15.3(e).

(i) RESTRICTED DEFINITIVE CERTIFICATES TO RESTRICTED DEFINITIVE CERTIFICATES. Any Restricted Definitive Certificate may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Certificate if the Transfer Agent receives the following:

(A) if the transfer will be made pursuant to Rule 144A under the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(ii) RESTRICTED DEFINITIVE CERTIFICATES TO UNRESTRICTED DEFINITIVE CERTIFICATES. Any Restricted Definitive Certificate may be exchanged by the Holder thereof for an Unrestricted Definitive Certificate or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Certificate if:

(A) such exchange or transfer is effected pursuant to the Preferred Stock Exchange Offer in accordance with the Preferred Stock Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the New Preferred Stock or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Preferred Stock Registration Rights Agreement;

(C) any such transfer is effected by a Participating Broker-Dealer pursuant to the Preferred Stock Exchange Offer Registration Statement in accordance with the Preferred Stock Registration Rights Agreement; or

(D) the Transfer Agent receives the following:

(1) if the Holder of such Restricted Definitive Certificates proposes to exchange such Preferred Stock for an Unrestricted Definitive Certificate, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(2) if the Holder of such Restricted Definitive Certificates proposes to transfer such Preferred Stock to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Certificate, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Transfer Agent so requests, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) UNRESTRICTED DEFINITIVE CERTIFICATES TO UNRESTRICTED DEFINITIVE CERTIFICATES. A Holder

of Unrestricted Definitive Certificates may transfer such Preferred Stock to a Person who takes delivery thereof in the form of an Unrestricted Definitive Certificate. Upon receipt of a request to register such a transfer, the Transfer Agent shall register the Unrestricted Definitive Certificates pursuant to the instructions from the Holder thereof.

(f) PREFERRED STOCK EXCHANGE OFFER. Upon the occurrence of the Preferred Stock Exchange Offer in accordance with the Preferred Stock Registration Rights Agreement, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 15.1, the Transfer Agent shall authenticate (i) one or more Unrestricted Global Certificates representing the number of shares of Preferred Stock equal to the number of shares of Preferred Stock represented by the beneficial interests in the Restricted Global Certificates tendered for acceptance by Persons that certify in the applicable Letters of Transmittal that (x) they are not broker-dealers, (y) they are not participating in a distribution of the New Preferred Stock and (z) they are not affiliates (as defined in Rule 144) of the Company, and accepted for exchange in the Preferred Stock Exchange Offer and (ii) Definitive Certificates representing the number of shares of Preferred Stock equal to the number of shares of Preferred Stock represented by the Restricted Definitive Certificates accepted for exchange in the Preferred Stock Exchange Offer. Concurrently with the issuance of such Preferred Stock, the Transfer Agent shall cause the number of shares of Preferred Stock represented by the applicable Restricted Global Certificates to be reduced accordingly, and the Company shall execute and the Transfer Agent shall authenticate and deliver to the Persons designated by the Holders of Definitive Certificates so accepted Definitive Certificates representing the appropriate number of shares.

(g) LEGENDS. The following legends shall appear on the face of all Global Certificates and Definitive Certificates issued under this Certificate of Designations unless specifically stated otherwise in the applicable provisions of this Certificate of Designations.

(i) PRIVATE PLACEMENT LEGEND

(A) Except as permitted by subparagraph (B) below, each Global Certificate and each Definitive Certificate (and all Preferred Stock issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form.

"THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT TO THE DELIVERY OF SUCH EVIDENCE, IF ANY, REQUIRED UNDER THE CERTIFICATE OF DESIGNATIONS PURSUANT TO WHICH THIS SECURITY IS ISSUED) AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A OR REGULATION S THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF PACKAGING CORPORATION OF AMERICA THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE

TRANSFERRED ONLY (1)(a) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (b) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (c) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 904 UNDER THE SECURITIES ACT OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), (2) TO PACKAGING CORPORATION OF AMERICA OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER FROM IT OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN (A) ABOVE."

(B) Notwithstanding the foregoing, any Global Certificate or Definitive Certificate issued pursuant to subparagraphs (b)(ii), (c)(ii), (c)(iii), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) to this Section 15.3 (and all Preferred Stock issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) GLOBAL CERTIFICATE LEGEND. Each Global Certificate shall bear a legend in substantially the following form:

"THIS GLOBAL CERTIFICATE IS HELD BY THE DEPOSITARY (AS DEFINED IN THIS CERTIFICATE OF DESIGNATIONS GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRANSFER AGENT MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 15.3 OF THE CERTIFICATE OF DESIGNATIONS, (II) THIS GLOBAL CERTIFICATE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 15.3(a) OF THE CERTIFICATE OF DESIGNATIONS, (III) THIS GLOBAL CERTIFICATE MAY BE DELIVERED TO THE TRANSFER AGENT FOR CANCELLATION PURSUANT TO SECTION 15.8 OF THE CERTIFICATE OF DESIGNATIONS AND (IV) THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY."

(h) CANCELLATION AND/OR ADJUSTMENT OF GLOBAL CERTIFICATES. At such time as all beneficial interests in a particular Global Certificate have been exchanged for Definitive Certificates or a particular Global Certificate has been redeemed, repurchased or canceled in whole and not in part, each such Global Certificate shall be returned to or retained and canceled by the Transfer Agent in accordance with Section 15.8 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Certificate is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Certificate or for Definitive Certificates, the number of shares of Preferred Stock represented by such Global Certificate shall be reduced accordingly and an endorsement shall be made on such Global Certificate by the Transfer Agent or by the Depositary at the direction of the Transfer Agent to

reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Certificate, such other Global Certificate shall be increased accordingly and an endorsement shall be made on such Global Certificate by the Transfer Agent or by the Depositary at the direction of the Transfer Agent to reflect such increase.

(i) GENERAL PROVISIONS RELATING TO TRANSFERS AND EXCHANGES.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Transfer Agent shall authenticate Global Certificates and Definitive Certificates upon the Company's order or at the Transfer Agent's request.

(ii) No service charge shall be made to a holder of a beneficial interest in a Global Certificate or to a Holder of a Definitive Certificate for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 6.2, 6.3, 8.1, 8.2 and 15.7 hereof).

(iii) The Transfer Agent shall not be required to register the transfer of or exchange any Preferred Stock selected for redemption in whole or in part, except the unredeemed portion of any certificate evidencing Preferred Stock being redeemed in part.

(iv) All Global Certificates and Definitive Certificates issued upon any registration of transfer or exchange of Global Certificates or Definitive Certificates shall be the valid obligations of the Company, entitled to the same benefits under this Certificate of Designations, as the Global Certificates or Definitive Certificates surrendered upon such registration of transfer or exchange.

(v) The Company shall not be required (A) to issue, to register the transfer of or to exchange any Preferred Stock during a period beginning at the opening of business 15 days before the day of any selection of Preferred Stock for redemption under Section 6.3 hereof and ending at the close of business on the day of selection, (B) to register the transfer of or to exchange any Preferred Stock so selected for redemption in whole or in part, except the unredeemed portion of any certificate evidencing Preferred Stock being redeemed in part or (c) to register the transfer of or to exchange Preferred Stock between a record date and the next succeeding Dividend Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Preferred Stock, the Transfer Agent, any Agent and the Company may deem and treat the Person in whose name any Preferred Stock is registered as the absolute owner of such Preferred Stock, and none of the Transfer Agent, any Agent or the Company shall be affected by notice to the contrary.

(vii) The Transfer Agent shall authenticate Global Certificates and Definitive Certificates in accordance with the provisions of Section 15.2 hereof.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Transfer Agent pursuant to this Section 15.3 to effect a registration of transfer or exchange may be submitted by facsimile.

SECTION 15.4 REPLACEMENT PREFERRED STOCK

If any mutilated Preferred Stock certificate is surrendered to the Transfer Agent or the Company and the Transfer Agent receives evidence to its satisfaction of the destruction, loss or theft of any Preferred Stock certificate, the Company shall issue and the Transfer Agent, upon receipt of an Authentication Order, shall authenticate a replacement certificate evidencing Preferred Stock if the Transfer Agent's requirements are met. If required by the Transfer Agent or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Transfer Agent and the Company to protect the Company, the Transfer Agent, any Agent and any authenticating agent from any loss that any of them may suffer if a Preferred Stock certificate is replaced. The Company may charge for its expenses in replacing a Preferred Stock certificate.

Every replacement certificate evidencing Preferred Stock is an additional obligation of the Company and shall be entitled to all of the benefits of this Certificate of Designations equally and proportionately with all other Preferred Stock duly issued hereunder.

SECTION 15.5 OUTSTANDING PREFERRED STOCK

The Preferred Stock outstanding at any time is all the Preferred Stock authenticated by the Transfer Agent except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Certificate effected by the Transfer Agent in accordance with the provisions hereof, and those described in this Section as not outstanding.

If a certificate evidencing Preferred Stock is replaced pursuant to Section 15.4 hereof, it ceases to be outstanding unless the Transfer Agent receives proof satisfactory to it that the replaced Preferred Stock is held by a bona fide purchaser.

If the Liquidation Preference of any Preferred Stock is considered paid under Section 13 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Preferred Stock payable on that date, then on and after that date such Preferred Stock shall be deemed to be no longer outstanding and shall cease to accrue interest.

SECTION 15.6 TEMPORARY PREFERRED STOCK

Until certificates representing Preferred Stock are ready for delivery, the Company may prepare and the Transfer Agent, upon receipt of an Authentication Order, shall authenticate temporary Preferred Stock. Temporary Preferred Stock shall be substantially in the form of certificated Preferred Stock but may have variations that the Company considers appropriate for temporary Preferred Stock and as shall be reasonably acceptable to the Transfer Agent. Without unreasonable delay, the Company shall prepare and the Transfer Agent shall authenticate Definitive Certificates in exchange for temporary Preferred Stock.

Holders of temporary Preferred Stock shall be entitled to all of the benefits of this Certificate of Designations.

SECTION 15.7 CANCELLATION

The Company at any time may deliver Preferred Stock to the Transfer Agent for cancellation. The Transfer Agent and Paying Agent shall forward to the Transfer Agent any Preferred Stock surrendered to them for registration of transfer, exchange or payment. The Transfer Agent and no one else shall cancel all Preferred Stock surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy canceled Preferred Stock (subject to the record retention requirement of the Exchange Act). Certification of the destruction of all canceled Preferred Stock shall be delivered to the Company. The Company may not issue new Preferred Stock to replace Preferred Stock that it has paid or that have been delivered to the Transfer Agent for cancellation.

SECTION 16 HEADINGS OF SUBDIVISIONS

The headings of the various subdivisions hereof are for convenience of reference only and shall not affect the interpretation of any of the provisions hereof.

SECTION 17 SEVERABILITY OF PROVISIONS

If any powers, preferences and relative, participating, optional and other special rights of the Preferred Stock and the qualifications, limitations and restrictions thereof set forth in this Certificate of Designations (as it may be amended from time to time) is invalid, unlawful or incapable of being enforced by reason of any rule of law or public policy, all other powers, preferences and relative, participating, optional and other special rights of the Preferred Stock and the qualifications, limitations and restrictions thereof set forth in this Certificate of Designations (as so amended) which can be given effect without the invalid, unlawful or unenforceable powers, preferences and relative, participating, optional and other special rights of the Preferred Stock and the qualifications, limitations and restrictions thereof shall, nevertheless, remain in full force and effect, and no powers, preferences and relative, participating, optional or other special rights of the Preferred Stock and the qualifications, limitations and restrictions thereof herein set forth shall be deemed dependent upon any other such powers, preferences and relative, participating, optional or other special rights of Preferred Stock and qualifications, limitations and restrictions thereof unless so expressed herein.

IN WITNESS WHEREOF, the Company has caused this certificate to be duly executed this 9th day of April, 1999.

PACKAGING CORPORATION OF AMERICA

By: /s/ Samuel M. Mencoff

Name: Samuel M. Mencoff
Title: Vice President

EXHIBIT 4.3

EXECUTION COPY

PACKAGING CORPORATION OF AMERICA

12 3/8% SUBORDINATED EXCHANGE DEBENTURES DUE 2010

EXCHANGE INDENTURE

Dated as of April 12, 1999

U.S. TRUST COMPANY OF TEXAS, N.A.

Trustee

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	Indenture Section
310(a)(1)	7.10
(a)(2)	7.10
(a)(3)	N.A.
(a)(4)	N.A.
(a)(5)	7.10
(b)	7.10
(c)	N.A.
311(a)	7.11
(b)	7.11
(i)(c)	N.A.
312(a)	2.05
(b)	13.03
(c)	13.03
313(a)	7.06
(b)(2)	7.07
(c)	7.06; 13.02
(d)	7.06
314(a)	4.03; 13.02
(c)(1)	13.04
(c)(2)	13.04
(c)(3)	N.A.
(e)	13.05
(f)	N.A.
315(a)	7.01
(b)	7.05; 13.02
(A)(c)	7.01
(d)	7.01
(e)	6.11
316(a)(last sentence)	2.09
(a)(1)(A)	6.05
(a)(1)(B)	6.04
(a)(2)	N.A.
(b)	6.07
(c)	2.12
317(a)(1)	6.08
(a)(2)	6.09
(b)	2.04
318(a)	13.01
(b)	N.A.
(c)	12.01

N.A. means not applicable.

*This Cross-Reference Table is not part of the Exchange Indenture.

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EXCHANGE INDENTURE dated as of April 12, 1999 by and among Packaging Corporation of America, a Delaware corporation (the "Company") and U.S. Trust Company of Texas, N.A., a bank and trust company organized under the New York Banking Law, as trustee (the "Trustee").

The Company and the Trustee agree as follows for the benefit of each other and for the equal and ratable benefit of the Holders of the 12 3/8% Subordinated Exchange Debentures due 2010 (the "Notes"):

ARTICLE 1.
DEFINITIONS AND INCORPORATION BY REFERENCE

SECTION 1.01. DEFINITIONS.

"144A Global Note" means a global note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of, and registered in the name of, the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold in reliance on Rule 144A.

"Acquired Debt" means, with respect to any specified Person:

(i) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(ii) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"Affiliate" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; provided that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings.

"Agent" means any Registrar, Paying Agent or co-registrar.

"Applicable Premium" means, with respect to any Note on any Redemption Date, the greater of:

(i) 1.0% of the principal amount of such Note; or

(ii) the excess of:

(A) the present value at the Redemption Date of (1) the redemption price of such Note at April 1, 2004 (such redemption price being set forth in the table in Section 3.07 hereof) plus (2) all required interest payments due on such Note through April 1, 2004 (excluding accrued but unpaid interest), computed using a discount rate equal to the Treasury Rate at the Redemption Date plus 50 basis points; over

(B) the principal amount of such Note, if greater.

"Applicable Procedures" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary, Euroclear and CEDEL that apply to such transfer or exchange.

"Asset Sale" means:

(i) the sale, lease, conveyance or other disposition of any assets or rights, other than sales of inventory in the ordinary course of business; provided that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole shall be governed by the provisions of Section 4.15 hereof and/or the provisions of Section 5.01 hereof and not by the provisions of Section 4.10 hereof; and

(ii) the issuance of Equity Interests by any of the Company's Restricted Subsidiaries or the sale of Equity Interests in any of the Company's Subsidiaries.

Notwithstanding the foregoing, the following items shall not be deemed to be Asset Sales:

(i) any single transaction or series of related transactions that involves assets having a fair market value of less than $10.0 million;

(ii) a transfer of assets between or among the Company and its Wholly Owned Restricted Subsidiaries;

(iii) an issuance of Equity Interests by a Wholly Owned Restricted Subsidiary to the Company or to another Wholly Owned Restricted Subsidiary;

(iv) the sale, license or lease of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

(v) the sale or other disposition of cash or Cash Equivalents or Marketable Securities;

(vi) the transfer or disposition of assets and the sale of Equity Interests pursuant to the Contribution;

(vii) sales of accounts receivables and related assets of the type specified in the definition of "Qualified Receivables Transaction" to a Receivables Subsidiary for the fair market value thereof including cash or Cash Equivalents or Marketable Securities in an amount at least equal to 75% of the fair market value thereof as determined in accordance with GAAP; and

(viii) a Restricted Payment or Permitted Investment that is permitted under Section 4.07 hereof.

"Attributable Debt" in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated

using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP.

"Bankruptcy Law" means Title 11, U.S. Code or any similar federal or state law for the relief of debtors.

"Beneficial Owner" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. For purposes of this definition, the terms "Beneficially Owns" and "Beneficially Owned" shall have corresponding meanings.

"Board of Directors" means:

(i) with respect to a corporation, the board of directors of the corporation;

(ii) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(iii) with respect to any other Person, the board or committee of such Person serving a similar function.

"Broker-Dealer" has the meaning set forth in the Preferred Stock Registration Rights Agreement.

"Business Day" means any day other than a Legal Holiday.

"Capital Lease Obligation" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"Capital Stock" means:

(i) in the case of a corporation, corporate stock;

(ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(iii) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(iv) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"Cash Equivalents" means:

(i) United States dollars;

(ii) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than six months from the date of acquisition;

(iii) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding twelve months and overnight bank deposits, in each case, with any lender party to the Credit Agreement or with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better;

(iv) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (ii) and (iii) above entered into with any financial institution meeting the qualifications specified in clause (iii) above;

(v) commercial paper having the highest rating obtainable from Moody's Investors Service, Inc. or Standard & Poor's Rating Services and in each case maturing within twelve months after the date of acquisition; and

(vi) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (i) through (v) of this definition.

"CEDEL" means CEDEL Bank, SA.

"Change of Control" means the occurrence of any of the following:

(i) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger, consolidation or transfer of the Company's Voting Stock), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than to a Principal or a Related Party of a Principal;

(ii) the adoption of a plan relating to the liquidation or dissolution of the Company (other than a plan relating to the sale or other disposition of timberlands);

(iii) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as defined above), other than the Principals and their Related Parties or a Permitted Group, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Company, measured by voting power rather than number of shares; or

(iv) the first day on which a majority of the members of the Board of Directors of the Company are not Continuing Directors.

"Company" means Packaging Corporation of America, and any and all successors thereto.

"Consolidated Cash Flow" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus:

(i) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; plus

(ii) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued and whether or not capitalized (including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations), to the extent that any such expense was deducted in computing such Consolidated Net Income; plus

(iii) depletion, depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depletion, depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; plus

(iv) all one-time charges incurred in 1999 in connection with the Contribution (including the impairment charge described under the section "Management's Discussion and Analysis of Financial Condition and Results of Operations--Overview" in the Offering Memorandum) to the extent such charges were deducted in computing such Consolidated Net Income; plus

(v) all restructuring charges incurred prior to the Issue Date (including the restructuring charge that was added to pro forma EBITDA to calculate adjusted pro forma EBITDA as set forth in footnote 4 under the section "Selected Combined Financial and Other Data" in the Offering Memorandum); minus

(vi) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue in the ordinary course of business, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depletion, depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of the Company shall be added to Consolidated Net Income to compute Consolidated Cash Flow of the Company only to the extent that a corresponding amount would be permitted at the date of determination to be dividended to the Company by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Restricted Subsidiary or its stockholders.

"Consolidated Indebtedness" means, with respect to any Person as of any date of determination, the sum, without duplication, of:

(i) the total amount of Indebtedness of such Person and its Restricted Subsidiaries; plus

(ii) the total amount of Indebtedness of any other Person, to the extent that such Indebtedness has been Guaranteed by the referent Person or one or more of its Restricted Subsidiaries; plus

(iii) the aggregate liquidation value of all Disqualified Stock of such Person and all preferred stock of Restricted Subsidiaries of such Person, in each case, determined on a consolidated basis in accordance with GAAP.

"Consolidated Net Income" means, with respect to any Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; provided that:

(i) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Wholly Owned Restricted Subsidiary thereof;

(ii) the Net Income of any Restricted Subsidiary shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Subsidiary or its stockholders;

(iii) the Net Income of any Person acquired in a pooling of interests transaction for any period prior to the date of such acquisition shall be excluded;

(iv) the cumulative effect of a change in accounting principles shall be excluded; and

(v) for purposes of calculating Consolidated Cash Flow to determine the Debt to Cash Flow Ratio or the Fixed Charge Coverage Ratio, the Net Income (but not loss) of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the specified Person or one of its Subsidiaries.

"Continuing Directors" means, as of any date of determination, any member of the Board of Directors of the Company who:

(i) was a member of such Board of Directors on the Issue Date; or

(ii) was nominated for election or elected to such Board of Directors either (A) with the approval of a majority of the Continuing Directors who were members of such Board at the time of such nomination or election or (B) pursuant to and in accordance with the terms of the Stockholders Agreement as in effect on the Issue Date.

"Contribution" means the Contribution contemplated by the Contribution Agreement.

"Contribution Agreement" means that certain Contribution Agreement dated as of January 25, 1999 among TPI, PCA Holdings and the Company as the same is in effect on the Issue Date.

"Corporate Trust Office of the Trustee" shall be at the address of the Trustee specified in Section 13.02 hereof or such other address as to which the Trustee may give notice to the Company.

"Credit Agreement" means that certain Credit Agreement, dated as of the date hereof by and among the Company, J.P. Morgan Securities Inc. and BT Alex.Brown Incorporated, as co-lead arrangers, Bankers Trust Company, as syndication agent, and Morgan Guaranty Trust Company of New York, as administrative agent, and the other lenders party thereto, together with the related documents thereto (including, without limitation, any guarantee agreements and security documents), in each case as such agreements may be amended (including any amendment and restatement thereof), supplemented or otherwise modified from time to time, including any agreement extending the maturity of, refinancing, replacing or otherwise restructuring (including increasing the amount of available borrowings thereunder or adding Subsidiaries of the Company as additional borrowers or guarantors thereunder) all or any portion of the Indebtedness under such agreement or any successor or replacement agreement and whether by the same or any other agent, lender or group of lenders.

"Credit Facilities" means one or more debt facilities (including, without limitation, the Credit Agreement) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables), working capital loans, swing lines, advances or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured or refinanced in whole or in part from time to time.

"Debt to Cash Flow Ratio" means, as of any date of determination, the ratio of:

(i) the Consolidated Indebtedness of the Company as of such date to

(ii) the Consolidated Cash Flow of the Company for the four most recent full fiscal quarters ending immediately prior to such date for which internal financial statements are available, determined on a pro forma basis after giving effect to all acquisitions or dispositions of assets made by the Company and its Restricted Subsidiaries from the beginning of such four-quarter period through and including such date of determination (including any related financing transactions) as if such acquisitions and dispositions had occurred at the beginning of such four-quarter period.

In addition, for purposes of making the computation referred to above:

(i) acquisitions that have been made by the Company or any Restricted Subsidiary of the Company, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the date of determination shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act and including those cost savings that management reasonably expects to realize within six months of the consummation of the acquisition, but without giving effect to clause (iii) of the proviso set forth in the definition of Consolidated Net Income;

(ii) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the date of determination, shall be excluded;

(iii) for any four-quarter reference period that includes any period of time prior to the consummation of the Contribution, pro forma effect shall be given for such period to the Transactions and the related corporate overhead savings and cost savings that were added to pro forma EBITDA to calculate adjusted pro forma EBITDA as set forth in footnote 4 under the section "Selected Combined Financial and Other Data" in the Offering Memorandum, all as calculated in good faith by a responsible financial or accounting officer of the Company, as if they had occurred on the first day of such four-quarter reference period; and

(iv) the impact of the Treasury Lock shall be excluded.

"Default" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"Definitive Note" means a certificated Note registered in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, in the form of Exhibit A hereto except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"Depositary" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Exchange Indenture.

"Designated Noncash Consideration" means any non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is designated as Designated Noncash Consideration pursuant to an Officers' Certificate executed by the principal executive officer and the principal financial officer of the Company or such Restricted Subsidiary. Such Officers' Certificate shall state the basis of such valuation, which shall be a report of a nationally recognized investment banking firm with respect to the receipt in one or a series of related transactions of Designated Noncash Consideration with a fair market value in excess of $10.0 million. A particular item of Designated Noncash Consideration shall no longer be considered to be outstanding when it has been sold for cash or redeemed or paid in full in the case of non-cash consideration in the form of promissory notes or equity.

"Disqualified Stock" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07 hereof. The Preferred Stock as in effect on the date of this Exchange Indenture shall not constitute Disqualified Stock for purposes of this Exchange Indenture.

"Equity Interests" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Euroclear" means Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Indenture" means this Exchange Indenture, as amended or supplemented from time to time.

"Exchange Offer" means the exchange and issuance by the Company of New Notes, as applicable, which shall be registered pursuant to a registration statement, in an amount equal to the aggregate principal amount of all Notes that are tendered by the Holders thereof in connection with such exchange or issuance.

"Exchange Offer Registration Statement" means the registration statement relating to the Exchange Offer, including the related prospectus.

"Existing Indebtedness" means Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the Credit Agreement) in existence on the Issue Date, until such amounts are repaid.

"Fixed Charges" means, with respect to any Person for any period, the sum, without duplication, of:

(i) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, excluding amortization of debt issuance costs and net of the effect of all payments made or received pursuant to Hedging Obligations; plus

(ii) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; plus

(iii) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; plus

(iv) the product of (A) all cash dividends, whether paid or accrued, times (B) a fraction, the numerator of which is one and the denominator of which is one minus the Company's then current effective combined federal, state and local tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"Fixed Charge Coverage Ratio" means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person and its Restricted Subsidiaries for such period to the Fixed Charges of such Person and its Restricted Subsidiaries for such period. In the event that

the specified Person or any of its Restricted Subsidiaries incurs, assumes, Guarantees, repays, repurchases or redeems any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such incurrence, assumption, Guarantee, repayment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of preferred stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(i) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis in accordance with Regulation S-X under the Securities Act and including those cost savings that management reasonably expects to realize within six months of the consummation of the acquisition, but without giving effect to clause (iii) of the proviso set forth in the definition of Consolidated Net Income;

(ii) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded;

(iii) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses disposed of prior to the Calculation Date, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;

(iv) for any four-quarter reference period that includes any period of time prior to the consummation of the Contribution, pro forma effect shall be given for such period to the Transactions and the related corporate overhead savings and cost savings that were added to pro forma EBITDA to calculate adjusted pro forma EBITDA as set forth in footnote 4 under the section "Selected Combined Financial and Other Data" in the Offering Memorandum, all as calculated in good faith by a responsible financial or accounting officer of the Company, as if they had occurred on the first day of such four-quarter reference period; and

(v) the impact of the Treasury Lock shall be excluded.

"Foreign Subsidiary Working Capital Indebtedness" means Indebtedness of a Restricted Subsidiary that is organized outside of the United States under lines of credit extended after the Issue Date to any such Restricted Subsidiary by Persons other than the Company or any Restricted Subsidiary of the Company, the proceeds of which are used for such Restricted Subsidiary's working capital purposes.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such

other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect from time to time.

"Global Note Legend" means the legend set forth in Section 2.06(g)(ii), which is required to be placed on all Global Notes issued under this Exchange Indenture.

"Global Notes" means, individually and collectively, each of the Restricted Global Notes and the Unrestricted Global Notes, in the form of Exhibit A hereto issued in accordance with Section 2.01, 2.06(b)(iv), 2.06(d)(ii) or 2.06(f) hereof.

"Government Securities" means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

"Guarantee" means a guarantee of all or any part of any Indebtedness (other than by endorsement of negotiable instruments for collection in the ordinary course of business), including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof.

"Hedging Obligations" means, with respect to any specified Person, the obligations of such Person under:

(i) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements; and

(ii) other agreements or arrangements designed to protect such Person against fluctuations in interest rates.

"Holder" means a Person in whose name a Note is registered.

"IAI Global Note" means the global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee that will be issued in a denomination equal to the outstanding principal amount of the Notes sold to Institutional Accredited Investors.

"Indebtedness" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);

(3) in respect of banker's acceptances;

(4) representing Capital Lease Obligations;

(5) in respect of the deferred balance of the purchase price of any property outside of the ordinary course of business which remains unpaid, except any such balance that constitutes an operating lease payment, accrued expense, trade payable or similar current liability; or

(6) in respect of any Hedging Obligations or Other Hedging Agreements,

if and to the extent any of the preceding items (other than letters of credit, Hedging Obligations and Other Hedging Agreements) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

"Indirect Participant" means a Person who holds a beneficial interest in a Global Note through a Participant.

"Initial Purchasers" means J.P. Morgan Securities Inc. and BT Alex.Brown Incorporated.

"Institutional Accredited Investor" means an institution that is an "accredited investor" as defined in Rule 501(a)(1), (2), (3) or (7) under the Securities Act, which is not also a QIB.

"Investments" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations), advances or capital contributions (excluding commission, travel and similar advances to officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP. If the Company or any Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Equity Interests of such Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.07 hereof. The acquisition by the Company or any Subsidiary of the Company of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Company or such Subsidiary in such third Person in an amount equal to the fair market value of the Investment held by the acquired Person in such third Person in an amount determined as provided in the final paragraph of Section 4.07 hereof.

"Issue Date" means the closing date for sale and original issuance of the Preferred Stock.

"Legal Holiday" means a Saturday, a Sunday or a day on which banking institutions in the City of New York or at a place of payment are authorized by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest shall accrue on such payment for the intervening period.

"Letter of Transmittal" means the letter of transmittal to be prepared by the Company and sent to all Holders of the Notes for use by such Holders in connection with the Exchange Offer.

"Lien" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement.

"Liquidated Damages" means all amounts owing pursuant to Section 5 of the Preferred Stock Registration Rights Agreement.

"Marketable Securities" means publicly traded debt or equity securities that are listed for trading on a national securities exchange and that were issued by a corporation whose debt securities are rated in one of the three highest rating categories by either Standard & Poor's Rating Services or Moody's Investors Service, Inc.

"Net Income" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (i) any gain (or loss), together with any related provision for taxes on such gain (or loss), realized in connection with (A) any Asset Sale or (B) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries and (ii) any extraordinary gain (or loss), together with any related provision for taxes on such extraordinary gain (or loss).

"New Notes" means the Company's 12 3/8% Subordinated Exchange Debentures due 2010 issued pursuant to this Exchange Indenture (i) in the Exchange Offer or (ii) in connection with a resale of Notes in reliance on a shelf registration statement.

"Net Proceeds" means the aggregate cash proceeds received by the Company or any Restricted Subsidiary of the Company in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, sales commissions, any relocation expenses incurred as a result thereof, all taxes of any kind paid or payable as a result thereof and reasonable reserves established to cover any indemnity obligations incurred in connection therewith, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and amounts required to be applied to the repayment of Indebtedness, other than Indebtedness under a Credit Facility, secured by a Lien on the asset or assets that were the subject of such Asset Sale and any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"Non-Recourse Debt" means Indebtedness:

(i) as to which neither the Company nor any Restricted Subsidiary of the Company (A) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness), (B) is directly or indirectly liable as a guarantor or otherwise, or (C) constitutes the lender;

(ii) with respect to which no default (including any rights that the holders thereof may have to take enforcement action against an Unrestricted Subsidiary) would permit upon notice, lapse of time or both any holder of any other Indebtedness (other than the Notes) of the Company or any Restricted Subsidiary of the Company to declare a default on such other Indebtedness or cause the payment thereof to be accelerated or payable prior to its stated maturity; and

(iii) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Company or any Restricted Subsidiary of the Company.

"Non-U.S. Person" means a Person who is not a U.S. Person.

"Note Custodian" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

"Notes" has the meaning given to such term in the preamble hereto.

"Obligations" means any principal, interest, penalties, fees, indemnifications, expenses, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"Offering" means the offering of the Initial Notes by the Company.

"Offering Memorandum" means the Offering Memorandum, dated March 31, 1999, pursuant to which the Initial Notes were offered and sold.

"Officer" means, with respect to the Company or any Guarantor, any Chairman of the Board, President, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Senior Vice President, Vice President, Treasurer, Secretary or Assistant Secretary of such Person.

"Officers' Certificate" means a certificate that meets the requirements of Section 13.5 and has been signed by two Officers.

"Opinion of Counsel" means an opinion from legal counsel who is reasonably acceptable to the Trustee, that meets the requirements of Section 13.05 hereof. The counsel may be an employee of or counsel to the Company, any Subsidiary of the Company or the Trustee.

"Other Hedging Agreements" means any foreign exchange contracts, currency swap agreements, commodity agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency or commodity values.

"PCA Holdings" means PCA Holdings LLC, a Delaware limited liability company.

"Participant" means, with respect to the Depositary, Euroclear or CEDEL, a Person who has an account with the Depositary, Euroclear or CEDEL, respectively (and, with respect to The Depository Trust Company, shall include Euroclear and CEDEL).

"Permitted Business" means the containerboard, paperboard and packaging products business and any business in which the Company and its Restricted Subsidiaries are engaged on the Issue Date or any business reasonably related, incidental or ancillary to any of the foregoing.

"Permitted Group" means any group of investors that is deemed to be a "person" (as that term is used in Section 13(d)(3) of the Exchange Act) at any time prior to the Company's initial public offering of common stock, by virtue of the Stockholders Agreement, as the same may be amended, modified or supplemented from time to time, provided that no single Person (other than the Principals and their Related Parties) Beneficially Owns (together with its Affiliates) more of the Voting Stock of the Company that is Beneficially Owned by such group of investors than is then collectively Beneficially Owned by the Principals and their Related Parties in the aggregate.

"Permitted Investments" means:

(i) any Investment in the Company or in a Restricted Subsidiary of the Company;

(ii) any Investment in Cash Equivalents;

(iii) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment (A) such Person becomes a Restricted Subsidiary of the Company or (B) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(iv) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10 hereof;

(v) any acquisition of assets to the extent acquired in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;

(vi) Hedging Obligations and Other Hedging Agreements;

(vii) any Investment existing on the Issue Date;

(viii) loans and advances to employees and officers of the Company and its Restricted Subsidiaries in the ordinary course of business;

(ix) any Investment in securities of trade creditors or customers received in compromise of obligations of such persons incurred in the ordinary course of business, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers;

(x) negotiable instruments held for deposit or collection in the ordinary course of business;

(xi) loans, guarantees of loans and advances to officers, directors, employees or consultants of the Company or a Restricted Subsidiary of the Company not to exceed $7.5 million in the aggregate outstanding at any time;

(xii) any Investment by the Company or any Restricted Subsidiary of the Company in a Receivables Subsidiary or any Investment by a Receivables Subsidiary in any other Person in connection with a Qualified Receivables Transaction; provided that each such Investment is in the form of a Purchase Money Note, an equity interest or interests in accounts receivables generated by the Company or any Restricted Subsidiary of the Company; and

(xiii) other Investments in any Person having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (xiii) that are at the time outstanding not to exceed the greater of $50.0 million or 5% of Total Assets.

"Permitted Liens" means:

(i) Liens of the Company and its Restricted Subsidiaries securing Senior Debt that was permitted by the terms of this Exchange Indenture to be incurred;

(ii) Liens in favor of the Company or its Restricted Subsidiaries;

(iii) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Subsidiary of the Company; provided that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Subsidiary;

(iv) Liens on property existing at the time of acquisition thereof by the Company or any Subsidiary of the Company, provided that such Liens were in existence prior to the contemplation of such acquisition;

(v) Liens to secure the performance of statutory obligations, surety or appeal bonds, performance bonds or other obligations of a like nature incurred in the ordinary course of business;

(vi) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (iv) of the second paragraph of Section 4.09 hereof covering only the assets acquired with such Indebtedness;

(vii) Liens existing on the Issue Date together with any Liens securing Permitted Refinancing Indebtedness incurred under clause (v) of the second paragraph of Section 4.09 hereof in order to refinance the Indebtedness secured by Liens existing on the date of this Exchange Indenture; provided that the Liens securing the Permitted Refinancing Indebtedness shall not extend to property other than that pledged under the Liens securing the Indebtedness being refinanced;

(viii) Liens on assets of Unrestricted Subsidiaries that secure Non-Recourse Debt of Unrestricted Subsidiaries;

(ix) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded, provided that any reserve or other appropriate provision as shall be required in conformity with GAAP shall have been made therefor;

(x) Liens to secure Foreign Subsidiary Working Capital Indebtedness permitted by this Exchange Indenture to be incurred so long as any such Lien attached only to the assets of the Restricted Subsidiary which is the obligor under such Indebtedness;

(xi) Liens securing Attributable Debt;

(xii) Liens on assets of a Receivables Subsidiary incurred in connection with a Qualified Receivables Transaction; and

(xiii) Liens incurred in the ordinary course of business of the Company or any Subsidiary of the Company with respect to obligations that do not exceed $15.0 million at any one time outstanding.

"Permitted Refinancing Indebtedness" means any Indebtedness of the Company or any Restricted Subsidiary of the Company issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any Restricted Subsidiary of the Company (other than intercompany Indebtedness); provided that:

(i) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the

Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of all expenses and premiums incurred in connection therewith);

(ii) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(iii) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and

(iv) such Indebtedness is incurred either by the Company or by the Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"Person" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"Preferred Stock" means the Company's 12 3/8% Senior Exchangeable Preferred Stock due 2010.

"Preferred Stock Registration Rights Agreement" means the registration rights agreement to be entered into by the Company on or before the Issue Date relating to the registration of the Notes with the SEC.

"Principals" means (i) Madison Dearborn Partners, LLC and its Affiliates and (ii) TPI and its Affiliates.

"Private Placement Legend" means the legend set forth in Section 2.06(g)(i) to be placed on all Notes issued under this Exchange Indenture except where otherwise permitted by the provisions of this Exchange Indenture.

"Purchase Money Note" means a promissory note evidencing a line of credit, which may be irrevocable, from, or evidencing other Indebtedness owed to, the Company or any Restricted Subsidiary of the Company in connection with a Qualified Receivables Transaction, which note shall be repaid from cash available to the maker of such note, other than amounts required to be established as reserves pursuant to agreements, amounts paid to investors in respect of interest, principal and other amounts owing to such investors and amounts paid in connection with the purchase of newly generated receivables.

"QIB" means a "qualified institutional buyer" as defined in Rule 144A.

"Qualified Receivables Transaction" means any transaction or series of transactions that may be entered into by the Company or any Restricted Subsidiary of the Company pursuant to which the Company or any Restricted Subsidiary of the Company may sell, convey or otherwise transfer to (i) a Receivables Subsidiary (in the case of a transfer by the Company or any Restricted Subsidiary of the Company) and (ii) any other Person (in the case of a transfer by a Receivables Subsidiary), or may grant a security interest in, any accounts receivable (whether now existing or arising in the future) of the

Company or any Restricted Subsidiary of the Company, and any assets related thereto including, without limitation, all collateral securing such accounts receivable, all contracts and all guarantees or other obligations in respect of such accounts receivable, proceeds of such accounts receivable and other assets that are customarily transferred, or in respect of which security interests are customarily granted, in connection with asset securitization transactions involving accounts receivable.

"Receivables Subsidiary" means a Wholly Owned Subsidiary of the Company that engages in no activities other than in connection with the financing of accounts receivable and that is designated by the Board of Directors of the Company (as provided below) as a Receivables Subsidiary and

(i) has no Indebtedness or other Obligations (contingent or otherwise) that (A) are guaranteed by the Company or any Restricted Subsidiary of the Company, other than contingent liabilities pursuant to Standard Securitization Undertakings, (B) are recourse to or obligate the Company or any Restricted Subsidiary of the Company in any way other than pursuant to Standard Securitization Undertakings or (C) subjects any property or asset of the Company or any Restricted Subsidiary of the Company, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings;

(ii) has no contract, agreement, arrangement or undertaking (except in connection with a Purchase Money Note or Qualified Receivables Transaction) with the Company or its Restricted Subsidiaries other than on terms no less favorable to the Company or such Restricted Subsidiaries than those that might be obtained at the time from Persons that are not Affiliates of the Company, other than fees payable in the ordinary course of business in connection with servicing accounts receivable; and

(iii) neither the Company nor any Restricted Subsidiary of the Company has any obligation to maintain or preserve the Receivables Subsidiary's financial condition or cause the Receivables Subsidiary to achieve certain levels of operating results.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying, to the best of such officers' knowledge and belief after consulting with counsel, that such designation complied with the foregoing conditions.

"Regulation S Global Note" means a global Note in the form of Exhibit A hereto bearing the Global Note Legend and the Private Placement Legend and deposited with or on behalf of and registered in the name of the Depositary or its nominee, issued in a denomination equal to the outstanding principal amount of Notes transferred in reliance on Rule 903 of Regulation S.

"Related Party" means:

(i) any controlling stockholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Principal; or

(ii) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (i).

"Responsible Officer," when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Restricted Definitive Note" means a Definitive Note bearing the Private Placement Legend.

"Restricted Global Note" means a Global Note bearing the Private Placement Legend.

"Restricted Investment" means an Investment other than a Permitted Investment.

"Restricted Subsidiary" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"Rule 144" means Rule 144 promulgated under the Securities Act.

"Rule 144A" means Rule 144A promulgated under the Securities Act.

"Rule 903" means Rule 903 promulgated under the Securities Act.

"Rule 904" means Rule 904 promulgated the Securities Act.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Senior Subordinated Notes" means the Company's 9 5/8% Senior Subordinated Notes due 2009 issued under the Senior Subordinated Notes Indenture.

"Senior Subordinated Notes Indenture" means the Indenture among the Company, the guarantors named therein and United States Trust Company of New York, as trustee, governing the Senior Subordinated Notes.

"Shelf Registration Statement" means the Shelf Registration Statement as defined in the Preferred Stock Registration Rights Agreement.

"Significant Subsidiary" means any Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated pursuant to the Act, as such Regulation is in effect on the date hereof.

"Standard Securitization Undertakings" means representations, warranties, covenants and indemnities entered into by the Company or any Restricted Subsidiary of the Company that are reasonably customary in an accounts receivable transaction.

"Stated Maturity" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to

repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"Stockholders Agreement" means that certain Stockholders Agreement dated April 12, 1999 by and among PCA Holdings, TPI and the Company, as in effect on the Issue Date.

"Subsidiary" means, with respect to any specified Person:

(i) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(ii) any partnership (A) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (B) the only general partners of which are such Person or of one or more Subsidiaries of such Person (or any combination thereof).

"TIA" means the Trust Indenture Act of 1939 (15 U.S.C. ss.ss. 77aaa-77bbbb) as in effect on the date on which this Exchange Indenture is qualified under the TIA.

"TPI" means Tenneco Packaging Inc., a Delaware corporation.

"Timberlands Net Proceeds" means the Net Proceeds from Timberlands Sales in excess of $500.0 million, up to a maximum of $100.0 million (or such larger amount as may be necessary to repurchase or redeem all outstanding Preferred Stock or Notes in the event of a repurchase or redemption of all outstanding Preferred Stock or Notes), as long as at least $500.0 million of Net Proceeds have been applied to repay Indebtedness under the Credit Agreement.

"Timberlands Repurchase" means the repurchase or redemption of, payment of a dividend on, or return of capital with respect to any Equity Interests of the Company, or the repurchase or redemption of the Notes in accordance with the terms of this Exchange Indenture.

"Timberlands Sale" means a sale or series of sales by the Company or a Restricted Subsidiary of the Company of timberlands.

"Total Assets" means the total consolidated assets of the Company and its Restricted Subsidiaries, as set forth on the Company's most recent consolidated balance sheet.

"Transacations" has the meaning given to such term in the Offering Memorandum.

"Transaction Agreements" means:

(i) those certain Purchase/Supply Agreements between the Company and each of TPI, Tenneco Automotive, Inc. and Tenneco Packaging Specialty and Consumer Products, Inc. each dated the Issue Date;

(ii) that certain Facilities Use Agreement between the Company and TPI, dated the Issue Date;

(iii) that certain Human Resources Agreement among the Company, TPI and Tenneco Inc., dated the Issue Date;

(iv) that certain Transition Services Agreement between the Company and TPI, dated the Issue Date;

(v) that certain Holding Company Support Agreement between the Company and PCA Holdings, dated the Issue Date;

(vi) that certain Registration Rights Agreement among the Company, PCA Holdings and TPI, dated the Issue Date; and

(vii) the Stockholders Agreement.

"Treasury Lock" means the interest rate protection agreement dated as of March 5, 1999 between the Company and J.P. Morgan Securities Inc.

"Treasury Rate" means, as of any redemption date, the yield to maturity as of such Redemption Date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) that has become publicly available at least two business days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to April 1, 2004; provided, however, that if the period from the redemption date to April 1, 2004 is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

"Trustee" means the party named in the preamble until a successor replaces it in accordance with the applicable provisions of this Exchange Indenture and thereafter means the successor serving hereunder.

"Unrestricted Definitive Note" means one or more Definitive Notes that do not bear and are not required to bear the Private Placement Legend.

"Unrestricted Global Note" means a permanent global Note in the form of Exhibit A attached hereto that bears the Global Note Legend and that has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and that is deposited with or on behalf of and registered in the name of the Depositary, representing a series of Notes that do not bear the Private Placement Legend.

"Unrestricted Subsidiary" means any Subsidiary of the Company that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a Board Resolution, but only to the extent that such Subsidiary:

(i) has no Indebtedness other than Non-Recourse Debt;

(ii) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(iii) is a Person with respect to which neither the Company nor any Restricted Subsidiary of the Company has any direct or indirect obligation (A) to subscribe for additional Equity Interests or (B) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and

(iv) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any Restricted Subsidiary of the Company.

Any designation of a Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the Board Resolution giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted under Section 4.07 hereof. If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Exchange Indenture and any Indebtedness of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness is not permitted to be incurred as of such date under Section 4.09 hereof, the Company shall be in default of Section 4.09. The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided that such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if (x) such Indebtedness is permitted under Section 4.09 hereof, calculated on a pro forma basis as if such designation had occurred at the beginning of the four-quarter reference period and (y) no Default or Event of Default would be in existence following such designation.

"U.S. Person" means a U.S. person as defined in Rule 902(k) under the Securities Act.

"Voting Stock" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"Weighted Average Life to Maturity" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(i) the sum of the products obtained by multiplying (A) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (B) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(ii) the then outstanding principal amount of such Indebtedness.

"Wholly Owned Restricted Subsidiary" of any specified Person means any Wholly Owned Subsidiary of such Person which at the time of determination is a Restricted Subsidiary.

"Wholly Owned Subsidiary" of any specified Person means a Subsidiary of such Person all of the outstanding Capital Stock or other ownership interests of which (other than directors' qualifying shares) shall at the time be owned by such Person and/or by one or more Wholly Owned Subsidiaries of such Person.

SECTION 1.02. OTHER DEFINITIONS.

Term	Defined in Section
"Affiliate Transaction"	4.11
"Asset Sale Offer"	4.10
"Authentication Order"	2.02
"Change of Control Offer"	4.15
"Change of Control Payment"	4.15
"Change of Control Payment Date"	4.15
"Covenant Defeasance"	8.03
"Designated Senior Debt"	10.02
"Designation"	4.07
"Event of Default"	6.01
"Exchange Indenture Permitted Indebtedness"	4.09
"Excess Proceeds"	4.10
"incur"	4.09
"Legal Defeasance"	8.02
"Offer Amount"	3.09
"Offer Period"	3.09
"Paying Agent"	2.03
"Payment Blockage Notice"	10.04
"Permitted Junior Securities"	10.02
"Purchase Date"	3.09
"Redemption Date"	3.07
"Registrar"	2.03
"Representative"	10.02
"Restricted Payments"	4.07
"Revocation"	4.07
"Senior Debt"	10.02

SECTION 1.03. TRUST INDENTURE ACT DEFINITIONS

Whenever this Exchange Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Exchange Indenture.

The following TIA terms used in this Exchange Indenture have the following meanings:

"indenture securities" means the Notes;

"indenture security Holder" means a Holder of a Note;

"indenture to be qualified" means this Exchange Indenture;

"indenture trustee" or "institutional trustee" means the Trustee; and

"obligor" on the Notes means the Company and any successor obligor upon the Notes.

All other terms used in this Exchange Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

SECTION 1.04. RULES OF CONSTRUCTION.

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) "or" is not exclusive;

(d) words in the singular include the plural, and in the plural include the singular;

(e) provisions apply to successive events and transactions; and

(f) references to sections of or rules under the Securities Act shall be deemed to include substitute, replacement of successor sections or rules adopted by the SEC from time to time.

ARTICLE 2.
THE NOTES

SECTION 2.01. FORM AND DATING.

(a) General.

The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be in denominations of $1,000 and integral multiples thereof.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Exchange Indenture and the Company and the Trustee, by their execution and delivery of this Exchange Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with the express provisions of this Exchange Indenture, the provisions of this Exchange Indenture shall govern and be controlling.

(b) Global Notes.

Notes issued in global form shall be substantially in the form of Exhibit A attached hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the

aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee or the Note Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

SECTION 2.02. EXECUTION AND AUTHENTICATION.

Two Officers shall sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Exchange Indenture.

The Trustee shall, upon a written order of the Company signed by two Officers (an "Authentication Order"), authenticate Notes for original issue up to the aggregate principal amount stated in paragraph 4 of the Notes. The aggregate principal amount of Notes outstanding at any time may not exceed such amount except as provided in Section 2.07 hereof.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Exchange Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

SECTION 2.03. REGISTRAR AND PAYING AGENT.

The Company shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("Registrar") and an office or agency where Notes may be presented for payment ("Paying Agent"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company shall notify the Trustee in writing of the name and address of any Agent not a party to this Exchange Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company ("DTC") to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Note Custodian with respect to the Global Notes.

The Trustee is authorized to enter into a letter of representations with DTC in the form provided to the Trustee by the Company and to act in accordance with such letter.

SECTION 2.04. PAYING AGENT TO HOLD MONEY IN TRUST.

The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium or Liquidated Damages, if any, or interest on the Notes, and will notify the Trustee in writing of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary) shall have no further liability for the money. If the Company or a Subsidiary acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Notes.

SECTION 2.05. HOLDER LISTS.

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA ss. 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company shall otherwise comply with TIA ss. 312(a).

SECTION 2.06. TRANSFER AND EXCHANGE.

(a) Transfer and Exchange of Global Notes.

A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if (i) the Company gives written notice to the Trustee from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary or (ii) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee. Upon the occurrence of either of the preceding events in (i) or (ii) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07 and 2.10 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07 or 2.10 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06(a), however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.06(b),(c) or (f) hereof.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes.

The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with the provisions of this Exchange Indenture and the Applicable

Procedures. Beneficial interests in the Restricted Global Notes shall be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) Transfer of Beneficial Interests in the Same Global Note. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend. Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) All Other Transfers and Exchanges of Beneficial Interests in Global Notes. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(i) above, the transferor of such beneficial interest must deliver to the Registrar either (A) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) (1) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged and (2) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in (1) above. Upon consummation of an Exchange Offer by the Company in accordance with Section 2.06(f) hereof, the requirements of this Section 2.06(b)(ii) shall be deemed to have been satisfied upon receipt by the Registrar of the instructions contained in the Letter of Transmittal delivered by the Holder of such beneficial interests in the Restricted Global Notes. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Exchange Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(h) hereof.

(iii) Transfer of Beneficial Interests to Another Restricted Global Note. A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.06(b)(ii) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transferee will take delivery in the form of a beneficial interest in the IAI Global Note, then the transferor must deliver a certificate in the form of

Exhibit B hereto, including the certifications and certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(iv) Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in the Unrestricted Global Note. A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.06(b)(ii) above and:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Preferred Stock Registration Rights Agreement and the holder of the beneficial interest to be transferred, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal or via the Depositary's book-entry system that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Preferred Stock Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Preferred Stock Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(a) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (D) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (D) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(i) Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes. If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (2)(a) thereof;

(B) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such beneficial interest is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such beneficial interest is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of

such beneficial interest shall instruct the Registrar through written instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.06(c)(i) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(ii) Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes. A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Preferred Stock Registration Rights Agreement and the holder of such beneficial interest, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Preferred Stock Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Preferred Stock Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit C hereto, including the certifications in item (1)(b) thereof; or

(2) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a Definitive Note that does not bear the Private Placement Legend, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes. If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section

2.06(b)(ii) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c)(iii) shall not bear the Private Placement Legend.

(d) Transfer and Exchange of Definitive Notes for Beneficial Interests.

(i) Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes. If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if the Holder of such Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (2)(b) thereof;

(B) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(C) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(D) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(a) thereof;

(E) if such Restricted Definitive Note is being transferred to an Institutional Accredited Investor in reliance on an exemption from the registration requirements of the Securities Act other than those listed in subparagraphs (B) through (D) above, a certificate to the effect set forth in Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable;

(F) if such Restricted Definitive Note is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(b) thereof; or

(G) if such Restricted Definitive Note is being transferred pursuant to an effective registration statement under the Securities Act, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3)(c) thereof,

the Trustee shall cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of clause (A) above, the appropriate Restricted Global Note, in the case of clause (B) above, the 144A Global Note, in the case of clause (c) above, the Regulation S Global Note, and in all other cases, the IAI Global Note.

(ii) Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Preferred Stock Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Preferred Stock Registration Rights Agreement;

(C) such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Preferred Stock Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(c) thereof; or

(2) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.06(d)(ii), the Trustee shall cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(iii) Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes. A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest in a Global Note is effected pursuant to subparagraphs (ii)(B), (ii)(D) or (iii) above at a time when an Unrestricted Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) Transfer and Exchange of Definitive Notes for Definitive Notes. Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.06(e), the Registrar shall register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing. In addition, the requesting Holder shall provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.06(e).

(i) Restricted Definitive Notes to Restricted Definitive Notes. Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(ii) Restricted Definitive Notes to Unrestricted Definitive Notes. Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) such exchange or transfer is effected pursuant to the Exchange Offer in accordance with the Preferred Stock Registration Rights Agreement and the Holder, in the case of an exchange, or the transferee, in the case of a transfer, certifies in the applicable Letter of Transmittal that it is not (1) a broker-dealer, (2) a Person

participating in the distribution of the Exchange Notes or (3) a Person who is an affiliate (as defined in Rule 144) of the Company;

(B) any such transfer is effected pursuant to the Shelf Registration Statement in accordance with the Preferred Stock Registration Rights Agreement;

(C) any such transfer is effected by a Broker-Dealer pursuant to the Exchange Offer Registration Statement in accordance with the Preferred Stock Registration Rights Agreement; or

(D) the Registrar receives the following:

(1) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit C hereto, including the certifications in item (1)(d) thereof; or

(2) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (D), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Company to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(iii) Unrestricted Definitive Notes to Unrestricted Definitive Notes. A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) Exchange Offer. Upon the occurrence of the Exchange Offer in accordance with the Preferred Stock Registration Rights Agreement, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate (i) one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of the beneficial interests in the Restricted Global Notes tendered for acceptance by Persons that certify in the applicable Letters of Transmittal or via the Depositary's book-entry system that (x) they are not broker-dealers, (y) they are not participating in a distribution of the Exchange Notes and (z) they are not affiliates (as defined in Rule 144) of the Company, and accepted for exchange in the Exchange Offer and (ii) Definitive Notes in an aggregate principal amount equal to the principal amount of the Restricted Definitive Notes accepted for exchange in the Exchange Offer. Concurrently with the issuance of such Notes, the Trustee shall cause the aggregate principal amount of the applicable Restricted Global Notes to be reduced accordingly, and the Company shall execute and the Trustee shall authenticate and deliver to the Persons designated by the Holders of Definitive Notes so accepted Definitive Notes in the appropriate principal amount.

(g) Legends. The following legends shall appear on the face of all Global Notes and Definitive Notes issued under this Exchange Indenture unless specifically stated otherwise in the applicable provisions of this Exchange Indenture.

(i) Private Placement Legend.

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form:

"THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT TO THE DELIVERY OF SUCH EVIDENCE, IF ANY REQUIRED UNDER THE EXCHANGE INDENTURE PURSUANT TO WHICH THIS NOTE IS ISSUED) AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(a) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (b) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (c) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 904 UNDER THE SECURITIES ACT OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), SUBJECT TO THE

RECEIPT BY THE REGISTRAR OF A CERTIFICATION OF THE TRANSFEROR, (2) TO THE COMPANY OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER FROM IT OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTION SET FORTH IN (A) ABOVE."

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(iv), (c)(ii), (c)(iii), (d)(ii), (d)(iii), (e)(ii), (e)(iii) or (f) to this Section 2.06 (and all Notes issued in exchange therefor or substitution thereof) shall not bear the Private Placement Legend.

(ii) Global Note Legend. Each Global Note shall bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE EXCHANGE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.07 OF THE EXCHANGE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE EXCHANGE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE EXCHANGE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY."

(h) Cancellation and/or Adjustment of Global Notes.

At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.11 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) General Provisions Relating to Transfers and Exchanges.

(i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Global Notes and Definitive Notes upon the Company's order or at the Registrar's request.

(ii) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.10, 3.06, 3.09, 4.10, 4.15 and 9.05 hereof).

(iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Exchange Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(v) The Company shall not be required (A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of the mailing of notice of redemption under Section 3.02 hereof and ending at the close of business on such day, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.02 hereof.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

SECTION 2.07. REPLACEMENT NOTES

If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon receipt of an Authentication Order, shall authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note is an additional obligation of the Company and shall be entitled to all of the benefits of this Exchange Indenture equally and proportionately with all other Notes duly issued hereunder.

SECTION 2.08. OUTSTANDING NOTES.

The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with the provisions hereof, and those described in this Section as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(ii) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser or protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any thereof) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

SECTION 2.09. TREASURY NOTES.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Company, or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that the Trustee actually knows are so owned shall be so disregarded.

SECTION 2.10. TEMPORARY NOTES

Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate definitive Notes in exchange for temporary Notes.

Holders of temporary Notes shall be entitled to all of the benefits of this Exchange Indenture.

SECTION 2.11. CANCELLATION.

The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall destroy canceled Notes (subject to the record retention requirements of the Exchange Act). Certification of the destruction of all canceled Notes shall be delivered to the Company. The Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation for which the Company has received notice of cancellation from the Trustee..

SECTION 2.12. DEFAULTED INTEREST.

If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, provided that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

SECTION 2.13. CUSIP NUMBERS.

The Company in issuing the Notes may use "CUSIP" numbers (if then generally in use), and, if so, the Trustee shall use CUSIP numbers in notices of redemption as a convenience to Holders; provided that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or the omission of such numbers. The Company will promptly notify the Trustee of any change in the CUSIP numbers.

ARTICLE 3.
REDEMPTION AND PREPAYMENT

SECTION 3.01. NOTICES TO TRUSTEE.

If the Company elects to redeem Notes pursuant to the optional redemption provisions of Section 3.07 hereof, it shall furnish to the Trustee, at least 30 days but not more than 60 days before a redemption date, an Officers' Certificate setting forth (i) the clause of this Exchange Indenture pursuant to which the redemption shall occur, (ii) the redemption date, (iii) the principal amount of Notes to be redeemed, (iv) the redemption price and (v) the CUSIP numbers of the Notes to be redeemed.

SECTION 3.02. SELECTION OF NOTES TO BE REDEEMED

If less than all of the Notes are to be redeemed at any time, the Trustee shall select Notes for redemption as follows

(a) if the Notes are listed, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or

(b) if the Notes are not so listed, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate.

In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption date by the Trustee from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. Notes and portions of Notes selected shall be in amounts of $1,000 or whole multiples of $1,000; except that if all of the Notes of a Holder are to be redeemed, the entire outstanding amount of Notes held by such Holder, even if not a multiple of $1,000, shall be redeemed. Except as provided in the preceding sentence, provisions of this Exchange Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

SECTION 3.03. NOTICE OF REDEMPTION

Subject to the provisions of Section 3.09 hereof, at least 30 days but not more than 60 days before a redemption date, the Company shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

The notice shall identify the Notes to be redeemed and shall state:

(i) the redemption date;

(ii) the redemption price;

(iii) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion shall be issued upon cancellation of the original Note;

(iv) the name and address of the Paying Agent;

(v) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(vi) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date;

(vii) the paragraph of the Notes and/or Section of this Exchange Indenture pursuant to which the Notes called for redemption are being redeemed; and

(viii) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; provided, however, that the Company shall have delivered to the Trustee, at least 45 days prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph.

SECTION 3.04. EFFECT OF NOTICE OF REDEMPTION

Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

SECTION 3.05. DEPOSIT OF REDEMPTION PRICE

Prior to 9:00 a.m. (New York City time) on the redemption date, the Company shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued interest on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued interest on, all Notes to be redeemed.

If the Company complies with the provisions of the preceding paragraph, on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after an interest record date but on or prior to the related interest payment date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall be paid on the unpaid principal, from the redemption date until such principal is paid, and to the extent lawful on any interest not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

SECTION 3.06. NOTES REDEEMED IN PART.

Upon surrender of a Note that is redeemed in part, the Company shall issue and, upon receipt of an Authentication Order, the Trustee shall authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

SECTION 3.07. OPTIONAL REDEMPTION.

(i) Except as provided below, the Notes shall not be redeemable at the Company's option prior to April 1, 2004. Thereafter, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below:

Year	Percentage
2004	106.1875%
2005	104.6406%
2006	103.0938%
2007	101.5469%
2008 and thereafter	100.0000%

(ii) Notwithstanding the foregoing, at any time prior to April 1, 2002, the Company may on any one occasion redeem all, or on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes originally issued under this Exchange Indenture at a redemption price of 112.375% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the redemption date, with the net cash proceeds of one or more offerings of common stock of the Company or a capital contribution to the Company's common equity made with the net cash proceeds of an offering of common stock of the Company's direct or indirect parent or with Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the fourth paragraph of Section 4.10 hereof); provided that:

(A) except in the case of a redemption of all of the then outstanding Notes, at least 65% of the aggregate principal amount of Notes issued under this Exchange Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company and its Subsidiaries); and

(B) the redemption must occur within 60 days of the date of the closing of such offering, the making of such capital contribution or the consummation of a Timberlands Sale.

(iii) At any time prior to April 1, 2004, the Company may also redeem the Notes, in whole but not in part, upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior written notice, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, thereon, to, the date of redemption.

(iv) Any redemption pursuant to this Section 3.07 shall be made pursuant to the provisions of Section 3.01 through 3.06 hereof. Nothing in this Exchange Indenture prohibits the Company from acquiring the Notes by means other than a redemption, whether pursuant to an issuer tender offer or otherwise, assuming such acquisition does not otherwise violate the terms of this Exchange Indenture.

SECTION 3.08. MANDATORY REDEMPTION.

The Company shall not be required to make mandatory redemption or sinking fund payments with respect to the Notes.

SECTION 3.09. OFFER TO PURCHASE BY APPLICATION OF EXCESS PROCEEDS.

In the event that, pursuant to Section 4.10 hereof, the Company shall be required to commence an Asset Sale Offer, it shall follow the procedures specified below.

The Asset Sale Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "Offer Period") No later than five Business Days after the termination of the Offer Period (the "Purchase Date"), the Company shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.10 hereof (the "Offer Amount") or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Asset Sale Offer. Payment for any Notes so purchased shall be made in the same manner as interest payments are made.

If the Purchase Date is on or after an interest record date and on or before the related interest payment date, any accrued and unpaid interest shall be paid to the Person in whose name a Note is registered at the close of business on such record date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Asset Sale Offer.

Upon the commencement of an Asset Sale Offer, the Company shall send, by first class mail, a notice to the Trustee and each of the Holders. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The Asset Sale Offer shall be made to all Holders. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(i) that the Asset Sale Offer is being made pursuant to this Section 3.09 and Section 4.10 hereof and the length of time the Asset Sale Offer shall remain open;

(ii) the Offer Amount, the purchase price and the Purchase Date;

(iii) that any Note not tendered or accepted for payment shall continue to accrue interest;

(iv) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest after the Purchase Date;

(v) that Holders electing to have a Note purchased pursuant to an Asset Sale Offer may only elect to have all of such Note purchased and may not elect to have only a portion of such Note purchased;

(vi) that Holders electing to have a Note purchased pursuant to any Asset Sale Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer the Note by book-entry transfer, to the Company, a depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(vii) that Holders shall be entitled to withdraw their election if the Company, the depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(viii) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount, the Company shall select the Notes to be purchased on a pro rata basis (with such adjustments as may be deemed appropriate by the Company so that only Notes in denominations of $1,000, or integral multiples thereof, shall be purchased); and

(ix) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer)

On or before 10:00 a.m. on the Purchase Date, the Company shall, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Offer Amount or portions thereof tendered pursuant to the Asset Sale Offer, or if less than the Offer Amount has been tendered, all Notes tendered, and shall deliver to the Trustee an Officers' Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 3.09. The Company, the Depositary or the Paying Agent, as the case may be, shall promptly (but in any case not later than five days after the Purchase Date) mail or deliver to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and the Company shall promptly issue a new Note, and the Trustee, upon written request from the Company shall authenticate and mail or deliver such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Asset Sale Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to the provisions of Sections 3.01 through 3.06 hereof.

ARTICLE 4.
COVENANTS

SECTION 4.01. PAYMENT OF NOTES.

The Company shall pay or cause to be paid the principal of, premium, if any, and interest and Liquidated Damages, if any, on the Notes on the dates and in the manner provided in the Notes. Principal, premium, if any, and interest and Liquidated Damages, if any, shall be considered paid on the date due if the Paying Agent, if other than the Company or a Subsidiary thereof, holds as of 10:00 a.m. Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient to pay all principal, premium, if any, and interest and Liquidated Damages, if any, then due. The Company shall pay all Liquidated Damages, if any, in the same manner on the dates and in the amounts set forth in the Preferred Stock Registration Rights Agreement.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace period) at the same rate to the extent lawful.

On or prior to April 1, 2004, the Company may, at its option, make interest payments (1) in cash or (2) in additional Notes having an aggregate principal amount equal to the amount of such interest. After April 1, 2004, the Company shall pay interest in cash only.

SECTION 4.02. MAINTENANCE OF OFFICE OR AGENCY.

The Company shall maintain in the Borough of Manhattan, the City of New York, an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-

registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Exchange Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; provided, however, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency in the Borough of Manhattan, the City of New York for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03 hereof.

SECTION 4.03. REPORTS.

(a) Whether or not required by the SEC, so long as any Notes are outstanding, the Company shall furnish to the Trustee and the Holders of Notes, within the time periods specified in the SEC's rules and regulations:

(i) all quarterly and annual financial information that would be required to be contained in a filing with the SEC on Forms 10-Q and 10-K if the Company were required to file such Forms, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" and, with respect to the annual information only, a report on the annual financial statements by the Company's certified independent accountants; and

(ii) all current reports that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports.

In addition, following the consummation of the Exchange Offer contemplated by the Preferred Stock Registration Rights Agreement, whether or not required by the rules and regulations of the SEC, the Company shall file a copy of all the information and reports referred to in clauses (i) and (ii) above with the SEC for public availability within the time periods specified in the SEC's rules and regulations (unless the SEC will not accept such a filing) and make such information available to securities analysts and prospective investors upon request. The Company shall at all times comply with TIA ss.314(a)

(b) For so long as any Notes remain outstanding, the Company shall furnish to the Trustee and the Holders and to securities analysts and prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

If the Company designates any of its Subsidiaries as Unrestricted Subsidiaries, then the quarterly and annual financial information required by clauses (i) and (ii) above shall include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, and in Management's Discussion and Analysis of Financial Condition and Results of Operations, of the

financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company.

SECTION 4.04. COMPLIANCE CERTIFICATE.

(a) The Company shall deliver to the Trustee within 90 days after the end of each fiscal year, an Officers' Certificate stating that a review of the activities of the Company and its Subsidiaries during the preceding fiscal year has been made under the supervision of the signing Officers with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Exchange Indenture, and further stating, as to each such Officer signing such certificate, that to the best of his or her knowledge the Company has kept, observed, performed and fulfilled each and every covenant contained in this Exchange Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Exchange Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto. For purposes of this paragraph, such compliance shall be determined without regard to any period of grace or requirement of notice provided under this Exchange Indenture.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 4.03 hereof shall be accompanied by a written statement of the Company's independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements, nothing has come to their attention that would lead them to believe that the Company has violated any provisions of Article 4 or Article 5 hereof or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) The Company shall, so long as any of the Notes are outstanding, deliver to the Trustee, promptly upon any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto unless such Default or Event of Default is no longer continuing.

SECTION 4.05. TAXES.

The Company shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

SECTION 4.06. STAY, EXTENSION AND USURY LAWS.

The Company covenants (to the extent that it may lawfully do so) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the

covenants or the performance of this Exchange Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

SECTION 4.07. RESTRICTED PAYMENTS.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests, including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests other than dividends or distributions payable (A) in Equity Interests (other than Disqualified Stock) of the Company or (B) to the Company or a Restricted Subsidiary of the Company;

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company; or

(iii) make any Restricted Investment (all such payments and other actions set forth in clauses (i) through (iii) above being collectively referred to as "Restricted Payments"),

unless, at the time of and after giving effect to such Restricted Payment:

(i) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(ii) the Company would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof; and

(iii) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (ii), (iii) and (iv) of the next succeeding paragraph), is less than the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit), plus

(B) 100% of the aggregate net cash proceeds received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible

or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company), together with the net proceeds received by the Company upon such conversion or exchange, if any, plus

(C) to the extent that any Restricted Investment that was made after the Issue Date is sold for cash or otherwise liquidated or repaid for cash, the lesser of (i) the cash return of capital with respect to such Restricted Investment (less the cost of disposition, if any) and (ii) the initial amount of such Restricted Investment.

The preceding provisions shall not prohibit:

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of this Exchange Indenture;

(ii) the redemption, repurchase, retirement, defeasance or other acquisition of any Equity Interests of the Company in exchange for, or out of the net cash proceeds of the substantially concurrent sale (other than to a Restricted Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock); provided that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (iii)(B) of the preceding paragraph;

(iii) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, any Timberlands Repurchase pursuant to and in accordance with the fourth paragraph of Section 4.10 hereof;

(iv) the payment of any dividend by a Restricted Subsidiary of the Company to the holders of its common Equity Interests on a pro rata basis;

(v) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company or any Restricted Subsidiary of the Company held by any current or former officers, directors or employees of the Company (or any of its Restricted Subsidiaries') pursuant to any management equity subscription agreement, stock option agreement or stock plan entered into in the ordinary course of business; provided that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $5.0 million in any calendar year;

(vi) repurchases of Equity Interests of the Company deemed to occur upon exercise of stock options to the extent Equity Interests represent a portion of the exercise price of such options;

(vii) cash payments, advances, loans or expense reimbursements made to PCA Holdings to permit PCA Holdings to pay its general operating expenses (other than management, consulting or similar fees payable to Affiliates of the Company), franchise tax obligations, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of its business in an amount not to exceed $1.0 million in the aggregate in any fiscal year; and

(viii) so long as no Default or Event of Default has occurred and is continuing or would be caused thereby, other Restricted Payments in an aggregate amount not to exceed $25.0 million since the Issue Date.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by the Company or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued by this covenant shall be determined by the Board of Directors whose resolution with respect thereto shall be conclusive. The Board of Directors' determination must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of national standing if the fair market value exceeds $25.0 million.

SECTION 4.08. DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions to the Company or any of its Restricted Subsidiaries on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, or pay any indebtedness owed to the Company or any of its Restricted Subsidiaries;

(ii) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(iii) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

However, the preceding restrictions shall not apply to encumbrances or restrictions existing under or by reason of:

(i) Existing Indebtedness as in effect on the Issue Date;

(ii) the Senior Subordinated Notes Indenture, the Senior Subordinated Notes and the subsidiary guarantees of the Senior Subordinated Notes;

(iii) this Exchange Indenture;

(iv) applicable law;

(v) any instrument governing Indebtedness or Capital Stock of a Person acquired by the Company or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such Indebtedness was incurred in connection with or in contemplation of such acquisition), which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired, provided that, in the case of Indebtedness, such Indebtedness was permitted by the terms of this Exchange Indenture to be incurred;

(vi) non-assignment provisions in leases, licenses or similar agreements entered into in the ordinary course of business and consistent with past practices;

(vii) purchase money obligations for property acquired in the ordinary course of business that impose restrictions on the property so acquired of the nature described in clause (iii) of the first paragraph of this Section 4.08;

(viii) any agreement for the sale or other disposition of a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;

(ix) Liens securing Indebtedness that limit the right of the debtor to dispose of the assets subject to such Lien;

(x) provisions with respect to the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, stock sale agreements and other similar agreements entered into in the ordinary course of business;

(xi) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(xii) the Credit Agreement as in effect on the Issue Date;

(xiii) restrictions on the transfer of assets subject to any Lien permitted under this Exchange Indenture imposed by the holder of such Lien;

(xiv) any Purchase Money Note or other Indebtedness or other contractual requirements of a Receivables Subsidiary in connection with a Qualified Receivables Transaction; provided that such restrictions apply only to such Receivables Subsidiary;

(xv) encumbrances or restrictions existing under or arising pursuant to Credit Facilities entered into in accordance with this Exchange Indenture; provided that the encumbrances or restrictions in such Credit Facilities are not materially more restrictive than those contained in the Credit Agreement as in effect on the Issue Date; and

(xvi) any encumbrances or restrictions imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (i) through (xv) above; provided, that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Board of Directors of the Company, not materially more restrictive with respect to such dividend and other payment restrictions than those contained in the dividends or other payment restrictions prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

SECTION 4.09. INCURRENCE OF INDEBTEDNESS AND ISSUANCE OF PREFERRED STOCK.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, "incur") any Indebtedness (including Acquired Debt), and the Company shall not issue any Disqualified Stock and shall not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; provided, however, that the Company may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, and the Restricted Subsidiaries of the Company may incur Indebtedness or issue preferred stock, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or preferred stock is issued would have been at least 2.0 to 1 or, if a Timberlands Repurchase has occurred pursuant to and in accordance with the fourth paragraph of Section 4.10 hereof, 2.25 to 1, in either case determined on a pro forma basis (including a pro forma application of the net

proceeds therefrom), as if the additional Indebtedness had been incurred or the preferred stock or Disqualified Stock had been issued, as the case may be, at the beginning of such four-quarter period.

The first paragraph of this Section 4.09 shall not prohibit the incurrence of any of the following items of Indebtedness (collectively, "Exchange Indenture Permitted Indebtedness"):

(i) the incurrence by the Company and its Restricted Subsidiaries of additional Indebtedness under Credit Facilities and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (i) (with letters of credit being deemed to have a principal amount equal to the face amount) not to exceed $1.51 billion less the aggregate amount of all Net Proceeds of Asset Sales that have been applied by the Company or any of its Restricted Subsidiaries since the Issue Date to permanently repay Indebtedness under a Credit Facility pursuant to Section 4.10 hereof and less the amount of Indebtedness outstanding under clause (xviii) below; provided that the amount of Indebtedness permitted to be incurred pursuant to Credit Facilities in accordance with this clause (i) shall be in addition to any Indebtedness permitted to be incurred pursuant to Credit Facilities, in reliance on, and in accordance with, clauses (iv) and (xix) below or in the first paragraph hereof;

(ii) the incurrence by the Company and its Restricted Subsidiaries of the Existing Indebtedness;

(iii) the incurrence by the Company and its Restricted Subsidiaries of Indebtedness represented by the Notes to be issued on the Issue Date and the New Notes to be issued pursuant to the Preferred Stock Registration Rights Agreement;

(iv) the incurrence by the Company or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Restricted Subsidiary, in an aggregate principal amount (which amount may, but need not be, incurred in whole or in part under Credit Facilities), including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (iv), not to exceed the greater of 7.5% of Total Assets as of the date of incurrence and $50.0 million at any time outstanding;

(v) the incurrence by the Company or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, Indebtedness (other than intercompany Indebtedness) that was permitted by this Exchange Indenture to be incurred under the first paragraph hereof or clauses (ii), (iii), (iv), (xv) or (xix) of this paragraph;

(vi) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; provided, however, that each of the following shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi):

(A) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary thereof; and

(B) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary thereof;

(vii) the incurrence by the Company or any of its Restricted Subsidiaries of Hedging Obligations that are incurred for the purpose of fixing or hedging interest rate risk with respect to any floating or fixed rate Indebtedness that is permitted by the terms of this Exchange Indenture to be outstanding and the incurrence of Indebtedness under Other Hedging Agreements providing protection against fluctuations in currency values or in the price of energy, commodities and raw materials in connection with the Company's or any of its Restricted Subsidiaries' operations so long as management of the Company or such Restricted Subsidiary, as the case may be, has determined that the entering into of such Other Hedging Agreements are bona fide hedging activities;

(viii) the guarantee by the Company or any of its Restricted Subsidiaries of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this Section 4.09;

(ix) the incurrence by the Company's Unrestricted Subsidiaries of Non-Recourse Debt, provided, however, that if any such Indebtedness ceases to be Non-Recourse Debt of an Unrestricted Subsidiary, such event shall be deemed to constitute an incurrence of Indebtedness by a Restricted Subsidiary of the Company that was not permitted by this clause (ix);

(x) the accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock shall not be deemed to be an incurrence of Indebtedness or an issuance of Disqualified Stock for purposes of this Section 4.09; provided, in each such case, that the amount thereof is included in Fixed Charges and Consolidated Indebtedness of the Company as accrued;

(xi) the incurrence by the Company of Indebtedness and the issuance by the Company of preferred stock, in each case, that is deemed to be incurred or issued, as the case may be, in connection with the Contribution;

(xii) the incurrence by the Company or any of its Restricted Subsidiaries of obligations pursuant to foreign currency agreements entered into in the ordinary course of business and not for speculative purposes;

(xiii) Indebtedness arising from agreements of the Company or a Restricted Subsidiary providing for indemnification, adjustment of purchase price or similar obligations, in each case, incurred or assumed in connection with the disposition of any business, assets or a Subsidiary, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or a Subsidiary for the purpose of financing such acquisition; provided, however, that:

(A) such Indebtedness is not reflected on the balance sheet of the Company or any Restricted Subsidiary (contingent obligations referred to in a footnote to financial statements and not otherwise reflected on the balance sheet will not be deemed to be reflected on such balance sheet for purposes of this clause (A)) and

(B) the maximum assumable liability in respect of all such Indebtedness shall at no time exceed the gross proceeds including noncash proceeds (the fair market value of such

noncash proceeds being measured at the time received and without giving effect to any subsequent changes in value) actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(xiv) the incurrence of obligations in respect of performance and surety bonds and completion guarantees provided by the Company or any of its Restricted Subsidiaries in the ordinary course of business;

(xv) the incurrence of Indebtedness by any Restricted Subsidiary that is organized outside of the United States in connection with the acquisition of assets or a new Restricted Subsidiary in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (xv), not to exceed $25.0 million at any one time outstanding; provided that such Indebtedness was incurred by the prior owner of such asset or such Restricted Subsidiary prior to such acquisition by the Restricted Subsidiary and was not incurred in connection with, or in contemplation of, such acquisition by the Restricted Subsidiary;

(xvi) the incurrence of Indebtedness consisting of guarantees of loans made to management for the purpose of permitting management to purchase Equity Interests of the Company, in an amount not to exceed $7.5 million at any one time outstanding;

(xvii) Indebtedness of the Company that may be deemed to exist under the Contribution Agreement as a result of the Company's obligation to pay purchase price adjustments; provided that the incurrence of Indebtedness to pay the purchase price adjustment shall be deemed to constitute an incurrence of Indebtedness that was not permitted by this clause (xvii);

(xviii) the incurrence of Indebtedness by a Receivables Subsidiary in a Qualified Receivables Transaction that is not recourse to the Company or any of its Subsidiaries (except for Standard Securitization Undertakings); provided that the aggregate principal amount of Indebtedness outstanding under this clause (xviii) and clause (i) above does not exceed $1.51 billion less the aggregate amount of all Net Proceeds of Asset Sales that have been applied by the Company or any of its Restricted Subsidiaries since the Issue Date to permanently repay Indebtedness under a Credit Facility pursuant to Section 4.10 hereof; and

(xix) the incurrence by the Company of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) (which amount may, but need not be, incurred in whole or in part under the Credit Facilities) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance, replace, amend, restate, modify or renew, in whole or in part, any Indebtedness incurred pursuant to this clause (xix), not to exceed $75.0 million.

For purposes of determining compliance with this Section 4.09, in the event that an item of proposed Indebtedness meets the criteria of more than one of the categories of Exchange Indenture Permitted Indebtedness described in clauses (i) through (xix) above, or is entitled to be incurred pursuant to the first paragraph of this Section 4.09, the Company shall be permitted to classify or later reclassify such item of Indebtedness in any manner that complies with this Section 4.09. Indebtedness under Credit Facilities outstanding on the Issue Date shall be deemed to have been incurred on such date in reliance on the exception provided by clause (i) of the definition of Exchange Indenture Permitted Indebtedness.

SECTION 4.10. ASSET SALES

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(i) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale which, taken as a whole, is at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(ii) such fair market value is determined by the Company's Board of Directors and evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee; and

(iii) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or Cash Equivalents or Marketable Securities.

For purposes of this provision, each of the following shall be deemed to be cash:

(i) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or any Restricted Subsidiary (other than contingent liabilities that are assumed by the transferee of any such assets;

(ii) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted, sold or exchanged by the Company or such Restricted Subsidiary into cash within 30 days of the related Asset Sale (to the extent of the cash received in that conversion); and

(iii) any Designated Noncash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sale having an aggregate fair market value, taken together with all other Designated Noncash Consideration received since the Issue Date pursuant to this clause (iii) that is at that time outstanding, not to exceed 10% of Total Assets at the time of the receipt of such Designated Noncash Consideration (with the fair market value of each item of Designated Noncash Consideration being measured at the time received and without giving effect to subsequent changes in value)

Within 365 days after the receipt of any Net Proceeds from an Asset Sale, the Company may apply such Net Proceeds at its option:

(i) to repay Senior Debt and, if the Senior Debt repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

(ii) to invest in or to acquire other properties or assets to replace the properties or assets that were the subject of the Asset Sale or that will be used in businesses of the Company or its Restricted Subsidiaries, as the case may be, existing at the time such assets are sold;

(iii) to make a capital expenditure or commit, or cause such Restricted Subsidiary to commit, to make a capital expenditure (such commitments to include amounts anticipated to be expended pursuant to the Company's capital investment plan as adopted by the Board of Directors of the Company) within 24 months of such Asset Sale; or

(iv) to make a Timberlands Repurchase in accordance with Section 3.07(ii) hereof.

Pending the final application of any such Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Exchange Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the preceding paragraph shall constitute "Excess Proceeds." When the aggregate amount of Excess Proceeds exceeds $25.0 million, the Company shall make an Asset Sale Offer to all Holders of Notes and all holders of other Indebtedness that is pari passu with the Notes containing provisions similar to those set forth in this Exchange Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other pari passu Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer shall be equal to 100% of the principal amount plus accrued and unpaid interest and Liquidated Damages, if any, to the date of purchase, and shall be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Exchange Indenture. If the aggregate principal amount of Notes and such other pari passu Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such other pari passu Indebtedness to be purchased on a pro rata basis based on the principal amount of Notes and such other pari passu Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

Notwithstanding the three preceding paragraphs, the Company shall be permitted to apply up to $100.0 million of Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with Section 3.07(ii) hereof) to repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any Equity Interests of the Company, or repurchase or redeem Notes, if:

(i) the repurchase, redemption, dividend or return of capital is consummated within 90 days of the final sale of such Timberlands Sale;

(ii) the Company's Debt to Cash Flow Ratio at the time of such Timberlands Repurchase, after giving pro forma effect to (A) such repurchase, redemption, dividend or return of capital, (B) the Timberlands Sale and the application of the net proceeds therefrom and (C) any increase or decrease in fiber, stumpage or similar costs as a result of the Timberlands Sale as if the same had occurred at the beginning of the most recently ended four full fiscal quarter period of the Company for which internal financial statements are available, would have been no greater than 5.0 to 1; and

(iii) in the case of a repurchase or redemption of all of the then outstanding Preferred Stock or Notes, no Timberlands Net Proceeds have previously been applied to redeem Notes or repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any other Equity Interests of the Company.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of this Section 4.10, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under the provisions of this Section 4.10 by virtue of such conflict.

SECTION 4.11. TRANSACTIONS WITH AFFILIATES.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate (each, an "Affiliate Transaction"), unless:

(i) such Affiliate Transaction is on terms taken as a whole that are no less favorable to the Company or the relevant Restricted Subsidiary than those that could have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person; and

(ii) the Company delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $5.0 million, a resolution of the Board of Directors set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this Section 4.11 and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, an opinion as to the fairness to the Holders of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal, investment banking or advisory firm of national standing; provided that this clause (B) shall not apply to transactions with TPI and its subsidiaries in the ordinary course of business at a time when Madison Dearborn Partners, LLC and its Affiliates are entitled, directly or indirectly, to elect a majority of the Board of Directors of the Company.

Notwithstanding the foregoing, the following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the first paragraph of this Section 4.11:

(i) any employment agreement entered into by the Company or any of its Restricted Subsidiaries in the ordinary course of business and consistent with the past practice of the Company or such Restricted Subsidiary;

(ii) transactions between or among the Company and/or its Restricted Subsidiaries;

(iii) transactions with a Person that is an Affiliate of the Company solely because the Company owns an Equity Interest in such Person;

(iv) payment of reasonable directors fees to Persons who are not otherwise Affiliates of the Company;

(v) sales of Equity Interests (other than Disqualified Stock) to Affiliates of the Company;

(vi) the payment of transaction, management, consulting and advisory fees and related expenses to Madison Dearborn Partners, LLC and its Affiliates; provided that such fees shall not,

in the aggregate, exceed $15.0 million (plus out-of-pocket expenses) in connection with the Contribution or $2.0 million in any twelve-month period commencing after the date of the Contribution;

(vii) the payment of fees and expenses related to the Contribution other than fees and expenses paid to Madison Dearborn Partners, LLC and its Affiliates;

(viii) Restricted Payments that are permitted by Section 4.07 hereof;

(ix) transactions described in clause (xi) of the definition of Permitted Investments;

(x) reasonable fees and expenses and compensation paid to, and indemnity provided on behalf of, officers, directors or employees of the Company or any Subsidiary as determined in good faith by the Board of Directors of the Company or senior management;

(xi) payments made to PCA Holdings for the purpose of allowing PCA Holdings to pay its general operating expenses, franchise tax obligations, accounting, legal, corporate reporting and administrative expenses incurred in the ordinary course of its business in an amount not to exceed $1.0 million in the aggregate in any fiscal year;

(xii) transactions contemplated by the Contribution Agreement and the Transaction Agreements as the same are in effect on the Issue Date;

(xiii) transactions in connection with a Qualified Receivables Transaction; and

(xiv) transactions with either of the Initial Purchasers or any of their respective Affiliates.

SECTION 4.12. LIENS.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or suffer to exist any Lien of any kind on any asset now owned or hereafter acquired securing Indebtedness, Attributable Debt or trade payables, except Permitted Liens.

SECTION 4.13. SALE AND LEASEBACK TRANSACTIONS.

The Company shall not, and shall not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction; provided that the Company or any Restricted Subsidiary may enter into a sale and leaseback transaction if:

(i) either (A) the Company or that Restricted Subsidiary, as applicable, could have incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Fixed Charge Coverage Ratio test in the first paragraph of Section 4.09 hereof or (B) the Net Proceeds of such sale and leaseback transaction are applied to repay outstanding Senior Debt; and

(ii) the transfer of assets in that sale and leaseback transaction is permitted by, and the Company applies the net proceeds of such transaction in compliance with, Section 4.10 hereof.

SECTION 4.14. CORPORATE EXISTENCE.

Subject to Article 5 hereof, the Company shall do or cause to be done all things necessary to preserve and keep in full force and effect:

(i) its corporate existence, and the corporate, partnership or other existence of each of its Subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such Subsidiary; and

(ii) the rights (charter and statutory), licenses and franchises of the Company and its Subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its Subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its Subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

SECTION 4.15. OFFER TO REPURCHASE UPON CHANGE OF CONTROL.

(a) If a Change of Control occurs, each Holder of Notes shall have the right to require the Company to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of that Holder's Notes pursuant to the offer described below (the "Change of Control Offer") on the terms set forth in this Section 4.15. In the Change of Control Offer, the Company shall offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest and Liquidated Damages, if any, thereon, to the date of purchase (the "Change of Control Payment") Within thirty (30) days following any Change of Control, the Company shall mail a notice to the Trustee and each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the date specified in such notice, which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "Change of Control Payment Date"), pursuant to the procedures required by this Exchange Indenture and described in such notice.

The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with this Section 4.15, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.15 by virtue of such conflict.

(b) On the Change of Control Payment Date, the Company shall, to the extent lawful:

(i) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(ii) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof so tendered; and

(iii) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

The Paying Agent shall promptly mail to each Holder of Notes so tendered the Change of Control Payment for such Notes, and the Trustee shall promptly authenticate and mail (or cause to be transferred by book-entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; provided that each such new Note shall be in a principal amount of $1,000 or an integral multiple thereof.

Prior to complying with any of the provisions of this Section 4.15, but in any event within 90 days following a Change of Control, the Company shall either repay all outstanding Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Senior Debt to permit the repurchase of Notes required by this Section 4.15. The Company shall publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

(c) The Company shall first comply with the first sentence in the immediately preceding paragraph before it shall be required to repurchase Notes pursuant to the provisions described above. The Company's failure to comply with the first sentence in the immediately preceding paragraph may (with notice and lapse of time) constitute an Event of Default described in clause (iii) of Section 6.01 but shall not constitute an Event of Default described in clause (ii) of Section 6.01.

(d) Notwithstanding anything to the contrary in this Section 4.15, the Company shall not be required to make a Change of Control Offer upon the occurrence of a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Section 4.15 and all other provisions of this Exchange Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

This Section 4.15 shall be applicable regardless of whether any other provisions of this Exchange Indenture are applicable.

SECTION 4.17. BUSINESS ACTIVITIES

The Company shall not, and shall not permit any of Restricted Subsidiary of the Company to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

SECTION 4.18. DESIGNATION OF RESTRICTED AND UNRESTRICTED SUBSIDIARIES

The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate fair market value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary so designated shall be deemed to be an Investment made as of the time of such designation and shall either reduce the amount available for Restricted Payments under the first paragraph of Section 4.07 hereof or reduce the amount available for future Investments under one or more clauses of the definition of Permitted Investments, as the Company shall determine. That designation shall only be permitted if such Investment would be permitted at that time and if such Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if the redesignation would not cause a Default.

ARTICLE 5.
SUCCESSORS

SECTION 5.01. MERGER, CONSOLIDATION, OR SALE OF ASSETS.

The Company shall not, directly or indirectly:

(i) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation); or

(ii) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person;

unless:

(i) either: (A) the Company is the surviving corporation; or (B) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia;

(ii) the Person formed by or surviving any such consolidation or merger (if other than the Company) or the Person to which such sale, assignment, transfer, conveyance or other disposition shall have been made assumes all the obligations of the Company under the Notes, this Exchange Indenture and the Preferred Stock Registration Rights Agreement pursuant to agreements reasonably satisfactory to the Trustee;

(iii) immediately after such transaction no Default or Event of Default exists; and

(iv) the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition shall have been made will, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in the first paragraph of Section 4.09 hereof.

In addition, the Company shall not, directly or indirectly, lease all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to any other Person. This Section 5.01 shall not apply to a sale, assignment, transfer, conveyance or other disposition of assets between or among the Company and any of its Wholly Owned Restricted Subsidiaries.

SECTION 5.02. SUCCESSOR CORPORATION SUBSTITUTED.

Upon any consolidation or merger, or any sale, assignment, transfer, lease, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.01 hereof, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, lease, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, lease, conveyance or other disposition, the provisions of this Exchange Indenture referring to the

"Company" shall refer instead to the successor corporation and not to the Company), and may exercise every right and power of the Company under this Exchange Indenture with the same effect as if such successor Person had been named as the Company herein; provided, however, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Company's assets that meets the requirements of Section 5.01 hereof.

ARTICLE 6.
DEFAULTS AND REMEDIES

SECTION 6.01. EVENTS OF DEFAULT.

Each of the following is an Event of Default:

(i) default for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the Notes (whether or not prohibited by Article 10 hereof);

(ii) default in payment when due of the principal of, or premium, if any, on the Notes (whether or not prohibited by Article 10 hereof);

(iii) failure by the Company or any of its Restricted Subsidiaries to comply with Sections 4.10, 4.15 or 5.01 hereof;

(iv) failure by the Company or any of its Restricted Subsidiaries for 30 days after notice by the Trustee or by the Holders of at least 25% in principal amount of the Notes to comply with any of the other agreements in this Exchange Indenture;

(v) default under any mortgage, indenture or instrument under which there is issued and outstanding any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of this Exchange Indenture, if that default:

(A) is caused by a failure to pay principal at the final stated maturity of such Indebtedness (a "Payment Default"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity;

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more;

(vi) failure by the Company or any of its Restricted Subsidiaries to pay final nonappealable judgments aggregating in excess of $25.0 million, which judgments are not paid, discharged or stayed for a period of 90 days;

(vii) the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) consents to the appointment of a custodian of it or for all or substantially all of its property;

(D) makes a general assignment for the benefit of its creditors; or

(E) generally is not paying its debts as they become due; or

(viii) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Significant Subsidiaries;

(B) appoints a custodian of the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary or for all or substantially all of the property of the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary; or

(C) orders the liquidation of the Company or any of its Significant Subsidiaries or any group of Subsidiaries that, taken as a whole, would constitute a Significant Subsidiary;

and the order or decree remains unstayed and in effect for 60 consecutive days.

SECTION 6.02. ACCELERATION.

If any Event of Default occurs (other than an Event of Default specified in clause (viii) or (ix) of Section 6.01 hereof with respect to the Company) and is continuing, the Trustee, upon request of the Holders of at least 25% in principal amount of the Notes then outstanding, or the Holders of at least 25% in principal amount of the Notes then outstanding may declare the principal of, premium and accrued interest and Liquidated Damages, if any, on all the Notes to be due and payable by notice in writing to the Company and the Trustee specifying the respective Event of Default and that such notice is a "notice of acceleration" (the "Acceleration Notice"), and the same (i) shall become immediately due and payable or (ii) if there are any amounts outstanding under the Credit Agreement, shall become immediately due and payable upon the first to occur of (x) an acceleration under the Credit Agreement or (y) five Business Days after receipt by the Company and the Representative under the Credit Agreement of such Acceleration Notice but only if such Event of Default is then continuing. Notwithstanding the foregoing, if an Event of Default specified in clause (viii) or (ix) of Section 6.01 hereof occurs with respect to the Company, all outstanding Notes shall be due and payable immediately without further action or notice. The Holders of a majority in aggregate principal amount of the Notes then outstanding by written notice to the Trustee may on behalf of the Holders rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default (except nonpayment of principal, interest or premium that has become due solely because of the acceleration) have been cured or waived.

If an Event of Default occurs on or after April 1, 2004 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company in bad faith with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07 hereof, then, upon acceleration of the Notes, an equivalent premium shall also become and be immediately due and payable, to the extent permitted by law, anything in this Exchange Indenture or in the Notes to the contrary notwithstanding. If an Event of Default occurs prior to April 1, 2004 by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company in bad faith with the intention of avoiding the prohibition on redemption of the Notes prior to April 1, 2004, then, upon acceleration of the Notes, an additional premium shall also become and be immediately due and payable in an amount, for each of the years beginning on April 1 of the years set forth below, as set forth below (expressed as a percentage of the aggregate principal amount to the date of payment that would otherwise be due but for the provisions of this sentence):

Year	Percentage
1999	113.9220%
2000	112.3751%
2001	110.8282%
2002	109.2813%
2003	107.344%

SECTION 6.03. OTHER REMEDIES.

If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest and Liquidated Damages, if any, on the Notes or to enforce the performance of any provision of the Notes or this Exchange Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

SECTION 6.04. WAIVER OF PAST DEFAULTS.

Holders of not less than a majority in aggregate principal amount of the then outstanding Notes by written notice to the Trustee may on behalf of the Holders of all of the Notes waive an existing Default or Event of Default and its consequences hereunder, except a continuing Default or Event of Default in the payment of the principal of, premium and Liquidated Damages, if any, or interest on, the Notes (including in connection with an offer to purchase) (provided, however, that the Holders of a majority in aggregate principal amount of the then outstanding Notes may rescind an acceleration and its consequences, including any related payment default that resulted from such acceleration) Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Exchange Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

SECTION 6.05. CONTROL BY MAJORITY.

Holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee

or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Exchange Indenture that the Trustee determines may be unduly prejudicial to the rights of other Holders of Notes or that may involve the Trustee in personal liability.

SECTION 6.06. LIMITATION ON SUITS.

A Holder of a Note may pursue a remedy with respect to this Exchange Indenture or the Notes only if:

(i) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;

(ii) the Holders of at least 25% in principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(iii) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(iv) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(v) during such 60-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Exchange Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

SECTION 6.07. RIGHTS OF HOLDERS OF NOTES TO RECEIVE PAYMENT.

Notwithstanding any other provision of this Exchange Indenture, the right of any Holder of a Note to receive payment of principal, premium and Liquidated Damages, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. COLLECTION SUIT BY TRUSTEE.

If an Event of Default specified in Section 6.01(i) or (ii) hereof occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole amount of principal of, premium and Liquidated Damages, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

SECTION 6.09. TRUSTEE MAY FILE PROOFS OF CLAIM.

The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company (or any other

obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

SECTION 6.10. PRIORITIES.

If the Trustee collects any money pursuant to this Article 6, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium and Liquidated Damages, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium and Liquidated Damages, if any, and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

SECTION 6.11. UNDERTAKING FOR COSTS.

In any suit for the enforcement of any right or remedy under this Exchange Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

ARTICLE 7.
TRUSTEE

SECTION 7.01. DUTIES OF TRUSTEE.

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Exchange Indenture, and use the same degree of care and skill in its exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by the express provisions of this Exchange Indenture and the Trustee need perform only those duties that are specifically set forth in this Exchange Indenture and no others, and no implied covenants or obligations shall be read into this Exchange Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Exchange Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Exchange Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts purported to be stated therein)

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section 7.01;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Exchange Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section 7.01.

(e) No provision of this Exchange Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Exchange Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. RIGHTS OF TRUSTEE.

(a) The Trustee may conclusively rely upon any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may consult with counsel and may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel of its selection and the written advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any attorney or agent appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Exchange Indenture.

(e) Unless otherwise specifically provided in this Exchange Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Exchange Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

SECTION 7.03. INDIVIDUAL RIGHTS OF TRUSTEE.

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

SECTION 7.04. TRUSTEE'S DISCLAIMER.

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Exchange Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Exchange Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Exchange Indenture other than its certificate of authentication.

SECTION 7.05. NOTICE OF DEFAULTS.

If a Default or Event of Default occurs and is continuing and if it is actually known to the Trustee, the Trustee shall mail to Holders of Notes a notice of the Default or Event of Default within 90 days after it becomes known to the Trustee. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold the notice if and so long as its board of directors, its executive committee or a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes. Notwithstanding anything to the contrary expressed in this Exchange Indenture, the Trustee shall not be deemed to have knowledge of any Default or Event of Default hereunder, except in the case of an Event of Default under Section 6.01(i) or (ii) hereof (provided that the Trustee is the Paying Agent), unless and until a Responsible Officer shall have actual knowledge thereof or shall have received written notice, at its Principal Corporate Trust Office as specified in Section 11.02 hereof, from the Company or any Holder of Senior Notes that such a Default or an Event of Default has occurred.

SECTION 7.06. REPORTS BY TRUSTEE TO HOLDERS OF THE NOTES.

Within 60 days after each May 15 beginning with the May 15 following the date of this Exchange Indenture, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA ss. 313(a) (but if no event described in TIA ss. 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted) The Trustee also shall comply with TIA ss. 313(b)(2) The Trustee shall also transmit by mail all reports as required by TIA ss. 313(c)

A copy of each report at the time of its mailing to the Holders of Notes shall be mailed to the Company and filed with the SEC and each stock exchange on which the Notes are listed in accordance with TIA ss. 313(d) The Company shall promptly notify the Trustee when the Notes are listed on any securities exchange or of any delisting thereof.

SECTION 7.07. COMPENSATION AND INDEMNITY.

The Company shall pay to the Trustee from time to time such compensation for its acceptance of this Exchange Indenture and services hereunder as the Company and the Trustee shall agree. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel and any taxes.

The Company shall indemnify the Trustee and its officers, directors, shareholders, agents and employees (each an "Indemnified Party") for and hold each Indemnified Party harmless against any and all losses, liabilities or expenses incurred by it arising out of or in connection with the acceptance or administration of its duties under this Exchange Indenture, including the costs and expenses of enforcing this Exchange Indenture against the Company (including this Section 7.07) and defending itself against any claim (whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense may be attributable to its negligence or bad faith. The Trustee and its officers, directors, shareholders, agents and employees in its capacity as Paying Agent, Registrar, and Custodian and Agent for services of notices and demands shall have the full benefit of the foregoing indemnity. An

Indemnified Party shall notify the Company promptly of any claim for which it may seek indemnity. Failure by an Indemnified Party to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and an Indemnified Party shall cooperate in the defense. An Indemnified Party may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 7.07 shall survive the satisfaction and discharge of this Exchange Indenture.

To secure the Company's payment obligations in this Section with respect to compensation and indemnity, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee, except that held in trust to pay principal and interest on particular Notes. Such Lien shall survive the satisfaction and discharge of this Exchange Indenture. The Trustee's right to receive payment of any amounts under this Exchange Indenture shall not be subordinated to any other liability or any of the Indebtedness of the Company.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(viii) or (ix) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA ss. 313(b)(2) to the extent applicable.

SECTION 7.08. REPLACEMENT OF TRUSTEE.

A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of Notes of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10 hereof;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(c) a custodian or public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of Notes of at least 10% in principal amount of the then outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of a Note who has been a Holder of a Note for at least six months, fails to comply with Section 7.10 hereof, such Holder of a Note may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Exchange Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

SECTION 7.09. SUCCESSOR TRUSTEE BY MERGER, ETC.

If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

SECTION 7.10. ELIGIBILITY; DISQUALIFICATION.

There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $50.0 million as set forth in its most recent published annual report of condition.

This Exchange Indenture shall always have a Trustee who satisfies the requirements of TIA ss. 310(a)(1), (2) and (5) The Trustee is subject to TIA ss. 310(b); provided, however, that there shall be excluded from the operation of TIA ss. 310(b)(1) any indenture or indentures under which any other securities, or certificates of interest or participation in any other securities, of the Company are outstanding, if the requirements for such exclusion set forth in TIA ss. 310 (b)(1) are met.

SECTION 7.11. PREFERENTIAL COLLECTION OF CLAIMS AGAINST COMPANY.

The Trustee is subject to TIA ss. 311(a), excluding any creditor relationship listed in TIA ss. 311(b) A Trustee who has resigned or been removed shall be subject to TIA ss. 311(a) to the extent indicated therein.

ARTICLE 8.
LEGAL DEFEASANCE AND COVENANT DEFEASANCE

SECTION 8.01. OPTION TO EFFECT LEGAL DEFEASANCE OR COVENANT DEFEASANCE.

The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.02 or 8.03 hereof applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

SECTION 8.02. LEGAL DEFEASANCE AND DISCHARGE.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.02, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its Obligations with respect to all outstanding Notes on the date the conditions set forth below are satisfied (hereinafter, "Legal Defeasance") For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.05 hereof and the other Sections of this Exchange Indenture referred to in (i) and (ii) below, and to have satisfied all of its obligations under such Notes and this Exchange Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following provisions which shall survive until otherwise terminated or discharged hereunder:

(i) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section 8.04, payments in respect of the principal of and premium, interest and Liquidated Damages, if any, on such Notes when such payments are due;

(ii) the Company's obligations with respect to such Notes under Article 2 and Section 4.02 hereof;

(iii) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's obligations in connection therewith; and

(iv) this Article 8.

Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

SECTION 8.03. COVENANT DEFEASANCE.

Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from their respective obligations under the covenants contained in Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.15, 4.16 and 4.17 hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "Covenant Defeasance"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that

such Notes shall not be deemed outstanding for accounting purposes) For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Exchange Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, Sections 6.01(iii) through 6.01(vii) hereof shall not constitute Events of Default.

SECTION 8.04. CONDITIONS TO LEGAL OR COVENANT DEFEASANCE.

The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes:

(i) the Company must irrevocably deposit, with the Trustee, in trust, for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium and Liquidated Damages, if any, on the outstanding Notes on the stated maturity thereof or on the applicable redemption date, as the case may be, and the Company must specify whether the Notes are being defeased to maturity or to a particular redemption date;

(ii) in the case of Legal Defeasance, the Company must deliver to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that (A) the Company has received from, or there has been published by, the Internal Revenue Service a ruling, or (B) since the date of this Exchange Indenture, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(iii) in the case of Covenant Defeasance, the Company must deliver to the Trustee an Opinion of Counsel in the United States reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(iv) no Default or Event of Default shall have occurred and be continuing on (A) the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit) or (B) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 91st day after the date of deposit;

(v) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than this Exchange

Indenture but in any event including the Credit Agreement) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(vi) the Company must deliver to the Trustee an Opinion of Counsel in the United States to the effect that, assuming no intervening bankruptcy of the Company between the date of deposit and the 91st day following the deposit and assuming that no Holder is an "insider" of the Company under applicable bankruptcy law, after the 91st day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights and remedies generally;

(vii) the Company must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of the Notes over other creditors of the Company, or with the intent of defeating, hindering, delaying or defrauding creditors of the Company or others; and

(viii) the Company must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel in the United States, each stating that all conditions precedent provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

SECTION 8.05. DEPOSITED MONEY AND GOVERNMENT SECURITIES TO BE HELD IN TRUST; OTHER MISCELLANEOUS PROVISIONS.

Subject to Section 8.06 hereof, all money and non-callable Government Securities (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.05, the "Trustee") pursuant to Section 8.04 hereof in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Exchange Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Government Securities deposited pursuant to Section 8.04 hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Government Securities held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04(ii) hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

SECTION 8.06. REPAYMENT TO COMPANY.

Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, interest or Liquidated Damages, if any, on any Note and remaining unclaimed for two years after such principal, and premium, if any, or interest

has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as a secured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in the New York Times (national edition) and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining will be repaid to the Company.

SECTION 8.07. REINSTATEMENT.

If the Trustee or Paying Agent is unable to apply any United States dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Exchange Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; provided, however, that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9.
AMENDMENT, SUPPLEMENT AND WAIVER

SECTION 9.01. WITHOUT CONSENT OF HOLDERS OF NOTES.

Notwithstanding Section 9.02 hereof, the Company and the Trustee may amend or supplement this Exchange Indenture or the Notes without the consent of any Holder of a Note:

(i) to cure any ambiguity, defect, error or inconsistency;

(ii) to provide for uncertificated Notes in addition to or in place of certificated Notes;

(iii) to provide for the assumption of the Company's obligations to the Holders of the Notes by a successor to the Company pursuant to Article 5 hereof;

(iv) to make any change that would provide any additional rights or benefits to the Holders of the Notes or that does not adversely affect the legal rights hereunder of any Holder of the Note; and

(v) to comply with requirements of the SEC in order to effect or maintain the qualification of this Exchange Indenture under the TIA.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee shall join with the Company in the execution of any amended or supplemental indenture authorized or permitted by the terms of this

Exchange Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental indenture that affects its own rights, duties or immunities under this Exchange Indenture or otherwise.

SECTION 9.02. WITH CONSENT OF HOLDERS OF NOTES.

Except as provided below in this Section 9.02, the Company and the Trustee may amend or supplement this Exchange Indenture (including Sections 3.09, 4.10 and 4.15 hereof) or the Notes with the consent of the Holders of at least a majority in principal amount of Notes then outstanding voting as a single class (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default (other than a Default or Event of Default in the payment of the principal of, premium, if any, or interest on the Notes, except a payment default resulting from an acceleration that has been rescinded) or compliance with any provision of this Exchange Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes voting as a single class (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes. Without the consent of at least 75% in principal amount of the Notes then outstanding (including consents obtained in connection with a tender offer or exchange offer for, or purchase of, the Notes), no waiver or amendment to this Exchange Indenture may make any change in the provisions of Article 10 hereof that adversely affects the rights of any Holder of Notes. Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02 hereof, the Trustee shall join with the Company in the execution of such amended or supplemental indenture unless such amended or supplemental indenture directly affects the Trustee's own rights, duties or immunities under this Exchange Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental indenture.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver. Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes (including Additional Notes, if any) then outstanding voting as a single class may waive compliance in a particular instance by the Company with any provision of this Exchange Indenture or the Notes. However, without the consent of each Holder affected, an amendment or waiver under this Section 9.02 may not, with respect to any Notes held by a non-consenting Holder:

(i) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the principal of or change the fixed maturity of any Note or alter or waive any of the provisions with respect to the redemption of the Notes, other than provisions relating to Sections 3.09, 4.10 or 4.15 hereof;

(iii) reduce the rate of or change the time for payment of interest, including default interest, on any Note;

(iv) waive a Default or Event of Default in the payment of principal of, or premium, or Liquidated Damages, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration;

(v) make any Note payable in money other than that stated in the Notes;

(vi) make any change in the provisions of this Exchange Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of or premium, interest or Liquidated Damages, if any, on the Notes;

(vii) waive a redemption payment with respect to any Note, other than a payment required by Section 3.09, 4.10 or 4.15 hereof; or

(viii) make any change in the foregoing amendment and waiver provisions.

SECTION 9.03. COMPLIANCE WITH TRUST INDENTURE ACT.

Every amendment or supplement to this Exchange Indenture or the Notes shall be set forth in a amended or supplemental indenture that complies with the TIA as then in effect.

SECTION 9.04. REVOCATION AND EFFECT OF CONSENTS.

Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

SECTION 9.05. NOTATION ON OR EXCHANGE OF NOTES.

The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

SECTION 9.06. TRUSTEE TO SIGN AMENDMENTS, ETC.

The Trustee shall sign any amended or supplemental indenture authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amendment or supplemental indenture until the Board of Directors approves it. In executing any amended or supplemental indenture, the Trustee shall be entitled to receive and (subject to Section 7.01 hereof) shall be fully protected in relying upon an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Exchange Indenture and that such amendment is the legal, valid and binding obligation of the Company, enforceable against them in accordance with their terms, subject to customary exceptions, and complies with the provisions hereof (including Section 9.03)

ARTICLE 10.
SUBORDINATION

SECTION 10.01. AGREEMENT TO SUBORDINATE.

The Company agrees, and each Holder by accepting a Note agrees, that the principal of and premium, interest and Liquidated Damages, if any, and any other Obligations on, or relating to the Notes are subordinated and junior in right of payment, to the extent and in the manner provided in this Article 10, to the prior payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) of all Senior Debt of the Company (whether outstanding on the date hereof or hereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of and shall be enforceable by, the holders of Senior Debt of the Company, and that each holder of Senior Debt of the Company whether now outstanding or hereafter created, incurred, assumed or guaranteed shall be deemed to have acquired such Senior Debt in reliance upon the covenants and provisions contained in this Exchange Indenture and the Notes.

SECTION 10.02. CERTAIN DEFINITIONS.

"Designated Senior Debt" means:

(i) any Indebtedness under or in respect of the Credit Agreement and the Senior Subordinated Notes Indenture; and

(ii) any other Senior Debt permitted under this Exchange Indenture the principal amount of which is $25.0 million or more and that has been designated by the Company in the instrument or agreement relating to the same as "Designated Senior Debt;"

provided, that for purposes of clause (ii) of Section 10.04 hereof, the Senior Subordinated Notes Indenture shall not be deemed to be Designated Senior Debt so long as the Credit Agreement is still in effect.

"Permitted Junior Securities" means debt or equity securities of the Company or any successor corporation issued pursuant to a plan of reorganization or readjustment of the Company that are subordinated to the payment of all then outstanding Senior Debt of the Company at least to the same extent that the Notes are subordinated to the payment of all Senior Debt of the Company on the Issue Date, so long as:

(i) the effect of the use of this defined term in the provisions of Article 10 hereof is not to cause the Notes to be treated as part of (A) the same class of claims as the Senior Debt of the Company or (B) any class of claims pari passu with, or senior to, the Senior Debt of the Company for any payment or distribution in any case or proceeding or similar event relating to the liquidation, insolvency, bankruptcy, dissolution, winding up or reorganization of the Company; and

(ii) to the extent that any Senior Debt of the Company outstanding on the date of consummation of any such plan of reorganization or readjustment is not paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) on such date, either (A) the holders of any such Senior Debt not so paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) have consented to the terms of such plan of reorganization or readjustment or (B) such holders receive securities which constitute Senior Debt of the Company (which securities, if the Senior Debt not so paid in full in cash or Cash Equivalents is guaranteed, are also guaranteed pursuant to guarantees constituting Senior Debt of the relevant guarantor) and which have been determined by the relevant court to constitute satisfaction in full in money or money's worth of any Senior Debt of the Company (and any related Senior Debt of the guarantors) not paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof)

"Representative" means the indenture trustee or other trustee, agent or representative in respect of any Designated Senior Debt; provided that if, and for so long as, any Designated Senior Debt lacks such a representative, then the Representative for such Designated Senior Debt shall at all times constitute the holders of a majority in outstanding principal amount of such Designated Senior Debt in respect of any Designated Senior Debt.

"Senior Debt" means:

(i) all Indebtedness outstanding under all Credit Facilities, all Hedging Obligations and Other Hedging Agreements (including guarantees thereof) with respect thereto of the Company and its Restricted Subsidiaries, whether outstanding on the Issue Date or thereafter incurred;

(ii) all Indebtedness of the Company and its Restricted Subsidiaries outstanding under the Senior Subordinated Notes or the guarantees of the Senior Subordinated Notes;

(iii) any other Indebtedness incurred by the Company and its Restricted Subsidiaries under the terms of this Exchange Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Notes; and

(iv) all Obligations with respect to the items listed in the preceding clauses (i), (ii) and (iii) (including any interest accruing subsequent to the filing of a petition of bankruptcy at the rate provided for in the documentation with respect thereto, whether or not such interest is an allowed claim under applicable law)

Notwithstanding anything to the contrary in the preceding, Senior Debt shall not include:

(i) any liability for federal, state, local or other taxes owed or owing by the Company or its Restricted Subsidiaries;

(ii) any Indebtedness of the Company or any of its Restricted Subsidiaries to any of its Subsidiaries;

(iii) any trade payables; or

(iv) the portion of any Indebtedness that is incurred in violation of this Exchange Indenture (but only to the extent so incurred)

A "distribution" may consist of cash, securities or other property, by set-off or otherwise.

SECTION 10.03. LIQUIDATION; DISSOLUTION; BANKRUPTCY.

Upon any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to creditors of the Company in a liquidation or dissolution of the Company, in a bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property, in an assignment for the benefit of creditors or in any marshalling of the Company's assets and liabilities:

(i) holders of Senior Debt of the Company shall receive payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) of all Obligations due in respect of such Senior Debt (including interest after the commencement of any such proceeding at the rate specified in the applicable Senior Debt, whether or not such interest is an allowable claim) before Holders of the Notes shall be entitled to receive any payment or distribution of any kind or character with respect to any Obligations on, or relating to, the Notes (except that Holders may receive and retain (A) Permitted Junior Securities and (B) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof, so long as the trust was created in accordance with all relevant conditions specified in Article 8 hereof); and

(ii) until all Obligations with respect to Senior Debt of the Company (as provided in subsection (i) above) are paid in full, in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof), any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, to which Holders would be entitled but for this Article 10 shall be made to holders of such Senior Debt (except that Holders of Notes may receive (A) Permitted Junior Securities and (B) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof, so long as the trust was created in accordance with all relevant conditions specified in Article 8 hereof), as their interests may appear.

SECTION 10.04. DEFAULT ON DESIGNATED SENIOR DEBT.

The Company may not make any payment or distribution of any kind or character to the Trustee or any Holder with respect to any Obligations on, or relating to, the Notes and may not acquire from the Trustee or any Holder any Notes for cash or property (other than (x) Permitted Junior Securities and (y) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof, so long as the trust was created in accordance with all relevant conditions specified in Article 8 hereof) until all principal and other Obligations with respect to the Senior Debt have been paid in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) if:

(i) a default in the payment when due, whether at maturity, upon redemption, declaration or otherwise, of any principal of, interest on, unpaid drawings for letters of credit issued in respect of, or any other Obligations with respect to any Designated Senior Debt of the Company occurs and is continuing; or

(ii) a default, other than a default referred to in clause (i) of this Section 10.04, on Designated Senior Debt of the Company occurs and is continuing that then permits holders of such Designated Senior Debt to accelerate its maturity and the Trustee receives a written notice of such default (a "Payment Blockage Notice") from the holders or a Representative of such Designated Senior Debt. If the Trustee receives any such Payment Blockage Notice, no subsequent Payment Blockage Notice shall be effective for purposes of this Section 10.04 unless and until at least 360 days shall have elapsed since the effectiveness of the immediately prior Payment Blockage Notice. No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice unless such default shall have been waived for a period of not less than 90 consecutive days.

The Company may and shall resume payments on and distributions with respect to any Obligations on, or with respect to, the Notes and may acquire them upon the earlier of:

(i) in the case of a default referred to in clause (i) of the immediately preceding paragraph, the date upon which the default is cured or waived, or

(ii) in the case of a default referred to in clause (ii) of the immediately preceding paragraph, the earlier of (A) the date on which all nonpayment defaults are cured or waived, (B) 179 days after the date of delivery of the applicable Payment Blockage Notice or (C) the date on which the Trustee receives notice from the Representative for such Designated Senior Debt rescinding the Payment Blockage Notice, unless the maturity of any such Designated Senior Debt has been accelerated.

SECTION 10.05. ACCELERATION OF NOTES.

If payment of the Notes is accelerated because of an Event of Default, the Company shall promptly notify holders of Senior Debt of the Company of the acceleration.

SECTION 10.06. WHEN DISTRIBUTION MUST BE PAID OVER.

In the event that the Trustee or any Holder receives any payment or distribution of any kind or character, whether in cash, properties or securities, in respect of any Obligations with respect to the Notes (other than (x) Permitted Junior Securities and (y) payments and other distributions made from any defeasance trust created pursuant to Article 8 hereof) at a time when such payment or distribution is prohibited by Section 10.03 or 10.04 hereof, such payment shall be held by the Trustee or such Holder, in trust for the benefit of, and shall be paid forthwith over and delivered, upon written request, (on a pro rata basis based on the aggregate principal amount of such Senior Debt held by such holders), to the holders of Senior Debt of the Company or their Representative under the indenture or other agreement (if any) pursuant to which such Senior Debt may have been issued for application to the payment of all Obligations with respect to Senior Debt remaining unpaid to the extent necessary to pay such Obligations in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) in accordance with their terms, after giving effect to any concurrent payment or distribution to or for the holders of such Senior Debt.

If any Holder or the Trustee is required by any court or otherwise to deliver payments it received by the Company or Guarantor to a holder of Senior Debt, any amount so paid to the extent theretofore discharged, shall be reinstated in full force and effect.

With respect to the holders of Senior Debt, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article 10, and no implied covenants or obligations with respect to the holders of Senior Debt shall be read into this Exchange Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt of the Company, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of Holders or the Company or any other Person money or assets to which any holders of Senior Debt shall be entitled by virtue of this Article 10, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

To the extent any payment of Senior Debt of the Company (whether by or on behalf of the Company, as proceeds of security or enforcement of any right of setoff or otherwise) is declared to be fraudulent or preferential, set aside or required to be paid to any receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person under any bankruptcy, insolvency, receivership, fraudulent conveyance or similar law, then, if such payment is recovered by, or paid over to, such receiver, trustee in bankruptcy, liquidating trustee, agent or other similar Person, the Senior Debt of the Company or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.

SECTION 10.07. NOTICE BY COMPANY.

The Company shall promptly notify the Trustee and the Paying Agent in writing of any facts known to the Company that would cause a payment of any Obligations with respect to the Notes to violate this Article 10, but failure to give such notice shall not affect the subordination of the Notes to the Senior Debt of the Company as provided in this Article 10.

SECTION 10.08. SUBROGATION.

Subject to the payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) of all Senior Debt of the Company, Holders of Notes shall be subrogated (equally and ratably with all other Indebtedness pari passu with the Notes) to the rights of holders of Senior Debt of the Company to receive payments or distributions of cash, properties or securities of the Company applicable to the Senior Debt of the Company until the Notes have been paid in full. A distribution made under this Article 10 to holders of Senior Debt of the Company that otherwise would have been made to Holders of Notes is not, as between the Company and Holders, a payment by the Company to or on account of Senior Debt of the Company.

SECTION 10.09. RELATIVE RIGHTS.

This Article 10 defines the relative rights of Holders of Notes and holders of Senior Debt of the Company. Nothing in this Exchange Indenture shall:

(i) impair, as between the Company and Holders of Notes, the obligation of the Company, which is absolute and unconditional, to pay principal of and interest and Liquidated Damages, if any, on the Notes in accordance with their terms;

(ii) affect the relative rights of Holders of Notes and creditors of the Company other than their rights in relation to holders of Senior Debt of the Company; or

(iii) prevent the Trustee or any Holder of Notes from exercising its available remedies upon a Default or Event of Default, subject to the rights of holders and owners of Senior Debt of the Company to receive distributions and payments otherwise payable to Holders of Notes.

The failure to make a payment on account of principal of, or interest on, the Notes by reason of any provision of this Article 10 will not be construed as preventing the occurrence of a Default or Event of Default.

SECTION 10.10. SUBORDINATION MAY NOT BE IMPAIRED BY COMPANY.

No right of any holder of Senior Debt of the Company to enforce the subordination of the Indebtedness evidenced by the Notes as provided herein shall at any time in any way be prejudiced or be impaired by any act or failure to act by the Company or any Holder or by the failure of the Company or any Holder to comply with this Exchange Indenture, regardless of any knowledge thereof which any such Holder may have otherwise be charged with.

Without in any way limiting the generality of the foregoing paragraph, the holders of Senior Debt of the Company may, at any time and from time to time, without the consent of or notice to the Trustee, without incurring responsibility to the Trustee or the Holders of the Notes and without impairing or releasing the subordination provided in this Article 10 or the obligations hereunder of the Holders of the Notes to the holders of the Senior Debt of the Company, do any one or more of the following: (i) change the manner, place or terms of payment or extend the time of payment of, or renew or alter, Senior Debt of the Company, or otherwise amend or supplement in any manner Senior Debt of the Company, or any instrument evidencing the same or any agreement under which Senior Debt of the Company is outstanding; (ii) sell, exchange, release or otherwise deal with any property pledged, mortgaged or otherwise securing Senior Debt of the Company; (iii) release any Person liable in any manner for the payment or collection of Senior Debt of the Company; and (iv) exercise or refrain from exercising any rights against the Company and any other Person.

SECTION 10.11. DISTRIBUTION OR NOTICE TO REPRESENTATIVE.

Whenever a distribution is to be made or a notice given to holders of Senior Debt, the distribution may be made and the notice given to their Representative.

Upon any payment or distribution of assets of the Company referred to in this Article 10, the Trustee and the Holders of Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction or upon any certificate of such Representative or of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders of Notes for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Debt and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article 10.

SECTION 10.12. RIGHTS OF TRUSTEE AND PAYING AGENT.

Notwithstanding the provisions of this Article 10 or any other provision of this Exchange Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee, and the Trustee and the Paying Agent may continue to make payments on the Notes, unless the Trustee shall have received at its Corporate Trust Office at least three Business Days prior to the date upon which such payment would otherwise

become due and payable written notice of facts that would cause the payment of any Obligations with respect to the Notes to violate this Article 10. Only the Company, the holders of Senior Debt of the Company or a Representative therefor may give any such notice. Nothing in this Article 10 shall impair the claims of, or payments to, the Trustee under or pursuant to Section 7.07 hereof.

The Trustee in its individual or any other capacity may hold Senior Debt of the Company with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

SECTION 10.13. AUTHORIZATION TO EFFECT SUBORDINATION.

Each Holder of Notes, by the Holder's acceptance thereof, authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article 10, and appoints the Trustee to act as such Holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in Section 6.09 hereof at least 30 days before the expiration of the time to file such claim, holders of Senior Debt of the Company or their Representatives are hereby authorized to file an appropriate claim for and on behalf of the Holders of the Notes.

SECTION 10.14. AMENDMENTS.

The provisions of this Article 10 shall not be amended or modified without the written consent of the parties holding a majority of the outstanding Indebtedness under each credit agreement included in the Credit Facilities.

ARTICLE 11.
SATISFACTION AND DISCHARGE

SECTION 11.01. SATISFACTION AND DISCHARGE OF EXCHANGE INDENTURE.

This Exchange Indenture shall be discharged and shall cease to be of further effect as to all Notes issued hereunder, when:

(i) either:

(A) all such Notes theretofore authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or

(B) all such Notes not theretofore delivered to such Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise, in cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on such Notes not theretofore delivered to the Trustee for cancellation for principal, premium and Liquidated Damages, if any, and accrued interest to the date of maturity or redemption;

(ii) no Default or Event of Default with respect to this Exchange Indenture or the Notes shall have occurred and be continuing on the date of such deposit or shall occur as a result of such

deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company is a party or by which the Company is bound;

(iii) the Company has paid or caused to be paid all sums payable by it under this Exchange Indenture; and

(iv) the Company has delivered irrevocable instructions to the Trustee under this Exchange Indenture to apply the deposited money toward the payment of such Notes at maturity or the redemption date, as the case may be.

In addition, the Company must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

SECTION 11.02. APPLICATION OF TRUST MONEY

Subject to the provisions of the last paragraph of Section 4.19 hereof, all money deposited with the Trustee pursuant to Section 11.01 hereof shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Exchange Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to Persons entitled thereto, of the principal (and premium, if any), interest and Liquidated Damages, if any, for whose payment such money has been deposited with the Trustee.

If the Trustee or Paying Agent is unable to apply any money or Government Securities in accordance with Section 11.01 hereof by reason of any legal proceeding or by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, the Company's obligations under this Exchange Indenture and the Notes shall be revived and reinstated as though such deposit had occurred pursuant to Section 11.01 hereof; provided that if the Company has made any payment of principal of, premium, if any, or interest on any Notes because of the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or Government Securities held by the Trustee or Paying Agent.

ARTICLE 12.
MISCELLANEOUS

SECTION 12.01. TRUST INDENTURE ACT CONTROLS.

If any provision of this Exchange Indenture limits, qualifies or conflicts with the duties imposed by TIA ss. 318(c), the imposed duties shall control.

SECTION 12.02. NOTICES.

Any notice or communication by the Company or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telecopier or overnight air courier guaranteeing next day delivery, to the others' address:

If to the Company:

Packaging Corporation of America
1900 West Field Court
Lake Forest, Illinois 60045
Telecopier No.: (847) 482-4559
Attention: Chief Financial Officer

With a copy to:

Kirkland & Ellis
200 East Randolph Drive
Chicago, Illinois 60601
Telecopier No.: (312) 861-2200
Attention: William S. Kirsch, P.C.

If to the Trustee:

U.S. Trust Company of Texas, N.A.
114 West 47th Street
New York, New York 10036
Telecopier No.: (212) 852-1626
Attention: John Guiliano

With a copy to:

Olshan Grundman Frome Rosenzweig & Wolosky LLP
505 Park Avenue
New York, New York 10022
Telecopier No.: (212) 753-0751
Attention: Jeffrey Spindler

The Company, or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any notice or communication shall also be so mailed to any Person described in TIA ss. 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

SECTION 12.03. COMMUNICATION BY HOLDERS OF NOTES WITH OTHER HOLDERS OF NOTES.

Holders may communicate pursuant to TIA ss. 312(b) with other Holders with respect to their rights under this Exchange Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA ss. 312(c)

SECTION 12.04. CERTIFICATE AND OPINION AS TO CONDITIONS PRECEDENT.

Upon any request or application by the Company to the Trustee to take any action under this Exchange Indenture, the Company shall furnish to the Trustee:

(i) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Exchange Indenture relating to the proposed action have been satisfied; and

(ii) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied.

SECTION 12.05. STATEMENTS REQUIRED IN CERTIFICATE OR OPINION.

Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Exchange Indenture (other than a certificate provided pursuant to TIA ss. 314(a)(4)) shall comply with the provisions of TIA ss. 314(e) and shall include:

(i) a statement that the Person making such certificate or opinion has read such covenant or condition;

(ii) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(iii) a statement that, in the opinion of such Person, he or she has or they have made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(iv) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

SECTION 12.06. RULES BY TRUSTEE AND AGENTS.

The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

SECTION 12.07. NO PERSONAL LIABILITY OF DIRECTORS, OFFICERS, EMPLOYEES AND SHAREHOLDERS.

No past, present or future director, officer, employee, incorporator or stockholder of the Company, as such, shall have any liability for any obligations of the Company under the Notes, this Exchange Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 12.08. GOVERNING LAW.

THIS EXCHANGE INDENTURE AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

SECTION 12.09. NO ADVERSE INTERPRETATION OF OTHER AGREEMENTS.

This Exchange Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Exchange Indenture.

SECTION 12.10. SUCCESSORS.

All agreements of the Company in this Exchange Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Exchange Indenture shall bind its successors.

SECTION 12.11. SEVERABILITY.

In case any provision in this Exchange Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 12.12. COUNTERPART ORIGINALS.

The parties may sign any number of copies of this Exchange Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

SECTION 12.13. TABLE OF CONTENTS, HEADINGS, ETC.

The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Exchange Indenture have been inserted for convenience of reference only, are not to be considered a part of this Exchange Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Exchange Indenture signature page follows]

DATED APRIL 12, 1999

PACKAGING CORPORATION OF AMERICA

BY: /s/ Richard B. West

Name: Richard B. West
Title: Chief Financial Officer, Secretary and Treasurer

U.S. TRUST COMPANY OF TEXAS, N.A.,
as Trustee

BY: /s/ John Guiliano

Name: John Guiliano
Title: Authorized Signatory

EXHIBIT 4.4

EXECUTION COPY

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NOTES REGISTRATION RIGHTS AGREEMENT

Dated as of April 12, 1999

by and among

PACKAGING CORPORATION OF AMERICA,

the Guarantors Signatories Hereto

and

J. P. MORGAN SECURITIES INC.

and

BT ALEX.BROWN INCORPORATED

==========

This Notes Registration Rights Agreement (this "Agreement") is made and entered into as of April 12, 1999, by and among Packaging Corporation of America, a Delaware corporation (the "Company"), the subsidiaries of the Company listed on the signature pages hereto (the "Guarantors" and together with the Company, the "Issuers") and J.P. Morgan Securities Inc. and BT Alex.Brown Incorporated (each an "Initial Purchaser" and, collectively, the "Initial Purchasers"), each of whom has agreed to purchase the Company's 9 5/8% Senior Subordinated Notes due 2009 (the "Series A Notes") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated March 30, 1999 (the "Purchase Agreement"), by and among the Issuers and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Series A Notes, the Issuers have agreed to provide the registration rights set forth in this Agreement. The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 6 of the Purchase Agreement. Capitalized terms used herein and not otherwise defined shall have the meaning assigned to them in the Indenture, dated April 12, 1999, by and among the Issuers and United States Trust Company of New York, as Trustee (the "Trustee"), relating to the Series A Notes and the Series B Notes (as defined in Section 1 herein) (the "Indenture").

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: The Securities Act of 1933, as amended.

Affiliate: As defined in Rule 144 of the Act.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Business Day: Any day except a Saturday, Sunday or other day in the City of New York on which banks are authorized or ordered to close.

Closing Date: The date hereof.

Commission: The Securities and Exchange Commission.

Consummate: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (a) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the Series B Notes to be issued in the Exchange Offer, (b) the maintenance of such Exchange Offer Registration Statement continuously effective and the keeping of such Exchange Offer open for a period not less than the minimum period required pursuant to Section 3(b) hereof and (c) the delivery by the Company to the Registrar under the Indenture of the Series B Notes to be registered in the same aggregate principal amount as the aggregate principal amount of Series A Notes tendered by the Holders thereof pursuant to the Exchange Offer.

Effectiveness Deadline: As defined in Section 3(a) and 4(a) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Offer: The exchange and issuance by the Company of a principal amount of Series B Notes (which shall be registered pursuant to the Exchange Offer Registration Statement) equal to the

outstanding principal amount of Series A Notes that are tendered by such Holders in connection with such exchange and issuance.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Filing Deadline: As defined in Sections 3(a) and 4(a) hereof.

Guarantors: The Guarantors defined in the preamble hereto and any Person which becomes a guarantor of Notes after the date hereof pursuant to the terms of the Indenture.

Holder: As defined in Section 2 hereof.

Indemnified Holder: As defined in Section 8(a) hereof.

Indemnified Person: As defined in Section 8(c) hereof.

Indemnifying Person: As defined in Section 8(c) hereof.

Liquidated Damages: As defined in Section 5 hereof.

Notes: Series A Notes and Series B Notes (including guarantees thereof by the Guarantors).

Person: An individual, partnership, limited liability company, corporation, trust, unincorporated organization, or a government or agency or political subdivision thereof.

Prospectus: The prospectus included in a Registration Statement at the time such Registration Statement is declared effective, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Recommencement Date: As defined in Section 6(d) hereof.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of the Issuers relating to (a) an offering of any Series B Notes (including guarantees thereof by the Guarantors) pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, in each case, (i) that is filed pursuant to the provisions of this Agreement and (ii) including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Rule 144: Rule 144 promulgated under the Act.

Series B Notes: The Company's 9 5/8% Series B Senior Subordinated Notes due 2009 to be issued pursuant to the Indenture: (i) in the Exchange Offer or (ii) as contemplated by Section 4 hereof.

Shelf Registration Statement: As defined in Section 4 hereof.

Suspension Notice: As defined in Section 6(d) hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.

Transfer Restricted Securities: Each Note, until the earliest to occur of (a) the date on which such Note is exchanged in an Exchange Offer and entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act, (b) the date on which such Note has been disposed of in accordance with a Shelf Registration Statement, (c) the date on which such Note is disposed of by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by an Exchange Offer Registration Statement (including the delivery of the Prospectus contained therein) or (d) the date on which such Note is distributed to the public pursuant to Rule 144 under the Act.

SECTION 2. HOLDERS

A Person is deemed to be a holder of Transfer Restricted Securities (each, a "Holder") whenever such Person owns Transfer Restricted Securities.

SECTION 3. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permitted by applicable federal law or policy of the Commission (after the procedures set forth in Section 6(a)(i) below have been complied with), the Issuers shall use all commercially reasonable efforts to (i) cause the Exchange Offer Registration Statement to be filed with the Commission on or prior to the date that is 60 days after the Closing Date (such 60th day being the "Filing Deadline"), (ii) use all commercially reasonable efforts to cause such Exchange Offer Registration Statement to become effective on or prior to the date that is 150 days after the Closing Date (such 150th day being the "Effectiveness Deadline"), (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause it to become effective, (B) file, if applicable, a post-effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings, if any, in connection with the registration and qualification of the Series B Notes to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) upon the effectiveness of such Exchange Offer Registration Statement, use all commercially reasonable efforts to commence and Consummate the Exchange Offer. The Exchange Offer shall be on the appropriate form permitting registration of the Series B Notes to be offered in exchange for the Series A Notes that are Transfer Restricted Securities and to permit resales of Series B Notes by any Broker-Dealer that tendered into the Exchange Offer for Series A Notes that such Broker-Dealer acquired for its own account as a result of market making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its Affiliates) as contemplated by Section 3(c) below.

(b) The Issuers shall use all commercially reasonable efforts to cause the Exchange Offer Registration Statement to be effective continuously, and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 Business Days. The Issuers shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Series B Notes and the guarantees thereof, and the New Preferred Stock or, if issued in exchange therefor, the New Exchange Debentures, shall be included in the Exchange Offer Registration Statement. The Issuers shall use all commercially reasonable efforts to cause the Exchange Offer to be Consummated on or prior to the date that is 30 Business Days after the Exchange Offer Registration Statement has become effective, or longer, if required by the federal securities laws.

(c) The Issuers shall include a "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement and indicate therein that (i) any Broker-Dealer who holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making activities or other trading activities (other than Transfer Restricted Securities acquired directly from the Company or any Affiliate of the Company), may exchange such Transfer Restricted Securities pursuant to the Exchange Offer, however, such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with its initial sale of any Series B Notes received by such Broker-Dealer in the Exchange Offer and (ii) the Prospectus contained in the Exchange Offer Registration Statement may be used to satisfy such prospectus delivery requirement. Such "Plan of Distribution" section shall also contain all other information with respect to such sales by such Broker-Dealers that the Commission may require in order to permit such sales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Transfer Restricted Securities held by any such Broker-Dealer, except to the extent required by the Commission as a result of a change in policy, rules or regulations after the date of this Agreement.

To the extent necessary to ensure that the Exchange Offer Registration Statement is available for sales of Series B Notes by Broker-Dealers, the Issuers agree to use all commercially reasonable efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 6(c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of 180 days from the date on which the Exchange Offer is Consummated, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold pursuant thereto. The Issuers shall promptly provide sufficient copies of the latest version of such Prospectus to such Broker-Dealers promptly upon request, and in no event later than one day after such request, at any time during such period.

SECTION 4. SHELF REGISTRATION

(a) Shelf Registration. If (i) the Exchange Offer is not permitted by applicable law or policy of the Commission (after the Issuers have complied with the procedures set forth in Section 6(a)(i) below) or (ii) any Holder of Transfer Restricted Securities shall notify the Company in writing within 20 Business Days following the Consummation of the Exchange Offer that (A) upon advice of counsel such Holder was prohibited by law or Commission policy from participating in the Exchange Offer or (B) such Holder may not resell the Series B Notes acquired by it in the Exchange Offer to the public without delivering a prospectus and the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (C) such Holder is a Broker-Dealer and holds Series A Notes acquired directly from the Company or any of its Affiliates, then the Issuers shall:

(x) use all commercially reasonable efforts to cause to be filed, on or prior to 60 days after the earlier of (i) the date on which the Company determines that the Exchange Offer Registration Statement cannot be filed as a result of clause (a)(i) above and (ii) the date on which the Company receives the notice specified in clause (a)(ii) above, (such earlier date, the "Filing Deadline"), a shelf registration statement pursuant to Rule 415 under the Act (which may be an amendment to the Exchange Offer Registration Statement (the "Shelf Registration Statement")), relating to all Transfer Restricted Securities of Holders which shall have provided the information required pursuant to Section 4(b) hereof, and

(y) use all commercially reasonable efforts to cause such Shelf Registration Statement to become effective on or prior to 120 days after the Filing Deadline (such 120th day the "Effectiveness Deadline").

If, after the Issuers have filed an Exchange Offer Registration Statement that satisfies the requirements of Section 3(a) above, the Company is required to file and make effective a Shelf Registration Statement solely because the Exchange Offer is not permitted under applicable federal law or policy of the Commission (i.e., clause (a)(i) above), then the filing of the Exchange Offer Registration Statement shall be deemed to satisfy the requirements of clause (x) above; provided that, in such event, the Issuers shall remain obligated to meet the Effectiveness Deadline set forth in clause (y).

The Issuers shall use all commercially reasonable efforts to keep any Shelf Registration Statement required by this Section 4(a) continuously effective, supplemented and amended as required by and subject to the provisions of Sections 6(b) and (c) hereof to the extent necessary to ensure that it is available for sales of Transfer Restricted Securities by the Holders thereof entitled to the benefit of this Section 4(a) and to ensure that it conforms with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years (as extended pursuant to Section 6(c)(i)) following the Closing Date, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Shelf Registration Statement have been sold pursuant thereto.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 10 days after receipt of a request therefor, the information specified in Item 507 or 508 of Regulation S-K, as applicable, of the Act for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. No Holder of Transfer Restricted Securities shall be entitled to Liquidated Damages pursuant to Section 5 hereof unless and until such Holder shall have provided all such information (it being understood that Liquidated Damages shall cease to accrue for the benefit of any Holder who fails to provide such information). Each selling Holder agrees to promptly furnish additional information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

SECTION 5. LIQUIDATED DAMAGES

If (i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the applicable Filing Deadline, (ii) any such Registration Statement has not been declared effective by the Commission on or prior to the applicable Effectiveness Deadline, (iii) the Exchange Offer has not been Consummated within 30 Business Days after the Exchange Offer Registration Statement is first declared effective by the Commission or (iv) subject to Section 6(c)(i), any Registration Statement required by this Agreement is filed and declared effective but thereafter ceases to be effective or fails to be usable for its intended purpose without being succeeded immediately by a post-effective amendment to such Registration Statement that cures such failure and that is itself declared effective immediately (each such event referred to in clauses (i) through (iv), a "Registration Default"), then, subject to Section 4(b), the Issuers hereby jointly and severally agree to pay to each Holder of Transfer Restricted Securities affected thereby liquidated damages ("Liquidated Damages"), with respect to the first 90-day period immediately following the occurrence of the first Registration Default in an amount equal to a per annum rate of 0.25% on the principal amount of Transfer Restricted Securities held by such Holder. The amount of Liquidated Damages described in the preceding sentence shall increase by an additional per annum rate of 0.25% with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of Liquidated Damages for all Registration Defaults of 1.00% per annum on the principal amount of Notes constituting Transfer Restricted Securities; provided that the Issuers shall in no event be required to pay Liquidated Damages for more than one Registration Default at any given time. Notwithstanding

anything to the contrary set forth herein, (1) upon filing of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (i) above, (2) upon the effectiveness of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (ii) above, (3) upon Consummation of the Exchange Offer, in the case of (iii) above, or (4) upon the filing of a post-effective amendment to the Registration Statement or an additional Registration Statement that causes the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement) to again be declared effective or made usable in the case of (iv) above, the Liquidated Damages payable with respect to the Transfer Restricted Securities as a result of such clause (i), (ii), (iii) or (iv), as applicable, shall cease.

All accrued Liquidated Damages shall be paid to the Holders entitled thereto, in the manner provided for the payment of interest in the Indenture, on each Interest Payment Date, as more fully set forth in the Indenture and the Notes. All obligations of the Issuers set forth in the preceding paragraph that are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such security shall have been satisfied in full.

SECTION 6. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Issuers shall (x) comply with all applicable provisions of Section 6(c) below, (y) use all commercially reasonable efforts to effect such exchange and to permit the resale of Series B Notes by any Broker-Dealer that tendered in the Exchange Offer Series A Notes that such Broker-Dealer acquired for its own account as a result of its market making activities or other trading activities (other than Series A Notes acquired directly from the Company or any of its Affiliates) being sold in accordance with the intended method or methods of distribution thereof, and (z) comply with all of the following provisions:

(i) If, following the date hereof there has been announced a change in Commission policy with respect to exchange offers such as the Exchange Offer, that in the reasonable opinion of counsel to the Company raises a substantial question as to whether the Exchange Offer is permitted by applicable federal law, the Issuers hereby agree to seek a no-action letter or other favorable decision from the Commission allowing the Issuers to Consummate an Exchange Offer for such Transfer Restricted Securities. The Issuers hereby agree to pursue the issuance of such a decision to the Commission staff level. In connection with the foregoing, the Issuers hereby agree to take all such other actions as may be requested by the Commission or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission, (B) delivering to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the Commission staff.

(ii) As a condition to its participation in the Exchange Offer, each Holder of Transfer Restricted Securities (including, without limitation, any Holder who is a Broker Dealer) shall furnish, upon the request of the Company, prior to the Consummation of the Exchange Offer, a written representation to the Issuers (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an Affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the Series B Notes to be issued in the Exchange Offer and (C) it is acquiring the Series B Notes in its ordinary course

of business. Each Holder using the Exchange Offer to participate in a distribution of the Series B Notes hereby acknowledges and agrees that, if the resales are of Series B Notes obtained by such Holder in exchange for Notes acquired directly from the Company or an Affiliate thereof, it (1) could not, under Commission policy as in effect on the date of this Agreement, rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991) and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including, if applicable, any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Issuers shall provide a supplemental letter to the Commission (A) stating that the Issuers are registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation that the Issuers have not entered into any arrangement or understanding with any Person to distribute the Series B Notes to be received in the Exchange Offer and that, to the best of the Issuers' information and belief, each Holder participating in the Exchange Offer is acquiring the Series B Notes in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the Series B Notes received in the Exchange Offer and (C) any other undertaking or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above, if applicable.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Issuers shall comply with all the provisions of Section 6(c) below and shall use all commercially reasonable efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof (as indicated in the information furnished to the Company pursuant to Section 4(b) hereof), and pursuant thereto the Issuers will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof within the time periods and otherwise in accordance with the provisions hereof.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this Agreement, the Issuers shall:

(i) use all commercially reasonable efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable. Upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Issuers shall file promptly an appropriate amendment to such Registration Statement curing such defect, and, if Commission review is required, use all commercially reasonable efforts to cause such amendment to be declared effective as soon as practicable. Notwithstanding the foregoing, if the Board of Directors of the

Company determines in good faith that it is in the best interests of the Issuers not to disclose the existence of facts surrounding any proposed or pending material corporate transaction or other material development involving the Issuers, the Issuers may allow the Shelf Registration to fail to be effective or the Prospectus contained therein to be unusable as a result of such nondisclosure for up to 60 days in any year during the two-year period of effectiveness required by Section 4 hereof.

(ii) prepare and file with the Commission such amendments and post-effective amendments to the applicable Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as the case may be; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with Rules 424, 430A and 462, as applicable, under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) with respect to a Shelf Registration Statement, advise the selling Holders promptly and, if requested by such Persons, confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any applicable Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement in order to make the statements therein not misleading, or that requires the making of any additions to or changes in the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Issuers shall use all commercially reasonable efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) subject to Section 6(c)(i), if any fact or event contemplated by Section 6(c)(iii)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) furnish to the Initial Purchasers and with respect to a Shelf Registration Statement, each selling Holder named in any Registration Statement or Prospectus in connection with such sale, if any, before filing with the Commission, copies of any Registration Statement or any

Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such Holders in connection with such sale, if any, for a period of at least five Business Days, and the Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which the selling Holders of the Transfer Restricted Securities covered by such Registration Statement in connection with such sale, if any, shall reasonably object within five Business Days after the receipt thereof. A selling Holder shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains a material misstatement or omission or fails to comply with the applicable requirements of the Act;

(vi) with respect to a Shelf Registration Statement, promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to the selling Holders in connection with such sale, if any, make the Issuers' representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such selling Holders may reasonably request;

(vii) with respect to a Shelf Registration Statement, make available at reasonable times for inspection by the selling Holders participating in any disposition pursuant to such Registration Statement and any attorney or accountant retained by such selling Holders, all financial and other records, pertinent corporate documents of the Issuers and cause the Issuers' officers, directors and employees to supply all information reasonably requested by any such selling Holder, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness;

(viii) with respect to a Shelf Registration Statement, if requested by any selling Holders in connection with such sale, if any, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(ix) with respect to a Shelf Registration Statement, furnish to each selling Holder in connection with such sale, if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(x) with respect to a Shelf Registration Statement, deliver to each selling Holder, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Issuers hereby consent to the use (in accordance with law) of the Prospectus and any amendment or supplement thereto by each of the selling Holders in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(xi) with respect to a Shelf Registration Statement, upon the request of any selling Holder, enter into such agreements (including, if the Issuers elect to conduct an underwritten offering, an underwriting agreement on customary terms) and make such representations and warranties and take all such other actions in connection therewith in order to expedite or facilitate the disposition of the Transfer Restricted Securities pursuant to any applicable Registration Statement contemplated by this Agreement as may be reasonably requested by any Holder of Transfer Restricted Securities in connection with any sale or resale pursuant to any applicable Shelf Registration Statement. In such connection, the Issuers shall:

(A) upon the reasonable request of any selling Holder, furnish (or in the case of paragraph (2), upon the reasonable request of Holders representing at least 50% of the aggregate principal amount of Transfer Restricted Securities to be sold pursuant to the Shelf Registration Statement, use all commercially reasonable efforts to cause to be furnished) to each selling Holder, upon the effectiveness of the Shelf Registration Statement:

(1) a certificate, dated such date, signed on behalf of the Company and each Guarantor by (x) the President or any Vice President and (y) a principal financial or accounting officer of the Company and such Guarantor, confirming, as of the date thereof, the matters, to the extent applicable, set forth in paragraphs (a) and (b) of Section 6 of the Purchase Agreement and such other similar matters as the selling Holders may reasonably request; and

(2) a customary comfort letter or letters, dated the date of effectiveness of the Shelf Registration Statement, from the Company's independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Section 6(f) of the Purchase Agreement; and

(B) deliver such other documents and certificates as may be reasonably requested by the selling Holders to evidence compliance with clause (A) above and with any customary conditions contained in any agreement entered into by the Issuers pursuant to this clause (xi);

(xii) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders and their counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that none of the Issuers shall be required to register or qualify as a foreign corporation where such Issuer is not now so qualified or to take any action that would subject such Issuer to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where such Issuer is not now so subject;

(xiii) issue, upon the request of any Holder of Series A Notes covered by any Shelf Registration Statement contemplated by this Agreement, Series B Notes having an aggregate principal amount equal to the aggregate principal amount of Series A Notes surrendered to the Company by such Holder in exchange therefor or being sold by such Holder, such Series B Notes to be registered in the name of such Holder or in the name of the purchaser(s) of such Series B Notes;

in return, the Series A Notes held by such Holder shall be surrendered to the Company for cancellation;

(xiv) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and such names as the selling Holders may request at least two Business Days prior to such sale of Transfer Restricted Securities;

(xv) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of a Registration Statement covering such Transfer Restricted Securities and provide the Trustee under the Indenture with printed certificates for the Transfer Restricted Securities which are in a form eligible for deposit with The Depository Trust Company;

(xvi) otherwise use all commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make generally available to their security holders with regard to any applicable Registration Statement, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) covering a twelve-month period beginning after the effective date of the Registration Statement (as such term is defined in paragraph (c) of Rule 158 under the Act);

(xvii) cause the Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement and, in connection therewith, cooperate with the Trustee and the Holders to effect such changes to the Indenture as may be required for such Indenture to be so qualified in accordance with the terms of the TIA; and execute and use all commercially reasonable efforts to cause the Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Indenture to be so qualified in a timely manner; and

(xviii) provide promptly to each Holder, upon request, each document filed with the Commission pursuant to the requirements of Section 13 or Section 15(d) of the Exchange Act.

(d) Restrictions on Holders. Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of the notice referred to in Section 6(c)(iii)(C) or any notice from the Company of the existence of any fact of the kind described in Section 6(c)(i) or Section 6(c)(iii)(D) hereof (in each case, a "Suspension Notice"), such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until (i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 6(c)(iv) hereof, or (ii) such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (in each case, the "Recommencement Date"). Each Holder receiving a Suspension Notice hereby agrees that it will either (i) destroy any Prospectuses, other than permanent file copies, then in such Holder's possession which have been replaced by the Company with more recently dated Prospectuses or (ii) deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of the Suspension Notice. The time period regarding the effectiveness of such Registration Statement set forth in Section 3 or 4 hereof, as applicable, shall be extended by a number of days equal to the number of days in the period from and including the date of delivery of the Suspension Notice to the Recommencement Date.

SECTION 7. REGISTRATION EXPENSES

(a) All expenses incident to the Issuers' performance of or compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses; (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing certificates for the Series B Notes to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Issuers; (v) all application and filing fees in connection with listing the Series B Notes on a national securities exchange or automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Issuers (including the expenses of any comfort letters required by or incident to such performance).

The Company will, in any event, bear its and the Guarantors' internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any Person retained by the Issuers.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Issuers will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities being tendered in the Exchange Offer and/or resold pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or registered pursuant to the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel (not to exceed $25,000 if such counsel is Latham & Watkins), who shall be Latham & Watkins, unless another firm shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

SECTION 8. INDEMNIFICATION

(a) The Issuers, jointly and severally, agree to indemnify and hold harmless (i) each Holder and (ii) each Person, if any, who controls any Holder within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act (any of the persons referred to in this clause (ii) being hereinafter referred to as a "controlling person") and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any person referred to in clause (i), (ii) or (iii) may hereinafter be referred to as an "Indemnified Holder") from and against any and all losses, claims, damages and liabilities (including without limitation the legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary prospectus or Prospectus (or any amendment or supplement thereto if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any of the Holders furnished in writing to the Company by such Holder expressly for use therein.

(b) Each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Issuers, their directors, their officers and each person who controls the Issuers within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Issuers to each of the Indemnified Holders, but only with reference to

information relating to such Indemnified Holder furnished to the Company by such Indemnified Holder expressly for use in any Registration Statement or any amendment or supplement thereto.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnity may be sought pursuant to Section 8(a) or 8(b) hereof, such person (the "Indemnified Person") shall promptly notify the person against whom such indemnity may be sought (the "Indemnifying Person") in writing, and the Indemnifying Person, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary, (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such reasonable fees and expenses shall be reimbursed as they are incurred. Any such separate firm for the Indemnified Holders shall be designated in writing by a majority of the Indemnified Holders and any such separate firm for the Issuers, their directors, their officers and such control persons shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in Section 8(a) or 8(b) is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuers on the one hand and the Indemnified Holder on the other hand from their sale of Transfer Restricted Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuers on the one hand and the Indemnified Holder on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Issuers on the one hand and the Indemnified Holder on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuers or by the Indemnified Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Issuers and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Holders or the Issuers were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, in no event shall a Holder or its related Indemnified Holders be required to contribute any amount in excess of the amount by which the total received by such Holder with respect to the sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds the sum of (A) the amount paid by such Holder for such Transfer Restricted Securities plus (B) the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8(d) are several in proportion to the respective principal amount of the Transfer Restricted Securities held by each Holder hereunder and not joint. The Issuers' obligations to contribute pursuant to this Section 8 are joint and several.

The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

SECTION 9. RULE 144A AND OTHER INFORMATION

The Issuers hereby agree with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Issuers are not subject to Section 13 or 15(d) of the Exchange Act, to make available to the Initial Purchasers and, upon request of any Holder of Transfer Restricted Securities, to any Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A.

The Issuers hereby agree with each of the Initial Purchasers, until the Consummation of the Exchange Offer, for a period of three years from the Closing Date, to furnish to the Initial Purchasers (i) copies of all reports or other communications (financial or other) furnished to shareholders of the Company in their capacity as such, (ii) copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange or inter-dealer quotation system and (iii) such additional information concerning the business and financial condition of the Issuers as the Initial Purchasers may reasonably request.

SECTION 10. MISCELLANEOUS

(a) Remedies. The Issuers acknowledge and agree that any failure by the Issuers to comply with their obligations under Sections 3 and 4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Issuers' obligations under Sections 3 and 4 hereof. The Issuers further agree to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Issuers will not, on or after the date of this Agreement, enter into any agreement with respect to their securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Issuers' securities under any agreement in effect on the date hereof.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) in the case of Section 5 hereof and this Section 10(c)(i), the Company has obtained the written consent of Holders of all outstanding Transfer Restricted Securities and (ii) in the case of all other provisions hereof, the Company has obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding Transfer Restricted Securities held by the Company or its Affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose securities are being tendered pursuant to the Exchange Offer, and that does not affect directly or indirectly the rights of other Holders whose securities are not being tendered pursuant to such Exchange Offer, may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities subject to such Exchange Offer.

(d) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Issuers, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder, at the address set forth on the records of the Registrar under the Indenture, with a copy to the Registrar under the Indenture; and

(ii) if to the Issuers:

Packaging Corporation of America
1900 West Field Court
Lake Forest, Illinois 60045
Telecopier No.: (847) 482-4559
Attention: Chief Financial Officer

With a copy to:

Kirkland & Ellis
200 East Randolph Drive
Chicago, Illinois 60601
Telecopier No.: (312) 861-2200
Attention: William S. Kirsch, P.C.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if

mailed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Trustee at the address specified in the Indenture.

Upon the date of filing of the Exchange Offer or a Shelf Registration Statement, as the case may be, notice shall be delivered to the Initial Purchasers in the form attached hereto as Exhibit A.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Securities in violation of the terms hereof or of the Purchase Agreement or the Indenture. If any transferee of any Holder shall acquire Transfer Restricted Securities in any manner, whether by operation of law or otherwise, such Transfer Restricted Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

PACKAGING CORPORATION OF AMERICA

BY: /s/ Richard B. West

Name: Richard B. West
Title: Cheif Financial Officer,
Secretary and Treasurer

DAHLONEGA PACKAGING CORPORATION

BY: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

DIXIE CONTAINER CORPORATION

BY: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

PCA HYDRO, INC.

BY: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

PCA TOMAHAWK CORPORATION

BY: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

PCA VALDOSTA CORPORATION

BY: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

J.P. MORGAN SECURITIES INC.
BT ALEX.BROWN INCORPORATED

BY: J.P. MORGAN SECURITIES INC.

BY: /s/ Kenneth A. Lang

Name: Kenneth A. Lang
Title: Managing Director

EXHIBIT 4.5

EXECUTION COPY

PREFERRED STOCK REGISTRATION RIGHTS AGREEMENT

Dated as of April 12, 1999

by and among

PACKAGING CORPORATION OF AMERICA,

and

J. P. MORGAN SECURITIES INC.

and

BT ALEX.BROWN INCORPORATED

This Preferred Stock Registration Rights Agreement (this "Agreement") is made and entered into as of April 12, 1999, by and among Packaging Corporation of America, a Delaware corporation (the "Company") and J. P. Morgan Securities Inc. and BT Alex.Brown Incorporated (each an "Initial Purchaser" and, collectively, the "Initial Purchasers"), each of whom has agreed to purchase the Company's 12 3/8% Senior Exchangeable Preferred Stock due 2010 (including all additional shares of Preferred Stock issued in lieu of payment of cash dividends in accordance with the terms of the Certificate of Designations (as defined), the "Preferred Stock") pursuant to the Purchase Agreement (as defined below).

This Agreement is made pursuant to the Purchase Agreement, dated March 30, 1999 (the "Purchase Agreement"), by and among the Company, the guarantors listed on the signature pages thereto and the Initial Purchasers. In order to induce the Initial Purchasers to purchase the Preferred Stock, the Company has agreed to provide the registration rights set forth in this Agreement. Pursuant to the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof (the "Certificate of Designations") relating to the Preferred Stock and the New Preferred Stock (as defined in Section 1 herein) and under the terms of the Purchase Agreement, all outstanding shares of Preferred Stock may under certain conditions and at the Company's option be exchanged for the Company's 12 3/8% Senior Subordinated Exchange Debentures due 2010 (including all additional shares of Exchange Debentures issued in lieu of payment of cash interest in accordance with the terms of the Exchange Indenture (as defined), the "Exchange Debentures").

The execution and delivery of this Agreement is a condition to the obligations of the Initial Purchasers set forth in Section 6 of the Purchase Agreement. Capitalized terms used herein and not otherwise defined shall have the meaning assigned to them in the Certificate of Designations, with respect to the Preferred Stock, and in the indenture dated April 12, 1999 (the "Exchange Indenture"), by and between the Company and United States Trust Company of Texas, N.A., as trustee (the "Exchange Trustee"), relating to the Exchange Debentures and the New Exchange Debentures (as defined in Section 1 herein).

The parties hereby agree as follows:

SECTION 1. DEFINITIONS

As used in this Agreement, the following capitalized terms shall have the following meanings:

Act: The Securities Act of 1933, as amended.

Affiliate: As defined in Rule 144 of the Act.

Broker-Dealer: Any broker or dealer registered under the Exchange Act.

Business Day: Any day except a Saturday, Sunday or other day in the City of New York on which banks are authorized or ordered to close.

Closing Date: The date hereof.

Commission: The Securities and Exchange Commission.

Consummate: An Exchange Offer shall be deemed "Consummated" for purposes of this Agreement upon the occurrence of (a) the filing and effectiveness under the Act of the Exchange Offer Registration Statement relating to the New Preferred Stock or, if the Preferred Stock has been exchanged for Exchange Debentures, the New Exchange Debentures, to be issued in the Exchange Offer, (b) the maintenance of such Exchange Offer Registration Statement continuously effective and the keeping of

such Exchange Offer open for a period not less than the minimum period required pursuant to Section 3(b) hereof and (c) the delivery by the Company to the Registrar of (i) New Preferred Stock under the Certificate of Designations, to be registered in the same aggregate liquidation preference as the aggregate liquidation preference of the Preferred Stock tendered by the Holders thereof pursuant to the Exchange Offer, or (ii) if the Preferred Stock has been exchanged for Exchange Debentures, New Exchange Debentures under the Exchange Indenture, to be registered in the same aggregate principal amount as the aggregate principal amount of the Exchange Debentures tendered by the Holders thereof pursuant to the Exchange Offer.

Debentures: The Exchange Debentures and the New Exchange Debentures.

Effectiveness Deadline: As defined in Section 3(a) and 4(a) hereof.

Exchange Act: The Securities Exchange Act of 1934, as amended.

Exchange Offer: The exchange and issuance by the Company of (a) an aggregate liquidation preference of New Preferred Stock (which shall be registered pursuant to the Exchange Offer Registration Statement) equal to the outstanding aggregate liquidation preference of Preferred Stock that is tendered by such Holders in connection with such exchange and issuance, or (b) if the Preferred Stock has been exchanged for Exchange Debentures, a principal amount of New Exchange Debentures (which shall be registered pursuant to the Exchange Offer Registration Statement) equal to the outstanding principal amount of Exchange Debentures that are tendered by such Holders in connection with such exchange and issuance.

Exchange Offer Registration Statement: The Registration Statement relating to the Exchange Offer, including the related Prospectus.

Filing Deadline: As defined in Sections 3(a) and 4(a) hereof.

Holder: As defined in Section 2 hereof.

Indemnified Holder: As defined in Section 8(a) hereof.

Indemnified Person: As defined in Section 8(c) hereof.

Indemnifying Person: As defined in Section 8(c) hereof.

Liquidated Damages: As defined in Section 5 hereof.

New Exchange Debentures: The Company's 12 3/8% Senior Subordinated Exchange Debentures due 2010 to be issued pursuant to the Exchange Indenture (i) in the Exchange Offer or (ii) as contemplated by Section 4 hereof and including, without limitation, all additional New Exchange Debentures issued in lieu of payment of cash interest in accordance with the terms of the Exchange Indenture.

New Preferred Stock: The Company's 12 3/8% Senior Exchangeable Preferred Stock due 2010 to be issued pursuant to the Certificate of Designations (i) in the Exchange Offer or (ii) as contemplated by Section 4 hereof and including, without limitation, all additional shares of New Preferred Stock issued in lieu of payment of dividends in accordance with the terms of the Certificate of Designations.

Person: An individual, partnership, limited liability company, corporation, trust, unincorporated organization, or a government or agency or political subdivision thereof.

Prospectus: The prospectus included in a Registration Statement at the time such Registration Statement is declared effective, as amended or supplemented by any prospectus supplement and by all other amendments thereto, including post-effective amendments, and all material incorporated by reference into such Prospectus.

Recommencement Date: As defined in Section 6(d) hereof.

Registration Default: As defined in Section 5 hereof.

Registration Statement: Any registration statement of the Company relating to (a) an offering of New Preferred Stock or New Exchange Debentures pursuant to an Exchange Offer or (b) the registration for resale of Transfer Restricted Securities pursuant to the Shelf Registration Statement, in each case, (i) that is filed pursuant to the provisions of this Agreement and (ii) including the Prospectus included therein, all amendments and supplements thereto (including post-effective amendments) and all exhibits and material incorporated by reference therein.

Rule 144: Rule 144 promulgated under the Act.

Shelf Registration Statement: As defined in Section 4 hereof.

Stock: The Preferred Stock and the New Preferred Stock.

Suspension Notice: As defined in Section 6(d) hereof.

TIA: The Trust Indenture Act of 1939 (15 U.S.C. Section 77aaa-77bbbb) as in effect on the date of the Indenture.

Transfer Agent: United States Trust Company of New York.

Transfer Restricted Securities: Each share of Stock or Debenture, as the case may be, until the earliest to occur of (a) the date on which such share of Stock or such Debenture is exchanged in an Exchange Offer for a share of New Preferred Stock or a New Debenture, as the case may be, that is entitled to be resold to the public by the Holder thereof without complying with the prospectus delivery requirements of the Act, (b) the date on which such share of Stock or such Debenture, as the case may be, has been disposed of in accordance with a Shelf Registration Statement, (c) the date on which such share of Stock or such Debenture, as the case may be, is disposed of by a Broker-Dealer pursuant to the "Plan of Distribution" contemplated by an Exchange Offer Registration Statement (including the delivery of the Prospectus contained therein) or (d) the date on which such share of Stock or such Debenture, as the case may be, is distributed to the public pursuant to Rule 144 under the Act.

SECTION 2. HOLDERS

A Person is deemed to be a holder of Transfer Restricted Securities (each, a "Holder") whenever such Person owns Transfer Restricted Securities.

SECTION 3. REGISTERED EXCHANGE OFFER

(a) Unless the Exchange Offer shall not be permitted by applicable federal law or policy of the Commission (after the procedures set forth in Section 6(a)(i) below have been complied with), the Company shall use all commercially reasonable efforts to (i) cause the Exchange Offer Registration Statement to be filed with the Commission on or prior to the date that is 60 days after the Closing Date (such 60th day being the "Filing Deadline"), (ii) use all commercially reasonable efforts to cause such Exchange Offer Registration Statement to become effective on or prior to the date that is 150 days after the Closing Date (such 150th day being the "Effectiveness Deadline"), (iii) in connection with the foregoing, (A) file all pre-effective amendments to such Exchange Offer Registration Statement as may be necessary in order to cause it to become effective, (B) file, if applicable, a post-effective amendment to such Exchange Offer Registration Statement pursuant to Rule 430A under the Act and (C) cause all necessary filings, if any, in connection with the registration and qualification of the New Preferred Stock or the New Exchange Debentures, as the case may be, to be made under the Blue Sky laws of such jurisdictions as are necessary to permit Consummation of the Exchange Offer, and (iv) upon the effectiveness of such Exchange Offer Registration Statement, use all commercially reasonable efforts to commence and Consummate the Exchange Offer. The Exchange Offer shall be on the appropriate form permitting registration of the New Preferred Stock or the New Exchange Debentures, as the case may be, to be offered in exchange for the Preferred Stock or the Exchange Debentures, respectively, that are Transfer Restricted Securities and to permit resales of New Preferred Stock or New Exchange Debentures, as the case may be, by any Broker-Dealer that tendered into the Exchange Offer for Preferred Stock or Exchange Debentures, respectively, that such Broker-Dealer acquired for its own account as a result of market making activities or other trading activities (other than Preferred Stock or, if issued in exchange therefor, Exchange Debentures acquired directly from the Company or any of its Affiliates) as contemplated by Section 3(c) below.

(b) The Company shall use all commercially reasonable efforts to cause the Exchange Offer Registration Statement to be effective continuously, and shall keep the Exchange Offer open for a period of not less than the minimum period required under applicable federal and state securities laws to Consummate the Exchange Offer; provided, however, that in no event shall such period be less than 20 Business Days. The Company shall cause the Exchange Offer to comply with all applicable federal and state securities laws. No securities other than the Preferred Stock or, if issued in exchange therefor, the New Exchange Debentures, and the Notes shall be included in the Exchange Offer Registration Statement. The Company shall use all commercially reasonable efforts to cause the Exchange Offer to be Consummated on or prior to the date that is 30 Business Days after the Exchange Offer Registration Statement has become effective, or longer, if required by the federal securities laws.

(c) The Company shall include a "Plan of Distribution" section in the Prospectus contained in the Exchange Offer Registration Statement and indicate therein that (i) any Broker-Dealer who holds Transfer Restricted Securities that were acquired for the account of such Broker-Dealer as a result of market-making activities or other trading activities (other than Transfer Restricted Securities acquired directly from the Company or any Affiliate of the Company), may exchange such Transfer Restricted Securities pursuant to the Exchange Offer, however, such Broker-Dealer may be deemed to be an "underwriter" within the meaning of the Act and must, therefore, deliver a prospectus meeting the requirements of the Act in connection with its initial sale of any New Preferred Stock or New Exchange Debentures, as the case may be, received by such Broker-Dealer in the Exchange Offer and (ii) the Prospectus contained in the Exchange Offer Registration Statement may be used to satisfy such prospectus delivery requirement. Such "Plan of Distribution" section shall also contain all other information with respect to such sales by such Broker-Dealers that the Commission may require in order to permit such sales pursuant thereto, but such "Plan of Distribution" shall not name any such Broker-Dealer or disclose the amount of Transfer Restricted Securities held by any such Broker-Dealer, except to the extent required by the Commission as a result of a change in policy, rules or regulations after the date of this Agreement.

To the extent necessary to ensure that the Exchange Offer Registration Statement is available for sales of New Preferred Stock or New Exchange Debentures, as the case may be, by Broker-Dealers, the Company agrees to use all commercially reasonable efforts to keep the Exchange Offer Registration Statement continuously effective, supplemented and amended as required by the provisions of Section 6(c) hereof and in conformity with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of 180 days from the date on which the Exchange Offer is Consummated, or such shorter period as will terminate when all Transfer Restricted Securities covered by such Registration Statement have been sold pursuant thereto. The Company shall promptly provide sufficient copies of the latest version of such Prospectus to such Broker-Dealers promptly upon request, and in no event later than one day after such request, at any time during such period.

SECTION 4. SHELF REGISTRATION

(a) Shelf Registration. If (i) the Exchange Offer is not permitted by applicable law or policy of the Commission (after the Company has complied with the procedures set forth in Section 6(a)(i) below) or (ii) any Holder of Transfer Restricted Securities shall notify the Company in writing within 20 Business Days following the Consummation of the Exchange Offer that (A) upon advice of counsel such Holder was prohibited by law or Commission policy from participating in the Exchange Offer or (B) such Holder may not resell the New Preferred Stock or New Exchange Debentures, as the case may be, acquired by it in the Exchange Offer to the public without delivering a prospectus, and the Prospectus contained in the Exchange Offer Registration Statement is not appropriate or available for such resales by such Holder or (C) such Holder is a Broker-Dealer and holds Preferred Stock or, if issued in exchange therefor, Exchange Debentures acquired directly from the Company or any of its Affiliates, then the Company shall:

(x) use all commercially reasonable efforts to cause to be filed, on or prior to 60 days after the earlier of (i) the date on which the Company determines that the Exchange Offer Registration Statement cannot be filed as a result of clause (a)(i) above and (ii) the date on which the Company receives the notice specified in clause (a)(ii) above, (such earlier date, the "Filing Deadline"), a shelf registration statement pursuant to Rule 415 under the Act (which may be an amendment to the Exchange Offer Registration Statement (the "Shelf Registration Statement")), relating to all Transfer Restricted Securities of Holders which shall have provided the information required pursuant to Section 4(b) hereof, and

(y) use all commercially reasonable efforts to cause such Shelf Registration Statement to become effective on or prior to 120 days after the Filing Deadline (such 120th day the "Effectiveness Deadline").

If, after the Company has filed an Exchange Offer Registration Statement that satisfies the requirements of Section 3(a) above, the Company is required to file and make effective a Shelf Registration Statement solely because the Exchange Offer is not permitted under applicable federal law or policy of the Commission (i.e., clause (a)(i) above), then the filing of the Exchange Offer Registration Statement shall be deemed to satisfy the requirements of clause (x) above; provided that, in such event, the Company shall remain obligated to meet the Effectiveness Deadline set forth in clause (y).

The Company shall use all commercially reasonable efforts to keep any Shelf Registration Statement required by this Section 4(a) continuously effective, supplemented and amended as required by and subject to the provisions of Sections 6(b) and (c) hereof to the extent necessary to ensure that it is available for sales of Transfer Restricted Securities by the Holders thereof entitled to the benefit of this Section 4(a) and to ensure that it conforms with the requirements of this Agreement, the Act and the policies, rules and regulations of the Commission as announced from time to time, for a period of at least two years (as extended pursuant to Section 6(c)(i)) following the Closing Date, or such shorter period as will terminate

when all Transfer Restricted Securities covered by such Shelf Registration Statement have been sold pursuant thereto.

(b) Provision by Holders of Certain Information in Connection with the Shelf Registration Statement. No Holder of Transfer Restricted Securities may include any of its Transfer Restricted Securities in any Shelf Registration Statement pursuant to this Agreement unless and until such Holder furnishes to the Company in writing, within 10 days after receipt of a request therefor, the information specified in Item 507 or 508 of Regulation S-K, as applicable, of the Act for use in connection with any Shelf Registration Statement or Prospectus or preliminary Prospectus included therein. No Holder of Transfer Restricted Securities shall be entitled to Liquidated Damages pursuant to Section 5 hereof unless and until such Holder shall have provided all such information (it being understood that Liquidated Damages shall cease to accrue for the benefit of any Holder who fails to provide such information). Each selling Holder agrees to promptly furnish additional information required to be disclosed in order to make the information previously furnished to the Company by such Holder not materially misleading.

SECTION 5. LIQUIDATED DAMAGES

If (i) any Registration Statement required by this Agreement is not filed with the Commission on or prior to the applicable Filing Deadline, (ii) any such Registration Statement has not been declared effective by the Commission on or prior to the applicable Effectiveness Deadline, (iii) the Exchange Offer has not been Consummated within 30 Business Days after the Exchange Offer Registration Statement is first declared effective by the Commission or (iv) subject to Section 6(c)(i) any Registration Statement required by this Agreement is filed and declared effective but thereafter ceases to be effective or fails to be usable for its intended purpose without being succeeded immediately by a post-effective amendment to such Registration Statement that cures such failure and that is itself declared effective immediately (each such event referred to in clauses (i) through (iv), a "Registration Default"), then, subject to Section 4(b), the Company hereby agrees to pay to each Holder of Transfer Restricted Securities affected thereby liquidated damages ("Liquidated Damages"), with respect to the first 90-day period immediately following the occurrence of the first Registration Default in an amount equal to a per annum rate of 0.25% on (x) the liquidation preference (in the case of Preferred Stock) or (y) the principal amount (in the case of Exchange Debentures), of Transfer Restricted Securities held by such Holder. The amount of Liquidated Damages described in the preceding sentence shall increase by an additional per annum rate of 0.25% with respect to each subsequent 90-day period until all Registration Defaults have been cured, up to a maximum amount of Liquidated Damages for all Registration Defaults of 1.00% per annum on (x) the liquidation preference (in the case of Preferred Stock) or (y) the principal amount (in the case of Exchange Debentures), constituting Transfer Restricted Securities; provided that the Company shall in no event be required to pay Liquidated Damages for more than one Registration Default at any given time. Notwithstanding anything to the contrary set forth herein, (1) upon filing of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (i) above, (2) upon the effectiveness of the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement), in the case of (ii) above, (3) upon Consummation of the Exchange Offer, in the case of (iii) above, or (4) upon the filing of a post-effective amendment to the Registration Statement or an additional Registration Statement that causes the Exchange Offer Registration Statement (and/or, if applicable, the Shelf Registration Statement) to again be declared effective or made usable in the case of (iv) above, the Liquidated Damages payable with respect to the Transfer Restricted Securities as a result of such clause (i), (ii), (iii) or (iv), as applicable, shall cease.

All accrued Liquidated Damages shall be paid to the Holders entitled thereto, in the manner provided for the payment of dividends in the Certificate of Designations, on each Dividend Payment Date, as more fully set forth in the Certificate of Designations and the Preferred Stock or, if the Preferred Stock has been exchanged for Exchange Debentures, in the manner provided for the payment of interest in the

Exchange Indenture, on each Interest Payment Date, as more fully set forth in the Exchange Indenture and the Exchange Debentures. All obligations of the Company set forth in the preceding paragraph that are outstanding with respect to any Transfer Restricted Security at the time such security ceases to be a Transfer Restricted Security shall survive until such time as all such obligations with respect to such security shall have been satisfied in full.

SECTION 6. REGISTRATION PROCEDURES

(a) Exchange Offer Registration Statement. In connection with the Exchange Offer, the Company shall (x) comply with all applicable provisions of Section 6(c) below, (y) use all commercially reasonable efforts to effect such exchange and to permit the resale of New Preferred Stock or New Exchange Debentures, as the case may be, by any Broker-Dealer that tendered in the Exchange Offer Preferred Stock or Exchange Debentures, respectively, that such Broker-Dealer acquired for its own account as a result of its market making activities or other trading activities (other than Preferred Stock or, if issued in exchange therefor, Exchange Debentures acquired directly from the Company or any of its Affiliates) being sold in accordance with the intended method or methods of distribution thereof, and (z) comply with all of the following provisions:

(i) If, following the date hereof there has been announced a change in Commission policy with respect to exchange offers such as the Exchange Offer, that in the reasonable opinion of counsel to the Company raises a substantial question as to whether the Exchange Offer is permitted by applicable federal law, the Company hereby agrees to seek a no-action letter or other favorable decision from the Commission allowing the Company to Consummate an Exchange Offer for such Transfer Restricted Securities. The Company hereby agrees to pursue the issuance of such a decision to the Commission staff level. In connection with the foregoing, the Company hereby agrees to take all such other actions as may be requested by the Commission or otherwise required in connection with the issuance of such decision, including without limitation (A) participating in telephonic conferences with the Commission, (B) delivering to the Commission staff an analysis prepared by counsel to the Company setting forth the legal bases, if any, upon which such counsel has concluded that such an Exchange Offer should be permitted and (C) diligently pursuing a resolution (which need not be favorable) by the Commission staff.

(ii) As a condition to its participation in the Exchange Offer, each Holder of Transfer Restricted Securities (including, without limitation, any Holder who is a Broker Dealer) shall furnish, upon the request of the Company, prior to the Consummation of the Exchange Offer, a written representation to the Company (which may be contained in the letter of transmittal contemplated by the Exchange Offer Registration Statement) to the effect that (A) it is not an Affiliate of the Company, (B) it is not engaged in, and does not intend to engage in, and has no arrangement or understanding with any person to participate in, a distribution of the New Preferred Stock or the New Exchange Debentures, as the case may be, to be issued in the Exchange Offer and (C) it is acquiring the New Preferred Stock or the New Exchange Debentures, as the case may be, in its ordinary course of business. Each Holder using the Exchange Offer to participate in a distribution of the New Preferred Stock or the New Exchange Debentures, as the case may be, hereby acknowledges and agrees that, if the resales are of New Preferred Stock or New Exchange Debentures, as the case may be, obtained by such Holder in exchange for Preferred Stock or Exchange Debentures, respectively, acquired directly from the Company or an Affiliate thereof, it (1) could not, under Commission policy as in effect on the date of this Agreement, rely on the position of the Commission enunciated in Morgan Stanley and Co., Inc. (available June 5, 1991)

and Exxon Capital Holdings Corporation (available May 13, 1988), as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and similar no-action letters (including, if applicable, any no-action letter obtained pursuant to clause (i) above), and (2) must comply with the registration and prospectus delivery requirements of the Act in connection with a secondary resale transaction and that such a secondary resale transaction must be covered by an effective registration statement containing the selling security holder information required by Item 507 or 508, as applicable, of Regulation S-K.

(iii) Prior to effectiveness of the Exchange Offer Registration Statement, the Company shall provide a supplemental letter to the Commission (A) stating that the Company is registering the Exchange Offer in reliance on the position of the Commission enunciated in Exxon Capital Holdings Corporation (available May 13, 1988), Morgan Stanley and Co., Inc. (available June 5, 1991) as interpreted in the Commission's letter to Shearman & Sterling dated July 2, 1993, and, if applicable, any no-action letter obtained pursuant to clause (i) above, (B) including a representation that the Company has not entered into any arrangement or understanding with any Person to distribute the New Preferred Stock or the New Exchange Debentures, as the case may be, to be received in the Exchange Offer and that, to the best of the Company's information and belief, each Holder participating in the Exchange Offer is acquiring the New Preferred Stock or the New Exchange Debentures, as the case may be, in its ordinary course of business and has no arrangement or understanding with any Person to participate in the distribution of the New Preferred Stock or the New Exchange Debentures, as the case may be, received in the Exchange Offer and (C) any other undertaking or representation required by the Commission as set forth in any no-action letter obtained pursuant to clause (i) above, if applicable.

(b) Shelf Registration Statement. In connection with the Shelf Registration Statement, the Company shall comply with all the provisions of Section 6(c) below and shall use all commercially reasonable efforts to effect such registration to permit the sale of the Transfer Restricted Securities being sold in accordance with the intended method or methods of distribution thereof (as indicated in the information furnished to the Company pursuant to Section 4(b) hereof), and pursuant thereto the Company will prepare and file with the Commission a Registration Statement relating to the registration on any appropriate form under the Act, which form shall be available for the sale of the Transfer Restricted Securities in accordance with the intended method or methods of distribution thereof within the time periods and otherwise in accordance with the provisions hereof.

(c) General Provisions. In connection with any Registration Statement and any related Prospectus required by this Agreement, the Company shall:

(i) use all commercially reasonable efforts to keep such Registration Statement continuously effective and provide all requisite financial statements for the period specified in Section 3 or 4 of this Agreement, as applicable. Upon the occurrence of any event that would cause any such Registration Statement or the Prospectus contained therein (A) to contain a material misstatement or omission or (B) not to be effective and usable for resale of Transfer Restricted Securities during the period required by this Agreement, the Company shall file promptly an appropriate amendment to such Registration Statement curing such defect, and, if Commission review is required, use all commercially reasonable efforts to cause such amendment to be declared effective as soon as practicable. Notwithstanding the foregoing, if the Board of Directors of the Company determines in good faith that it is in the best interests of the Company not to disclose the existence of facts surrounding any proposed or pending material corporate transaction or other material development involving the Company, the Company may allow the Shelf Registration to fail to be effective or the Prospectus contained therein to be unusable as a result of such nondisclosure

for up to 60 days in any year during the two-year period of effectiveness required by Section 4 hereof.

(ii) prepare and file with the Commission such amendments and post-effective amendments to the applicable Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period set forth in Section 3 or 4 hereof, as the case may be; cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Act, and to comply fully with Rules 424, 430A and 462, as applicable, under the Act in a timely manner; and comply with the provisions of the Act with respect to the disposition of all securities covered by such Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the sellers thereof set forth in such Registration Statement or supplement to the Prospectus;

(iii) with respect to a Shelf Registration Statement, advise the selling Holders promptly and, if requested by such Persons, confirm such advice in writing, (A) when the Prospectus or any Prospectus supplement or post-effective amendment has been filed, and, with respect to any applicable Registration Statement or any post-effective amendment thereto, when the same has become effective, (B) of any request by the Commission for amendments to the Registration Statement or amendments or supplements to the Prospectus or for additional information relating thereto, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement under the Act or of the suspension by any state securities commission of the qualification of the Transfer Restricted Securities for offering or sale in any jurisdiction, or the initiation of any proceeding for any of the preceding purposes, (D) of the existence of any fact or the happening of any event that makes any statement of a material fact made in the Registration Statement, the Prospectus, any amendment or supplement thereto or any document incorporated by reference therein untrue, or that requires the making of any additions to or changes in the Registration Statement in order to make the statements therein not misleading, or that requires the making of any additions to or changes in the Prospectus in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, or any state securities commission or other regulatory authority shall issue an order suspending the qualification or exemption from qualification of the Transfer Restricted Securities under state securities or Blue Sky laws, the Company shall use all commercially reasonable efforts to obtain the withdrawal or lifting of such order at the earliest possible time;

(iv) subject to Section 6(c)(i), if any fact or event contemplated by Section 6(c)(iii)(D) above shall exist or have occurred, prepare a supplement or post-effective amendment to the Registration Statement or related Prospectus or any document incorporated therein by reference or file any other required document so that, as thereafter delivered to the purchasers of Transfer Restricted Securities, the Prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(v) furnish to the Initial Purchasers and with respect to a Shelf Registration Statement, each selling Holder named in any Registration Statement or Prospectus in connection with such sale, if any, before filing with the Commission, copies of any Registration Statement or any Prospectus included therein or any amendments or supplements to any such Registration Statement or Prospectus (including all documents incorporated by reference after the initial filing of such Registration Statement), which documents will be subject to the review and comment of such Holders in connection with such sale, if any, for a period of at least five Business Days, and the

Company will not file any such Registration Statement or Prospectus or any amendment or supplement to any such Registration Statement or Prospectus (including all such documents incorporated by reference) to which the selling Holders of the Transfer Restricted Securities covered by such Registration Statement in connection with such sale, if any, shall reasonably object within five Business Days after the receipt thereof. A selling Holder shall be deemed to have reasonably objected to such filing if such Registration Statement, amendment, Prospectus or supplement, as applicable, as proposed to be filed, contains a material misstatement or omission or fails to comply with the applicable requirements of the Act;

(vi) with respect to a Shelf Registration Statement, promptly prior to the filing of any document that is to be incorporated by reference into a Registration Statement or Prospectus, provide copies of such document to the selling Holders in connection with such sale, if any, make the Company's representatives available for discussion of such document and other customary due diligence matters, and include such information in such document prior to the filing thereof as such selling Holders may reasonably request;

(vii) with respect to a Shelf Registration Statement, make available at reasonable times for inspection by the selling Holders participating in any disposition pursuant to such Registration Statement and any attorney or accountant retained by such selling Holders, all financial and other records, pertinent corporate documents of the Company and cause the Company's officers, directors and employees to supply all information reasonably requested by any such selling Holder, attorney or accountant in connection with such Registration Statement or any post-effective amendment thereto subsequent to the filing thereof and prior to its effectiveness;

(viii) with respect to a Shelf Registration Statement, if requested by any selling Holders in connection with such sale, if any, promptly include in any Registration Statement or Prospectus, pursuant to a supplement or post-effective amendment if necessary, such information as such selling Holders may reasonably request to have included therein, including, without limitation, information relating to the "Plan of Distribution" of the Transfer Restricted Securities; and make all required filings of such Prospectus supplement or post-effective amendment as soon as practicable after the Company is notified of the matters to be included in such Prospectus supplement or post-effective amendment;

(ix) with respect to a Shelf Registration Statement, furnish to each selling Holder in connection with such sale, if any, without charge, at least one copy of the Registration Statement, as first filed with the Commission, and of each amendment thereto, including all documents incorporated by reference therein and all exhibits (including exhibits incorporated therein by reference);

(x) with respect to a Shelf Registration Statement, deliver to each selling Holder, without charge, as many copies of the Prospectus (including each preliminary prospectus) and any amendment or supplement thereto as such Persons reasonably may request; the Company hereby consents to the use (in accordance with law) of the Prospectus and any amendment or supplement thereto by each of the selling Holders in connection with the offering and the sale of the Transfer Restricted Securities covered by the Prospectus or any amendment or supplement thereto;

(xi) with respect to a Shelf Registration Statement, upon the request of any selling Holder, enter into such agreements (including, if the Company elects to conduct an underwritten offering, an underwriting agreement on customary terms) and make such representations and warranties and take all such other actions in connection therewith in order to expedite or facilitate

the disposition of the Transfer Restricted Securities pursuant to any applicable Registration Statement contemplated by this Agreement as may be reasonably requested by any Holder of Transfer Restricted Securities in connection with any sale or resale pursuant to any applicable Shelf Registration Statement. In such connection, the Company shall:

(A) upon the reasonable request of any selling Holder, furnish (or in the case of paragraph (2), upon the reasonable request of Holders representing at least 50% of the aggregate liquidation preference or principal amount, as applicable, of Transfer Restricted Securities to be sold pursuant to the Shelf Registration Statement, use all commercially reasonable efforts to cause to be furnished) to each selling Holder, upon the effectiveness of the Shelf Registration Statement:

(1) a certificate, dated such date, signed on behalf of the Company by (x) the President or any Vice President and (y) a principal financial or accounting officer of the Company, confirming, as of the date thereof, the matters, to the extent applicable, set forth in paragraphs (a) and (b) of Section 6 of the Purchase Agreement and such other similar matters as the selling Holders may reasonably request; and

(2) a customary comfort letter or letters, dated the date of effectiveness of the Shelf Registration Statement, from the Company's independent accountants, in the customary form and covering matters of the type customarily covered in comfort letters to underwriters in connection with underwritten offerings, and affirming the matters set forth in the comfort letters delivered pursuant to Section 6(f) of the Purchase Agreement; and

(B) deliver such other documents and certificates as may be reasonably requested by the selling Holders to evidence compliance with clause (A) above and with any customary conditions contained in any agreement entered into by the Company pursuant to this clause (xi);

(xii) prior to any public offering of Transfer Restricted Securities, cooperate with the selling Holders and their counsel in connection with the registration and qualification of the Transfer Restricted Securities under the securities or Blue Sky laws of such jurisdictions as the selling Holders may request and do any and all other acts or things necessary or advisable to enable the disposition in such jurisdictions of the Transfer Restricted Securities covered by the applicable Registration Statement; provided, however, that the Company shall not be required to register or qualify as a foreign corporation where the Company is not now so qualified or to take any action that would subject the Company to the service of process in suits or to taxation, other than as to matters and transactions relating to the Registration Statement, in any jurisdiction where the Company is not now so subject;

(xiii) issue, upon the request of any Holder of Preferred Stock or Exchange Debentures covered by any Shelf Registration Statement contemplated by this Agreement, New Preferred Stock or New Exchange Debentures, respectively, having an aggregate liquidation preference or an aggregate principal amount, as the case may be, equal to the aggregate liquidation preference of Preferred Stock or aggregate principal amount of Exchange Debentures surrendered to the Company by such Holder in exchange therefor or being sold by such Holder, such New Preferred Stock or New Exchange Debentures to be registered in the name of such Holder or in the name of the purchaser(s) of such New Preferred Stock or New Exchange Debentures, as the case may be; in

return, the Preferred Stock or Exchange Debentures, as the case may be, held by such Holder shall be surrendered to the Company for cancellation;

(xiv) in connection with any sale of Transfer Restricted Securities that will result in such securities no longer being Transfer Restricted Securities, cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing Transfer Restricted Securities to be sold and not bearing any restrictive legends; and to register such Transfer Restricted Securities in such denominations and such names as the selling Holders may request at least two Business Days prior to such sale of Transfer Restricted Securities;

(xv) provide a CUSIP number for all Transfer Restricted Securities not later than the effective date of a Registration Statement covering such Transfer Restricted Securities and provide the Transfer Agent under the Certificate of Designations or, if the Exchange Debentures have been issued in exchange for the Preferred Stock, the Exchange Trustee under the Exchange Indenture with printed certificates for the Transfer Restricted Securities which are in a form eligible for deposit with The Depository Trust Company;

(xvi) otherwise use all commercially reasonable efforts to comply with all applicable rules and regulations of the Commission, and make generally available to its security holders with regard to any applicable Registration Statement, as soon as practicable, a consolidated earnings statement meeting the requirements of Rule 158 (which need not be audited) covering a twelve-month period beginning after the effective date of the Registration Statement (as such term is defined in paragraph (c) of Rule 158 under the Act);

(xvii) cause the Exchange Indenture to be qualified under the TIA not later than the effective date of the first Registration Statement required by this Agreement and, in connection therewith, cooperate with the Exchange Trustee and the Holders to effect such changes to the Exchange Indenture as may be required for such Exchange Indenture to be so qualified in accordance with the terms of the TIA; and execute and use all commercially reasonable efforts to cause the Exchange Trustee to execute, all documents that may be required to effect such changes and all other forms and documents required to be filed with the Commission to enable such Exchange Indenture to be so qualified in a timely manner; and

(xviii) provide promptly to each Holder, upon request, each document filed with the Commission pursuant to the requirements of Section 13 or Section 15(d) of the Exchange Act.

(d) Restrictions on Holders. Each Holder agrees by acquisition of a Transfer Restricted Security that, upon receipt of the notice referred to in Section 6(c)(iii)(C) or any notice from the Company of the existence of any fact of the kind described in Section 6(c)(i) or Section 6(c)(iii)(D) hereof (in each case, a "Suspension Notice"), such Holder will forthwith discontinue disposition of Transfer Restricted Securities pursuant to the applicable Registration Statement until (i) such Holder has received copies of the supplemented or amended Prospectus contemplated by Section 6(c)(iv) hereof, or (ii) such Holder is advised in writing by the Company that the use of the Prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated by reference in the Prospectus (in each case, the "Recommencement Date"). Each Holder receiving a Suspension Notice hereby agrees that it will either (i) destroy any Prospectuses, other than permanent file copies, then in such Holder's possession which have been replaced by the Company with more recently dated Prospectuses or (ii) deliver to the Company (at the Company's expense) all copies, other than permanent file copies, then in such Holder's possession of the Prospectus covering such Transfer Restricted Securities that was current at the time of receipt of the Suspension Notice. The time period regarding the effectiveness of such Registration Statement set forth in

Section 3 or 4 hereof, as applicable, shall be extended by a number of days equal to the number of days in the period from and including the date of delivery of the Suspension Notice to the Recommencement Date.

SECTION 7. REGISTRATION EXPENSES

(a) All expenses incident to the Company's performance of or compliance with this Agreement will be borne by the Company, regardless of whether a Registration Statement becomes effective, including without limitation: (i) all registration and filing fees and expenses; (ii) all fees and expenses of compliance with federal securities and state Blue Sky or securities laws; (iii) all expenses of printing (including printing certificates for the New Preferred Stock or New Exchange Debentures to be issued in the Exchange Offer and printing of Prospectuses), messenger and delivery services and telephone; (iv) all fees and disbursements of counsel for the Company; (v) all application and filing fees in connection with listing the New Preferred Stock or New Exchange Debentures on a national securities exchange or automated quotation system pursuant to the requirements hereof; and (vi) all fees and disbursements of independent certified public accountants of the Company (including the expenses of any comfort letters required by or incident to such performance).

The Company will, in any event, bear its internal expenses (including, without limitation, all salaries and expenses of its officers and employees performing legal or accounting duties), the expenses of any Person retained by the Company.

(b) In connection with any Registration Statement required by this Agreement (including, without limitation, the Exchange Offer Registration Statement and the Shelf Registration Statement), the Company will reimburse the Initial Purchasers and the Holders of Transfer Restricted Securities being tendered in the Exchange Offer and/or resold pursuant to the "Plan of Distribution" contained in the Exchange Offer Registration Statement or registered pursuant to the Shelf Registration Statement, as applicable, for the reasonable fees and disbursements of not more than one counsel (not to exceed $25,000 if such counsel is Latham & Watkins), who shall be Latham & Watkins, unless another firm shall be chosen by the Holders of a majority in principal amount of the Transfer Restricted Securities for whose benefit such Registration Statement is being prepared.

SECTION 8. INDEMNIFICATION

(a) The Company agrees to indemnify and hold harmless (i) each Holder and (ii) each Person, if any, who controls any Holder within the meaning of either Section 15 of the Act or Section 20 of the Exchange Act (any of the persons referred to in this clause (ii) being hereinafter referred to as a "controlling person") and (iii) the respective officers, directors, partners, employees, representatives and agents of any Holder or any controlling person (any person referred to in clause (i), (ii) or (iii) may hereinafter be referred to as an "Indemnified Holder") from and against any and all losses, claims, damages and liabilities (including without limitation the legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted) caused by any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary prospectus or Prospectus (or any amendment or supplement thereto if the Company shall have furnished any amendments or supplements thereto), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any of the Holders furnished in writing to the Company by such Holder expressly for use therein.

(b) Each Holder of Transfer Restricted Securities agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers and each person who controls the Company within the meaning of Section 15 of the Act and Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to each of the Indemnified Holders, but only with reference to information relating to such Indemnified Holder furnished to the Company by such Indemnified Holder expressly for use in any Registration Statement or any amendment or supplement thereto.

(c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnity may be sought pursuant Section 8(a) or 8(b) hereof, such person (the "Indemnified Person") shall promptly notify the person against whom such indemnity may be sought (the "Indemnifying Person") in writing, and the Indemnifying Person, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary, (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such reasonable fees and expenses shall be reimbursed as they are incurred. Any such separate firm for the Indemnified Holders shall be designated in writing by a majority of the Indemnified Holders and any such separate firm for the Company, their directors, their officers and such control persons shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding.

(d) If the indemnification provided for in Section 8(a) or 8(b) is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Indemnified Holder on the other hand from their sale of Transfer Restricted Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and the Indemnified Holder on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative fault of the Company on the one hand and the Indemnified Holder on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied

by the Company or by the Indemnified Holder and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 8 were determined by pro rata allocation (even if the Holders or the Company were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 8, in no event shall a Holder or its related Indemnified Holders be required to contribute any amount in excess of the amount by which the total received by such Holder with respect to the sale of Transfer Restricted Securities pursuant to a Registration Statement exceeds the sum of (A) the amount paid by such Holder for such Transfer Restricted Securities plus (B) the amount of any damages that such Holder has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Holders' obligations to contribute pursuant to this Section 8 are several in proportion to the respective principal amount of the Transfer Restricted Securities held by each Holder hereunder and not joint.

The remedies provided for in this Section 8 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

SECTION 9. RULE 144A AND OTHER INFORMATION

The Company hereby agrees with each Holder, for so long as any Transfer Restricted Securities remain outstanding and during any period in which the Company is not subject to Section 13 or 15(d) of the Exchange Act, to make available to the Initial Purchasers and, upon request of any Holder of Transfer Restricted Securities, to any Holder or beneficial owner of Transfer Restricted Securities in connection with any sale thereof and any prospective purchaser of such Transfer Restricted Securities designated by such Holder or beneficial owner, the information required by Rule 144A(d)(4) under the Act in order to permit resales of such Transfer Restricted Securities pursuant to Rule 144A.

The Company hereby agrees with each of the Initial Purchasers, until the Consummation of the Exchange Offer, for a period of three years from the Closing Date, to furnish to the Initial Purchasers (i) copies of all reports or other communications (financial or other) furnished to shareholders of the Company in their capacity as such, (ii) copies of any reports and financial statements furnished to or filed with the Commission or any national securities exchange or inter-dealer quotation system and (iii) such additional information concerning the business and financial condition of the Company as the Initial Purchasers may reasonably request.

SECTION 10. MISCELLANEOUS

(a) Remedies. The Company acknowledges and agrees that any failure by the Company to comply with its obligations under Sections 3 and 4 hereof may result in material irreparable injury to the Initial Purchasers or the Holders for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of any such failure, the Initial Purchasers or any Holder may obtain such relief as may be required to specifically enforce the Company's obligations

under Sections 3 and 4 hereof. The Company further agrees to waive the defense in any action for specific performance that a remedy at law would be adequate.

(b) No Inconsistent Agreements. The Company will not, on or after the date of this Agreement, enter into any agreement with respect to its securities that is inconsistent with the rights granted to the Holders in this Agreement or otherwise conflicts with the provisions hereof. The rights granted to the Holders hereunder do not in any way conflict with and are not inconsistent with the rights granted to the holders of the Company's securities under any agreement in effect on the date hereof.

(c) Amendments and Waivers. The provisions of this Agreement may not be amended, modified or supplemented, and waivers or consents to or departures from the provisions hereof may not be given unless (i) in the case of Section 5 hereof and this Section 10(c)(i), the Company has obtained the written consent of Holders of all outstanding Transfer Restricted Securities and (ii) in the case of all other provisions hereof, the Company has obtained the written consent of Holders of a majority of the outstanding principal amount of Transfer Restricted Securities (excluding Transfer Restricted Securities held by the Company or its Affiliates). Notwithstanding the foregoing, a waiver or consent to departure from the provisions hereof that relates exclusively to the rights of Holders whose securities are being tendered pursuant to the Exchange Offer, and that does not affect directly or indirectly the rights of other Holders whose securities are not being tendered pursuant to such Exchange Offer, may be given by the Holders of a majority of the outstanding principal amount of Transfer Restricted Securities subject to such Exchange Offer.

(d) Third Party Beneficiary. The Holders shall be third party beneficiaries to the agreements made hereunder between the Company, on the one hand, and the Initial Purchasers, on the other hand, and shall have the right to enforce such agreements directly to the extent they may deem such enforcement necessary or advisable to protect its rights or the rights of Holders hereunder.

(e) Notices. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, first-class mail (registered or certified, return receipt requested), telex, telecopier, or air courier guaranteeing overnight delivery:

(i) if to a Holder of Stock, at the address set forth on the records of the Registrar under the Exchange Indenture, with a copy to such Registrar and if to a Holder of Debentures, at the address set forth on the records of the Registrar under the Certificate of Designations, with a copy to such Registrar; and

(ii) if to the Company, to:

Packaging Corporation of America
1900 West Field Court
Lake Forest, Illinois 60045
Telecopier No.: (847) 482-4559
Attention: Chief Financial Officer

With a copy to:

Kirkland & Ellis
200 East Randolph Drive
Chicago, Illinois 60601
Telecopier No.: (312) 861-2200
Attention: William S. Kirsch, P.C.

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when receipt acknowledged, if telecopied; and on the next business day, if timely delivered to an air courier guaranteeing overnight delivery.

Copies of all such notices, demands or other communications shall be concurrently delivered by the Person giving the same to the Transfer Agent at the address specified in the Certificate of Designations, or, if Exchange Debentures are issued in exchange for Preferred Stock, to the Exchange Trustee at the address specified in the Exchange Indenture.

Upon the date of filing of the Exchange Offer or a Shelf Registration Statement, as the case may be, notice shall be delivered to the Initial Purchasers in the form attached hereto as Exhibit A.

(f) Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including without limitation and without the need for an express assignment, subsequent Holders of Transfer Restricted Securities; provided, that nothing herein shall be deemed to permit any assignment, transfer or other disposition of Transfer Restricted Securities in violation of the terms hereof or of the Purchase Agreement, the Certificate of Designations or the Exchange Indenture. If any transferee of any Holder shall acquire Transfer Restricted Securities in any manner, whether by operation of law or otherwise, such Transfer Restricted Securities shall be held subject to all of the terms of this Agreement, and by taking and holding such Transfer Restricted Securities such Person shall be conclusively deemed to have agreed to be bound by and to perform all of the terms and provisions of this Agreement, including the restrictions on resale set forth in this Agreement and, if applicable, the Purchase Agreement, and such Person shall be entitled to receive the benefits hereof.

(g) Counterparts. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(h) Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(i) Governing Law. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO THE CONFLICT OF LAWS PROVISIONS THEREOF.

(j) Severability. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(k) Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the registration rights granted with respect to the Transfer Restricted Securities. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

PACKAGING CORPORATION OF AMERICA

By: /s/ Richard B. West

Name: Richard B. West
Title: Chief Financial Officer,
Secretary and Treasurer

J.P. MORGAN SECURITIES INC.
BT ALEX.BROWN INCORPORATED

BY: J.P. MORGAN SECURITIES INC.

BY: /s/ Kenneth A. Lang

Name: Kenneth A. Lang
Title: Managing Director

EXHIBIT 4.6

(FACE OF NOTE)

- ---

CUSIP_____

9 5/8% [SERIES A] [SERIES B] SENIOR SUBORDINATED NOTES DUE 2009

No. _____ $ _____

PACKAGING CORPORATION OF AMERICA

promises to pay to _____

or registered assigns, the principal sum of _____

Dollars on April 1, 2009.

Interest Payment Dates: April 1 and October 1

Record Dates: March 15 and September 15

PACKAGING CORPORATION OF AMERICA

BY:

Name:
Title:

BY:

Name:
Title:

This is one of the
[Global] Notes referred to in the
within-mentioned Indenture:

(SEAL)

UNITED STATES TRUST COMPANY OF NEW YORK,
as Trustee

By: Dated: April 12, 1999

Name:
Title:

- ---

(BACK OF NOTE)

9 5/8% [Series A] [Series B] Senior Subordinated Notes due 2009

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.07 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT TO THE DELIVERY OF SUCH EVIDENCE, IF ANY REQUIRED UNDER THE INDENTURE PURSUANT TO WHICH THIS NOTE IS ISSUED) AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(a) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (b) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (c) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 904 UNDER THE SECURITIES ACT OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), SUBJECT TO THE RECEIPT BY THE REGISTRAR OF A CERTIFICATION OF THE TRANSFEROR, (2) TO THE COMPANY OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER FROM IT OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTION SET FORTH IN (A) ABOVE.

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. INTEREST. Packaging Corporation of America, a Delaware corporation (the "COMPANY"), promises to pay interest on the principal amount of this Note at 9 5/8% per annum from April 12, 1999 until maturity and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Company shall pay interest and Liquidated Damages semi-annually on April 1 and October 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "INTEREST PAYMENT DATE"). Interest on the Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; PROVIDED that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; PROVIDED, further, that the first Interest Payment Date shall be October 1, 1999. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1.0% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

2. METHOD OF PAYMENT. The Company shall pay interest on the Notes (except defaulted interest) and Liquidated Damages to the Persons who are registered Holders of Notes at the close of business on the March 15 or September 15 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes shall be payable as to principal, premium and Liquidated Damages, if any, and interest at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest and Liquidated Damages may be made by check mailed to the Holders at their addresses set forth in the register of Holders; PROVIDED, that payment by wire transfer of immediately available funds shall be required with respect to principal of and interest, premium and Liquidated Damages on, all Global Notes and all other Notes the Holders of which own at least $1 million in aggregate principal amount of Notes and shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. PAYING AGENT AND REGISTRAR. Initially, United States Trust Company of New York, the Trustee under the Indenture, shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. INDENTURE. The Company issued the Notes under an Indenture dated as of April 12, 1999 ("INDENTURE") among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbbb) (the "TIA"). The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are obligations of the Company limited under the Indenture to $750.0 million in aggregate principal amount plus amounts, if any, issued to pay Liquidated Damages on outstanding Notes as set forth in Paragraph 2 hereof.

5. OPTIONAL REDEMPTION.

(a) Except as provided below, the Notes will not be redeemable at the Company's option prior to April 1, 2004. Thereafter, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below:

Year	Percentage
2004	104.8125%
2005	103.2083%
2006	101.6042%
2007 and thereafter	100.0000%

(b) Notwithstanding the foregoing, at any time or times on or before April 1, 2002, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture at a redemption price of 109.625% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more offerings of common stock of the Company or a capital contribution to the Company's common equity made with the net cash proceeds of an offering of common stock of the Company's direct or indirect parent or with Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the fourth paragraph of Section 4.10 of the Indenture); PROVIDED that:

(1) at least 65% of the aggregate principal amount of Notes issued under the Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company and its Subsidiaries); and

(2) such redemption shall occur within 60 days of the date of the closing of such offering, the making of such capital contribution or the consummation of a Timberlands Sale.

(c) At any time prior to April 1, 2004, the Company may also redeem the Notes, in whole but not in part, upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior written notice, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, thereon, to, the date of redemption.

6. MANDATORY REDEMPTION.

Except as set forth in Paragraph 7 below, the Company shall not be required to make mandatory redemption payments with respect to the Notes.

7. REPURCHASE AT OPTION OF HOLDER.

(a) Upon the occurrence of a Change of Control, the Company shall make an offer (a "CHANGE OF CONTROL OFFER") to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of each Holder's Notes at a purchase price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the date of repurchase (the "CHANGE OF CONTROL PAYMENT"). Within 30 days following any Change of Control, the Company shall mail a notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) If the Company or a Subsidiary consummates any Asset Sales, when the aggregate amount of Excess Proceeds exceeds $25.0 million, the Company shall be required to make an offer to all Holders of Notes and all holders of other Indebtedness that is PARI PASSU with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (an "ASSET SALE OFFER") to purchase the maximum principal amount of Notes and such other PARI PASSU Indebtedness that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the date of purchase, in accordance with the procedures set forth in the Indenture and such other Indebtedness. To the extent that any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other PARI PASSU Indebtedness tendered into such Asset Sale Offer surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such other PARI PASSU Indebtedness to be purchased on a PRO RATA basis. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes.

Notwithstanding the preceding paragraph and the first two paragraphs of Section 4.10 of the Indenture , the Company shall be permitted to apply up to $100.0 million of Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with Section 3.07(ii) of the Indenture) to repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any Equity Interests of the Company, or repurchase or redeem Subordinated Exchange Debentures, if:

(i) the repurchase, redemption, dividend or return of capital is consummated within 90 days of the final sale of such Timberlands Sale;

(ii) the Company's Debt to Cash Flow Ratio at the time of such Timberlands Repurchase, after giving pro forma effect to (A) such repurchase, redemption, dividend or return of capital, (B) the Timberlands Sale and the application of the net proceeds therefrom and (C) any increase or decrease in fiber, stumpage or similar costs as a result of the Timberlands Sale as if the same had occurred at the beginning of the most recently ended four full fiscal quarter period of the Company for which internal financial statements are available, would have been no greater than 4.5 to 1; and

(iii) in the case of a repurchase or redemption of all of the then outstanding Preferred Stock or Subordinated Exchange Debentures, no Timberlands Net Proceeds have previously been applied to redeem Notes or repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any other Equity Interests of the Company.

8. NOTICE OF REDEMPTION. Notice of redemption shall be mailed at least 30 days but not more than 60 days before a redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest shall cease to accrue on Notes or portions thereof called for redemption.

9. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

10. PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes under the Indenture.

11. AMENDMENT, SUPPLEMENT AND WAIVER. Subject to certain exceptions, the Indenture, the Notes or the Subsidiary Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes (and Additional Notes, if any) voting as a single class, and any existing default or compliance with any provision of the Indenture, the Notes or the Subsidiary Guarantees may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (and Additional Notes, if any) voting as a single class. Without the consent of any Holder of a Note, the Indenture, the Notes or the Subsidiary Guarantees may be amended or supplemented to cure any ambiguity, defect, error or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's or any Guarantor's obligations to Holders of Notes in the case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights under the Indenture of any such Holder, to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA, to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture or to allow any Guarantor to execute a supplemental indenture to the Indenture and/or a Subsidiary Guarantee with respect to the Notes.

12. DEFAULTS AND REMEDIES.

(a) Events of Default under the Indenture include: (i) default for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the Notes (whether or not prohibited by the subordination provisions of the Indenture); (ii) default in payment when due of the principal of or premium, if any, on the Notes (whether or not prohibited by the subordination provisions of the Indenture); (iii) failure by the Company or any of its Subsidiaries to comply with the provisions of Sections 4.10 or 5.01 of the Indenture; (iv) failure by the Company or any of its Subsidiaries for 30 days

after notice by the Trustee or by the Holders of at least 25% in principal amount of the Notes to comply with any of its other agreements in the Indenture; (v) default under any mortgage, indenture or instrument under which there is issued and outstanding any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, if that default (a) is caused by a failure to pay principal at the final stated maturity of such Indebtedness (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more; (vi) failure by the Company or any of its Restricted Subsidiaries to pay final nonappealable judgments aggregating in excess of $25.0 million, which judgments are not paid, discharged or stayed for a period of 90 days; (vii) except as permitted by the Indenture, any Subsidiary Guarantee by a Guarantor that is a Significant Subsidiary shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor that is a Significant Subsidiary, or any Person acting on behalf of any Guarantor that is a Significant Subsidiary, shall deny or disaffirm its obligations under its Subsidiary Guarantee; and (viii) certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries.

(b) If any Event of Default occurs and is continuing, the Trustee, upon request of the Holders of at least 25% in principal amount of the Notes then outstanding, or the Holders of at least 25% in principal amount of the Notes then outstanding may declare principal of, premium and accrued interest and Liquidated Damages, if any, on the Notes to be due and payable by notice in writing to the Company and the Trustee specifying the respective Event of Default and that such notice is an Acceleration Notice, and the same (i) shall become immediately due and payable or (ii) if there are any amounts outstanding under the Credit Agreement, shall become immediately due and payable upon the first to occur of (x) an acceleration under the Credit Agreement or (y) five Business Days after receipt by the Company and the Representative under the Credit Agreement of such Acceleration Notice but only if such Event of Default is then continuing. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company, all outstanding Notes shall become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of interest or Liquidated Damages on, or principal of, the Notes. The Company shall deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company, upon becoming aware of any Default or Event of Default, deliver to the Trustee a statement specifying such Default or Event of Default.

13. SUBORDINATION. Each Holder by accepting a Note agrees that the Indebtedness evidenced by the Note is subordinated and junior in right of payment, to the extent and in the manner provided in Article 10 of the Indenture, prior to the payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) of all Senior Debt of the Company (whether outstanding on the date of the Indenture or thereafter created, incurred,

assumed or guaranteed), and that the subordination is for the benefit of, and shall be enforceable directly by, the holders of Senior Debt of the Company.

14. SUBSIDIARY GUARANTEES. The payment of principal of, premium, and interest and Liquidated Damages, if any, on the Notes are unconditionally guaranteed, jointly and severally, on a senior subordinated basis (as provided in the Indenture) by the Guarantors.

15. TRUSTEE DEALINGS WITH COMPANY. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

16. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator or stockholder, of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes, the Subsidiary Guarantees, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of a Note by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

17. AUTHENTICATION. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

18. ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

19. ADDITIONAL RIGHTS OF HOLDERS OF RESTRICTED GLOBAL NOTES AND RESTRICTED DEFINITIVE NOTES. In addition to the rights provided to Holders of Notes under the Indenture, Holders of Initial Notes shall have all the rights set forth in the Registration Rights Agreement or, in the case of Additional Notes, Holders of Restricted Global Notes and Restricted Definitive Notes shall have the rights set forth in one or more registration rights agreements, if any, between the Company and the other parties thereto, relating to rights given by the Company to the purchasers of any Additional Notes.

20. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

Packaging Corporation of America
1900 West Field Court
Lake Forest, Illinois 60045
Telecopier No.: (847) 482-4559
Attention: Chief Financial Officer

ASSIGNMENT FORM

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

- ---

(Insert assignee's soc. sec. or tax I.D. no.)

- ---

- ---

- ---

- ---

(Print or type assignee's name, address and zip code)

and irrevocably appoint

---

to transfer this Note on the books of the Company. The agent may substitute another to act for him.

- ---

Date:

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Tax Identification No:

SIGNATURE GUARANTEE:

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.15 of the Indenture, check the box below:

/ / Section 4.10 / / Section 4.15

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased: $_____

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

Tax Identification No: _____

SIGNATURE GUARANTEE:

_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or for a Definitive Note, or exchanges of a part of another Global Note or Definitive Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Note Custodian
- --------	----------	----------	----------	----------

FORM OF NOTATION OF SUBSIDIARY GUARANTEE ON NOTE

For value received, each Guarantor (which term includes any successor Person under the Indenture) has, jointly and severally, unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture dated as of April 12, 1999 (the "Indenture") among Packaging Corporation of America (the "Company"), the Guarantors signatories thereto and United States Trust Company of New York, as trustee (the "Trustee"), (a) the due and punctual payment of the principal of, premium, if any, and interest on the Notes (as defined in the Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal and premium, and, to the extent permitted by law, interest, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Guarantors to the Holders of Notes and to the Trustee pursuant to the Subsidiary Guarantee and the Indenture are expressly set forth in Article 11 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Subsidiary Guarantee. Pursuant to Section 11.02 of the Indenture, the Obligations of each Guarantor under the Subsidiary Guarantee are subordinated and junior in right of payment to the prior payment of all Senior Debt (as defined in the Indenture) of each Guarantor on the same basis as the obligations on, or relating to the Notes, are subordinated and junior in right of payment to the prior payment of all Senior Debt of the Company pursuant to Article 10 of the Indenture. Each Holder of a Note, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes the Trustee, on behalf of such Holder, to make such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; PROVIDED, HOWEVER, that the Indebtedness evidenced by this Subsidiary Guarantee shall cease to be so subordinated and subject in right of payment upon any defeasance of this Note in accordance with the provisions of the Indenture.

[Guarantor]

By:

Name:
Title:

EXHIBIT 4.7

(FACE OF REGULATION S TEMPORARY GLOBAL NOTE)

- ---

CUSIP _____

9 5/8% [SERIES A] SENIOR SUBORDINATED NOTES DUE 2009

No. _____ $ _____

PACKAGING CORPORATION OF AMERICA

promises to pay to _____

or registered assigns, the principal sum of _____

Dollars on April 1, 2009.

Interest Payment Dates: April 1 and October 1.

Record Dates: March 15 and September 15.

PACKAGING CORPORATION OF AMERICA

BY:

Name:
Title:

BY:

Name:
Title:

This is one of the
Global Notes referred to in the
within-mentioned Indenture:

(SEAL)

UNITED STATES TRUST COMPANY OF NEW YORK
as Trustee

By: Dated: April 12, 1999

Name:
Title:

- ---

(BACK OF REGULATION S TEMPORARY GLOBAL NOTE)

9 5/8% Series A Senior Subordinated Notes due 2009

THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.07 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS NOTE MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT TO THE DELIVERY OF SUCH EVIDENCE, IF ANY REQUIRED UNDER THE INDENTURE PURSUANT TO WHICH THIS NOTE IS ISSUED) AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF THE COMPANY THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(a) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (b) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (c) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 904 UNDER THE SECURITIES ACT OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), SUBJECT TO THE RECEIPT BY THE REGISTRAR OF A CERTIFICATION OF THE TRANSFEROR, (2) TO THE COMPANY OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER FROM IT OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTION SET FORTH IN (A) ABOVE.

THE RIGHTS ATTACHING TO THIS REGULATION S TEMPORARY GLOBAL NOTE, AND THE CONDITIONS AND PROCEDURES GOVERNING ITS EXCHANGE FOR CERTIFICATED NOTES, ARE AS SPECIFIED IN THE INDENTURE (AS DEFINED HEREIN). NEITHER THE HOLDER

NOR THE BENEFICIAL OWNERS OF THIS REGULATION S TEMPORARY GLOBAL NOTE SHALL BE ENTITLED TO RECEIVE PAYMENT OF INTEREST HEREON.

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. INTEREST. Packaging Corporation of America, a Delaware corporation (the "COMPANY"), promises to pay interest on the principal amount of this Note at 9 5/8% per annum from April 12, 1999 until maturity and shall pay the Liquidated Damages payable pursuant to Section 5 of the Registration Rights Agreement referred to below. The Company shall pay interest and Liquidated Damages semi-annually on April 1 and October 1 of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "INTEREST PAYMENT DATE"). Interest on the Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; PROVIDED that if there is no existing Default in the payment of interest, and if this Note is authenticated between a record date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; PROVIDED, further, that the first Interest Payment Date shall be October 1, 1999. The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1.0% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest and Liquidated Damages (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

Until this Regulation S Temporary Global Note is exchanged for one or more Regulation S Permanent Global Notes, the Holder hereof shall not be entitled to receive payments of interest hereon; until so exchanged in full, this Regulation S Temporary Global Note shall in all other respects be entitled to the same benefits as other Notes under the Indenture.

2. METHOD OF PAYMENT. The Company shall pay interest on the Notes (except defaulted interest) and Liquidated Damages to the Persons who are registered Holders of Notes at the close of business on the March 15 or September 15 next preceding the Interest Payment Date, even if such Notes are canceled after such record date and on or before such Interest Payment Date, except as provided in Section 2.12 of the Indenture with respect to defaulted interest. The Notes shall be payable as to principal, premium and Liquidated Damages, if any, and interest at the office or agency of the Company maintained for such purpose within or without the City and State of New York, or, at the option of the Company, payment of interest and Liquidated Damages may be made by check mailed to the Holders at their addresses set forth in the register of Holders; PROVIDED, that payment by wire transfer of immediately available funds shall be required with respect to principal of and interest, premium and Liquidated Damages on, all Global Notes and all other Notes the Holders of which own at least $1 million in aggregate principal amount of Notes and shall have provided wire transfer instructions to the Company or the Paying Agent. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

3. PAYING AGENT AND REGISTRAR. Initially, United States Trust Company of New York, the Trustee under the Indenture, shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. INDENTURE. The Company issued the Notes under an Indenture dated as of April 12, 1999 ("INDENTURE") among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended (15 U.S. Code Sections 77aaa-77bbbb) (the "TIA"). The Notes are subject to all such terms, and Holders are referred to the Indenture and the TIA for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling. The Notes are obligations of the Company limited under the Indenture to $750.0 million in aggregate principal amount plus amounts, if any, issued to pay Liquidated Damages on outstanding Notes as set forth in Paragraph 2 hereof.

5. OPTIONAL REDEMPTION.

(a) Except as provided below, the Notes will not be redeemable at the Company's option prior to April 1, 2004. Thereafter, the Company may redeem all or a part of the Notes upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest and Liquidated Damages, if any, thereon to the applicable redemption date, if redeemed during the twelve-month period beginning on April 1 of the years indicated below:

Year	Percentage
2004	104.8125%
2005	103.2083%
2006	101.6042%
2007 and thereafter	100.0000%

(b) Notwithstanding the foregoing, at any time or times on or before April 1, 2002, the Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of Notes issued under this Indenture at a redemption price of 109.625% of the principal amount thereof, plus accrued and unpaid interest and Liquidated Damages, if any, to the redemption date, with the net cash proceeds of one or more offerings of common stock of the Company or a capital contribution to the Company's common equity made with the net cash proceeds of an offering of common stock of the Company's direct or indirect parent or with Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with the fourth paragraph of Section 4.10 of the Indenture); PROVIDED that:

(1) at least 65% of the aggregate principal amount of Notes issued under the Indenture remains outstanding immediately after the occurrence of such redemption (excluding Notes held by the Company and its Subsidiaries); and

(2) such redemption shall occur within 60 days of the date of the closing of such offering, the making of such capital contribution or the consummation of a Timberlands Sale.

(c) At any time prior to April 1, 2004, the Company may also redeem the Notes, in whole but not in part, upon the occurrence of a Change of Control, upon not less than 30 nor more than 60 days' prior written notice, at a redemption price equal to 100% of the principal amount thereof plus the Applicable Premium as of, and accrued and unpaid interest and Liquidated Damages, if any, thereon, to, the date of redemption.

6. MANDATORY REDEMPTION.

Except as set forth in Paragraph 7 below, the Company shall not be required to make mandatory redemption payments with respect to the Notes.

7. REPURCHASE AT OPTION OF HOLDER.

(a) Upon the occurrence of a Change of Control, the Company shall make an offer (a "CHANGE OF CONTROL OFFER") to repurchase all or any part (equal to $1,000 or an integral multiple thereof) of each Holder's Notes at a purchase price equal to 101% of the aggregate principal amount thereof, plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the date of repurchase (the "CHANGE OF CONTROL PAYMENT"). Within 30 days following any Change of Control, the Company shall mail a notice to each Holder setting forth the procedures governing the Change of Control Offer as required by the Indenture.

(b) If the Company or a Subsidiary consummates any Asset Sales, when the aggregate amount of Excess Proceeds exceeds $25.0 million, the Company shall be required to make an offer to all Holders of Notes and all holders of other Indebtedness that is PARI PASSU with the Notes containing provisions similar to those set forth in the Indenture with respect to offers to purchase or redeem with the proceeds of sales of assets (and "ASSET SALE OFFER") to purchase the maximum principal amount of Notes and such other PARI PASSU Indebtedness that may be purchased out of the Excess Proceeds, at an offer price in cash in an amount equal to 100% of the principal amount plus accrued and unpaid interest and Liquidated Damages thereon, if any, to the date of purchase, in accordance with the procedures set forth in the Indenture and such other Indebtedness. To the extent that any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other PARI PASSU Indebtedness tendered into such Asset Sale Offer surrendered by Holders thereof exceeds the amount of Excess Proceeds, the Trustee shall select the Notes and such other PARI PASSU Indebtedness to be purchased on a PRO RATA basis. Upon completion of such offer to purchase, the amount of Excess Proceeds shall be reset at zero. Holders of Notes that are the subject of an offer to purchase will receive an Asset Sale Offer from the Company prior to any related purchase date and may elect to have such Notes purchased by completing the form entitled "Option of Holder to Elect Purchase" on the reverse of the Notes.

Notwithstanding the preceding paragraph and the first two paragraphs of Section 4.10 of the Indenture , the Company shall be permitted to apply up to $100.0 million of Timberlands Net Proceeds (which amount shall be reduced on a dollar for dollar basis by the amount of Timberlands Net Proceeds used to make a Timberlands Repurchase in accordance with Section 3.07(ii) of the Indenture) to repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any Equity Interests of the Company, or repurchase or redeem Subordinated Exchange Debentures, if:

(i) the repurchase, redemption, dividend or return of capital is consummated within 90 days of the final sale of such Timberlands Sale;

(ii) the Company's Debt to Cash Flow Ratio at the time of such Timberlands Repurchase, after giving pro forma effect to (A) such repurchase, redemption, dividend or return of capital, (B) the Timberlands Sale and the application of the net proceeds therefrom and (C) any increase or decrease in fiber, stumpage or similar costs as a result of the Timberlands Sale as if the same had occurred at the beginning of the most recently ended four full fiscal quarter period of the Company for which internal financial statements are available, would have been no greater than 4.5 to 1; and

(iii) in the case of a repurchase or redemption of all of the then outstanding Preferred Stock or Subordinated Exchange Debentures, no Timberlands Net Proceeds have previously been applied to redeem Notes or repurchase or redeem, or pay a dividend on, or a return of capital with respect to, any other Equity Interests of the Company.

8. NOTICE OF REDEMPTION. Notice of redemption shall be mailed at least 30 days but not more than 60 days before a redemption date to each Holder whose Notes are to be redeemed at its registered address. Notes in denominations larger than $1,000 may be redeemed in part but only in whole multiples of $1,000, unless all of the Notes held by a Holder are to be redeemed. On and after the redemption date interest shall cease to accrue on Notes or portions thereof called for redemption.

9. DENOMINATIONS, TRANSFER, EXCHANGE. The Notes are in registered form without coupons in denominations of $1,000 and integral multiples of $1,000. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

This Regulation S Temporary Global Note is exchangeable in whole or in part for one or more Global Notes only (i) on or after the termination of the 40-day restricted period (as defined in Regulation S) and (ii) upon presentation of certificates (accompanied by an Opinion of Counsel, if applicable) required by Article 2 of the Indenture. Upon exchange of this Regulation S Temporary Global Note for one or more Global Notes, the Trustee shall cancel this Regulation S Temporary Global Note.

10. PERSONS DEEMED OWNERS. The registered Holder of a Note may be treated as its owner for all purposes under the Indenture.

11. AMENDMENT, SUPPLEMENT AND WAIVER. Subject to certain exceptions, the Indenture, the Notes or the Subsidiary Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the then outstanding Notes (and Additional Notes, if any) voting as a single class, and any existing default or compliance with any provision of the Indenture, the Notes or the Subsidiary Guarantees may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (and Additional Notes, if any) voting as a single class. Without the consent of any Holder of a Note, the Indenture, the Notes or the Subsidiary Guarantees may be amended or supplemented to cure any ambiguity, defect, error or inconsistency, to provide for uncertificated Notes in addition to or in place of certificated Notes, to provide for the assumption of the Company's or any Guarantor's obligations to Holders of Notes in the case of a merger or consolidation, to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights under the Indenture of any such Holder, to comply with the requirements of the SEC in order to effect or maintain the qualification of the Indenture under the TIA, to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture or to allow any Guarantor to execute a supplemental indenture to the Indenture and/or a Subsidiary Guarantee with respect to the Notes.

12. DEFAULTS AND REMEDIES.

(a) Events of Default under the Indenture include: (i) default for 30 days in the payment when due of interest on, or Liquidated Damages with respect to, the Notes (whether or not prohibited by the subordination provisions of the Indenture); (ii) default in payment when due of the principal of or premium, if any, on the Notes (whether or not prohibited by the subordination provisions of the Indenture); (iii) failure by the Company or any of its Subsidiaries to comply with the provisions of Sections 4.10 or 5.01 of the Indenture; (iv) failure by the Company or any of its Subsidiaries for 30 days after notice by the Trustee or by the Holders of at least 25% in principal amount of the Notes to comply with any of its other agreements in the Indenture; (v) default under any mortgage, indenture or instrument under which there is issued and outstanding any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or guarantee now exists, or is created after the date of the Indenture, if that default (a) is caused by a failure to pay principal at the final stated maturity of such Indebtedness (a "Payment Default") or (b) results in the acceleration of such Indebtedness prior to its express maturity and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more; (vi) failure by the Company or any of its Restricted Subsidiaries to pay final nonappealable judgments aggregating in excess of $25.0 million, which judgments are not paid, discharged or stayed for a period of 90 days; (vii) except as permitted by the Indenture, any Subsidiary Guarantee by a Guarantor that is a Significant Subsidiary shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor that is a Significant Subsidiary, or any Person acting on behalf of any Guarantor that is a Significant Subsidiary, shall deny or disaffirm its obligations under its Subsidiary Guarantee; and (viii) certain events of bankruptcy or insolvency with respect to the Company or any of its Significant Subsidiaries.

(b) If any Event of Default occurs and is continuing, the Trustee, upon request of the Holders of at least 25% in principal amount of the Notes then outstanding, or the Holders of at least 25% in principal amount of the Notes then outstanding may declare principal of, premium and accrued interest and Liquidated Damages, if any, on the Notes to be due and payable by notice in writing to the Company and the Trustee specifying the respective Event of Default and that such notice is an Acceleration Notice, and the same (i) shall become immediately due and payable or (ii) if there are any amounts outstanding under the Credit Agreement, shall become immediately due and payable upon the first to occur of (x) an acceleration under the Credit Agreement or (y) five Business Days after receipt by the Company and the Representative under the Credit Agreement of such Acceleration Notice but only if such Event of Default is then continuing. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company, all outstanding Notes shall become due and payable without further action or notice. Holders may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture, except a continuing Default or Event of Default in the payment of interest or Liquidated Damages on, or principal of, the Notes. The Company shall deliver to the Trustee annually a statement regarding compliance with the Indenture, and the Company, upon becoming aware of any Default or Event of Default, deliver to the Trustee a statement specifying such Default or Event of Default.

13. SUBORDINATION. Each Holder by accepting a Note agrees that the Indebtedness evidenced by the Note is subordinated and junior in right of payment, to the extent and in the manner provided in Article 10 of the Indenture, prior to the payment in full in cash or Cash Equivalents (other than Cash Equivalents of the type referred to in clauses (iii) and (iv) of the definition thereof) of all Senior Debt of the Company (whether outstanding on the date of the Indenture or thereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of, and shall be enforceable directly by, the holders of Senior Debt of the Company.

14. SUBSIDIARY GUARANTEES. The payment of principal of, premium, and interest and Liquidated Damages, if any, on the Notes are unconditionally guaranteed, jointly and severally, on a senior subordinated basis (as provided in the Indenture) by the Guarantors.

15. TRUSTEE DEALINGS WITH COMPANY. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

16. NO RECOURSE AGAINST OTHERS. No director, officer, employee, incorporator or stockholder, of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantor under the Notes, the Subsidiary Guarantees, the Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of a Note by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes.

17. AUTHENTICATION. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

18. ABBREVIATIONS. Customary abbreviations may be used in the name of a Holder or an assignee, such as: TEN COM (= tenants in common), TEN ENT (= tenants by the entirety), JT TEN (= joint tenants with right of survivorship and not as tenants in common), CUST (= Custodian), and U/G/M/A (= Uniform Gifts to Minors Act).

19. ADDITIONAL RIGHTS OF HOLDERS OF RESTRICTED GLOBAL NOTES AND RESTRICTED DEFINITIVE NOTES. In addition to the rights provided to Holders of Notes under the Indenture, Holders of Initial Notes shall have all the rights set forth in the Registration Rights Agreement or, in the case of Additional Notes, Holders of Restricted Global Notes and Restricted Definitive Notes shall have the rights set forth in one or more registration rights agreements, if any, between the Company and the other parties thereto, relating to rights given by the Company to the purchasers of any Additional Notes.

20. CUSIP NUMBERS. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

The Company shall furnish to any Holder upon written request and without charge a copy of the Indenture and/or the Registration Rights Agreement. Requests may be made to:

Packaging Corporation of America
1900 West Field Court
Lake Forest, Illinois 60045
Telecopier No.: (847) 482-4559
Attention: Chief Financial Officer

ASSIGNMENT FORM

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

- ---

(Insert assignee's soc. sec. or tax I.D. no.)

- ---

- ---

- ---

- ---

(Print or type assignee's name, address and zip code)

and irrevocably appoint

---

to transfer this Note on the books of the Company. The agent may substitute another to act for him.

- ---

Date:

Your Signature:

(Sign exactly as your name appears on the face of this Note)

Tax Identification No:

SIGNATURE GUARANTEE:

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.15 of the Indenture, check the appropriate box below:

/ / Section 4.10 / / Section 4.15

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.15 of the Indenture, state the amount you elect to have purchased: $_____

- ---

Date: _____

Your Signature: _____

(Sign exactly as your name appears on the face of this Note)

Tax Identification No: _____

SIGNATURE GUARANTEE:

_____

Signatures must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Registrar, which requirements include membership or participation in the Security Transfer Agent Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

SCHEDULE OF EXCHANGES OF REGULATION S TEMPORARY GLOBAL NOTE

The following exchanges of a part of this Regulation S Temporary Global Note for an interest in another Global Note, or of other Restricted Global Notes for an interest in this Regulation S Temporary Global Note, have been made:

Date of Exchange	Amount of decrease in Principal Amount of this Global Note	Amount of increase in Principal Amount of this Global Note	Principal Amount of this Global Note following such decrease (or increase)	Signature of authorized officer of Trustee or Note Custodian

FORM OF NOTATION OF SUBSIDIARY GUARANTEE ON NOTE

For value received, each Guarantor (which term includes any successor Person under the Indenture) has, jointly and severally, unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture dated as of April 12, 1999 (the "Indenture") among Packaging Corporation of America (the "Company"), the Guarantors signatories thereto and United States Trust Company of New York, as trustee (the "Trustee"), (a) the due and punctual payment of the principal of, premium, if any, and interest on the Notes (as defined in the Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal and premium, and, to the extent permitted by law, interest, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same will be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at stated maturity, by acceleration or otherwise. The obligations of the Guarantors to the Holders of Notes and to the Trustee pursuant to the Subsidiary Guarantee and the Indenture are expressly set forth in Article 11 of the Indenture and reference is hereby made to the Indenture for the precise terms of the Subsidiary Guarantee. Pursuant to Section 11.02 of the Indenture, the Obligations of each Guarantor under the Subsidiary Guarantee are subordinated and junior in right of payment to the prior payment of all Senior Debt (as defined in the Indenture) of each Guarantor on the same basis as the obligations on, or relating to the Notes, are subordinated and junior in right of payment to the prior payment of all Senior Debt of the Company pursuant to Article 10 of the Indenture. Each Holder of a Note, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes the Trustee, on behalf of such Holder, to make such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; PROVIDED, HOWEVER, that the Indebtedness evidenced by this Subsidiary Guarantee shall cease to be so subordinated and subject in right of payment upon any defeasance of this Note in accordance with the provisions of the Indenture.

[Guarantor]

By:

Name:
Title:

FORM OF
SENIOR EXCHANGEABLE PREFERRED STOCK
CERTIFICATE

[FACE OF SECURITY]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR IN ACCORDANCE WITH AN APPLICABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (SUBJECT TO THE DELIVERY OF SUCH EVIDENCE, IF ANY, REQUIRED UNDER THE CERTIFICATE OF DESIGNATIONS PURSUANT TO WHICH THIS SECURITY IS ISSUED) AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER JURISDICTION. EACH PURCHASER OF THE SECURITY EVIDENCED HEREBY IS HEREBY NOTIFIED THAT THE SELLER MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A OR REGULATION S THEREUNDER OR ANOTHER EXEMPTION UNDER THE SECURITIES ACT. THE HOLDER OF THE SECURITY EVIDENCED HEREBY AGREES FOR THE BENEFIT OF PACKAGING CORPORATION OF AMERICA THAT (A) SUCH SECURITY MAY BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(a) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (b) IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144 UNDER THE SECURITIES ACT, (c) OUTSIDE THE UNITED STATES TO A FOREIGN PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 904 UNDER THE SECURITIES ACT OR (d) IN ACCORDANCE WITH ANOTHER EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT (AND BASED UPON AN OPINION OF COUNSEL IF THE COMPANY SO REQUESTS), (2) TO PACKAGING CORPORATION OF AMERICA OR (3) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT AND, IN EACH CASE, IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER APPLICABLE JURISDICTION AND (B) THE HOLDER WILL AND EACH SUBSEQUENT HOLDER IS REQUIRED TO NOTIFY ANY PURCHASER FROM IT OF THE SECURITY EVIDENCED HEREBY OF THE RESALE RESTRICTIONS SET FORTH IN (A) ABOVE.

THIS GLOBAL CERTIFICATE IS HELD BY THE DEPOSITARY (AS DEFINED IN THIS CERTIFICATE OF DESIGNATIONS GOVERNING THIS SECURITY) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRANSFER AGENT MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 15.3 OF THE CERTIFICATE OF DESIGNATIONS, (II) THIS GLOBAL CERTIFICATE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 15.3(a) OF THE CERTIFICATE OF

DESIGNATIONS, (III) THIS GLOBAL CERTIFICATE MAY BE DELIVERED TO THE TRANSFER AGENT FOR CANCELLATION PURSUANT TO SECTION 15.8 OF THE CERTIFICATE OF DESIGNATIONS AND (IV) THIS GLOBAL CERTIFICATE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

Certificate Number: 1 CUSIP No.:

Number of Shares of Preferred Stock:

12 3/8% [Series B] Senior Exchangeable Preferred Stock due 2010
(par value $0.01 per share) (liquidation preference $100 per share)

of

Packaging Corporation of America

Packaging Corporation of America, a Delaware corporation (the "COMPANY"), hereby certifies that _____ _____ (the "HOLDER") is the registered owner of fully paid and non-assessable preferred securities of the Company designated the 12 3/8% [Series B] Senior Exchangeable Preferred Stock due 2010 (par value $0.01 per share) (liquidation preference $100 per share) (the "PREFERRED STOCK"). The shares of Preferred Stock are transferable on the books and records of the Registrar, in person or by a duly authorized attorney, upon surrender of this certificate duly endorsed and in proper form for transfer. The designation, rights, privileges, restrictions, preferences and other terms and provisions of the Preferred Stock represented hereby are issued and shall in all respects be subject to the provisions of the Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof, dated April 9, 1999, as the same may be amended from time to time (the "CERTIFICATE OF DESIGNATIONS"). The number of shares of Preferred Stock evidenced by this certificate shall be increased, from time to time, upon notice from the Company, for the payment of dividends in accordance with Section 3 of the Certificate of Designations. Capitalized terms used herein but not defined shall have the meaning given them in the Certificate of Designations. The Company will provide a copy of the Certificate of Designations to a Holder without charge upon written request to the Company at its principal place of business.

Reference is hereby made to select provisions of the Preferred Stock set forth on the reverse hereof, and to the Certificate of Designations, which select provisions and the Certificate of Designations shall for all purposes have the same effect as if set forth at this place.

Upon receipt of this certificate, the Holder is bound by the Certificate of Designations and is entitled to the benefits thereunder.

Unless the Transfer Agent's Certificate of Authentication hereon has been properly executed, these shares of Preferred Stock shall not be entitled to any benefit under the Certificate of Designations or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has executed this certificate this ___ day of_____, ____.

PACKAGING CORPORATION OF AMERICA

By: _____
Name:
Title:

By: _____
Name:
Title:

TRANSFER AGENT'S CERTIFICATE OF AUTHENTICATION

This certificate evidences the number of shares of the Preferred Stock set forth on the face hereof, which Preferred Stock is referred to in the within-mentioned Certificate of Designations.

Dated:

UNITED STATES TRUST COMPANY OF NEW YORK,
as Transfer Agent,

By:

Authorized Signatory

[REVERSE OF SECURITY]

Dividends on each share of Preferred Stock shall be payable at a rate per annum set forth in the face hereof or as provided in the Certificate of Designations.

The shares of Preferred Stock shall be redeemable as provided in the Certificate of Designations. The shares of Preferred Stock shall be exchangeable at the Company's option into the Company's 12 3/8% Subordinated Exchange Debentures due 2010 in the manner and according to the terms set forth in the Certificate of Designations.

As required under Delaware law, the Company shall furnish to any Holder upon request and without charge, a full summary statement of the designations, voting rights, preferences, limitations and special rights of the shares of each class or series authorized to be issued by the Company so far as they have been fixed and determined and the authority of the Board of Directors to fix and determine the designations, voting rights, preferences, limitations and special rights of the class and series of shares of the Company.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned assigns and transfers the shares of Preferred Stock evidenced hereby to: _____

_____

_____

(Insert assignee's social security or tax identification number)

_____

_____

(Insert address and zip code of assignee)

and irrevocably appoints:

_____

_____

agent to transfer the shares of Preferred Stock evidenced hereby on the books of the Transfer Agent and Registrar. The agent may substitute another to act for him or her.

Date: _____

Signature: _____

(Sign exactly as your name appears on the other side of this Preferred Stock Certificate)

Signature Guarantee:* _____

- ---

*(Signature must be guaranteed by an "eligible guarantor institution" that is, a bank, stockbroker, savings and loan association or credit union meeting the requirements of the Registrar, which requirements include membership or participation in the Securities Transfer Agents Medallion Program ("STAMP") or such other "signature guarantee program" as may be determined by the Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.)

EXHIBIT 10.1

EXECUTION COPY

$550,000,000
9 5/8% Senior Subordinated Notes due 2009

$100,000,000
12 3/8% Senior Exchangeable Preferred Stock due 2010

PACKAGING CORPORATION OF AMERICA

and the

GUARANTORS

Signatories Hereto

Purchase Agreement

March 30, 1999

J.P. Morgan Securities Inc.
BT Alex.Brown Incorporated
c/o J.P. Morgan Securities Inc.
60 Wall Street
New York, New York 10260-0060

Ladies and Gentlemen:

Packaging Corporation of America, a Delaware corporation (the "Company"), proposes to issue and sell to the several Initial Purchasers listed in Schedule I hereto (the "Initial Purchasers") $550.0 million in aggregate principal amount of its 9 5/8% Senior Subordinated Notes due 2009 (the "Notes") and $100.0 million in aggregate liquidation preference of its 12 3/8% Senior Exchangeable Preferred Stock due 2010 (the "Preferred Stock"). The Notes will be issued pursuant to the provisions of an Indenture to be dated as of April 12, 1999 (the "Indenture") among the Company, the guarantors listed on the signature pages hereof (the "Guarantors") and United States Trust Company of New York, as trustee (the "Trustee") and will be fully and unconditionally guaranteed (the "Guarantees"), jointly and severally, on a senior subordinated basis by each of the Guarantors. The Company and the Guarantors are collectively

referred to herein as the "Issuers." The Preferred Stock will be issued pursuant to a Certificate of Designations, Preferences and Relative, Participating, Optional and Other Special Rights of Preferred Stock and Qualifications, Limitations and Restrictions Thereof (the "Certificate of Designations") to be filed by the Company with the Delaware Secretary of State as an amendment to the Company's certificate of incorporation. The transfer agent of the Preferred Stock will be United States Trust Company of New York. The Preferred Stock may, under certain circumstances, be exchanged for the Company's 123/8% Subordinated Exchange Debentures due 2010 (the "Exchange Debentures" and, together with the Notes, the Preferred Stock and the Guarantees, the "Securities"). The Exchange Debentures, if issued, will be issued pursuant to an indenture (the "Exchange Indenture") between the Company and United States Trust Company of Texas, N.A., as trustee (the "Exchange Trustee").

The offering of the Securities is being made in connection with (i) the contribution (the "Contribution") by Tenneco Packaging Inc. ("TPI"), a wholly owned subsidiary of Tenneco Inc. ("Tenneco"), of its containerboard and corrugated packaging products business to the Company pursuant to that certain Contribution Agreement, dated as of January 25, 1999, among TPI, PCA Holdings and the Company (as the same may be amended or amended and restated, the "Contribution Agreement") and (ii) that certain bank credit facility (the "Senior Bank Financing") among TPI, as borrower until the Contribution is consummated, the Company, as borrower after the Contribution is consummated, various lenders, J.P. Morgan Securities Inc. and BT Alex.Brown Incorporated, as co-lead arrangers, Bankers Trust Company, as syndication agent and Morgan Trust Company of New York, as administrative agent. References in this Agreement to the "Transactions" shall include the offerings of the Notes and the Preferred Stock and the application of net proceeds therefrom, the Contribution, the Senior Bank Financing and the other transactions defined in the Offering Memorandum (as defined) as the "Transactions."

References in this Agreement to the "Company," to "subsidiaries" of the Company, to "Issuers" or to "Guarantors" shall be deemed to be references to such entities both before and immediately after giving effect to the Transactions (it being understood that prior to the Transactions the Company has no subsidiaries). Notwithstanding any of the provisions of this Agreement, all of the representations, warranties, covenants and agreements with respect to the Guarantors will become effective only as of the Closing Date.

The sale of the Securities to the Initial Purchasers will be made without registration of the Securities under the Securities Act of 1933, as amended (the "Securities Act"), in reliance upon exemptions therefrom.

In connection with the sale of the Securities, the Company has prepared a preliminary offering memorandum dated March 16, 1999 (the "Preliminary Memorandum") and has prepared a final offering memorandum dated the date hereof (the "Final Memorandum" and together with the Preliminary Memorandum, the "Offering Memorandum"), for the information of the Initial Purchasers and for delivery to prospective purchasers of the Securities. Any references herein to the Preliminary Memorandum, the Final Memorandum or the Offering Memorandum shall be deemed to include all amendments and supplements thereto.

The Initial Purchasers and their direct and indirect transferees will be entitled to the benefits of (i) a registration rights agreement with respect to the Notes (the "Notes Registration Rights Agreement"), to be dated as of the Closing Date (as defined) and to be substantially in the form attached hereto as Exhibit A, pursuant to which the Issuers will file one or more registration statements with the Securities and Exchange Commission (the "Commission") registering with the Commission the Company's 9 5/8% Senior Subordinated Notes due 2009 with terms substantially identical to those of the Notes (the "Exchange Notes") to be offered in exchange for the Notes, including guarantees substantially identical to those of the Guarantees (the "Exchange Guarantees"), and (ii) a registration rights agreement with respect to the Preferred Stock and the Exchange Debentures (the "Preferred Stock Registration Rights Agreement"), to be dated as of the Closing Date and to be substantially in the form attached hereto as Exhibit B, pursuant to which the Issuers will file one or more registration statements with the Commission registering with the Commission (a) the Company's 12 3/8% Senior Exchangeable Preferred Stock due 2010 with terms substantially identical to those of the Preferred Stock (the "New Preferred Stock") to be offered in exchange for the Preferred Stock and (b) the Company's 12 3/8% Subordinated Exchange Debentures due 2010 with terms substantially identical to those of the Exchange Debentures (the "New Exchange Debentures").

The Issuers agree with the Initial Purchasers as follows:

1. Upon the consummation of the Contribution, the Company agrees to issue and sell the Securities to the several Initial Purchasers as hereinafter provided, and each Initial Purchaser, upon the basis of the representations and warranties herein contained, but subject to the conditions hereinafter stated, agrees to purchase, severally and not jointly, the aggregate principal amount of Notes from the Issuers and the aggregate liquidation preference of Preferred Stock from the Company set forth opposite such Initial Purchaser's name in Schedule I hereto at a price (the "Purchase Price") equal to 97.0% of the principal amount of the Notes plus accrued interest, if any, from March 30, 1999 to the date of payment and delivery and 96.5% of the liquidation preference of the Preferred Stock plus accrued dividends, if any, from March 30, 1999 to the date of payment and delivery.

2. The Issuers understand that the Initial Purchasers intend (i) to offer the Securities to "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act, and to also offer the Notes pursuant to Regulation S under the Securities Act ("Regulation S"), their respective portions of the Securities as soon after this Agreement has become effective as in the judgment of the Initial Purchasers is advisable and (ii) initially to offer the Securities upon the terms set forth in this Agreement and in the Offering Memorandum.

The Issuers confirm that they have authorized the Initial Purchasers, subject to the restrictions set forth below, to distribute copies of the Offering Memorandum in connection with the offering of the Securities. Each Initial Purchaser hereby makes to the Issuers the following representations and agreements:

(i) it is a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act; and

(ii) (A) it will not solicit offers for, or offer to sell, the Securities by any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act ("Regulation D")) and (B) it will solicit offers for the Securities only from, and will offer the Securities only to, persons whom it reasonably believes to be, (x) in the case of offers of the Securities inside the United States, "qualified institutional buyers" within the meaning of Rule 144A under the Securities Act, and (y) in the case of offers of the Notes outside the United States, persons other than U.S. persons ("foreign purchasers," which term shall include dealers or other professional fiduciaries in the United States acting on a discretionary basis for foreign beneficial owners (other than an estate or trust)) that, in each case, in purchasing the Securities are deemed to have represented and agreed as provided in the Offering Memorandum.

With respect to offers and sales outside the United States, as described in clause (ii)(B)(y) above, each Initial Purchaser hereby represents and agrees with the Issuers that:

(i) it understands that no action has been or will be taken by the Issuers that would permit a public offering of the Notes, or possession or distribution of the Offering Memorandum or any other offering or publicity material relating to the Notes, in any country or jurisdiction where action for that purpose is required;

(ii) it will comply with all applicable laws and regulations in each jurisdiction in which it acquires, offers, sells or delivers Notes or has in its possession or distributes the Offering Memorandum or any such other material, in all cases at its own expense;

(iii) the Notes offered and sold by such Initial Purchaser pursuant hereto in reliance on Regulation S have been and will be offered and sold only in offshore transactions;

(iv) the sale of the Notes offered and sold by such Initial Purchaser pursuant hereto in reliance on Regulation S is not part of a plan or scheme to evade the registration provisions of the Securities Act;

(v) it understands that the Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;

(vi) it has not offered the Notes and will not offer and sell the Notes (a) as part of its distribution at any time and (b) otherwise prior to 40 days after the later of the commencement of the offering and the Closing Date, in either case except in accordance with Rule 903 of Regulation S (or Rule 144A, if available). Accordingly, neither such Initial Purchaser, nor any of its affiliates, nor any persons acting on its behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes, and such Initial Purchaser, its affiliates and any such persons have complied and will comply with the offering restrictions requirement of Regulation S; and

(vii) it agrees that, at or prior to confirmation of sales of the Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period a confirmation or notice to substantially the following effect:

> "The Notes covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise prior to 40 days after the closing of the offering, except in either case in accordance with Regulation S (or Rule 144A, if available) under the Securities Act. Terms used above have the meaning given to them by Regulation S."

Terms used in this Section 2 and not otherwise defined in this Agreement have the meanings given to them by Regulation S.

3. Payment for the Securities shall be made by wire transfer in immediately available funds to the account specified by the Company to the Initial Purchasers on April 12, 1999, or at such other time on the same or such other date, not later than the tenth Business Day thereafter, as the Initial Purchasers and the Company may agree upon in writing. The time and date of such payment are referred to herein as the "Closing Date." As used herein, the term "Business Day" means any day other than a day on which banks are permitted or required to be closed in New York City.

Payment for the Securities shall be made against delivery to the nominee of The Depository Trust Company for the respective accounts of the several Initial Purchasers of the Securities of one or more global notes (collectively, the "Global Note") representing the Notes and one or more global certificates (collectively, the "Global Certificate") representing the Preferred Stock. The Global Note and the Global Certificate will be made available for inspection by the Initial Purchasers at the office of Latham & Watkins, 885 Third Avenue, New York, New York 10022, not later than 1:00 P.M., New York City time, on the Business Day prior to the Closing Date.

4. The Issuers, jointly and severally, represent and warrant to each Initial Purchaser that:

(a) the Preliminary Memorandum did not, as of its date, and the Final Memorandum will not, in the form used by the Initial Purchasers to confirm sales of the Securities and as of the Closing Date, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in the light of the circumstances under which they were made, not misleading; provided, however, that this representation and warranty shall not apply to any statements or omissions made in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use therein;

(b) the financial statements, and the related notes thereto, included in the Offering Memorandum present fairly the consolidated financial position of the Company and its subsidiaries as of the dates indicated and the results of their operations and the changes in their consolidated cash flows for the periods specified; and said financial statements have been prepared in conformity with generally accepted accounting principles and practices applied on a consistent basis; and the pro forma financial information, and the related notes thereto, included in the Offering Memorandum is based upon good faith estimates and assumptions believed by the Issuers to be reasonable;

(c) since the respective dates as of which information is given in the Preliminary Memorandum and the Final Memorandum, there has not been any material adverse change, or any development which would reasonably be expected to result in a material adverse change, in or affecting the business, senior management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Final Memorandum;

(d) the statistical and market-related data included in the Offering Memorandum are based on or derived from sources which the Issuers believe to be reliable and accurate in all material respects;

(e) the Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of Delaware, with power and authority to own its properties and conduct its business as described in the Final Memorandum, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business, other than where the failure to be so qualified or in good standing would not, singly or in the aggregate, reasonably be expected to have a material adverse effect on the business, senior management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole (a "Material Adverse Effect");

(f) each of the Company's subsidiaries has been duly incorporated and is validly existing as a corporation under the laws of its jurisdiction of incorporation, with power and authority (corporate and other) to own its properties and conduct its business as described in the Offering Memorandum, and has been duly qualified as a foreign corporation for the transaction of business and is in good standing under the laws of each other jurisdiction in which it owns or leases properties or conducts any business, so as to require such qualification, other than where the failure to be so qualified or in good standing would not reasonably be expected to have a Material Adverse Effect;

(g) upon the consummation of the Transactions, the authorized capital stock of the Company will consist of (i) 1,000,000 shares of common stock, par value $.01 per share, and (ii) 3,100,000 shares of preferred stock consisting of (x) 3,000,000 shares of Preferred Stock and (y) 100 shares of junior preferred stock, par value $.01 per share. The outstanding capital stock of the Company has been duly authorized and is validly issued, fully-paid and non-assessable; upon the consummation of the Transactions, all of the outstanding shares of capital stock of each

subsidiary of the Company will be duly authorized, validly issued, fully-paid and non-assessable, and (except for any directors' qualifying shares) will be owned by the Company, directly or indirectly, free and clear of all liens, encumbrances, security interests and claims other than liens, encumbrances, security interests and claims created pursuant to the Senior Bank Financing;

(h) this Agreement has been duly authorized, executed and delivered by the Issuers;

(i) the Notes have been duly authorized by the Company and, when issued and delivered pursuant to this Agreement and authenticated by the Trustee in accordance with the Indenture and payment therefor is received, will be duly executed, authenticated, issued and delivered and will constitute valid and binding obligations of the Company entitled to the benefits provided by the Indenture, enforceable against the Company in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; the Indenture has been duly authorized by the Issuers and, when executed and delivered by the Issuers (assuming due execution and delivery by the Trustee), the Indenture will constitute a valid and binding instrument of the Issuers, enforceable against the Issuers in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Notes and the Indenture will conform in all material respects to the descriptions thereof in the Final Memorandum;

(j) the Guarantees have been duly authorized by the Guarantors and, when issued and delivered as contemplated by this Agreement and the Indenture, will be duly executed, issued and delivered and will constitute valid and binding obligations of the Guarantors entitled to the benefits provided by the Indenture, enforceable against the Guarantors in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Guarantees will conform in all material respects to the descriptions thereof in the Final Memorandum;

(k) the Exchange Notes have been duly authorized by the Company and, if and when duly issued and authenticated in accordance with the terms of the Indenture and, assuming due authentication of the Exchange Notes by the Trustee, upon delivery in accordance with the exchange offer provided for in the Notes Registration Rights Agreement, will be duly executed, authenticated, issued and delivered and will constitute valid and binding obligations of the Company entitled to the benefits provided by the Indenture, enforceable against the Company in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Exchange Notes will conform in all material respects to the descriptions thereof in the Final Memorandum;

(l) the Exchange Guarantees have been duly authorized by the Guarantors and, if and when, issued and delivered in accordance with the terms of the Notes Registration Rights Agreement and the Indenture, will be duly executed, issued and delivered and will constitute

valid and binding obligations of the Guarantors entitled to the benefits provided by the Indenture, enforceable against the Guarantors in accordance with their terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles; and the Exchange Guarantees will conform in all material respects to the descriptions thereof in the Final Memorandum;

(m) the Notes Registration Rights Agreement has been duly authorized by the Issuers and, when duly executed and delivered by the Issuers (assuming due execution and delivery by the Initial Purchasers), will constitute a valid and binding agreement of the Issuers, enforceable against the Issuers in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles, except that the enforceability of any indemnification or contribution provisions thereof may be limited under applicable securities laws or the public policies underlying such laws; and the Notes Registration Rights Agreement will conform in all material respects to the descriptions thereof in the Final Memorandum;

(n) the shares of Preferred Stock have been duly authorized by the Company and, when issued and delivered pursuant to this Agreement, will be validly issued, fully-paid and non-assessable and entitled to the rights, privileges and preferences set forth in the Certificate of Designations, and the issuance of such shares will not be subject to any preemptive or similar rights; the Certificate of Designations has been duly authorized by all necessary corporate and all necessary stockholder action of the Company and, on the Closing Date, will have been duly executed by the Company and filed with the Secretary of State of Delaware; and the Preferred Stock and the Certificate of Designations will conform in all material respects to the descriptions thereof in the Final Memorandum;

(o) the unissued shares of New Preferred Stock have been duly authorized by the Company and, if and when issued by the Company in accordance with the exchange offer provided for in the Preferred Stock Registration Rights Agreement, will be fully-paid and non-assessable and entitled to the rights, privileges and preferences set forth in the Certificate of Designations, and the issuance of such shares will not be subject to any preemptive or similar rights; and the New Preferred Stock will conform in all material respects to the descriptions thereof in the Final Memorandum;

(p) the Preferred Stock Registration Rights Agreement has been duly authorized by the Company and, when duly executed and delivered by the Company (assuming due execution and delivery by the Initial Purchasers), will constitute a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, subject, as to enforcement, to bankruptcy, insolvency, reorganization and other laws of general applicability relating to or affecting creditors' rights and to general equity principles, except that the enforceability of any indemnification or contribution provisions thereof may be limited under applicable securities laws or the public policies underlying such laws; and the Preferred Stock Registration Rights Agreement will conform in all material respects to the descriptions thereof in the Final Memorandum;

(q) the Contribution Agreement has been duly authorized, executed and delivered by the Company;

(r) the filing of the Certificate of Designations by the Company with the Secretary of State of Delaware does not conflict with or result in a breach or violation of any of the terms or provisions of, or (with the giving of notice or the lapse of time or both) constitute a default under, any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries is bound or to which any of the properties or assets of the Company or any of its subsidiaries is subject;

(s) neither the Company nor any of its subsidiaries is, or with the giving of notice or lapse of time or both would be, in violation of or in default under, its certificate of incorporation or by-laws or any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them or any of their respective properties is bound, except, in the case of any indenture, mortgage, deed of trust, loan agreement or other agreement, for violations and defaults which would not have a Material Adverse Effect;

(t) the execution and delivery of this Agreement, the Certificate of Designations, the Notes Registration Rights Agreement, the Preferred Stock Registration Rights Agreement, the Exchange Indenture and the Indenture, the performance by the Company and the Guarantors of their respective obligations hereunder and thereunder and the consummation of the transactions contemplated hereby and thereby will not (i) violate the certificate or articles of incorporation (as applicable) or bylaws of the Company or any Guarantor, (ii) constitute a violation by the Company or any Guarantor of any applicable provision of any law, statute or regulation, except for violations which would not have a Material Adverse Effect, or (iii) breach, or result in a default under any agreement known to the Company's executive officers to be material to the Company and its subsidiaries taken as a whole, except for conflicts or breaches which would not have a Material Adverse Effect, and no consent, approval, authorization, order, license, registration or qualification of or with any such court or governmental agency or body is required for the issue and sale of the Securities or the consummation by the Issuers of the other Transactions, except such consents, approvals, authorizations, orders, licenses, registrations or qualifications (i) as have been obtained, (ii) as may be required under (A) state securities or blue sky laws in connection with the purchase and distribution of the Securities by the Initial Purchasers, (B) the Securities Act with respect to the registration of the Exchange Notes, the New Preferred Stock and the New Exchange Debentures pursuant to the terms of the Notes Registration Rights Agreement and the Preferred Stock Registration Rights Agreement, as applicable or (C) the Trust Indenture Act of 1939, as amended (the "TIA"), with respect to the registration of the Exchange Notes and the New Exchange Debentures pursuant to the terms of the Notes Registration Rights Agreement and the Preferred Stock Registration Rights Agreement, as applicable or (iii) the failure to obtain of which would not have a Material Adverse Effect;

(u) the fair saleable value of the assets of the Company exceeds the amount that will be required to be paid on or in respect of the existing debts and other liabilities (including contingent liabilities) of the Company as they mature; the assets of the Company do not constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted; the Company does not intend to, and does not believe that it will, incur debts beyond its ability to pay such debts as they mature; upon the consummation of the Transactions, the fair saleable value of the assets of the Company and its subsidiaries taken as a whole, will exceed the amount that will be required to be paid on or in respect of the existing debts and other liabilities (including contingent liabilities) of the Company and its subsidiaries, taken as a whole, as they mature; the assets of the Company and its subsidiaries do not, and upon the consummation of the Transactions will not, constitute unreasonably small capital for the Company and its subsidiaries to carry out their respective businesses as now conducted or as proposed to be conducted including the capital needs of the Company and its subsidiaries, and projected capital requirements of the business conducted by the Company and each of its subsidiaries, and projected capital requirements and capital availability thereof; and the Company does not intend to, and does not intend to permit any of its subsidiaries to, incur debts beyond their respective ability to pay such debts as they mature;

(v) other than as set forth or contemplated in the Final Memorandum, there are no legal or governmental investigations of which the Company has received notice or proceedings pending against or affecting the Company or any of its subsidiaries or any of their respective properties which, if determined adversely to the Company or any of its subsidiaries, would reasonably be expected to have a Material Adverse Effect; and, to the Company's knowledge, no such proceedings are threatened or contemplated by governmental authorities or threatened by others;

(w) there are no court and administrative orders, writs, judgments and decrees specifically directed to the Company or any of its subsidiaries and known to the Company's executive officers to be material to the Company and its subsidiaries taken as a whole;

(x) the Company and its subsidiaries have good and marketable title in fee simple to all real property and good and marketable title to all personal property owned by them, in each case free and clear of all liens, encumbrances and defects except such as are described or referred to in the Offering Memorandum or such as would not have a Material Adverse Effect; and any real property and buildings held under lease or cutting rights by the Company and its subsidiaries are held by them under valid, existing and enforceable leases or other agreements with such exceptions as would not have a Material Adverse Effect;

(y) each of the Company and its subsidiaries owns, possesses or has obtained all licenses, permits, certificates, consents, orders, approvals and other authorizations from, and has made all declarations and filings with, all federal, state, local and other governmental authorities (including foreign regulatory agencies), all self-regulatory organizations and all courts and other tribunals, domestic or foreign, necessary to own or lease, as the case may be, and to operate its properties and to carry on its business as conducted as of the date hereof and as of the Closing Date in each case except as disclosed in the Offering Memorandum and except where such

failure to own, possess or obtain necessary licenses, permits, certificates, consents, orders, approvals or authorizations or failure to make necessary declarations and filings would not, singly or in the aggregate, have a Material Adverse Effect, and neither the Company nor any such subsidiary has received any actual notice of any proceeding relating to revocation or modification of any such license, permit, certificate, consent, order, approval or other authorization, except as described in the Offering Memorandum and except as would not have a Material Adverse Effect; and each of the Company and its subsidiaries is in compliance with all laws and regulations (other than Environmental Laws (as defined herein)) relating to the conduct of its business as conducted as of the date hereof and as of the Closing Date, except where the failure to comply would not have a Material Adverse Effect;

(z) the Company and its subsidiaries (i) are in compliance with any and all applicable foreign, federal, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants ("Environmental Laws"), (ii) have received all permits, licenses or other approvals required of them under applicable Environmental Laws to conduct their respective businesses and (iii) are in compliance with all terms and conditions of any such permit, license or approval, except as disclosed in the Offering Memorandum or except where such noncompliance with Environmental Laws, failure to receive required permits, licenses or other approvals or failure to comply with the terms and conditions of such permits, licenses or approvals would not, singly or in the aggregate, have a Material Adverse Effect;

(aa) in the ordinary course of its business, the Company conducts a periodic review of the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which it identifies and evaluates associated costs and liabilities; on the basis of such review, the Company has reasonably concluded that, except as disclosed in the Offering Memorandum, such associated costs and liabilities would not, singly or in the aggregate, have a Material Adverse Effect;

(bb) when the Securities are issued and delivered pursuant to this Agreement, the Securities will not be of the same class (within the meaning of Rule 144A under the Securities Act) as any securities that are listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system;

(cc) neither the Company nor any affiliate (as defined in Rule 501(b) of Regulation D) of the Company has directly, or through any agent, sold, offered for sale, solicited offers to buy or otherwise negotiated in respect of, any security which is or will be integrated with the sale of the Securities in a manner that would require the registration under the Securities Act of the offering and sale of the Securities;

(dd) none of the Issuers, any affiliate of the any Issuer or any person acting on its or their behalf (other than the Initial Purchasers, as to whom the Issuers make no representation) has offered or sold any Securities by means of any general solicitation or general advertising within the meaning of Rule 502(c) under the Act or, with respect to Notes sold outside the United States to non-U.S. persons (as defined in Rule 902 under the Securities Act), by means of any directed

selling efforts within the meaning of Rule 902 under the Securities Act and the Company, any affiliate of the Company and any person acting on its or their behalf has complied with and will implement the "offering restrictions" requirements of Regulation S;

(ee) the Notes offered and sold in reliance on Regulation S have been and will be offered and sold only in offshore transactions;

(ff) prior to the date hereof, neither the Company nor any of its affiliates has taken any action which is designed to or which has constituted or which might have been expected to cause or result in stabilization or manipulation of the price of any security of the Company in connection with the offering of the Securities;

(gg) none of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Securities) will violate or result in a violation of Section 7 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or any regulation promulgated thereunder, including, without limitation, Regulations T, U, and X of the Board of Governors of the Federal Reserve System;

(hh) Arthur Andersen LLP, who has certified certain historical financial information of the containerboard and corrugated packaging products group of TPI and its subsidiaries and Ernst & Young LLP, who has certified certain pro forma financial information of the Company and its subsidiaries, are each, to the Company's knowledge, independent public accountants as required by the Securities Act;

(ii) no Issuer is, or after giving effect to the offering and sale of the Securities and the application of the proceeds therefrom as described in the Final Memorandum, will be an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "Investment Company Act"); and

(jj) assuming the accuracy of the representations of the Initial Purchasers contained in Section 2 hereof, it is not necessary in connection with the offer, sale and delivery of the Securities in the manner contemplated by this Agreement and the Offering Memorandum to register the Securities under the Securities Act or to qualify the Indenture or the Exchange Indenture under the TIA.

5. The Issuers, jointly and severally, covenant and agree with each of the several Initial Purchasers as follows:

(a) to deliver to the Initial Purchasers as many copies of the Preliminary Memorandum and the Final Memorandum (including all amendments and supplements thereto) as the Initial Purchasers or their counsel may reasonably request;

(b) before distributing any amendment or supplement to the Offering Memorandum, to furnish to the Initial Purchasers a copy of the proposed amendment or supplement for review

and not to distribute any such proposed amendment or supplement to which the Initial Purchasers or their counsel reasonably object;

(c) if, at any time prior to the expiration of nine months after the date of the Final Memorandum, any event shall occur as a result of which it is necessary in the reasonable opinion of counsel to the Initial Purchasers to amend or supplement the Final Memorandum in order to make the statements contained therein, in the light of the circumstances when such Final Memorandum is delivered, not misleading, or if in the reasonable opinion of counsel to the Initial Purchasers it is necessary to amend or supplement the Final Memorandum to comply with law, forthwith to prepare and furnish, at the expense of the Issuers, to the Initial Purchasers and to the dealers (whose names and addresses the Initial Purchasers will furnish to the Issuers) to which Securities may have been sold by the Initial Purchasers and to any other dealers upon request, such reasonable number of amendments or supplements to the Final Memorandum as may be necessary so that the statements in the Final Memorandum as so amended or supplemented will not, in light of the circumstances when the Final Memorandum is delivered, be misleading or so that the Final Memorandum will comply with law;

(d) to cooperate with the Initial Purchasers and their counsel in connection with the qualification of the Securities for offer and sale under the state securities or blue sky laws of such jurisdictions as the Initial Purchasers shall reasonably request and to comply with such laws and to continue such qualification in effect so long as reasonably required for distribution of the Securities; provided that none of the Issuers shall be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction;

(e) whether or not the transactions contemplated in this Agreement are consummated or this Agreement is terminated, to pay or cause to be paid all costs and expenses incident to the performance of their obligations hereunder, including all fees, costs and expenses (i) incurred by the Company incident to the preparation, issuance, execution, authentication and delivery of the Securities, including any expenses of the Trustee or the Exchange Trustee, (ii) incurred by the Company incident to the preparation, printing and distribution of the Preliminary Memorandum and the Final Memorandum (including in each case all exhibits, amendments and supplements thereto), (iii) incurred in connection with the registration or qualification and determination of eligibility for investment of the Securities under the laws of such jurisdictions as the Initial Purchasers may reasonably designate (including reasonable fees of counsel for the Initial Purchasers and their reasonable disbursements in connection therewith), (iv) in connection with the approval for trading of the Securities on any securities exchange or inter-dealer quotation system (as well as in connection with the designation of the Securities as PORTAL securities, if so requested), (v) in connection with the printing (including word processing and duplication costs) and delivery of this Agreement, the Indenture, the Certificate of Designations, the Exchange Indenture and the Preliminary and Final Blue Sky Memoranda and the furnishing to the Initial Purchasers and dealers of copies of the Offering Memorandum, including mailing and shipping, as herein provided and (vi) payable to rating agencies in connection with the rating of the Securities; provided, however, that except as provided in this Section and Sections 1, 7 and 10 hereof, the Initial Purchasers will pay all of their own fees, costs and expenses incurred in their capacity as Initial Purchasers, including the fees and expenses of their counsel, transfer

taxes on resale of any of the Securities by them and any advertising expenses connected with any offers they may make; provided further, however, that the Company agrees to pay or cause to be paid 50% of all fees, costs and expenses in connection with "road show" presentations to potential investors in an amount not to exceed $150,000;

(f) to use the net proceeds received by it from the sale of the Securities pursuant to this Agreement in the manner specified and under the circumstances assumed in the Final Memorandum under the caption "Use of Proceeds";

(g) during the period beginning after the date hereof and continuing until the date six months after the Closing Date, not to offer, sell, contract to sell, or otherwise dispose of any securities of the Company that are substantially similar to the Securities without the consent of the Initial Purchasers;

(h) not to take any action prohibited by Regulation M under the Exchange Act in connection with the distribution of the Securities contemplated hereby;

(i) that none of the Issuers, any of their affiliates (as defined in Rule 501(b) under the Securities Act) or any person acting on behalf of the Company or such affiliate will solicit any offer to buy or offer or sell the Securities by means of any form of general solicitation or general advertising, including: (i) any advertisement, article, notice or other communication published in any newspaper, magazine or similar medium or broadcast over television or radio; and (ii) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising;

(j) that none of the Issuers, any of their affiliates (as defined in Rule 144(a)(1) under the Securities Act) or any person acting on behalf of any of the foregoing will engage in any directed selling efforts with respect to the Securities within the meaning of Regulation S;

(k) that none of the Company, any of its affiliates (as defined in Regulation 501(b) of Regulation D) or any person acting on behalf of any of the foregoing will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) which will be integrated with the sale of the Securities in a manner which would require the registration under the Securities Act of the Securities and the Issuers will take all action that is appropriate or necessary to assure that their offerings of other securities will not be integrated for purposes of the Securities Act with the offerings contemplated hereby;

(l) to obtain the approval of DTC for "book-entry" transfer of the Securities;

(m) if requested by the Initial Purchasers, to use their best efforts to cause the Securities to be eligible for the PORTAL trading system of the National Association of Securities Dealers, Inc.;

(n) in the case of the Company, to cause the Guarantors to become party to this Agreement by executing the signature pages hereto immediately after the consummation of the Contribution; and

(o) to use their reasonable best efforts to do and perform all things required or necessary to be done and performed under this Agreement by them prior to the Closing Date and to satisfy all conditions precedent to the delivery of the Securities.

6. The several obligations of the Initial Purchasers hereunder to purchase the Securities on the Closing Date are subject to the performance by the Issuers of their obligations hereunder and to the following additional conditions:

(a) the representations and warranties of the Issuers contained herein are true and correct on and as of the Closing Date as if made on and as of the Closing Date and the Issuers shall have complied with all agreements and all conditions on their part to be performed or satisfied hereunder at or prior to the Closing Date;

(b) subsequent to the execution and delivery of this Agreement and prior to the Closing Date, there shall not have occurred any downgrading, suspension or withdrawal in the rating accorded any securities of the Company by any "nationally recognized statistical rating organization," as such term is defined for purposes of Rule 436(g)(2) under the Securities Act and no such organization shall have publicly announced that it has under surveillance or review, with negative implications, its rating of any of the Company's securities;

(c) since the respective dates as of which information is given in the Offering Memorandum there shall not have been any change in the capital stock or long-term debt of the Company or any of its subsidiaries or any material adverse change or any development which would reasonably be expected to result in a material adverse change, in or affecting the business, senior management, financial position, stockholders' equity or results of operations of the Company and its subsidiaries, taken as a whole, otherwise than as set forth or contemplated in the Final Memorandum, the effect of which in the judgment of the Initial Purchasers makes it impracticable or inadvisable to proceed with the offerings or the delivery of the Securities on the Closing Date on the terms and in the manner contemplated in the Offering Memorandum;

(d) the Initial Purchasers shall have received on and as of the Closing Date a certificate of an officer of each of the Issuers, with specific knowledge about such Issuers' financial matters, reasonably satisfactory to the Initial Purchasers to the effect set forth in subsections (a) and (b) of this Section;

(e) Kirkland & Ellis, counsel for the Company, shall have furnished to the Initial Purchasers its written opinion, substantially in the form of Exhibit A attached hereto;

(f) Jenner & Block, counsel for TPI, shall have furnished to the Initial Purchasers its written opinion, dated the Closing Date, in form and substance satisfactory to the Initial Purchasers, to the effect that:

(i) each of the Guarantors has been duly incorporated; and

(ii) each of the Guarantors has all necessary corporate power and authority necessary to own its properties and to conduct its containerboard and corrugated

packaging products business in the manner and in the locations presently owned and conducted;

(g) on the date of the Offering Memorandum and on the Closing Date, Arthur Andersen LLP and Ernst & Young LLP shall have each furnished to the Initial Purchasers letters, dated the respective dates of delivery thereof, in form and substance satisfactory to the Initial Purchasers, containing statements and information of the type customarily included in accountants "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Offering Memorandum;

(h) the Initial Purchasers shall have received an opinion of Latham & Watkins, counsel to the Initial Purchasers, dated the Closing Date, in form and substance reasonably satisfactory to the Initial Purchasers;

(i) the Initial Purchasers shall have received a certificate of the Company, dated the Closing Date, in form and substance satisfactory to the Initial Purchasers and counsel for the Initial Purchasers, as to the solvency of the Company following the Transactions;

(j) the Securities shall have been approved for trading and duly listed on PORTAL;

(k) the Initial Purchasers shall have received counterparts, conformed as executed, of the Indenture which shall have been entered into by the Company, the Guarantors and the Trustee;

(l) the Certificate of Designations shall have been duly filed and recorded with the Secretary of State of Delaware;

(m) the Initial Purchasers shall have received counterparts, conformed as executed, of the Exchange Indenture which shall have been entered into by the Company and the Exchange Trustee;

(n) the Initial Purchasers shall have received counterparts, conformed as executed, of the Notes Registration Rights Agreement which shall have been entered into by the Company and the Initial Purchasers;

(o) the Initial Purchasers shall have received counterparts, conformed as executed, of the Preferred Stock Registration Rights Agreement which shall have been entered into by the Company and the Initial Purchasers;

(p) the Contribution and the Senior Bank Financing shall be consummated prior to or simultaneously with the offering of the Securities on the terms described in the Offering Memorandum and the Initial Purchasers shall have received counterparts, conformed as executed, of the exhibits to the Contribution Agreement described in the Offering Memorandum under the caption "Certain Transactions," the documents governing the Senior Bank Financing and such other documentation as they deem necessary to evidence the consummation thereof;

(q) in the case of the offering and sale of the Notes, the offering and sale of the Preferred Stock shall have been consummated prior to or simultaneously with the offering and sale of the Notes; and

(r) on or prior to the Closing Date the Company shall have furnished to the Initial Purchasers such further certificates and documents as the Initial Purchasers shall reasonably request.

7. The Issuers, jointly and severally, agree to indemnify and hold harmless each Initial Purchaser, each affiliate of any Initial Purchaser which assists such Initial Purchaser in the distribution of the Securities and each person, if any, who controls any Initial Purchaser within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including without limitation the legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted) caused by any untrue statement or alleged untrue statement of a material fact contained in the Offering Memorandum (and any amendment or supplement thereto if the Company shall have furnished any amendments or supplements thereto) or any preliminary offering memorandum, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with information relating to any Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use therein; provided, however, that the indemnification contained in this paragraph shall not inure to the benefit of the Initial Purchasers (or to the benefit of any person controlling the Initial Purchasers) on account of any such loss, claim, damage, liability or expense arising from the sale of the Securities by the Initial Purchasers to any person if a copy of the Final Memorandum (as then amended or supplemented if the Company shall have furnished any amendments or supplements thereto) shall not have been delivered or sent to such person and any untrue statement of a material fact contained in, and any omission or alleged omission of a material fact from, such Offering Memorandum was corrected in the Final Memorandum (as so amended or supplemented) and it shall have been determined that any Initial Purchaser and each person, if any, who controls such Initial Purchasers would not have incurred such losses, claims, damages, liabilities and expenses had the Final Memorandum been delivered or sent.

Each Initial Purchaser agrees, severally and not jointly, to indemnify and hold harmless the Issuers, their directors, their officers and each person who controls the Issuers within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, to the same extent as the foregoing indemnity from the Issuers to each Initial Purchaser, but only with reference to information relating to such Initial Purchaser furnished to the Company in writing by such Initial Purchaser expressly for use in the Offering Memorandum or any amendment or supplement thereto.

If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnity may be sought pursuant to either of the two preceding paragraphs, such person (the "Indemnified

Person") shall promptly notify the person against whom such indemnity may be sought (the "Indemnifying Person") in writing, and the Indemnifying Person, upon request of the Indemnified Person, shall retain counsel reasonably satisfactory to the Indemnified Person to represent the Indemnified Person and any others the Indemnifying Person may designate in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary, (ii) the Indemnifying Person has failed within a reasonable time to retain counsel reasonably satisfactory to the Indemnified Person or (iii) the named parties in any such proceeding (including any impleaded parties) include both the Indemnifying Person and the Indemnified Person and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the reasonable fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such reasonable fees and expenses shall be reimbursed as they are incurred. Any such separate firm for the Initial Purchasers, each affiliate of any Initial Purchaser which assists such Initial Purchaser in the distribution of the Securities and such control persons of the Initial Purchasers shall be designated in writing by J.P. Morgan Securities Inc. and any such separate firm for the Issuers, their directors, their officers and such control persons of the Issuers shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify any Indemnified Person from and against any loss or liability by reason of such settlement or judgment. No Indemnifying Person shall, without the prior written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is or could have been a party and indemnity could have been sought hereunder by such Indemnified Person, unless such settlement includes an unconditional release of such Indemnified Person from all liability on claims that are the subject matter of such proceeding.

If the indemnification provided for in the first and second paragraphs of this Section 7 is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Issuers on the one hand and the Initial Purchasers on the other hand from the offering of the Securities or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Issuers on the one hand and the Initial Purchasers on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Issuers on the one hand and the Initial Purchasers on the other shall be deemed to be in the same respective proportions as the net proceeds from the offering (before deducting expenses) received

by the Issuers and the total discounts and commissions received by the Initial Purchasers, bear to the aggregate offering price of the Securities. The relative fault of the Issuers on the one hand and the Initial Purchasers on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Issuers or by the Initial Purchasers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Issuers and the Initial Purchasers agree that it would not be just and equitable if contribution pursuant to this Section 7 were determined by pro rata allocation (even if the Initial Purchasers or the Issuers were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Person in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 7, in no event shall an Initial Purchaser be required to contribute any amount in excess of the amount by which the total price at which the Securities purchased by it were offered exceeds the amount of any damages that such Initial Purchaser has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Initial Purchasers' obligations to contribute pursuant to this Section 7 are several in proportion to the respective principal amount of the Securities set forth opposite their names in Schedule I hereto, and not joint. The Issuers' obligations to contribute pursuant to this Section 7 are joint and several.

The remedies provided for in this Section 7 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.

The indemnity and contribution agreements contained in this Section 7 and the representations and warranties of the Issuers and the Initial Purchasers set forth in this Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Initial Purchaser or any person controlling any Initial Purchaser or by or on behalf of the Issuers, their officers, their directors or any other person controlling the Issuers and (iii) acceptance of and payment for any of the Securities.

8. Notwithstanding anything herein contained, this Agreement may be terminated in the absolute discretion of the Initial Purchasers, by notice given to the Issuers, if after the execution and delivery of this Agreement and prior to the Closing Date (i) trading generally shall have been suspended or materially limited on or by, as the case may be, any of the New York Stock Exchange, the American Stock Exchange, the National Association of Securities Dealers, Inc., the Chicago Board Options Exchange, the Chicago Mercantile Exchange or the Chicago

Board of Trade, (ii) trading of any securities of or guaranteed by the Company shall have been suspended on any exchange or in any over-the-counter market, (iii) a general moratorium on commercial banking activities in New York shall have been declared by Federal, New York State or Illinois authorities, or (iv) there shall have occurred any outbreak or escalation of hostilities or any change in financial markets or any calamity or crisis that, in the judgment of the Initial Purchasers, is material and adverse and which, in the judgment of the Initial Purchasers, makes it impracticable to market the Securities on the terms and in the manner contemplated in the Offering Memorandum.

9. This Agreement shall become effective as to the Company and the Initial Purchasers upon the execution and delivery hereof by the Company and the Initial Purchasers. This Agreement shall become effective as to the Guarantors upon the execution and delivery hereof by the Guarantors.

If, on the Closing Date, either of the Initial Purchasers shall fail or refuse to purchase Securities which it has agreed to purchase hereunder on such date, and the aggregate principal amount or liquidation preference of the Securities which such defaulting Initial Purchaser agreed but failed or refused to purchase is not more than one-tenth of the aggregate principal amount or liquidation preference of the Securities to be purchased on such date, the other Initial Purchaser shall be obligated to purchase the Securities which such defaulting Initial Purchaser agreed but failed or refused to purchase on such date; provided that in no event shall the principal amount or liquidation preference of the Securities that any Initial Purchaser has agreed to purchase pursuant to Section 1 be increased pursuant to this Section 9 by an amount in excess of one-tenth of such principal amount or liquidation preference of the Securities without the written consent of such Initial Purchaser. If, on the Closing Date, any Initial Purchaser shall fail or refuse to purchase Securities which it has agreed to purchase hereunder on such date, and the aggregate principal amount or liquidation preference of Securities with respect to which such default occurs is more than one-tenth of the aggregate principal amount or liquidation preference of the Securities to be purchased on such date, and arrangements satisfactory to the Initial Purchasers and the Company for the purchase of such Securities are not made within 36 hours after such default, this Agreement shall terminate without liability on the part of any non-defaulting Initial Purchaser or the Company. In any such case either the Initial Purchasers or the Company shall have the right to postpone the Closing Date, but in no event for longer than seven days, in order that the required changes, if any, in the Offering Memorandum or in any other documents or arrangements may be effected. Any action taken under this paragraph shall not relieve any defaulting Initial Purchaser from liability in respect of any default of such Initial Purchaser under this Agreement.

10. If this Agreement shall be terminated by the Initial Purchasers, or either of them, because of any failure or refusal on the part of any of the Issuers to comply with the terms or to fulfill any of the conditions of this Agreement, or if for any reason the Issuers shall be unable to perform their obligations under this Agreement or any condition of the Initial Purchasers' obligations cannot be fulfilled, the Issuers agree to reimburse the Initial Purchasers or such Initial Purchaser as has so terminated this Agreement with respect to itself, for all out-of-pocket

expenses (including the reasonable fees and expenses of its counsel) reasonably incurred by such Initial Purchaser in connection with this Agreement or the offering contemplated hereunder.

11. This Agreement shall inure to the benefit of and be binding upon the Issuers, the Initial Purchasers, each affiliate of any Initial Purchaser which assists such Initial Purchaser in the distribution of the Securities, any controlling persons referred to herein and their respective successors and assigns. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any other person, firm or corporation any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. No purchaser of Securities from any Initial Purchaser shall be deemed to be a successor by reason merely of such purchase.

12. Any action by the Initial Purchasers hereunder may be taken by the Initial Purchasers jointly or by J.P. Morgan Securities Inc. alone on behalf of the Initial Purchasers, and any such action taken by the Initial Purchasers jointly or by J.P. Morgan Securities Inc. alone shall be binding upon the Initial Purchasers. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Initial Purchasers shall be given to the Initial Purchasers at J.P. Morgan Securities Inc., 60 Wall Street, New York, New York 10260 (telefax: 212-648-5560), Attention: Syndicate Department, with a copy to Latham & Watkins, 885 Third Avenue, New York, New York 10022 (telefax: (212) 751-4864), Attention: Kirk A. Davenport. Notices to the Issuers shall be given to them at Packaging Corporation of America, 1900 West Field Court, Lake Forest, Illinois 60045 (telefax: (847)-482-4738), Attention: Paul T. Stecko, with a copy to Kirkland & Ellis, 200 East Randolph Drive, Chicago, Illinois 60601 (telefax: (312) 861-2200), Attention: William S. Kirsch, P.C.

13. This Agreement may be signed in counterparts, each of which shall be an original and all of which together shall constitute one and the same instrument.

14. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAWS PROVISIONS THEREOF.

[signature page follows]

If the foregoing is in accordance with your understanding, please sign and return six counterparts hereof.

Very truly yours,

PACKAGING CORPORATION OF AMERICA

By: /s/ Thomas S. Souleles

Name: Thomas S. Souleles
Title: Vice President and Secretary

DAHLONEGA PACKAGING CORPORATION

By: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

DIXIE CONTAINER CORPORATION

By: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

PCA HYDRO, INC.

By: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

PCA TOMAHAWK CORPORATION

By: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

PCA VALDOSTA CORPORATION

By: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

Accepted: March 30, 1999

J.P. MORGAN SECURITIES INC.
BT ALEX.BROWN INCORPORATED

By: J.P. Morgan Securities Inc.

By: /s/ Douglas A. Cruikshank

Name: Douglas A. Cruikshank
Title: Vice President

EXHIBIT A

April 12, 1999

J.P. Morgan Securities Inc.
BT Alex. Brown Incorporated
c/o J.P. Morgan Securities Inc.
60 Wall Street
New York, New York 10260-0060

Ladies/Gentlemen:

We are issuing this opinion letter in our capacity as special legal counsel to Packaging Corporation of America (the "COMPANY") in response to the requirement in Section 6(e) of the Purchase Agreement (the "PURCHASE AGREEMENT") dated as of March 30, 1999 among the Company and J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated (collectively, the "INITIAL PURCHASERS"), and the Guarantors (as defined below).

All capitalized terms used herein and not defined herein shall have the meanings given to such terms in the Purchase Agreement. Together, the Purchase Agreement, the Indenture, the Exchange Indenture, the Certificate of Designations, the Notes Registration Rights Agreement, the Preferred Stock Registration Rights Agreement, the Notes, the Preferred Stock and the Guarantees are referred to herein as the "TRANSACTION AGREEMENTS." The following subsidiaries of the Company are referred to herein as the "GUARANTORS": Dahlonega Packaging Corporation ("DPC"), Dixie Container Corporation ("DCC"), PCA Hydro, Inc. ("PCA HYDRO"), PCA Tomahawk Corporation ("PCA TOMAHAWK") and PCA Valdosta Corporation ("PCA VALDOSTA").

In arriving at the opinions expressed herein, among other things, we have examined the following:

(a) the Offering Memorandum of the Company, dated March 30, 1999, covering the offering and sale of the Notes and Preferred Stock (the "OFFERING MEMORANDUM");

(b) executed originals of the Purchase Agreement and the Certificate of Designations;

(c) executed originals of the Indenture, the Exchange Indenture, the Notes Registration Rights Agreement, the Preferred Stock Registration Rights Agreement, the Notes, the Preferred Stock and the Guarantees to be delivered on the date hereof; and

(d) copies of all certificates and other documents delivered in connection with the sale of the Notes and Preferred Stock on the date hereof and the consummation of the other transactions contemplated by the Purchase Agreement.

Subject to the assumptions, qualifications, exclusions and other limitations which are identified in this letter, we advise you that:

1. The Company was duly incorporated under the General Corporation Law of the State of Delaware.

2. The Company is existing and in good standing under the General Corporation Law of the State of Delaware. For purposes of the opinions in this paragraph, we have relied exclusively upon the certificates issued by the governmental authorities in the State of Delaware and such opinions are not intended to provide any conclusion or assurance beyond that conveyed by such certificates.

3. Each of DPC, PCA Hydro, PCA Tomahawk and PCA Valdosta is existing and in good standing under the General Corporation Law of the State of Delaware. DCC is existing and in good standing under the Virginia Stock Corporation Act. For purposes of the opinions in this paragraph, we have relied exclusively upon the certificates issued by the governmental authorities in the required jurisdictions and such opinions are not intended to provide any conclusion or assurance beyond that conveyed by such certificates.

4. As of the date hereof, the authorized capital stock of the Company consists of (A) 1,000,000 shares of common stock, par value $0.01 per share, and (B) 3,000,100 shares of preferred stock consisting of (x) 3,000,000 shares of Senior Exchangeable Preferred Stock due 2010, par value $0.01 per share, and (y) 100 shares of Junior Preferred Stock, par value $0.01 per share. The outstanding capital stock of the Company has been duly authorized and is validly issued, fully paid and non-assessable.

5. As of the date hereof, based solely upon our review of the stock ledgers of each of the Guarantors, the Company is the record holder of all of the outstanding shares of capital stock of each of the Guarantors.

6. Each of the Company and each Guarantor has the corporate power to enter into and perform its obligations under the Transaction Agreements to which it is a party, including, in the case of the Company, the corporate power to issue, sell and deliver the Notes and the Preferred Stock and, in the case of the Guarantors, to issue and deliver the Guarantees, in each case as contemplated by the Purchase Agreement. The Company has the corporate power to own and lease its properties and to conduct its business as described in the Offering Memorandum.

7. The Board of Directors of each of the Company and the Guarantors has adopted by requisite vote the resolutions necessary to authorize the execution, delivery and performance of the Transaction Agreements to which the Company or a Guarantor is a party, as the case may be. No approval by the stockholders of the Company or the Guarantors is required.

8. Each of the Company and each Guarantor has duly executed and delivered the Purchase Agreement, the Indenture, the Exchange Indenture, the Notes Registration Rights Agreement and the Preferred Stock Registration Rights Agreement.

9. Each of the Indenture, the Exchange Indenture, the Notes Registration Rights Agreement and the Preferred Stock Registration Rights Agreement is a valid and binding obligation of the Company and each Guarantor and (assuming the due authorization, execution and delivery thereof by the other parties thereto) is enforceable against each of the Company and each Guarantor in accordance with its terms.

10. The Notes have been duly executed and delivered by the Company and, when paid for by the Initial Purchasers in accordance with the terms of the Purchase Agreement (assuming the due authorization, execution and delivery of the Indenture by the Trustee and due authentication by the Trustee in accordance with the Indenture), will have been validly issued and will constitute the valid and binding obligations of the Company, enforceable against the Company in accordance with their terms and entitled to the benefits of the Indenture.

11. The Guarantees have been duly executed and delivered by each of the Guarantors and, when the Notes are duly and validly authorized, executed, issued and authenticated in accordance with the terms of the Indenture and delivered against payment therefor in accordance with the terms of the Purchase Agreement, will have been validly issued and will be the valid and binding obligations of each of the Guarantors, enforceable against each of the Guarantors in accordance with their terms and entitled to the benefits of the Indenture.

12. The shares of Preferred Stock have been duly delivered by the Company and, when paid for by the Initial Purchasers in accordance with the terms of the Purchase Agreement, will have been validly issued, fully-paid and non-assessable, and nothing has come to our attention that has caused us to conclude that the issuance of such shares will be subject to any preemptive or similar rights. The Company has duly authorized and executed the Certificate of Designations and filed the Certificate of Designations with the Secretary of State of Delaware.

13. The Board of Directors of each of the Company and the Guarantors has adopted by requisite vote the resolutions necessary to authorize the execution, delivery and performance of, in the case of the Company, the Exchange Notes and the New Preferred Stock and, in the case of the Guarantors, the Exchange Guarantees. No approval by the stockholders of the Company or the Guarantors is required.

14. The information in the Offering Memorandum under the headings "Description of Notes" and "Description of Preferred Stock," insofar as such statements purport to summarize certain provisions of the Indenture, the Exchange Indenture, the Certificate of Designations, the Notes, the Preferred Stock, the Guarantees, the Notes Registration Rights Agreement or the Preferred Stock Registration Rights Agreement, is correct in all material respects.

15. The execution and delivery of the Purchase Agreement, the Certificate of Designations, the Notes Registration Rights Agreement, the Preferred Stock Registration Rights Agreement, the Exchange Indenture and the Indenture, the performance by the Company and the Guarantors of their respective obligations thereunder and the consummation of the transactions contemplated thereby do not and will not (i) violate the certificate or articles of incorporation (as applicable) or bylaws of the Company or any Guarantor, (ii) constitute a violation by the Company or any Guarantor of any applicable provision of any law, statute or regulation (except that we express no opinion in this paragraph with respect to compliance with any disclosure requirement or any prohibition against fraud or misrepresentation or as to whether performance of the indemnification or contribution provisions in the Purchase Agreement, the Notes Registration Rights Agreement or the Preferred Stock Registration Rights Agreement would be permitted) or (iii) breach, or result in a default under, any existing obligation of the Company or any Guarantor under any of its Other Specified Agreements. The term "Other Specified Agreements" in the preceding sentence means those agreements set forth on SCHEDULE A attached hereto.

16. To our actual knowledge, no consent, waiver, approval, authorization or order of any court or governmental authority is required for the issuance and sale by the Company of the Notes or the Preferred Stock, or the issuance of the Guarantees by the Guarantors to the Initial Purchasers or the consummation by the Company and the Guarantors of the other transactions contemplated by the Transaction Agreements, except such as may be required under the Act, the Exchange Act and the Trust Indenture Act of 1939, as amended (the "1939 ACT"), in connection with the Notes Registration Rights Agreement and the Preferred Stock Registration Rights Agreement.

17. To our actual knowledge, no legal or governmental investigations or proceedings are pending or overtly threatened to which the Company or the Guarantors is a party or to which the property or assets of the Company or the Guarantors is subject (i) that would be required under Item 103 of Regulation S-K under the Act to be disclosed in a registration statement or a prospectus delivered at the time of confirmation of the sale of any offering of securities registered under the Act (assuming for purposes hereof that such Item would be applicable to the Offering Memorandum (although it is not)) that are not described in the Offering Memorandum or (ii) which seeks to restrain, enjoin or prevent the consummation of or otherwise challenge the issuance or sale of the Notes or the Preferred Stock to be sold to the Initial Purchasers or the consummation of the other transactions contemplated by the Transaction Agreements.

18. No registration under the Act of the Notes or the Preferred Stock is required in connection with the sale of the Notes or the Preferred Stock to the Initial Purchasers in the manner contemplated by the Purchase Agreement and the Offering Memorandum or in connection with the initial resale of the Notes and the Preferred Stock by the Initial Purchasers in accordance with Section 2 of the Purchase Agreement, and prior to the consummation of the exchange offer provided for in the Notes Registration Rights Agreement or the effectiveness of the Shelf Registration Statement (as defined in the Notes Registration Rights Agreement), the Indenture is not required to be qualified under the 1939 Act, in each case assuming (i) that the purchasers who buy such Notes or Preferred Stock in the initial resale thereof are, (x) in the case of offers of the Notes or Preferred Stock made within the United States, "qualified institutional buyers" as defined in Rule 144A as promulgated under the Act and (y) in the case of offers of the Notes made outside the United States, to persons other than "U.S. persons" as defined in Regulation S as promulgated under the Act, (ii) the accuracy and completeness of the representations of the Company (other than those contained in

Section 4(jj)) and of the Initial Purchasers contained in the Purchase Agreement in connection with the sale of the Notes and the Preferred Stock to the Initial Purchasers and the initial resale thereof and (iii) the due performance by the Initial Purchasers of the agreements set forth in the Purchase Agreement.

19. As of the date hereof, neither the Notes nor the Preferred Stock is of the same class (within the meaning of Rule 144A under the Act) as securities of the Company or any Guarantor that are listed on a national securities exchange registered under Section 6 of the Exchange Act or that are quoted in a United States automated inter-dealer quotation system.

20. Neither the Company nor any Guarantor is, or immediately after the sale of the Notes and the Preferred Stock to the Initial Purchasers and application of the net proceeds therefrom as described in the Offering Memorandum under the caption "Use of Proceeds" will be, an "investment company" as such term is defined in the Investment Company Act of 1940, as amended.

The purpose of our professional engagement was not to establish factual matters, and preparation of the Offering Memorandum involved many determinations of a wholly or partially nonlegal character. We make no representation that we have independently verified the accuracy, completeness or fairness of the Offering Memorandum or that the actions taken in connection with the preparation of the Offering Memorandum (including the actions described in the next paragraph) were sufficient to cause the Offering Memorandum to be accurate, complete or fair. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the Offering Memorandum except to the extent otherwise explicitly indicated in numbered paragraph 14 above.

We can, however, confirm that we have participated in conferences with representatives of the Company, representatives of the Initial Purchasers, counsel for the Initial Purchasers and representatives of the independent accountants for the Company during which disclosures in the Offering Memorandum and related matters were discussed. In addition, we have reviewed certain corporate records furnished to us by the Company.

Based upon our participation in the conferences and our document review identified in the preceding paragraph, our understanding of applicable law and the experience we have gained in our

practice thereunder and relying as to materiality to the extent we deem appropriate upon the opinions and statements of officers of the Company, we can, however, advise you that nothing has come to our attention that has caused us to conclude that the Offering Memorandum (other than the financial statements and related notes and the other financial, statistical and accounting data included in the Offering Memorandum, as to which no advice is given) as of its date or as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

Except for the activities described in the immediately preceding section of this letter, we have not undertaken any search of court records or undertaken any other investigation to determine the facts upon which the advice in this letter is based.

We have assumed for purposes of this letter: each document we have reviewed for purposes of this letter is accurate and complete, each such document that is an original is authentic, each such document that is a copy conforms to an authentic original, and all signatures on each such document are genuine; that the Purchase Agreement and every other agreement we have examined for purposes of this letter constitutes a valid and binding obligation of each party to that document and that each such party has satisfied all legal requirements that are applicable to such party to the extent necessary to entitle such party to enforce such agreement (except that we make no such assumptions with respect to the Company and the Guarantors); and that you have acted in good faith and without notice of any fact which has caused you to reach any conclusion contrary to any of the advice provided in this letter. We have also made other assumptions which we believe to be appropriate for purposes of this letter.

In preparing this letter we have relied without independent verification upon: (i) information contained in certificates obtained from governmental authorities; (ii) factual information represented to be true in the Purchase Agreement and other documents specifically identified at the beginning of this letter as having been read by us; (iii) factual information provided to us by the Company and the Guarantors or their representatives; and (iv) factual information we have obtained from such other sources as we have deemed reasonable. We have assumed that there has been no relevant change or development between the dates as of which the information cited in the preceding sentence was given and the date of this letter and that the information upon which we have relied is accurate and does not omit disclosures necessary to prevent such information from being misleading.

We confirm that we do not have any actual knowledge which has caused us to conclude that our reliance and assumptions cited in the two immediately preceding paragraphs are unwarranted. The term "ACTUAL KNOWLEDGE" whenever it is used in this letter with respect to our firm means conscious awareness at the time this letter is delivered on the date it bears by the following Kirkland & Ellis lawyers, who constitute all of the Kirkland & Ellis lawyers who have devoted a significant amount of time to the negotiation or preparation of the Transaction Agreements, the Offering Memorandum and the due diligence associated therewith (herein called "OUR DESIGNATED TRANSACTION LAWYERS"): William S. Kirsch, P.C., James S. Rowe, Wendy L. Chronister, Rebekah R. Eubanks and Andrew M. Kaufman.

Each opinion (an "enforceability opinion") in this letter that any particular contract is a valid and binding obligation or is enforceable in accordance with its terms is subject to: (i) the effect of bankruptcy, insolvency, fraudulent conveyance and other similar laws and judicially developed doctrines in this area such as substantive consolidation and equitable subordination; (ii) the enforceability of any indemnification or contribution provision contained in such contract under applicable securities laws or the public policies underlying such laws; and (iii) the effect of general principles of equity. "General principles of equity" include but are not limited to: principles limiting the availability of specific performance and injunctive relief; principles which limit the availability of a remedy under certain circumstances where another remedy has been elected; principles requiring reasonableness, good faith and fair dealing in the performance and enforcement of an agreement by the party seeking enforcement; principles which may permit a party to cure a material failure to perform its obligations under certain circumstances; and principles affording equitable defenses such as waiver, laches and estoppel. In addition, we express no opinion with respect to the enforceability of any provision in any of the Transaction Agreements which purports to waive the benefit of usury laws. It is possible that terms in a particular contract covered by our enforceability opinion may not prove enforceable for reasons other than those explicitly cited in this letter should an actual enforcement action be brought, but (subject to all the exceptions, qualifications, exclusions and other limitations contained in this letter) such unenforceability would not in our opinion prevent the party entitled to enforce that contract from realizing the principal benefits purported to be provided to that party by the terms in that contract which are covered by our enforceability opinion.

The manner in which any particular issue would be treated in any actual court case would depend in part on facts and circumstances particular to the case and would also depend on how the court involved chose to exercise the wide discretionary authority generally available to it. This letter is not intended to guarantee the outcome of any legal dispute which may arise in the future.

Our advice on every legal issue addressed in this letter is based exclusively on the internal laws of New York and Illinois and the federal law of the United States except that certain of the opinions in paragraphs 1 through 8, 10 through 13, 15 and 18 are based on the Delaware General Corporation Law (in the case of the Company, DPC, PCA Hydro, PCA Tomahawk and PCA Valdosta) and on the Virginia Stock Corporation Act (in the case of DCC). With respect to any opinion or other advice based on the Virginia Stock Corporation Act, we note that we do not practice in Virginia, and our opinions and advice based on the Virginia Stock Corporation Act are limited to the statutory provisions set forth in Michie's Code of Virginia 1950 Annotated (1993 Replacement Volume, 1998 Cumulative Supplement) without regard to regulations promulgated thereunder or any judicial interpretations thereof.

None of the opinions or other advice contained in this letter considers or covers: (i) any state securities (or "blue sky") laws or regulations; (ii) any financial statements or supporting schedules (or any notes to any such statements or schedules) or other financial or statistical information set forth in (or omitted from) the Offering Memorandum; or (iii) any rules and regulations of the National Association of Securities Dealers, Inc. relating to the compensation of underwriters. This letter does not cover any other laws, statutes, governmental rules or regulations or decisions which in our experience are not generally applicable to transactions of the kind covered by the Purchase Agreement or covered by opinions typically delivered in connection with transactions of the kind covered by the Purchase Agreement.

This letter speaks as of the time of its delivery on the date it bears. We do not assume any obligation to provide you with any subsequent opinion or advice by reason of any fact about which our Designated Transaction Lawyers did not have actual knowledge at the time, by reason of any change subsequent to that time in any law, other governmental requirement or interpretation thereof covered by any of our opinions or advice, or for any other reason.

This letter may be relied upon by the Initial Purchasers only for the purpose served by the provision in the Purchase Agreement cited in the initial paragraph of this letter in response to which it has been delivered. Without our written consent: (i) no person other than the Initial Purchasers may rely on this letter for any purpose; (ii) this letter may not be cited or quoted in any financial statement, prospectus, private placement memorandum or other similar document; (iii) this letter may not be cited or quoted in any other document or communication which might encourage reliance upon this letter by any person or for any purposes excluded by the restrictions in this paragraph; and (iv) copies of this letter may not be furnished to anyone for purposes of encouraging such reliance; except that the trustee under the Indenture, United States Trust Company of New York, and the trustee under the Exchange Indenture, United States Trust Company of Texas, N.A., may rely upon paragraphs 7 through 11 of this letter to the same extent as if each were an addressee hereof.

Sincerely,

Kirkland & Ellis

SCHEDULE A

1. Contribution Agreement

2. Senior Bank Financing

EXHIBIT 10.2

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CREDIT AGREEMENT

AMONG

TENNECO PACKAGING, INC.,

VARIOUS LENDERS,

J.P. MORGAN SECURITIES INC.
AND
BT ALEX. BROWN INCORPORATED,
AS CO-LEAD ARRANGERS,

BANKERS TRUST COMPANY,
AS SYNDICATION AGENT

AND

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
AS ADMINISTRATIVE AGENT

DATED AS OF APRIL 12, 1999

$1,460,000,000

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GOLDMAN SACHS CREDIT PARTNERS L.P.
AND
THE CHASE MANHATTAN BANK,
AS CO-DOCUMENTATION AGENTS

TABLE OF CONTENTS

CREDIT AGREEMENT, dated as of April 12, 1999, among TENNECO PACKAGING, INC., a Delaware corporation ("TPI"), the Lenders party hereto from time to time, J.P. MORGAN SECURITIES INC. and BT ALEX. BROWN INCORPORATED, as Co-Lead Arrangers (in such capacity, each a "CO-LEAD ARRANGER" and, collectively, the "CO-LEAD ARRANGERS"), BANKERS TRUST COMPANY, as Syndication Agent (in such capacity, the "SYNDICATION AGENT"), and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Administrative Agent (in such capacity, the "ADMINISTRATIVE AGENT") (all capitalized terms used herein and defined in Section 11 are used herein as therein defined).

W I T N E S S E T H :

WHEREAS, TPI and Packaging Corporation of America, a Delaware corporation ("PCA"), have entered into the Contribution Agreement pursuant to which TPI will, inter alia, contribute the Containerboard Business to PCA on the terms and conditions set forth therein;

WHEREAS, TPI has requested that the Lenders make available to TPI the credit facilities provided for herein for purposes including to enable TPI to repay certain outstanding Indebtedness of TPI and its Subsidiaries prior to (or concurrently with) the Contribution;

WHEREAS, upon the consummation of the Refinancing and pursuant to the Contribution, TPI will contribute, and PCA will assume, all of TPI's rights, liabilities and obligations under this Agreement and the other Credit Documents, whereupon PCA shall become the Borrower for all purposes of this Agreement and TPI shall be released from all obligations and liabilities as the Borrower;

WHEREAS, subject to and upon the terms and conditions herein set forth, the Lenders are willing to make available to (i) TPI on the Initial Borrowing Date and prior to the Contribution Effective Time and (ii) PCA on and after the Contribution Effective Time, the respective credit facilities provided for herein;

NOW, THEREFORE, IT IS AGREED:

SECTION 1. AMOUNT AND TERMS OF CREDIT.

1.01 THE COMMITMENTS. (a) Subject to and upon the terms and conditions set forth herein, each Lender with a Tranche A Term Loan Commitment severally agrees to make, on the Initial Borrowing Date, a term loan (each, a "TRANCHE A TERM LOAN" and, collectively, the "TRANCHE A TERM LOANS") to the Borrower, which Tranche A Term Loans (i) except as hereafter provided, shall be made and initially maintained as a single Borrowing of Base Rate Loans and after the third Business Day following the Initial Borrowing Date, shall, at the option of the Borrower, be maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, provided, that (x) except as otherwise specifically provided in Section 1.10(b), all Tranche A Term Loans made as part of the same Borrowing shall at all times consist of Tranche A Term

Loans of the same Type and (y) unless the Syndication Date has occurred (at which time this clause (y) shall no longer be applicable), no more than three Borrowings of Tranche A Term Loans to be maintained as Eurodollar Loans may be incurred prior to the 90th day after the Initial Borrowing Date (or, if later, the last day of the Interest Period applicable to the third Borrowing of Eurodollar Loans referred to below), each of which Borrowings of Eurodollar Loans may only have an Interest Period of one month, and the first of which Borrowings may only be made on or after the third Business Day after the Initial Borrowing Date and on or prior to the fifth Business Day after the Initial Borrowing Date, the second of which Borrowings may only be made on the last day of the Interest Period of the first such Borrowing and the third of which Borrowings may only be made on the last day of the Interest Period of the second such Borrowing and (ii) shall be made by each Lender in that initial aggregate principal amount as is equal to the Tranche A Term Loan Commitment of such Lender on such date (before giving effect to any reductions thereto on such date pursuant to Section 3.03(b)(i) but after giving effect to any reductions thereto on or prior to such date pursuant to Section 3.03(b)(ii)). Once repaid, Tranche A Term Loans incurred hereunder may not be reborrowed.

(b) Subject to and upon the terms and conditions set forth herein, each Lender with a Tranche B Term Loan Commitment severally agrees to make, on the Initial Borrowing Date, a term loan (each, a "TRANCHE B TERM LOAN" and, collectively, the "TRANCHE B TERM LOANS") to the Borrower, which Tranche B Term Loans (i) except as hereafter provided, shall be made and initially maintained as a single Borrowing of Base Rate Loans and after the third Business Day following the Initial Borrowing Date, shall, at the option of the Borrower, be maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, PROVIDED, that (x) except as otherwise specifically provided in Section 1.10(b), all Tranche B Term Loans made as part of the same Borrowing shall at all times consist of Tranche B Term Loans of the same Type and (y) unless the Syndication Date has occurred (at which time this clause (y) shall no longer be applicable), no more than three Borrowings of Tranche B Term Loans to be maintained as Eurodollar Loans may be incurred prior to the 90th day after the Initial Borrowing Date (or, if later, the last day of the Interest Period applicable to the third Borrowing of Eurodollar Loans referred to below), each of which Borrowings of Eurodollar Loans may only have an Interest Period of one month, and the first of which Borrowings may only be made on the same date as the initial Borrowing of Tranche A Term Loans that are maintained as Eurodollar Loans, the second of which Borrowings may only be made on the last day of the Interest Period of the first such Borrowing and the third of which Borrowings may only be made on the last day of the Interest Period of the second such Borrowing and (ii) shall be made by each Lender in that initial aggregate principal amount as is equal to the Tranche B Term Loan Commitment of such Lender on such date (before giving effect to any reductions thereto on such date pursuant to Section 3.03(c)(i) but after giving effect to any reductions thereto on or prior to such date pursuant to Section 3.03(c)(ii)). Once repaid, Tranche B Term Loans incurred hereunder may not be reborrowed.

(c) Subject to and upon the terms and conditions set forth herein, each Lender with a Tranche C Term Loan Commitment severally agrees to make, on the Initial Borrowing Date, a term loan (each, a "TRANCHE C TERM LOAN" and, collectively, the "TRANCHE C TERM LOANS") to the Borrower, which Tranche C Term Loans (i) except as hereafter provided, be made

and initially maintained as a single Borrowing of Base Rate Loans and after the third Business Day following the Initial Borrowing Date, shall, at the option of the Borrower, be maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, PROVIDED, that (x) except as otherwise specifically provided in Section 1.10(b), all Tranche C Term Loans made as part of the same Borrowing shall at all times consist of Tranche C Term Loans of the same Type and (y) unless the Syndication Date has occurred (at which time this clause (y) shall no longer be applicable), no more than three Borrowings of Tranche C Term Loans to be maintained as Eurodollar Loans may be incurred prior to the 90th day after the Initial Borrowing Date (or, if later, the last day of the Interest Period applicable to the third Borrowing of Eurodollar Loans referred to below), each of which Borrowings of Eurodollar Loans may only have an Interest Period of one month, and the first of which Borrowings may only be made on the same date as the initial Borrowing of Tranche A Term Loans that are maintained as Eurodollar Loans, the second of which Borrowings may only be made on the last day of the Interest Period of the first such Borrowing and the third of which Borrowings may only be made on the last day of the Interest Period of the second such Borrowing and (ii) shall be made by each Lender in that initial aggregate principal amount as is equal to the Tranche C Term Loan Commitment of such Lender on such date (before giving effect to any reductions thereto on such date pursuant to Section 3.03(d)(i) but after giving effect to any reductions thereto on or prior to such date pursuant to Section 3.03(d)(ii)). Once repaid, Tranche C Term Loans incurred hereunder may not be reborrowed.

(d) Subject to and upon the terms and conditions set forth herein, each Lender with a Revolving Loan Commitment severally agrees, at any time and from time to time on and after the Initial Borrowing Date and the Contribution Effective Time and prior to the Revolving Loan Maturity Date, to make a revolving loan or revolving loans (each, a "REVOLVING LOAN" and, collectively, the "REVOLVING LOANS") to the Borrower, which Revolving Loans (i) except as hereafter provided, shall, at the option of the Borrower, be incurred and maintained as, and/or converted into, Base Rate Loans or Eurodollar Loans, PROVIDED, that (x) except as otherwise specifically provided in Section 1.10(b), all Revolving Loans made as part of the same Borrowing shall at all times consist of Revolving Loans of the same Type and (y) unless the Syndication Date has occurred (at which time this clause (y) shall no longer be applicable), no more than three Borrowings of Revolving Loans to be maintained as Eurodollar Loans may be incurred prior to the 90th day after the Initial Borrowing Date (or, if later, the last day of the Interest Period applicable to the third Borrowing of Eurodollar Loans referred to below), each of which Borrowings of Eurodollar Loans may only have an Interest Period of one month, and the first of which Borrowings may only be made on the same date as the initial Borrowing of Tranche A Term Loans that are maintained as Eurodollar Loans, the second of which Borrowings may only be made on the last day of the Interest Period of the first such Borrowing and the third of which Borrowings may only be made on the last day of the Interest Period of the second such Borrowing, (ii) may be repaid and reborrowed in accordance with the provisions hereof, (iii) shall not exceed for any Lender at any time outstanding that aggregate principal amount which, when added to the product of (x) such Lender's Adjusted Percentage and (y) the sum of (I) the aggregate amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) at such time and (II) the aggregate principal amount of all Swingline Loans

(exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) then outstanding, equals the Available Revolving Loan Commitment of such Lender at such time and (iv) shall not exceed for all Lenders at any time outstanding that aggregate principal amount which, when added to (x) the amount of all Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) at such time, and (y) the aggregate principal amount of all Swingline Loans (exclusive of Swingline Loans which are repaid with the proceeds of, and simultaneously with the incurrence of, the respective incurrence of Revolving Loans) then outstanding, equals the Total Available Revolving Loan Commitment at such time.

(e) Subject to and upon the terms and conditions herein set forth, the Swingline Lender in its individual capacity agrees to make at any time and from time to time on and after the Initial Borrowing Date and the Contribution Effective Time and prior to the Swingline Expiry Date, a revolving loan or revolving loans (each, a "SWINGLINE LOAN" and, collectively, the "SWINGLINE LOANS") to the Borrower, which Swingline Loans (i) shall be made and maintained as Base Rate Loans, (ii) may be repaid and reborrowed in accordance with the provisions hereof, (iii) shall not exceed in aggregate principal amount at any time outstanding, when added to (x) the aggregate principal amount of all Revolving Loans made by Non-Defaulting Lenders then outstanding and (y) the Letter of Credit Outstandings at such time, an amount equal to the Adjusted Total Available Revolving Loan Commitment at such time (after giving effect to any reductions to the Adjusted Total Available Revolving Loan Commitment on such date), (iv) shall not exceed at any time outstanding the Maximum Swingline Amount and (v) shall not be extended if the Swingline Lender receives a written notice from the Administrative Agent or the Required Lenders that has not been rescinded that there is a Default or an Event of Default in existence hereunder.

(f) On any Business Day, the Swingline Lender may, in its sole discretion, give notice to the other Lenders that its outstanding Swingline Loans shall be funded with a Borrowing of Revolving Loans (PROVIDED that such notice shall be deemed to have been automatically given upon the occurrence of a Default or an Event of Default under Section 10.05 or upon the exercise of any of the remedies provided in the last paragraph of Section 10), in which case a Borrowing of Revolving Loans constituting Base Rate Loans (each such Borrowing, a "MANDATORY BORROWING") shall be made on the immediately succeeding Business Day by all Lenders with a Revolving Loan Commitment (without giving effect to any reductions thereto pursuant to the last paragraph of Section 10) PRO RATA based on each Lender's Adjusted Percentage (determined before giving effect to any termination of the Revolving Loan Commitments pursuant to the last paragraph of Section 10) and the proceeds thereof shall be paid directly to the Swingline Lender to repay the Swingline Lender for such outstanding Swingline Loans. Each such Lender hereby irrevocably agrees to make Revolving Loans upon one Business Day's notice pursuant to each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the date specified in writing by the Swingline Lender notwithstanding (i) that the amount of the Mandatory Borrowing may not comply with the minimum amount for Borrowings otherwise required hereunder, (ii) whether any conditions specified in Section 6 are then satisfied, (iii) whether a Default or an Event of Default then exists,

(iv) the date of such Mandatory Borrowing and (v) the amount of the Total Revolving Loan Commitment, the Total Available Revolving Loan Commitment, the Adjusted Total Revolving Loan Commitment or the Adjusted Total Available Revolving Loan Commitment at such time. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code with respect to the Borrower), then each such Lender hereby agrees that it shall forthwith purchase (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the Borrower on or after such date and prior to such purchase) from the Swingline Lender such participations in the outstanding Swingline Loans as shall be necessary to cause such Lenders to share in such Swingline Loans ratably based upon their respective Adjusted Percentages (determined before giving effect to any termination of the Revolving Loan Commitments pursuant to the last paragraph of Section 10), PROVIDED that (x) all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective participation is required to be purchased and, to the extent attributable to the purchased participation, shall be payable to the participant from and after such date and (y) at the time any purchase of participations pursuant to this sentence is actually made, the purchasing Lender shall be required to pay the Swingline Lender interest on the principal amount of participation purchased for each day from and including the day upon which the Mandatory Borrowing would otherwise have occurred to but excluding the date of payment for such participation, at the overnight Federal Funds Rate for the first three days and at the rate otherwise applicable to Revolving Loans maintained as Base Rate Loans hereunder for each day thereafter.

1.02 MINIMUM AMOUNT OF EACH BORROWING; LIMITATION ON NUMBER OF BORROWINGS. The aggregate principal amount of each Borrowing of Loans shall not be less than the Minimum Borrowing Amount applicable thereto; PROVIDED that Mandatory Borrowings shall be made in the amounts required by Section 1.01(f). More than one Borrowing may be incurred on the same date, but at no time shall there be outstanding more than fifteen Borrowings of Eurodollar Loans in the aggregate under all Tranches.

1.03 NOTICE OF BORROWING. (a) Whenever the Borrower desires to make Borrowing hereunder (excluding Borrowings of Swingline Loans and Mandatory Borrowings), it shall give the Administrative Agent at its Notice Office at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of each Base Rate Loan and at least three Business Days' prior written notice (or telephonic notice promptly confirmed in writing) of each Eurodollar Loan to be made hereunder, PROVIDED that any such notice shall be deemed to have been given on a certain day only if given before 11:00 A.M. (New York time). Each such written notice or written confirmation of telephonic notice (each, a "NOTICE OF BORROWING"), except as otherwise expressly provided in Section 1.10, shall be irrevocable and shall be given by the Borrower in the form of Exhibit A, appropriately completed to specify: (i) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, the date of such Borrowing (which shall be a Business Day), (ii) whether the Loans being made pursuant to such Borrowing shall constitute Tranche A Term Loans, Tranche B Term Loans, Tranche C Term Loans or Revolving Loans, (iii) whether the Loans being made pursuant to such Borrowing are to be initially maintained as Base Rate Loans or Eurodollar Loans and, if Eurodollar Loans, the

initial Interest Period to be applicable thereto and (iv) in the case of a Borrowing of Revolving Loans the proceeds of which are to be utilized to finance, in whole or in part, the consideration for a Permitted Acquisition, (x) a reference to the officer's certificate, if any, delivered in accordance with Section 8.13, (y) the aggregate principal amount of such Revolving Loans to be utilized in connection with such Permitted Acquisition and (z) the Total Available Unutilized Revolving Loan Commitment then in effect after giving effect to the respective Permitted Acquisition (and all payments to be made in connection therewith). The Administrative Agent shall promptly give each Lender which is required to make Loans of the Tranche specified in the respective Notice of Borrowing, notice of such proposed Borrowing, of such Lender's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

(b) (i) Whenever the Borrower desires to make a Borrowing of Swingline Loans hereunder, it shall give the Swingline Lender not later than 1:00 P.M. (New York time) on the date that a Swingline Loan is to be made, written notice (or telephonic notice promptly confirmed in writing) of each Swingline Loan to be made hereunder. Each such notice shall be irrevocable and specify in each case (A) the date of Borrowing (which shall be a Business Day) and (B) the aggregate principal amount of the Swingline Loans to be made pursuant to such Borrowing.

(ii) Mandatory Borrowings shall be made upon the notice specified in Section 1.01(f), with the Borrower irrevocably agreeing, by its incurrence of any Swingline Loan, to the making of the Mandatory Borrowings as set forth in Section 1.01(f).

(c) Without in any way limiting the obligation of the Borrower to confirm in writing any telephonic notice of any Borrowing of Loans, the Administrative Agent or the Swingline Lender, as the case may be, may act without liability upon the basis of telephonic notice of such Borrowing, believed by the Administrative Agent or the Swingline Lender, as the case may be, in good faith to be from the Chief Executive Officer, the Chief Financial Officer, the President or the Treasurer of the Borrower (or any other officer or representative of the Borrower designated in writing to the Administrative Agent and the Swingline Lender by the Chief Executive Officer, the Chief Financial Officer, the President or the Treasurer as being authorized to give such notices under this Agreement) prior to receipt of written confirmation. In each such case, the Borrower hereby waives the right to dispute the Administrative Agent's and the Swingline Lender's record of the terms of such telephonic notice of such Borrowing of Loans, absent manifest error.

1.04 DISBURSEMENT OF FUNDS. Except as otherwise specifically provided in the immediately succeeding sentence, no later than 12:00 Noon (New York time) on the date specified in each Notice of Borrowing (or (x) in the case of Swingline Loans, not later than 3:00 P.M. (New York time) on the date specified pursuant to Section 1.03(b)(i) or (y) in the case of Mandatory Borrowings, not later than 12:00 Noon (New York time) on the date specified in Section 1.01(f)), each Lender with a Commitment of the respective Tranche will make available its PRO RATA portion of each such Borrowing requested to be made on such date (or in the case of Swingline Loans, the Swingline Lender shall make available the full amount thereof). All such

amounts shall be made available in Dollars and in immediately available funds at the Payment Office of the Administrative Agent, and, except in the case of Mandatory Borrowings, the Administrative Agent will make available to the Borrower at the Payment Office the aggregate of the amounts so made available by the Lenders (for Loans other than Swingline Loans, prior to 1:00 P.M. (New York time) on such day, to the extent of funds actually received by the Administrative Agent prior to 12:00 Noon (New York time) on such day), PROVIDED that all proceeds of the Term Loans shall be deposited by the Administrative Agent in the Restricted Account and disbursed therefrom as provided in the TPI Security Agreement. Unless the Administrative Agent shall have been notified by any Lender prior to the date of Borrowing that such Lender does not intend to make available to the Administrative Agent such Lender's portion of any Borrowing to be made on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date of Borrowing and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower and the Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover on demand from such Lender or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to (i) if recovered from such Lender, at the overnight Federal Funds Rate and (ii) if recovered from the Borrower, the rate of interest applicable to the respective Borrowing, as determined pursuant to Section 1.08. Nothing in this Section 1.04 shall be deemed to relieve any Lender from its obligation to make Loans hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any failure by such Lender to make Loans hereunder.

1.05 NOTES. (a) The Borrower's obligation to pay the principal of, and interest on, the Loans made by each Lender shall, if requested by such Lender, be evidenced (i) if Tranche A Term Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B-1 with blanks appropriately completed in conformity herewith (each, a "TRANCHE A TERM NOTE" and, collectively, the "TRANCHE A TERM NOTES"), (ii) if Tranche B Term Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B-2, with blanks appropriately completed in conformity herewith (each, a "TRANCHE B TERM NOTE" and, collectively, the "TRANCHE B TERM NOTES"), (iii) if Tranche C Term Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B-3, with blanks appropriately completed in conformity herewith (each, a "TRANCHE C TERM NOTE" and, collectively, the "TRANCHE C TERM NOTES"), (iv) if Revolving Loans, by a promissory note duly executed and delivered by the Borrower substantially in the form of Exhibit B-4, with blanks appropriately completed in conformity herewith (each, a "REVOLVING NOTE" and, collectively, the "REVOLVING NOTES") and (v) if Swingline Loans, by a promissory note duly executed and delivered by the Borrower

substantially in the form of Exhibit B-5, with blanks appropriately completed in conformity herewith (the "SWINGLINE NOTE").

(b) The Tranche A Term Note issued to each Lender with a Tranche A Term Loan Commitment or outstanding Tranche A Term Loans shall (i) be executed by the Borrower, (ii) be payable to the order of such Lender and be dated the Initial Borrowing Date (or, in the case of Tranche A Term Notes issued after the Initial Borrowing Date, be dated the date of the issuance thereof), (iii) be in a stated principal amount equal to the Tranche A Term Loan made by such Lender on the Initial Borrowing Date (or, in the case of any Tranche A Term Note issued after the Initial Borrowing Date, be in a stated principal amount equal to the outstanding principal amount of the Tranche A Term Loan of such Lender on the date of the issuance thereof) and be payable in the principal amount of Tranche A Term Loans evidenced thereby, (iv) mature on the Tranche A Term Loan Maturity Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary prepayment and mandatory repayment as provided in Sections 4.01 and 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(c) The Tranche B Term Note issued to each Lender with a Tranche B Term Loan Commitment or outstanding Tranche B Term Loans shall (i) be executed by the Borrower, (ii) be payable to the order of such Lender and be dated the Initial Borrowing Date (or, in the case of Tranche B Term Notes issued after the Initial Borrowing Date, be dated the date of the issuance thereof), (iii) be in a stated principal amount equal to the Tranche B Term Loan made by such Lender on the Initial Borrowing Date (or, in the case of any Tranche B Term Note issued after the Initial Borrowing Date, be in a stated principal amount equal to the outstanding principal amount of the Tranche B Term Loan of such Lender on the date of the issuance thereof) and be payable in the principal amount of Tranche B Term Loans evidenced thereby, (iv) mature on the Tranche B Term Loan Maturity Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary prepayment and mandatory repayment as provided in Sections 4.01 and 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(d) The Tranche C Term Note issued to each Lender with a Tranche C Term Loan Commitment or outstanding Tranche C Term Loans shall (i) be executed by the Borrower, (ii) be payable to the order of such Lender and be dated the Initial Borrowing Date (or, in the case of Tranche C Term Notes issued after the Initial Borrowing Date, be dated the date of the issuance thereof), (iii) be in a stated principal amount equal to the Tranche C Term Loan made by such Lender on the Initial Borrowing Date (or, in the case of any Tranche C Term Note issued after the Initial Borrowing Date, be in a stated principal amount equal to the outstanding principal amount of the Tranche C Term Loan of such Lender on the date of the issuance thereof) and be payable in the principal amount of Tranche C Term Loans evidenced thereby, (iv) mature on the Tranche C Term Loan Maturity Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary prepayment and mandatory repayment as

provided in Sections 4.01 and 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(e) The Revolving Note issued to each Lender with a Revolving Loan Commitment shall (i) be executed by the Borrower, (ii) be payable to the order of such Lender and be dated the Initial Borrowing Date (or, in the case of Revolving Notes issued after the Initial Borrowing Date, be dated the date of the issuance thereof), (iii) be in a stated principal amount equal to the Revolving Loan Commitment of such Lender and be payable in the principal amount of the Revolving Loans evidenced thereby, (iv) mature on the Revolving Loan Maturity Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans and Eurodollar Loans, as the case may be, evidenced thereby, (vi) be subject to voluntary prepayment and mandatory repayment as provided in Sections 4.01 and 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(f) The Swingline Note shall (i) be executed by the Borrower, (ii) be payable to the order of the Swingline Lender and be dated the Initial Borrowing Date (or, in the case of any Swingline Note issued after the Initial Borrowing Date, be dated the date of the issuance thereof), (iii) be in a stated principal amount equal to the Maximum Swingline Amount and be payable in the principal amount of the outstanding Swingline Loans evidenced thereby, (iv) mature on the Swingline Expiry Date, (v) bear interest as provided in the appropriate clause of Section 1.08 in respect of the Base Rate Loans evidenced thereby, (vi) be subject to voluntary prepayment and mandatory repayment as provided in Sections 4.01 and 4.02 and (vii) be entitled to the benefits of this Agreement and the other Credit Documents.

(g) Each Lender will note on its internal records the amount of each Loan made by it and each payment in respect thereof and will prior to any transfer of any of its Notes endorse on the reverse side thereof the outstanding principal amount of Loans evidenced thereby. Failure to make any such notation or any error in any such notation or endorsement shall not affect the Borrower's obligations in respect of such Loans.

(h) Notwithstanding anything to the contrary contained above or elsewhere in this Agreement, Tranche A Term Notes, Tranche B Term Notes, Tranche C Term Notes, Revolving Notes and the Swingline Note shall only be delivered to Lenders which at any time specifically request the delivery of such Notes and no Notes shall be delivered prior to the Contribution Effective Time. No failure of any Lender to request or obtain a Note evidencing its Loans to the Borrower shall affect or in any manner impair the obligations of the Borrower to pay the Loans (and all related Obligations) which would otherwise be evidenced thereby in accordance with the requirements of this Agreement, and shall not in any way affect the security or guaranties therefor provided pursuant to the various Credit Documents. Any Lender which does not have a Note evidencing its outstanding Loans shall in no event be required to make the notations otherwise described in preceding clause (g). At any time when any Lender requests the delivery of a Note to evidence any of its Loans, the Borrower shall promptly execute and deliver to the respective Lender the requested Note or Notes in the appropriate amount or amounts to evidence such Loans.

1.06 CONVERSIONS. The Borrower shall have the option to convert, on any Business Day occurring on or after the third Business Day after the Initial Borrowing Date, all or a portion of the outstanding principal amount of Loans made pursuant to one or more Borrowings (so long as of the same Tranche) of one or more Types of Loans into a Borrowing (of the same Tranche) of another Type of Loan, PROVIDED that (i) except as provided in Section 1.10(b) or unless the Borrower pays all breakage costs and other amounts owing to each Lender pursuant to Section 1.11 concurrently with any such conversion, Eurodollar Loans may be converted into Base Rate Loans only on the last day of an Interest Period applicable to the Loans being converted, (ii) no partial conversion of a Borrowing of Eurodollar Loans shall reduce the outstanding principal amount of the Eurodollar Loans made pursuant to such Borrowing to less than the Minimum Borrowing Amount applicable thereto, (iii) unless the Required Lenders otherwise agree in writing, Base Rate Loans may only be converted into Eurodollar Loans if no Default or Event of Default is in existence on the date of the conversion, (iv) no conversion pursuant to this Section 1.06 shall result in a greater number of Borrowings of Eurodollar Loans than is permitted under Section 1.02, (v) unless the Syndication Date has occurred (at which time this clause (v) shall no longer be applicable), prior to the 90th day after the Initial Borrowing Date, conversions of Base Rate Loans into Eurodollar Loans may only be made if any such conversion is effective on the first day of the first, second or third Interest Period referred to in clause (y) of each of Sections 1.01(a)(i), 1.01(b)(i), 1.01(c)(i) and 1.01(d)(i) and so long as such conversion does not result in a greater number of Borrowings of Eurodollar Loans prior to the 90th day after the Initial Borrowing Date as are permitted under Sections 1.01(a)(i), 1.01(b)(i), 1.01(c)(i) and 1.01(d)(i) and (vi) Swingline Loans may not be converted pursuant to this Section 1.06. Each such conversion shall be effected by the Borrower by giving the Administrative Agent at its Notice Office prior to 12:00 Noon (New York time) at least (x) in the case of a conversion to Eurodollar Loans, three Business Days' prior written notice and (y) in the case of a conversion to Base Rate Loans, one Business Day's prior written notice (each, a "NOTICE OF CONVERSION"), specifying the Loans to be so converted, the Borrowing(s) pursuant to which such Loans were made and, if to be converted into Eurodollar Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Lender prompt notice of any such proposed conversion affecting any of its Loans.

1.07 PRO RATA BORROWINGS. All Borrowings of Tranche A Term Loans, Tranche B Term Loans, Tranche C Term Loans and Revolving Loans under this Agreement shall be incurred from the Lenders PRO RATA on the basis of their Tranche A Term Loan Commitments, Tranche B Term Loan Commitments, Tranche C Term Loan Commitments or Revolving Loan Commitments, as the case may be, PROVIDED that all Borrowings of Revolving Loans made pursuant to a Mandatory Borrowing shall be incurred from the Lenders PRO RATA on the basis of their Adjusted Percentages. It is understood that no Lender shall be responsible for any default by any other Lender of its obligation to make Loans hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to make its Loans hereunder.

1.08 INTEREST. (a) The Borrower shall pay interest in respect of the unpaid principal amount of each Base Rate Loan from the date the proceeds thereof are made available to the Borrower until the earlier of (i) the maturity (whether by acceleration or otherwise) of such

Base Rate Loan and (ii) the conversion of such Base Rate Loan to a Eurodollar Loan pursuant to Section 1.06, at a rate per annum which shall be equal to the sum of the relevant Applicable Margin PLUS the Base Rate, each as in effect from time to time.

(b) The Borrower shall pay interest in respect of the unpaid principal amount of each Eurodollar Loan from the date the proceeds thereof are made available to the Borrower until the earlier of (i) the maturity (whether by acceleration or otherwise) of such Eurodollar Loan and (ii) the conversion of such Eurodollar Loan to a Base Rate Loan pursuant to Section 1.06, 1.09 or 1.10(b), as applicable, at a rate per annum which shall, during each Interest Period applicable thereto, be equal to the sum of the relevant Applicable Margin PLUS the Eurodollar Rate for such Interest Period, each as in effect from time to time.

(c) Overdue principal and, to the extent permitted by law, overdue interest in respect of each Loan and any other overdue amount payable hereunder shall, in each case, bear interest at a rate per annum equal to the greater of (x) 2% per annum in excess of the rate otherwise applicable to Base Rate Loans of the respective Tranche of Loans from time to time (or, if such overdue amount is not interest or principal in respect of a Loan, 2% per annum in excess of the rate otherwise applicable to Base Rate Loans maintained as Revolving Loans from time to time) and (y) the rate which is 2% in excess of the rate then borne by such Loans, in each case with such interest to be payable on demand.

(d) Accrued (and theretofore unpaid) interest shall be payable (i) in respect of each Base Rate Loan, quarterly in arrears on each Quarterly Payment Date, (ii) in respect of each Eurodollar Loan, on (x) the date of any conversion into a Base Rate Loan pursuant to Section 1.06, 1.09 or 1.10(b), as applicable (on the amount converted) and (y) the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on each date occurring at three month intervals after the first day of such Interest Period and (iii) in respect of each Loan, on any repayment or prepayment (except repayments and prepayments of Base Rate Loans which are Revolving Loans or Swingline Loans, in instances where the Total Revolving Loan Commitment remains in effect in an amount greater than zero) on the amount repaid or prepaid, at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(e) Upon each Interest Determination Date, the Administrative Agent shall determine the Eurodollar Rate for each Interest Period applicable to Eurodollar Loans and shall promptly notify the Borrower and the Lenders thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

(f) All computations of interest hereunder shall be made in accordance with Section 13.07(b).

1.09 INTEREST PERIODS. At the time it gives any Notice of Borrowing or Notice of Conversion in respect of the making of, or conversion into, a Borrowing of Eurodollar Loans (in the case of the initial Interest Period applicable thereto) or on the third Business Day prior to the expiration of an Interest Period applicable to such Borrowing of Eurodollar Loans (in the case of any subsequent Interest Period), the Borrower shall have the right to elect, by giving the

Administrative Agent written notice thereof, the interest period (each, an "INTEREST PERIOD") applicable to such Eurodollar Loans, which Interest Period shall, at the option of the Borrower (but otherwise subject to clause (y) of the proviso to Sections 1.01(a)(i), 1.01(b)(i), 1.01(c)(i) and 1.01(d)(i) and to clause (v) of the proviso to Section 1.06), be a one, two, three or six month period or, to the extent agreed to by each Lender with Loans and/or Commitments under the respective Tranche, a two-week or twelve month period, PROVIDED that:

(i) all Eurodollar Loans comprising a Borrowing shall at all times have the same Interest Period;

(ii) the initial Interest Period for any Borrowing of Eurodollar Loans shall commence on the date of such Borrowing (including the date of any conversion thereto from a Borrowing of Base Rate Loans) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period applicable thereto expires;

(iii) if any Interest Period relating to a Borrowing of Eurodollar Loans begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(iv) if any Interest Period would otherwise expire on a day which is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; PROVIDED, HOWEVER, that if any Interest Period for a Borrowing of Eurodollar Loans would otherwise expire on a day which is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(v) unless the Required Lenders otherwise agree in writing, no Interest Period may be selected at any time when a Default or Event of Default is then in existence;

(vi) no Interest Period in respect of any Borrowing of any Tranche of Loans shall be selected which extends beyond the respective Maturity Date for such Tranche of Loans; and

(vii) no Interest Period in respect of any Borrowing of Tranche A Term Loans, Tranche B Term Loans or Tranche C Term Loans, as the case may be, shall be selected which extends beyond any date upon which a mandatory repayment of such Tranche of Term Loans will be required to be made under Section 4.02(b), (c) or (d) as the case may be, if, after giving effect to the election of such Interest Period, the aggregate principal amount of Tranche A Term Loans, Tranche B Term Loans or Tranche C Term Loans, as the case may be, which have Interest Periods which will expire after such date will be in excess of the aggregate principal amount of Tranche A Term Loans, Tranche B Term Loans or Tranche C Term Loans, as the case may be, then outstanding LESS the aggregate amount of such required prepayment.

If upon the expiration of any Interest Period applicable to a Borrowing of Eurodollar Loans, the Borrower has failed to elect, or is not permitted to elect, a new Interest Period to be applicable to such Eurodollar Loans as provided above, the Borrower shall be deemed to have elected to convert such Eurodollar Loans into Base Rate Loans effective as of the expiration date of such current Interest Period.

1.10 INCREASED COSTS, ILLEGALITY, ETC. (a) In the event that any Lender shall have determined (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto but, with respect to clause (i) below, may be made only by the Administrative Agent):

(i) on any Interest Determination Date that, by reason of any changes arising after the date of this Agreement affecting the interbank Eurodollar market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of Eurodollar Rate; or

(ii) at any time, that such Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Eurodollar Loan because of (x) any change since the date of this Agreement in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, order, guideline or request, such as, for example, but not limited to: (A) a change in the basis of taxation of payment to any Lender of the principal of or interest on such Eurodollar Loan or any other amounts payable hereunder (except for changes in the rate of tax on, or determined by reference to, the net income or profits of such Lender, or any franchise tax based on the net income or profits of such Lender, in either case pursuant to the laws of the United States of America, the jurisdiction in which it is organized or in which its principal office or applicable lending office is located or any subdivision thereof or therein), but without duplication of any amounts payable in respect of Taxes pursuant to Section 4.04(a), or (B) a change in official reserve requirements but, in all events, excluding reserves required under Regulation D and/or (y) other circumstances since the date of this Agreement affecting such Lender or the interbank Eurodollar market or the position of such Lender in such market; or

(iii) at any time, that the making or continuance of any Eurodollar Loan has been made (x) unlawful by any law or governmental rule, regulation or order, and/or (y) impossible by compliance by any Lender in good faith with any governmental request (whether or not having force of law) or (z) impracticable as a result of a contingency occurring after the date of this Agreement which materially and adversely affects the interbank Eurodollar market;

then, and in any such event, such Lender (or the Administrative Agent, in the case of clause (i) above) shall promptly give notice (by telephone confirmed in writing) to the Borrower and, except in the case of clause (i) above, to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (x) in the

case of clause (i) above, Eurodollar Loans shall no longer be available until such time as the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing or Notice of Conversion given by the Borrower with respect to Eurodollar Loans which have not yet been incurred (including by way of conversion) shall be deemed instead to have contained a request for Base Rate Loans, (y) in the case of clause (ii) above, the Borrower shall, subject to the provisions of Section 13.15 (to the extent applicable), pay to such Lender, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its sole discretion shall determine) as shall be required to compensate such Lender for such increased costs or reductions in amounts received or receivable hereunder (a written notice as to the additional amounts owed to such Lender, showing in reasonable detail the basis for and the calculation thereof, submitted to the Borrower by such Lender in good faith shall, absent manifest error, be final and conclusive and binding on all the parties hereto, although the failure to give any such notice shall not release or diminish any of the Borrower's obligations to pay additional amounts pursuant to this Section 1.10(a) upon the subsequent receipt of such notice) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 1.10(b) as promptly as possible and, in any event, within the time period required by law. Each of the Administrative Agent and each Lender agrees that if it gives notice to the Borrower of any of the events described in clause (i) or (iii) above, it shall promptly notify the Borrower and, in the case of any such Lender, the Administrative Agent, if such event ceases to exist. If any such event described in clause (iii) above ceases to exist as to a Lender, the obligations of such Lender to make Eurodollar Loans and to convert Base Rate Loans into Eurodollar Loans on the terms and conditions contained herein shall be reinstated.

(b) At any time that any Eurodollar Loan is affected by the circumstances described in Section 1.10(a)(ii) or (iii), the Borrower may (and, in the case of a Eurodollar Loan affected by the circumstances described in Section 1.10(a)(iii), shall) either (x) if the affected Eurodollar Loan is then being made initially or pursuant to a conversion, cancel the respective Borrowing by giving the Administrative Agent telephonic notice (confirmed in writing) on the same date that the Borrower was notified by the affected Lender or the Administrative Agent pursuant to Section 1.10(a)(ii) or (iii) or (y) if the affected Eurodollar Loan is then outstanding, upon at least three Business Days' written notice to the Administrative Agent, require the affected Lender to convert such Eurodollar Loan into a Base Rate Loan on the earlier of the date required by law or the last day of the Interest Period applicable to such Eurodollar Loans, PROVIDED that, if more than one Lender is affected at any time, then all affected Lenders must be treated the same pursuant to this Section 1.10(b).

(c) If at any time after the date of this Agreement any Lender determines that the introduction of or any change in any applicable law or governmental rule, regulation, order, guideline, directive or request (whether or not having the force of law) concerning capital adequacy, or any change in interpretation or administration thereof by any governmental authority, central bank or comparable agency, in each case introduced or changed after the date hereof, will have the effect of increasing the amount of capital required or requested to be maintained by such Lender or any corporation controlling such Lender based on the existence of such Lender's Commitments hereunder or its obligations hereunder, then the Borrower shall, subject to the

provisions of Section 13.15 (to the extent applicable), pay to such Lender, upon its written demand therefor, such additional amounts as shall be required to compensate such Lender or such other corporation for the increased cost to such Lender or such other corporation or the reduction in the rate of return to such Lender or such other corporation as a result of such increase of capital. In determining such additional amounts, each Lender will act reasonably and in good faith and will use averaging and attribution methods which are reasonable, PROVIDED that such Lender's determination of compensation owing under this Section 1.10(c) shall, absent manifest error, be final and conclusive and binding on all the parties hereto. Each Lender, upon determining that any additional amounts will be payable pursuant to this Section 1.10(c), will give prompt written notice thereof to the Borrower, which notice shall show in reasonable detail the basis for and calculation of such additional amounts, although the failure to give any such notice shall not release or diminish the Borrower's obligation to pay additional amounts pursuant to this Section 1.10(c) upon the subsequent receipt of such notice.

1.11 COMPENSATION. The Borrower shall, subject to the provisions of Section 13.15 (to the extent applicable), compensate each Lender, upon its written request (which request shall set forth in reasonable detail the basis for requesting and the calculation of such compensation), for all losses, expenses and liabilities (including, without limitation, any loss, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Lender to fund its Eurodollar Loans but excluding any loss of anticipated profit) which such Lender may sustain: (i) if for any reason (other than a default by such Lender or the Administrative Agent) a Borrowing of, or conversion from or into, Eurodollar Loans does not occur on a date specified therefor in a Notice of Borrowing or Notice of Conversion (whether or not withdrawn by the Borrower or deemed withdrawn pursuant to Section 1.10(a)); (ii) if any repayment (including any repayment made pursuant to Section 4.02 or as a result of an acceleration of the Loans pursuant to Section 10) or conversion of any of its Eurodollar Loans occurs on a date which is not the last day of an Interest Period with respect thereto; (iii) if any prepayment of any of its Eurodollar Loans is not made on any date specified in a notice of prepayment given by the Borrower; or (iv) as a consequence of (x) any other default by the Borrower to repay its Loans when required by the terms of this Agreement or any Note held by such Lender or (y) any election made pursuant to Section 1.10(b). Each Lender's calculation of the amount of compensation owing pursuant to this Section 1.11 shall be made in good faith. A Lender's basis for requesting compensation pursuant to this Section 1.11 and a Lender's calculation of the amount thereof, shall, absent manifest error, be final and conclusive and binding on all parties hereto.

1.12 CHANGE OF LENDING OFFICE. Each Lender agrees that on the occurrence of any event giving rise to the operation of Section 1.10(a)(ii) or (iii), Section 1.10(c), Section 2.05 or Section 4.04 with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans or Letters of Credit affected by such event, PROVIDED that such designation is made on such terms that, in the sole judgment of such Lender, such Lender and its lending office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such Section. Nothing in this

Section 1.12 shall affect or postpone any of the obligations of the Borrower or the right of any Lender provided in Sections 1.10, 2.05 and 4.04.

1.13 REPLACEMENT OF LENDERS. (x) If any Lender becomes a Defaulting Lender or otherwise defaults in its obligations to make Loans or fund Unpaid Drawings, (y) upon the occurrence of any event giving rise to the operation of Section 1.10(a)(ii) or (iii), Section 1.10(c), Section 2.05 or Section 4.04 with respect to any Lender which results in such Lender charging to the Borrower increased costs in excess of those being generally charged by the other Lenders, or (z) in the case of certain refusals by a Lender to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Lenders as provided in Section 13.12(b), the Borrower shall have the right, if no Default or Event of Default then exists or would exist immediately after giving effect to the respective replacement, to either replace such Lender (the "REPLACED LENDER") with one or more other Eligible Transferee or Transferees, none of whom shall constitute a Defaulting Lender at the time of such replacement (collectively, the "REPLACEMENT LENDER") and each of whom shall be reasonably acceptable to the Administrative Agent or, at the option of the Borrower, to replace only (a) the Revolving Loan Commitment (and outstandings pursuant thereto) of the Replaced Lender with an identical Revolving Loan Commitment provided by the Replacement Lender or (b) in the case of a replacement as provided in Section 13.12(b) where the consent of the respective Lender is required with respect to less than all Tranches of its Loans or Commitments, the Commitments and/or outstanding Term Loans of such Lender in respect of each Tranche where the consent of such Lender would otherwise be individually required, with identical Commitments and/or Loans of the respective Tranche provided by the Replacement Lender, PROVIDED that:

(i) at the time of any replacement pursuant to this Section 1.13, the Replacement Lender shall enter into one or more Assignment and Assumption Agreements pursuant to Section 13.04(b) (and with all fees payable pursuant to said Section 13.04(b) to be paid by the Replacement Lender) pursuant to which the Replacement Lender shall acquire all of the Commitments and outstanding Loans (or, in the case of the replacement of only (a) the Revolving Loan Commitment, the Revolving Loan Commitment and outstanding Revolving Loans or (b) the outstanding Term Loans of one or more Tranches, the outstanding Term Loans of the respective Tranche or Tranches) of, and in each case (except for the replacement of only the outstanding Term Loans of one or more Tranches of the respective Lender) participations in Letters of Credit by, the Replaced Lender and, in connection therewith, shall pay to (x) the Replaced Lender in respect thereof an amount equal to the sum (without duplication) of (A) an amount equal to the principal of, and all accrued interest on, all outstanding Loans (or, in the case of the replacement of only (I) the Revolving Loan Commitment, the outstanding Revolving Loans or (II) the Term Loans of one or more Tranches, the outstanding Term Loans of such Tranche or Tranches) of the Replaced Lender, (B) except in the case of the replacement of only the outstanding Term Loans of one or more Tranches of a Replaced Lender, an amount equal to all Unpaid Drawings that have been funded by (and not reimbursed to) such Replaced Lender, together with all then unpaid interest with respect thereto at such time and (C) an amount equal to all accrued, but

theretofore unpaid, Fees owing to the Replaced Lender (but only with respect to the relevant Tranche, in the case of the replacement of less than all Tranches of Loans then held by the respective Replaced Lender) pursuant to Section 3.01, (y) except in the case of the replacement of only the outstanding Term Loans of one or more Tranches of a Replaced Lender, the respective Issuing Bank n amount equal to such Replaced Lender's Adjusted Percentage (for this purpose, determined as if the adjustment described in clause (y) of the immediately succeeding sentence had been made with respect to such Replaced Lender) of any Unpaid Drawing (which at such time remains an Unpaid Drawing) to the extent such amount was not theretofore funded by such Replaced Lender and (z) in the case of any replacement of Revolving Loan Commitments, the Swingline Lender an amount equal to such Replaced Lender's Adjusted Percentage of any Mandatory Borrowing to the extent such amount was not theretofore funded by such Replaced Lender; and

(ii) all obligations of the Borrower owing to the Replaced Lender (other than those (a) specifically described in clause (i) above in respect of which the assignment purchase price has been, or is concurrently being, paid or (b) relating to any Tranche of Loans and/or Commitments of the respective Replaced Lender which will remain outstanding after giving effect to the respective replacement) shall be paid in full to such Replaced Lender concurrently with such replacement.

Upon the execution of the respective Assignment and Assumption Agreements, the payment of amounts referred to in clauses (i) and (ii) above, the recordation of the assignment on the Register by the Administrative Agent pursuant to Section 13.17 and, if so requested by the Replacement Lender, delivery to the Replacement Lender of the appropriate Note or Notes executed by the Borrower, (x) the Replacement Lender shall become a Lender hereunder and, unless the respective Replaced Lender continues to have outstanding Term Loans and/or a Revolving Loan Commitment hereunder, the Replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 1.10, 1.11, 2.05, 4.04, 13.01 and 13.06), which shall survive as to such Replaced Lender and (y) in the case of a replacement of a Defaulting Lender with a Non-Defaulting Lender, the Adjusted Percentages of the Lenders shall be automatically adjusted at such time to give effect to such replacement (and to give effect to the replacement of a Defaulting Lender with one or more Non-Defaulting Lenders).

SECTION 2. LETTERS OF CREDIT.

2.01 LETTERS OF CREDIT. (a) Subject to and upon the terms and conditions herein set forth, the Borrower may request that any Issuing Bank issue, at any time and from time to time after the Initial Borrowing Date and the Contribution Effective Time and prior to the date which is 30 days prior to the Revolving Loan Maturity Date, (x) for the account of the Borrower and for the benefit of any holder (or any trustee, agent or other similar representative for any such holders) of L/C Supportable Indebtedness of the Borrower or any of its Subsidiaries, an irrevocable sight standby letter of credit, in a form customarily used by such Issuing Bank or in such other form as has been approved by such Issuing Bank (each such standby letter of credit, a

"STANDBY LETTER OF CREDIT") in support of such L/C Supportable Indebtedness and (y) for the account of the Borrower and for the benefit of sellers of goods or materials to the Borrower or any of its Subsidiaries, an irrevocable sight commercial letter of credit in a form customarily used by such Issuing Bank or in such other form as has been approved by such Issuing Bank (each such commercial letter of credit, a "TRADE LETTER OF CREDIT", and each such Trade Letter of Credit and each Standby Letter of Credit, a "LETTER OF CREDIT") in support of trade obligations of the Borrower and its Subsidiaries that arise in the ordinary course of business.

(b) Subject to the terms and conditions contained herein, each Issuing Bank hereby agrees that it will, at any time and from time to time on or after the Initial Borrowing Date and the Contribution Effective Time and prior to the date which is 30 days prior to the Revolving Loan Maturity Date, following its receipt of the respective Letter of Credit Request, issue for the account of the Borrower one or more Letters of Credit (x) in the case of Standby Letters of Credit, in support of such L/C Supportable Indebtedness of the Borrower or any of its Subsidiaries as is permitted to remain outstanding without giving rise to a Default or Event of Default hereunder and (y) in the case of Trade Letters of Credit, in support of sellers of goods or materials as referenced in Section 2.01(a), PROVIDED that the respective Issuing Bank shall be under no obligation to issue any Letter of Credit of the types described above if at the time of such issuance:

(i) any order, judgment or decree of any governmental authority or arbitrator shall purport by its terms to enjoin or restrain such Issuing Bank from issuing such Letter of Credit or any requirement of law applicable to such Issuing Bank or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over such Issuing Bank shall prohibit, or request that such Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Bank with respect to such Letter of Credit any restriction or reserve or capital requirement (for which such Issuing Bank is not otherwise compensated) not in effect on the date hereof, or any unreimbursed loss, cost or expense which was not applicable, in effect or known to such Issuing Bank as of the date hereof and which such Issuing Bank in good faith deems material to it; or

(ii) such Issuing Bank shall have received notice from any Lender prior to the issuance of such Letter of Credit of the type described in the second sentence of Section 2.02(b).

(c) Notwithstanding the foregoing, (i) no Letter of Credit shall be issued the Stated Amount of which, when added to the Letter of Credit Outstandings (exclusive of Unpaid Drawings which are repaid on the date of, and prior to the issuance of, the respective Letter of Credit) at such time would exceed either (x) $50,000,000 or (y) when added to (I) the aggregate principal amount of all Revolving Loans made by Non-Defaulting Lenders and then outstanding and (II) the principal amount of all Swingline Loans then outstanding, an amount equal to the Adjusted Total Available Revolving Loan Commitment at such time, (ii) each Letter of Credit shall be denominated in Dollars, (iii) each Letter of Credit shall by its terms terminate (x) in the case of Standby Letters of Credit, on or before the earlier of (A) the date which occurs 12 months

after the date of the issuance thereof (although any such Standby Letter of Credit may be automatically extendible for successive periods of up to 12 months, but not beyond the 5th Business Day prior to the Revolving Loan Maturity Date, on terms acceptable to the Issuing Bank thereof) and (B) the 5th Business Day prior to the Revolving Loan Maturity Date, and (y) in the case of Trade Letters of Credit, on or before the earlier of (A) the date which occurs 180 days after the date of issuance thereof and (B) the date which is 10 days prior to the Revolving Loan Maturity Date and (iv) the Stated Amount of each Letter of Credit upon issuance shall be not less than $50,000 or such lesser amount as is acceptable to the respective Issuing Bank.

(d) Notwithstanding the foregoing, in the event a Lender Default exists, no Issuing Bank shall be required to issue any Letter of Credit unless the respective Issuing Bank has entered into arrangements satisfactory to it and the Borrower to eliminate such Issuing Bank's risk with respect to the participation in Letters of Credit of the Defaulting Lender or Lenders, including by cash collateralizing such Defaulting Lender or Lenders' Adjusted Percentage of the Letter of Credit Outstandings, as the case may be.

2.02 LETTER OF CREDIT REQUESTS, ETC. (a) Whenever the Borrower desires that a Letter of Credit be issued for its account, the Borrower shall give the Administrative Agent and the respective Issuing Bank written notice thereof prior to 12:00 Noon (New York time) at least three Business Days' (or such shorter period as is acceptable to the respective Issuing Bank) prior to the proposed date of issuance (which shall be a Business Day). Each notice shall be in the form of Exhibit C (each, a "LETTER OF CREDIT REQUEST").

(b) The making of each Letter of Credit Request shall be deemed to be a representation and warranty by the Borrower that such Letter of Credit may be issued in accordance with, and will not violate the requirements of, Section 2.01(c). Unless the respective Issuing Bank has received notice from any Lender before it issues a Letter of Credit that one or more of the conditions specified in Section 5 or Section 6, as applicable, are not then satisfied, or that the issuance of such Letter of Credit would violate Section 2.01(c), then such Issuing Bank shall issue the requested Letter of Credit for the account of the Borrower in accordance with such Issuing Bank's usual and customary practices.

(c) Each Issuing Bank shall, promptly after each issuance of, or amendment or modification to, a Standby Letter of Credit issued by it, give the Administrative Agent (and the Administrative Agent shall in turn promptly forward same to each Participant and the Borrower) written notice of the issuance of, or amendment or modification to, such Standby Letter of Credit, which notice shall be accompanied by a copy of the Standby Letter of Credit or Standby Letters of Credit issued by it and each such amendment or modification thereto.

(d) Each Issuing Bank (other than Morgan Guaranty) shall deliver to the Administrative Agent, promptly on the first Business Day of each week, by facsimile transmission, the aggregate daily Stated Amount available to be drawn under the outstanding Trade Letters of Credit issued by such Issuing Bank for the previous week. The Administrative Agent shall, within 10 days after the last Business Day of each calendar month, deliver to each Participant a report setting forth for such preceding calendar month the aggregate daily Stated

Amount available to be drawn under all outstanding Trade Letters of Credit during such calendar month.

2.03 LETTER OF CREDIT PARTICIPATIONS. (a) Immediately upon the issuance by any Issuing Bank of any Letter of Credit, such Issuing Bank shall be deemed to have sold and transferred to each Lender with a Revolving Loan Commitment, other than such Issuing Bank (each such Lender, in its capacity under this Section 2.03, a "PARTICIPANT"), and each such Participant shall be deemed irrevocably and unconditionally to have purchased and received from such Issuing Bank, without recourse or warranty, an undivided interest and participation, to the extent of such Participant's Adjusted Percentage, in such Letter of Credit, each drawing made thereunder and the obligations of the Borrower under this Agreement with respect thereto (although Letter of Credit Fees shall be payable directly to the Administrative Agent for the account of the Participants as provided in Section 3.01(b) and the Participants shall have no right to receive any portion of any Facing Fees with respect to such Letters of Credit), and any security therefor or guaranty pertaining thereto. Upon any change in the Revolving Loan Commitments or Adjusted Percentages of the Lenders pursuant to Section 1.13 or 13.04 or as a result of a Lender Default, it is hereby agreed that, with respect to all outstanding Letters of Credit and Unpaid Drawings, there shall be an automatic adjustment to the participations pursuant to this Section 2.03 to reflect the new Adjusted Percentages of the assignor and assignee Lender or of all Lenders with Revolving Loan Commitments, as the case may be.

(b) In determining whether to pay under any Letter of Credit, no Issuing Bank shall have any obligation relative to the other Lenders other than to confirm that any documents required to be delivered under such Letter of Credit appear to have been delivered and that they appear to substantially comply on their face with the requirements of such Letter of Credit. Subject to the provisions of the immediately preceding sentence, any action taken or omitted to be taken by any Issuing Bank under or in connection with any Letter of Credit if taken or omitted in the absence of gross negligence or willful misconduct, as determined by a court of competent jurisdiction, shall not create for such Issuing Bank any resulting liability to any Credit Party or any Lender.

(c) In the event that any Issuing Bank makes any payment under any Letter of Credit and the Borrower shall not have reimbursed such amount in full to such Issuing Bank pursuant to Section 2.04(a), such Issuing Bank shall promptly notify the Administrative Agent, which shall promptly notify each Participant, of such failure, and each Participant shall promptly and unconditionally pay to such Issuing Bank the amount of such Participant's Adjusted Percentage of such unreimbursed payment in Dollars and in same day funds. If the Administrative Agent so notifies, prior to 11:00 A.M. (New York time) on any Business Day, any Participant required to fund a payment under a Letter of Credit, such Participant shall make available to such Issuing Bank in Dollars such Participant's Adjusted Percentage of the amount of such payment on such Business Day in same day funds. If and to the extent such Participant shall not have so made its Adjusted Percentage of the amount of such payment available to such Issuing Bank, such Participant agrees to pay to such Issuing Bank, forthwith on demand such amount, together with interest thereon, for each day from such date until the date such amount is paid to such Issuing Bank at the overnight Federal Funds Rate. The failure of any Participant to

make available to such Issuing Bank its Adjusted Percentage of any payment under any Letter of Credit shall not relieve any other Participant of its obligation hereunder to make available to such Issuing Bank its Adjusted Percentage of any Letter of Credit on the date required, as specified above, but no Participant shall be responsible for the failure of any other Participant to make available to such Issuing Bank such other Participant's Adjusted Percentage of any such payment.

(d) Whenever any Issuing Bank receives a payment of a reimbursement obligation as to which it has received any payments from the Participants pursuant to clause (c) above, such Issuing Bank shall forward such payment to the Administrative Agent, which in turn shall distribute to each Participant which has paid its Adjusted Percentage thereof, in Dollars and in same day funds, an amount equal to such Participant's share (based upon the proportionate aggregate amount originally funded by such Participant to the aggregate amount funded by all Participants) of the principal amount of such reimbursement obligation and interest thereon accruing after the purchase of the respective participations.

(e) Upon the request of any Participant, each Issuing Bank shall furnish to such Participant copies of any Letter of Credit issued by it and such other documentation as may reasonably be requested by such Participant.

(f) The obligations of the Participants to make payments to each Issuing Bank with respect to Letters of Credit issued by it shall be irrevocable and not subject to any qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including, without limitation, any of the following circumstances:

(i) any lack of validity or enforceability of this Agreement or any of the other Credit Documents;

(ii) the existence of any claim, setoff, defense or other right which the Borrower or any of its Subsidiaries may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, any Issuing Bank, any Participant, or any other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated herein or any unrelated transactions (including any underlying transaction between the Borrower or any of its Subsidiaries and the beneficiary named in any such Letter of Credit);

(iii) any draft, certificate or any other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(iv) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Credit Documents; or

(v) the occurrence of any Default or Event of Default.

2.04 AGREEMENT TO REPAY LETTER OF CREDIT DRAWINGS. (a) The Borrower hereby agrees to reimburse the respective Issuing Bank, by making payment to the Administrative Agent in immediately available funds at the Payment Office, for any payment or disbursement made by such Issuing Bank under any Letter of Credit (each such amount, so paid until reimbursed, an "UNPAID DRAWING"), immediately after, and in any event on the date of such payment or disbursement, with interest on the amount so paid or disbursed by such Issuing Bank, to the extent not reimbursed prior to 12:00 Noon (New York time) on the date of such payment or disbursement, from and including the date paid or disbursed to but excluding the date such Issuing Bank was reimbursed by the Borrower therefor at a rate per annum which shall be the Base Rate in effect from time to time PLUS the Applicable Margin for Revolving Loans maintained as Base Rate Loans as in effect from time to time, such interest to be payable on demand; PROVIDED, HOWEVER, to the extent such amounts are not reimbursed prior to 12:00 Noon (New York time) on the third Business Day following receipt of notice of such payment or disbursement, interest shall thereafter accrue on the amounts so paid or disbursed by such Issuing Bank (and until reimbursed by the Borrower) at a rate per annum which shall be the Base Rate in effect from time to time PLUS the Applicable Margin for Revolving Loans maintained as Base Rate Loans as in effect from time to time PLUS 2%, in each such case, with interest to be payable on demand. The respective Issuing Bank shall give the Borrower prompt notice of each Drawing under any Letter of Credit issued by it, PROVIDED that the failure of, or delay in, giving any such notice shall in no way affect, impair or diminish the Borrower's obligations hereunder.

(b) The obligations of the Borrower under this Section 2.04 to reimburse the respective Issuing Bank with respect to drawings on Letters of Credit (each, a "DRAWING") (including, in each case, interest thereon) shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which the Borrower or any of its Subsidiaries may have or have had against any Lender (including in its capacity as issuer of the Letter of Credit or as Participant), or any nonapplication or misapplication by the beneficiary of the proceeds of such Drawing, the respective Issuing Bank's only obligation to the Borrower being to confirm that any documents required to be delivered under such Letter of Credit appear to have been delivered and that they appear to substantially comply on their face with the requirements of such Letter of Credit. Subject to the provisions of the immediately preceding sentence, any action taken or omitted to be taken by any Issuing Bank under or in connection with any Letter of Credit if taken or omitted in the absence of gross negligence or willful misconduct as determined by a court of competent jurisdiction, shall not create for such Issuing Bank any resulting liability to the Borrower or any other Credit Party.

2.05 INCREASED COSTS. If at any time after the date of this Agreement, the introduction of or any change in any applicable law, rule, regulation, order, guideline or request or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof, or compliance by any Issuing Bank or any Participant with any request or directive by any such authority (whether or not having the force of law), shall either (i) impose, modify or make applicable any reserve, deposit, capital adequacy or similar requirement against letters of credit issued by any Issuing Bank or participated in by any Participant, or (ii) impose on any Issuing Bank or any Participant any other conditions relating, directly or indirectly, to this Agreement, any Letter of Credit or such Participant's participation

therein; and the result of any of the foregoing is to increase the cost to any Issuing Bank or any Participant of issuing, maintaining or participating in any Letter of Credit, or reduce the amount of any sum received or receivable by any Issuing Bank or any Participant hereunder or reduce the rate of return on its capital with respect to Letters of Credit (except for changes in the rate of tax on, or determined by reference to, the net income or profits of such Issuing Bank or such Participant, or any franchise tax based on the net income or profits of such Issuing Bank or Participant, in either case pursuant to the laws of the United States of America, the jurisdiction in which it is organized or in which its principal office or applicable lending office is located or any subdivision thereof or therein), but without duplication of any amounts payable in respect of Taxes pursuant to Section 4.04(a), then, upon demand to the Borrower by such Issuing Bank or any Participant (a copy of which demand shall be sent by such Issuing Bank or such Participant to the Administrative Agent) and subject to the provisions of Section 13.15 (to the extent applicable), the Borrower shall pay to such Issuing Bank or such Participant such additional amount or amounts as will compensate such Issuing Bank or such Participant for such increased cost or reduction in the amount receivable or reduction on the rate of return on its capital. Any Issuing Bank or any Participant, upon determining that any additional amounts will be payable pursuant to this Section 2.05, will give prompt written notice thereof to the Borrower, which notice shall include a certificate submitted to the Borrower by such Issuing Bank or such Participant (a copy of which certificate shall be sent by such Issuing Bank or such Participant to the Administrative Agent), setting forth in reasonable detail the basis for and the calculation of such additional amount or amounts necessary to compensate such Issuing Bank or such Participant. The certificate required to be delivered pursuant to this Section 2.05 shall, if delivered in good faith and absent manifest error, be final and conclusive and binding on the Borrower, although the failure to deliver any such certificate shall not release or diminish the Borrower's obligations to pay additional amounts pursuant to this Section 2.05 upon subsequent receipt of such certificate.

SECTION 3. COMMITMENT COMMISSION; FEES; REDUCTIONS OF COMMITMENT.

3.01 FEES. (a) The Borrower shall pay the Administrative Agent for distribution to each Non-Defaulting Lender with a Revolving Loan Commitment a commitment commission (the "COMMITMENT COMMISSION") for the period from the Effective Date to and including the Revolving Loan Maturity Date (or such earlier date as the Total Revolving Loan Commitment shall have been terminated), computed at a rate for each day equal to the relevant Applicable Margin then in effect on the daily average Unutilized Revolving Loan Commitment of such Non-Defaulting Lender. Accrued Commitment Commission shall be due and payable quarterly in arrears on each Quarterly Payment Date and on the Revolving Loan Maturity Date (or such earlier date upon which the Total Revolving Loan Commitment is terminated).

(b) The Borrower shall pay to the Administrative Agent for PRO RATA distribution to each Non-Defaulting Lender with a Revolving Loan Commitment (based on their respective Adjusted Percentages), a fee in respect of each Letter of Credit issued hereunder (the "LETTER OF CREDIT FEE"), for the period from and including the date of issuance of such Letter of Credit to and including the termination of such Letter of Credit, computed at a rate per annum equal to the Applicable Margin then in effect for Revolving Loans maintained as Eurodollar

Loans on the daily average Stated Amount of such Letter of Credit. Accrued Letter of Credit Fees shall be due and payable quarterly in arrears on each Quarterly Payment Date and upon the first day on or after the termination of the Total Revolving Loan Commitment upon which no Letters of Credit remain outstanding.

(c) The Borrower shall pay to each Issuing Bank, for its own account, a facing fee in respect of each Letter of Credit issued by such Issuing Bank hereunder (the "FACING FEE"), for the period from and including the date of issuance of such Letter of Credit to and including the termination of such Letter of Credit, computed at a rate equal to 1/4 of 1% per annum of the daily average Stated Amount of such Letter of Credit (or such lesser percentage as shall be agreed by the respective Issuing Bank). Facing Fees shall be due and payable quarterly in arrears on each Quarterly Payment Date and on the date upon which the Total Revolving Loan Commitment has been terminated and such Letter of Credit has been terminated in accordance with its terms.

(d) The Borrower shall pay to each Issuing Bank, upon each payment under, issuance of, or amendment to, any Letter of Credit issued by such Issuing Bank, such amount as shall at the time of such event be the administrative charge which such Issuing Bank is generally imposing in connection with such occurrence with respect to letters of credit issued by it.

(e) PCA shall pay to each Agent, for its own account, such other fees as have been agreed to in writing by PCA Holdings and/or PCA and such Agent.

3.02 VOLUNTARY TERMINATION OR REDUCTION OF UNUTILIZED REVOLVING LOAN COMMITMENTS. (a) Upon at least three Business Days' prior notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right, at any time or from time to time, without premium or penalty, to terminate the Total Unutilized Revolving Loan Commitment, in whole or in part, in integral multiples of $5,000,000 in the case of partial reductions to the Total Unutilized Revolving Loan Commitment, PROVIDED that (i) each such reduction shall apply proportionately to permanently reduce the Revolving Loan Commitment of each Lender with such a Commitment and (ii) no reduction to the Total Unutilized Revolving Loan Commitment shall be in an amount which would cause the Revolving Loan Commitment of any Lender to be reduced (as required by preceding clause (i)) by an amount which exceeds the remainder of (x) the Unutilized Revolving Loan Commitment of such Lender as in effect immediately before giving effect to such reduction MINUS (y) such Lender's Adjusted Percentage of the aggregate principal amount of Swingline Loans then outstanding. If at the time of any reduction to the Total Unutilized Revolving Loan Commitment pursuant to the preceding provisions of this Section 3.02(a) the amount of the Blocked Commitment is in excess of $0, the Borrower may specify (in its notice of the reduction to the Total Unutilized Revolving Loan Commitment pursuant to this Section 3.02(a)) that the amount of the reduction shall also apply to reduce the amount of the Blocked Commitment as then in effect (in which case the amount of the Blocked Commitment shall be so reduced) by an amount equal to the lesser of (x) the amount of the Blocked Commitment as in effect prior to the reduction pursuant to this sentence and (y) the amount of the reduction to the Total Unutilized Revolving Loan Commitment then being effected to this

Section 3.02(a); PROVIDED that if at any time the amount of the Blocked Commitment is in excess of $0 and, as a result of any reduction to the Total Unutilized Revolving Loan Commitment pursuant to this Section 3.02(a), any repayment of Loans or establishment of cash collateral arrangements would be required pursuant to Section 4.02(a), the Borrower shall make any such required repayment or establish such cash collateral arrangements concurrently with any such reduction.

(b) In the event of certain refusals by a Lender to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Lenders as provided in Section 13.12(b), the Borrower may, subject to the requirements of said Section 13.12(b), upon five Business Days' prior written notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), terminate all of the Revolving Loan Commitment of such Lender so long as all Loans, together with accrued and unpaid interest, fees and all other amounts, owing to such Lender (including all amounts, if any, owing pursuant to Section 1.11 but excluding amounts owing in respect of any Tranche of Term Loans maintained by such Lender, if such Term Loans are not being repaid pursuant to Section 13.12(b)) are repaid concurrently with the effectiveness of such termination (at which time Schedule I shall be deemed modified to reflect such changed amounts), and at such time, unless the respective Lender continues to have outstanding Term Loans hereunder, such Lender shall no longer constitute a "Lender" for purposes of this Agreement, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 1.10, 1.11, 2.05, 4.04, 13.01 and 13.06), which shall survive as to such repaid Lender.

3.03 MANDATORY REDUCTION OF COMMITMENTS. (a) The Total Commitments (and the Tranche A Term Loan Commitment, the Tranche B Term Loan Commitment, the Tranche C Term Loan Commitment and the Revolving Loan Commitment of each Lender) shall terminate in its entirety on June 30, 1999 unless the Initial Borrowing Date shall have occurred on or prior to such date.

(b) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, the Total Tranche A Term Loan Commitment (and the Tranche A Term Loan Commitment of each Lender with such a Commitment) shall (i) terminate in its entirety on the Initial Borrowing Date (after giving effect to the making of the Tranche A Term Loans on such date) and (ii) prior to the termination of the Total Tranche A Term Loan Commitment as provided in clause (i) above, be reduced from time to time to the extent required by Section 4.02.

(c) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, the Total Tranche B Term Loan Commitment (and the Tranche B Term Loan Commitment of each Lender with such a Commitment) shall (i) terminate in its entirety on the Initial Borrowing Date (after giving effect to the making of the Tranche B Term Loans on such date) and (ii) prior to the termination of the Total Tranche B Term Loan Commitment as provided in clause (i) above, be reduced from time to time to the extent required by Section 4.02.

(d) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, the Total Tranche C Term Loan Commitment (and the Tranche C Term Loan Commitment of each Lender with such a Commitment) shall (i) terminate in its entirety on the Initial Borrowing Date (after giving effect to the making of the Tranche C Term Loans on such date) and (ii) prior to the termination of the Total Tranche C Term Loan Commitment as provided in clause (i) above, be reduced from time to time to the extent required by Section 4.02.

(e) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, the Total Revolving Loan Commitment (and the Revolving Loan Commitment of each Lender with such a Commitment) shall terminate in its entirety on the Revolving Loan Maturity Date.

(f) In addition to any other mandatory commitment reductions pursuant to this Section 3.03, on each date after the Initial Borrowing Date upon which a mandatory repayment of Term Loans pursuant to any of Sections 4.02(e) through (j), inclusive, is required (and exceeds in amount the aggregate principal amount of Term Loans then outstanding) or would be required if Term Loans were then outstanding, the Total Revolving Loan Commitment shall be permanently reduced by the amount, if any, by which the amount required to be applied pursuant to said Sections (determined as if an unlimited amount of Term Loans were actually outstanding) exceeds the aggregate principal amount of Term Loans then outstanding.

(g) In addition to any other mandatory commitment reduction pursuant to this Section 3.03, the Total Revolving Loan Commitment (and the Revolving Loan Commitment of each Lender with such a Commitment) shall terminate in its entirety at 5:00 P.M. (New York time) on the Initial Borrowing Date unless the Contribution Effective Time shall have occurred prior to such time.

(h) Each reduction to the Total Tranche A Term Loan Commitment, the Total Tranche B Term Loan Commitment, the Total Tranche C Term Loan Commitment and the Total Revolving Loan Commitment pursuant to this Section 3.03 shall be applied proportionately to reduce the Tranche A Term Loan Commitment, the Tranche B Term Loan Commitment, the Tranche C Term Loan Commitment or the Revolving Loan Commitment, as the case may be, of each Lender with such a Commitment.

SECTION 4. PREPAYMENTS; PAYMENTS; TAXES.

4.01 VOLUNTARY PREPAYMENTS. The Borrower shall have the right to prepay the Loans, without premium or penalty except as provided by law, in whole or in part, at any time and from time to time on the following terms and conditions: (i) the Borrower shall give the Administrative Agent prior to 12:00 Noon (New York time) at its Notice Office (x) at least one Business Day's prior written notice (or telephonic notice promptly confirmed in writing) of its intent to prepay Term Loans or Revolving Loans maintained as Base Rate Loans, (y) same day prior written notice (or telephonic notice promptly confirmed in writing) of its intent to prepay Swingline Loans and (z) at least three Business Days' (or in the case of a prepayment of Eurodollar Loans at the end of the Interest Period therefor, one Business Day's) prior written notice (or telephonic notice promptly confirmed in writing) of its intent to prepay Eurodollar

Loans, whether Tranche A Term Loans, Tranche B Term Loans, Tranche C Term Loans, Revolving Loans or Swingline Loans shall be prepaid, the amount of such prepayment, the Types of Loans to be prepaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings pursuant to which made, which notice the Administrative Agent shall (except in the case of Swingline Loans) promptly transmit to each of the Lenders; (ii) each prepayment shall be in an aggregate principal amount of at least $1,000,000 (or $50,000 in the case of Swingline Loans) and, in each case, if greater, in integral multiples of $100,000 (or $50,000 in the case of Swingline Loans) (or, in each case, such lesser amount of a Borrowing which is outstanding), PROVIDED that if any partial prepayment of Eurodollar Loans made pursuant to any Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount applicable thereto, then such Borrowing may not be continued as a Borrowing of Eurodollar Loans and any election of an Interest Period with respect thereto given by the Borrower shall have no force or effect; (iii) at the time of any prepayment of Eurodollar Loans pursuant to this Section 4.01 on any date other than the last day of the Interest Period applicable thereto, the Borrower shall pay the amounts required pursuant to Section 1.11; (iv) in the event of certain refusals by a Lender as provided in Section 13.12(b) to consent to certain proposed changes, waivers, discharges or terminations with respect to this Agreement which have been approved by the Required Lenders, the Borrower may, upon five Business Days' prior written notice to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders) repay all Loans, together with accrued and unpaid interest, Fees, and other amounts owing to such Lender (or owing to such Lender with respect to each Tranche which gave rise to the need to obtain such Lender's individual consent) in accordance with said Section 13.12(b) so long as (A) in the case of the repayment of Revolving Loans of any Lender pursuant to this clause (iv), the Revolving Loan Commitment of such Lender is terminated concurrently with such repayment (at which time Schedule I shall be deemed modified to reflect the changed Revolving Loan Commitments) and (B) the consents required by Section 13.12(b) in connection with the repayment pursuant to this clause (iv) have been obtained; (v) except as expressly provided in the preceding clause (iv), each voluntary prepayment of Term Loans pursuant to this Section 4.01 shall be applied, subject to modification of such application as set forth in Section 4.02(o), to the Tranche A Term Loans, Tranche B Term Loans and the Tranche C Term Loans on a PRO RATA basis (based upon the then outstanding principal amount of Tranche A Term Loans, Tranche B Term Loans and Tranche C Term Loans); (vi) except as expressly provided in the preceding clause (iv), each prepayment in respect of any Loans made pursuant to a Borrowing shall be applied PRO RATA among the Loans comprising such Borrowing; PROVIDED that at the Borrower's election in connection with any prepayment of Revolving Loans pursuant to this Section 4.01, such prepayment shall not be applied to any Revolving Loan of a Defaulting Lender; and (vii) each prepayment of principal of any Tranche of Term Loans pursuant to this Section 4.01 shall be applied to reduce the then remaining Scheduled Repayments of the respective Tranche of Term Loans PRO RATA based upon the then remaining principal amounts of the Scheduled Repayments of the respective Tranche after giving effect to all prior reductions thereto; PROVIDED that unless the Borrower notifies the Administrative Agent in writing that it does not desire that prepayments be applied as provided in this proviso, any such prepayment of the respective Tranche of Term Loans shall first be applied in direct order of maturity to those Scheduled Repayments of the respective Tranche which are due within 24 months after the date of such prepayment (based upon the then

remaining principal amounts of such Scheduled Repayments after giving effect to all prior reductions thereto), with any excess amount of such prepayment to be applied to the then remaining Scheduled Repayments of the respective Tranche of Term Loans on a PRO RATA basis as otherwise provided in this clause (vii) above.

4.02 MANDATORY REPAYMENTS AND COMMITMENT REDUCTIONS. (a)(i) On any date on which the sum of the aggregate outstanding principal amount of the Revolving Loans made by Non-Defaulting Lenders, the outstanding principal amount of the Swingline Loans and the Letter of Credit Outstandings on such date exceeds the Adjusted Total Available Revolving Loan Commitment as then in effect, the Borrower shall prepay on such date the principal of Swingline Loans and, after the Swingline Loans have been repaid in full, Revolving Loans of Non-Defaulting Lenders in an amount equal to such excess. If, after giving effect to the prepayment of all outstanding Swingline Loans and all outstanding Revolving Loans of Non-Defaulting Lenders, the aggregate amount of the Letter of Credit Outstandings exceeds the Adjusted Total Available Revolving Loan Commitment as then in effect, the Borrower shall pay to the Administrative Agent at the Payment Office on such date an amount in cash and/or Cash Equivalents equal to the amount of such excess (up to a maximum amount equal to the Letter of Credit Outstandings at such time), such cash and/or Cash Equivalents to be held as security for all obligations of the Borrower to Non-Defaulting Lenders hereunder in a cash collateral account to be established by the Administrative Agent pursuant to a cash collateral agreement to be entered into in form and substance reasonably satisfactory to the Administrative Agent.

(ii) On any date on which the aggregate outstanding principal amount of the Revolving Loans made by any Defaulting Lender exceeds the Revolving Loan Commitment of such Defaulting Lender, the Borrower shall prepay on such date principal of Revolving Loans of such Defaulting Lender in an amount equal to such excess.

(b) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, on each date set forth below, the Borrower shall be required to repay that principal amount of Tranche A Term Loans, to the extent then outstanding, as is set forth opposite such date (each such repayment, as the same may be reduced as provided in Sections 4.01 and 4.02(k), a "TRANCHE A SCHEDULED REPAYMENT," and each such date, a "TRANCHE A SCHEDULED REPAYMENT DATE"):

Tranche A Scheduled Repayment Date	Amount
September 30, 1999	$8,000,000
December 31, 1999	$8,000,000
March 31, 2000	$10,000,000
June 30, 2000	$10,000,000
September 30, 2000	$10,000,000
December 31, 2000	$10,000,000

March 31, 2001	$15,000,000
June 30, 2001	$15,000,000
September 30, 2001	$15,000,000
December 31, 2001	$15,000,000
March 31, 2002	$22,500,000
June 30, 2002	$22,500,000
September 30, 2002	$22,500,000
December 31, 2002	$22,500,000
March 31, 2003	$25,000,000
June 30, 2003	$25,000,000
September 30, 2003	$25,000,000
December 31, 2003	$25,000,000
March 31, 2004	$30,000,000
June 30, 2004	$30,000,000
September 30, 2004	$30,000,000
December 31, 2004	$30,000,000
Tranche A Term Loan Maturity Date	$34,000,000

(c) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, on each date set forth below, the Borrower shall be required to repay that principal amount of Tranche B Term Loans, to the extent then outstanding, as is set forth opposite such date (each such repayment, as the same may be reduced as provided in Sections 4.01 and 4.02(k), a "TRANCHE B SCHEDULED REPAYMENT," and each such date, a "TRANCHE B SCHEDULED REPAYMENT DATE"):

Tranche B Scheduled Repayment Date	Amount
September 30, 1999	$937,500
December 31, 1999	$937,500
March 31, 2000	$937,500
June 30, 2000	$937,500
September 30, 2000	$937,500
December 31, 2000	$937,500
March 31, 2001	$937,500
June 30, 2001	$937,500
September 30, 2001	$937,500
December 31, 2001	$937,500
March 31, 2002	$937,500

June 30, 2002	$937,500
September 30, 2002	$937,500
December 31, 2002	$937,500
March 31, 2003	$937,500
June 30, 2003	$937,500
September 30, 2003	$937,500
December 31, 2003	$937,500
March 31, 2004	$937,500
June 30, 2004	$937,500
September 30, 2004	$937,500
December 31, 2004	$937,500
March 31, 2005	$937,500
June 30, 2005	$937,500
September 30, 2005	$937,500
December 31, 2005	$937,500
March 31, 2006	$937,500
June 30, 2006	$87,421,875
September 30, 2006	$87,421,875
December 31, 2006	$87,421,875
Tranche B Term Loan Maturity Date	$87,421,875

(d) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, on each date set forth below, the Borrower shall be required to repay that principal amount of Tranche C Term Loans, to the extent then outstanding, as is set forth opposite such date (each such repayment, as the same may be reduced as provided in Sections 4.01 and 4.02(k), a "TRANCHE C SCHEDULED REPAYMENT," and each such date, a "TRANCHE C SCHEDULED REPAYMENT DATE"):

Tranche C Scheduled Repayment Date	Amount
September 30, 1999	$937,500
December 31, 1999	$937,500
March 31, 2000	$937,500
June 30, 2000	$937,500
September 30, 2000	$937,500
December 31, 2000	$937,500
March 31, 2001	$937,500
June 30, 2001	$937,500

September 30, 2001	$937,500
December 31, 2001	$937,500
March 31, 2002	$937,500
June 30, 2002	$937,500
September 30, 2002	$937,500
December 31, 2002	$937,500
March 31, 2003	$937,500
June 30, 2003	$937,500
September 30, 2003	$937,500
December 31, 2003	$937,500
March 31, 2004	$937,500
June 30, 2004	$937,500
September 30, 2004	$937,500
December 31, 2004	$937,500
March 31, 2005	$937,500
June 30, 2005	$937,500
September 30, 2005	$937,500
December 31, 2005	$937,500
March 31, 2006	$937,500
June 30, 2006	$937,500
September 30, 2006	$937,500
December 31, 2006	$937,500
March 31, 2007	$937,500
June 30, 2007	$86,484,375
September 30, 2007	$86,484,375
December 31, 2007	$86,484,375
Tranche C Term Loan Maturity Date	$86,484,375

(e) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, on each date after the Effective Date upon which the Borrower or any of its Subsidiaries receives any proceeds from any sale or issuance of equity of (or cash capital contributions to) the Borrower or any of its Subsidiaries (other than (v) the Secondary Common Equity Issuance, (w) issuances of Borrower Common Stock to management of the Borrower and its Subsidiaries (including, without limitation, as a result of the exercise of options with respect to Borrower Common Stock), (x) the Preferred Equity Issuance, (y) the issuance of Exchange Borrower PIK Preferred Stock in accordance with the requirements of the definition thereof and (z) the issuance of the Preferred Stock referred to in clause (iii) of the first sentence of Section 7B.14 on the Initial Borrowing Date) an amount equal to 50% of the cash proceeds of the respective sale or issuance (net of underwriting discounts and commissions and other direct

costs associated therewith, including, without limitation, legal fees and expenses) shall be applied as a mandatory repayment of principal of outstanding Term Loans (or, if the Initial Borrowing Date has not yet occurred, such amounts shall be applied as a mandatory reduction to the Total Term Loan Commitment) in accordance with the requirements of Sections 4.02(k) and (l).

(f) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, on each date after the Effective Date upon which the Borrower or any of its Subsidiaries receives any proceeds from any incurrence by the Borrower or any of its Subsidiaries of Indebtedness (other than (x) at any time prior to the Contribution Effective Time, Indebtedness existing pursuant to this Agreement and the Subordinated Promissory Notes and (y) at any time thereafter, Indebtedness permitted to be incurred pursuant to Section 9.04), an amount equal to the cash proceeds (net of underwriting discounts and commissions and other costs associated therewith including, without limitation, legal fees and expenses) of the respective incurrence of Indebtedness shall be applied as a mandatory repayment of principal of outstanding Term Loans (or, if the Initial Borrowing Date has not yet occurred, such amounts shall be applied as a mandatory reduction to the Total Term Loan Commitment) in accordance with the requirements of Sections 4.02(k) and (l).

(g) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, on each date after the Contribution Effective Time upon which the Borrower or any of its Subsidiaries receives any Net Asset Sale Proceeds, an amount equal to 100% of such Net Asset Sale Proceeds shall be applied as a mandatory repayment of principal of outstanding Term Loans in accordance with the requirements of Sections 4.02(k) and (l); PROVIDED that:

(I) the Net Asset Sale Proceeds received by the Borrower or any of its Subsidiaries in connection with a sale or other disposition of a Converting Plant shall not give rise to a mandatory repayment on the date of the receipt of such Net Asset Sale Proceeds so long as (i) no Default or Event of Default shall have occurred and be continuing on the date of receipt of such Net Asset Sale Proceeds, (ii) the aggregate amount of Net Asset Sale Proceeds from such sale or other disposition of such Converting Plant, when added to the aggregate amount of Net Asset Sale Proceeds from all other sales or dispositions of Converting Plants consummated in the twelve-month period prior to the respective sale or disposition of such Converting Plant, does not exceed $60,000,000 and (iii) the Borrower delivers an officer's certificate to the Administrative Agent on or before the date of receipt of such Net Asset Sale Proceeds stating that the conditions set forth in clauses (i) and (ii) are satisfied, and that an amount equal to such Net Asset Sale Proceeds shall be used to purchase or invest in other Converting Plants within one year following the date of receipt of such Net Asset Sale Proceeds (which certificate shall set forth the estimates of the proceeds to be so expended, the proposed use of such Net Asset Sale Proceeds and such other information with respect to such reinvestment as the Administrative Agent may reasonably request);

(II) the Net Asset Sale Proceeds received by the Borrower or any of its Subsidiaries in connection with any Asset Sale (other than a Timberlands Disposition, any Asset Sale pursuant to a Permitted Sale-Leaseback Transaction and an Asset Sale constituting a sale or disposition of a Converting Plant) shall not give rise to a mandatory repayment on the date of the receipt of such Net Asset Sale Proceeds so long as (i) no Default or Event of Default shall have occurred and be continuing on the date of receipt of such Net Asset Sale Proceeds, (ii) the aggregate amount of Net Asset Sale Proceeds (exclusive of the Excluded Proceeds) from the Contribution Effective Time to (and including) the date of receipt of such Net Asset Sale Proceeds does not exceed 5.0% of Total Relevant Assets (as determined on the last day of the most recently ended fiscal quarter for which financial statements have been made available to the Lenders) and (iii) the Borrower delivers an officer's certificate to the Administrative Agent on or before the date of receipt of such Net Asset Sale Proceeds stating that the conditions set forth in clauses (i) and (ii) are satisfied, and that an amount equal to such Net Asset Sale Proceeds shall be used to purchase equipment or other productive assets of the general type used in a Permitted Business (including capital stock of a corporation engaged in such business) of the Borrower and its Subsidiaries (such equipment and other assets being "ELIGIBLE ASSETS") within one year following the date of receipt of such Net Asset Sale Proceeds (which certificate shall set forth the estimates of the proceeds to be so expended, the proposed use of such Net Asset Sale Proceeds and such other information with respect to such reinvestment as the Administrative Agent may reasonably request); and

(III) up to the Excluded Timberlands Proceeds Maximum Amount of the Net Asset Sale Proceeds from the Timberlands Disposition (or such lesser amount of the Net Asset Sale Proceeds from the Timberlands Disposition as may remain after giving effect to such additional repayments of Term Loans with such Net Asset Sale Proceeds as may be required to establish compliance with the Leverage Ratio specified below) (the amount of any such Net Asset Sale Proceeds excluded from the repayment requirements of this Section 4.02(g) by virtue of this clause (III), the "EXCLUDED TIMBERLANDS DISPOSITION PROCEEDS") shall not give rise to a mandatory repayment on the date of receipt of such Net Asset Sale Proceeds, so long as (i) no Default or Event of Default shall have occurred and be continuing on the date of receipt of such Net Asset Sale Proceeds, (ii) at least $500,000,000 of the Net Asset Sale Proceeds received by the Borrower and its Subsidiaries from Timberlands Dispositions have first been applied as a mandatory repayment of principal of Term Loans as provided in this Section 4.02(g) (without regard to this proviso), (iii) the Leverage Ratio for the Test Period then most recently ended prior to the Timberland Dispositions resulting in such Excluded Timberlands Disposition Proceeds is less than or equal to 4.5:1.0 after giving effect, on a PRO FORMA Basis, to the sale of all Timberland Properties theretofore consummated and the Capitalized Lease Obligations and operating lease obligations, if any, incurred in connection with any leasing arrangements with respect to Timberland Properties theretofore sold pursuant to the Timberlands Dispositions, any increase or decrease in fiber, stumpage or similar costs as a result of the Timberlands Disposition and the application of such Excluded Timberlands Disposition Proceeds as contemplated by clause (iv) below (with the requirements described in preceding clauses (i), (ii) and (iii) being herein called the

"TIMBERLANDS DISPOSITION RECAPTURE/RESTRICTED PAYMENTS REQUIREMENTS") and (iv) the Borrower delivers an officer's certificate to the Administrative Agent on or before the date of receipt of such Excluded Timberlands Disposition Proceeds stating that the Timberlands Disposition Recapture/Restricted Payments Requirements are satisfied and that such Excluded Timberlands Disposition Proceeds are to be applied within 60 days of receipt of such Excluded Timberlands Disposition Proceeds to the cash redemption of, or payment of cash Dividends in respect of Borrower Common Stock, the cash redemption of Borrower PIK Preferred Stock and/or the redemption of Senior Subordinated Notes in accordance with the relevant provisions of this Agreement;

PROVIDED, that (x) if all or any portion of such Net Asset Sale Proceeds referred to in preceding clauses (I) and (II) are not so used within the one year period following the date of the respective receipt of such Net Asset Sale Proceeds (or, in any such case, if during such one year period the Borrower delivers to the Administrative Agent an officer's certificate certifying that the Board of Directors of the Borrower has adopted an investment plan to so use such portion of such Net Asset Sale Proceeds within the two year period following the date of the respective receipt of such Net Asset Sale Proceeds, within such two year period), such remaining portion not so used shall be applied on the last day of such one year (or two year, as the case may be) period as a mandatory repayment of principal of outstanding Term Loans in accordance with the requirements of Sections 4.02(k) and (l) and (y) if all or any portion of the Excluded Timberlands Disposition Proceeds are not applied as contemplated by the preceding clause III(iv) by the 60th day following the receipt of such Excluded Timberlands Disposition Proceeds, such remaining portion not so used shall be applied on such Business Day as a mandatory prepayment of principal of outstanding Term Loans in accordance with the requirements of Section 4.02(k) and (l). The use of the Net Asset Sale Proceeds pending the reinvestment thereof pursuant to clause (I) and (II) above shall be subject to Section 4.02(p). If the Borrower is required to apply any portion of asset sale proceeds to prepay or offer to prepay Indebtedness evidenced by the Senior Subordinated Notes (under the terms of the Senior Subordinated Notes Indenture), then notwithstanding anything contained in this Agreement to the contrary the Borrower shall apply such asset sale proceeds as a mandatory prepayment of the principal of outstanding Term Loans in accordance with requirements of Sections 4.02(k) and (l).

(h) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, within 10 days following each date after the Contribution Effective Time on which the Borrower or any of its Subsidiaries receives any Net Insurance/Condemnation Proceeds, an amount equal to 100% of such Net Insurance/Condemnation Proceeds shall be applied as a mandatory repayment of principal of outstanding Term Loans in accordance with the requirements of Sections 4.02(k) and (l); PROVIDED that the Net Insurance/Condemnation Proceeds received by the Borrower or any of its Subsidiaries shall not give rise to a mandatory repayment within such 10 day period so long as (i) no Default or Event of Default shall have occurred and be continuing and (ii) to the extent that (a) the amount of such Net Insurance/Condemnation Proceeds, together with other cash available to the Borrower and its Subsidiaries and permitted to be spent by them on Capital Expenditures during the relevant period, equals at least 100% of the cost of replacement or restoration of the properties or assets in respect of which such Net Insurance/Condemnation Proceeds were paid as determined by the

Borrower and as supported by such estimates or bids from contractors or subcontractors or such other supporting information as the Administrative Agent may reasonably accept, (b) the Borrower delivers an officer's certificate to the Administrative Agent within such 10 day period (x) stating that such Net Insurance/Condemnation Proceeds have been or shall be used (and, if not so used, have been committed to be used) within one year of such date of receipt of such Net Insurance/Condemnation Proceeds to replace or restore any properties or assets in respect of which such Net Insurance/Condemnation Proceeds were paid, (y) setting forth the proposed use of Net Insurance/Condemnation Proceeds and such other information with respect to such proposed use as the Administrative Agent may reasonably request and (z) certifying its determination as required by preceding clause (a) and the sufficiency of business interruption insurance as required by succeeding clause (c), if applicable, and (c) if the amount of such Net Insurance/Condemnation Proceeds exceeds $100,000,000, the Borrower delivers such evidence as the Administrative Agent may reasonably request in form and substance reasonably satisfactory to the Administrative Agent establishing that the Borrower has sufficient business interruption insurance and will receive payment thereunder in such amounts and at such times as are necessary to satisfy all obligations and expenses of the Borrower (including, without limitation, all debt service requirements, including pursuant to this Agreement), without any delay or extension thereof, for the period from the date of the respective casualty, condemnation or other event giving rise to the receipt of such Net Insurance/Condemnation Proceeds and continuing through the completion of the replacement or restoration of respective properties or assets; PROVIDED HOWEVER, that if all or any portion of such Net Insurance/Condemnation Proceeds not required to be applied as a mandatory repayment pursuant to the preceding proviso are not so used within one year after the date of the receipt of such Net Insurance/Condemnation Proceeds (or, in any such case, if during such one year period the Borrower delivers an officer's certificate to the Administrative Agent certifying that the Board of Directors of the Borrower has adopted an investment plan to so use such portion of such Net Insurance/Condemnation Proceeds within the two year period following the date of the respective receipt of such Net Insurance/Condemnation Proceeds, within such two year period), then such remaining portion not so used shall be applied on the last day of such one year (or two year, as the case may be) period to prepay Term Loans in accordance with the requirements of Sections 4.02(k) and (l). The use of the Net Insurance/Condemnation Proceeds pending the application thereof as contemplated above shall be subject to Section 4.02(p).

(i) In addition to any other mandatory repayments pursuant to this Section 4.02, on each Excess Cash Payment Date, an amount equal to the Applicable Excess Cash Flow Percentage of the Excess Cash Flow for the relevant Excess Cash Payment Period shall be applied as a mandatory repayment of principal of outstanding Term Loans in accordance with the requirements of Sections 4.02(k) and (l).

(j) In addition to any other mandatory repayments or commitment reductions pursuant to this Section 4.02, (i) on the Permitted Receivables Facility Transaction Date an amount equal to the Initial Permitted Receivables Facility Proceeds received by the Receivables Sellers on such date and (ii) on each date after the Permitted Receivables Facility Transaction Date upon which the Attributed Receivables Facility Indebtedness is incurred, the amount (if any) by which the aggregate Attributed Receivables Facility Indebtedness at such time exceeds

the Permitted Receivables Facility Threshold Amount as then in effect, in each case shall be applied as a mandatory repayment of principal of outstanding Term Loans in accordance with the requirements of Sections 4.02(k) and (l).

(k) Each amount required to be applied to Term Loans (or to the Total Term Loan Commitment) pursuant to Sections 4.02(e), (f), (g), (h), (i) and (j) shall be applied, subject to modification of such application as set forth in Section 4.02(o), PRO RATA to each Tranche of Term Loans based upon the then remaining principal amounts of the respective Tranches (with each Tranche of Term Loans to be allocated that percentage of the amount to be applied as is equal to a fraction (expressed as a percentage) the numerator of which is the then outstanding principal amount of such Tranche of Term Loans (or, if the Initial Borrowing Date has not yet occurred, the aggregate Term Loan Commitments of the Lenders with respect to such Tranche) and the denominator of which is equal to the then outstanding principal amount of all Term Loans (or, if the Initial Borrowing Date has not yet occurred, the then Total Term Loan Commitment)). Any amount required to be applied to any Tranche of Term Loans pursuant to Sections 4.02(e), (f), (g), (h), (i) and (j) shall be applied to repay the outstanding principal amount of Term Loans of the respective Tranche then outstanding (or, if the Initial Borrowing Date has not yet occurred, to reduce the Total Tranche A Term Loan Commitment, the Total Tranche B Term Loan Commitment or the Total Tranche C Term Loan Commitment, as the case may be). The amount of each principal repayment of Term Loans (and the amount of each reduction to the Term Loan Commitments) made as required by Sections 4.02(e), (f), (g), (h), (i) and (j) shall be applied to reduce the then remaining Scheduled Repayments of the respective Tranche on a PRO RATA basis (based upon the then remaining principal amounts of the Scheduled Repayments of the respective Tranche after giving effect to all prior reductions thereto); PROVIDED that unless the Borrower notifies the Administrative Agent in writing that it does not desire that such repayment (or reduction) be applied as provided in this proviso, any such repayment (or reduction) shall first be applied in direct order of maturity to reduce the then remaining Scheduled Repayments of the respective Tranche of Term Loans which are due within 24 months after the date of such repayment (or reduction), with any excess amount of such repayment (or reduction) to be applied to the then remaining Scheduled Repayments on a PRO RATA basis as otherwise provided above in this sentence.

(l) With respect to each repayment of Loans required by this Section 4.02, the Borrower may designate the Types of Loans of the respective Tranche which are to be repaid and, in the case of Eurodollar Loans, the specific Borrowing or Borrowings of the respective Tranche pursuant to which made, PROVIDED that: (i) repayments of Eurodollar Loans pursuant to this Section 4.02 may only be made on the last day of an Interest Period applicable thereto unless all Eurodollar Loans of the respective Tranche with Interest Periods ending on such date of required repayment and all Base Rate Loans of the respective Tranche have been paid in full; (ii) if any repayment of Eurodollar Loans made pursuant to a single Borrowing shall reduce the outstanding Eurodollar Loans made pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount with respect thereto, such Borrowing shall be converted at the end of the then current Interest Period into a Borrowing of Base Rate Loans; and (iii) each repayment of any Loans made pursuant to a Borrowing shall be applied PRO RATA among such Loans. In the

absence of a designation by the Borrower as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its sole discretion.

(m) Notwithstanding anything to the contrary contained elsewhere in this Agreement, (i) all then outstanding Swingline Loans shall be repaid in full on the Swingline Expiry Date and (ii) all other then outstanding Loans shall be repaid in full on the respective Maturity Date for such Loans.

(n) Notwithstanding anything to the contrary contained elsewhere in this Agreement, all then outstanding Loans shall be repaid in full at 5:00 P.M. (New York time) on the Initial Borrowing Date unless the Contribution Effective Time shall have occurred prior to such time.

(o) Notwithstanding anything to the contrary contained in this Section 4.02 or elsewhere in this Agreement, (x) the Borrower shall have the option, in its sole discretion, to give the Lenders with outstanding Tranche B Term Loans (the "TRANCHE B TERM LENDERS") and Tranche C Term Loans (the "TRANCHE C TERM LENDERS") the option to waive a voluntary prepayment of such Loans pursuant to Section 4.01 (a "WAIVABLE VOLUNTARY REPAYMENT") and (y) the Tranche B Lenders and Tranche C Lenders shall have the option, without the consent of the Borrower, to waive a mandatory repayment of such Loans pursuant to Section 4.02(e), (f), (g), (h), (i) and/or (j) (other than a mandatory repayment of such Loans pursuant to Section 4.02(g) required to be made with the Net Asset Sale Proceeds of the Timberlands Dispositions) (each such repayment, a "WAIVABLE MANDATORY REPAYMENT") upon the terms and provisions set forth in this Section 4.02(o). The Borrower shall give the Administrative Agent written notice at least five Business Days prior to (i) the date of each Waivable Voluntary Repayment, if it elects to exercise the option in clause (x) of the immediately preceding sentence and (ii) the date of each Waivable Mandatory Repayment, which notice the Administrative Agent shall promptly forward to all Tranche B Term Lenders and Tranche C Term Lenders (indicating in such notice the amount of such repayment to be applied to each such Lender's outstanding Term Loans under such Tranches). The Borrower's offer to permit such Lenders to waive any such Waivable Voluntary Prepayment may apply to all or part of such repayment, PROVIDED that any offer to waive part of such repayment must be made ratably to such Lenders on the basis of their outstanding Tranche B Term Loans and Tranche C Term Loans. In the event any such Tranche B Term Lender or Tranche C Term Lender desires to waive such Lender's right to receive any such Waivable Voluntary Repayment or Waivable Mandatory Repayment, as the case may be, in whole or in part, such Lender shall so advise the Administrative Agent no later than the close of business two Business Days after the date of such notice from the Administrative Agent, which notice shall also include the amount such Lender desires to receive in respect of such repayment. If any Lender does not reply to the Administrative Agent within such two Business Day period, it will be deemed not to have waived any part of such repayment. If any Lender does not specify an amount it wishes to receive, it will be deemed to have accepted 100% of the total payment. In the event that any such Lender waives all or part of such right to receive any such Waivable Voluntary Repayment or Waivable Mandatory Repayment, the Administrative Agent shall apply 100% of the amount so waived by such Lender to the Tranche A Term Loans in accordance with Section 4.01 or Section 4.02(k), as the case may be. Notwithstanding the foregoing, in no event

shall the amount of a Waivable Repayment exceed the aggregate principal amount of Tranche A Term Loans that will be outstanding after Lenders with outstanding Tranche A Term Loans receive their respective shares of voluntary prepayments or mandatory repayments, as the case may be, pursuant to Section 4.01 or 4.02(k), as the case may be (I.E., before giving effect to any application of such Waivable Repayment to Tranche A Loans pursuant to this Section 4.02(o)).

(p) Notwithstanding anything to the contrary set forth above, if at any time the aggregate amount of Net Asset Sale Proceeds not theretofore reinvested in Converting Plants or Eligible Assets as permitted pursuant to clause (I) or (II) of Section 4.02(g), when added to the aggregate amount of Net Insurance/Condemnation Proceeds not theretofore used to replace or restore any properties or assets as provided in Section 4.02(h), exceeds $100,000,000, then the entire amount of such Net Asset Sale Proceeds and/or Net Insurance/Condemnation Proceeds and not just the portion in excess of $100,000,000 shall be deposited with the Administrative Agent in a cash collateral account (the "CASH COLLATERAL ACCOUNT") pursuant to cash collateral arrangements reasonably satisfactory to the Administrative Agent whereby such proceeds shall be disbursed to the Borrower from time to time as needed to pay or reimburse the Borrower or such Subsidiary for actual costs incurred by it in connection with the purchase of Converting Plants or Eligible Assets or the replacement or restoration of the respective properties or assets giving rise to the receipt of such Net Insurance/Condemnation Proceeds, as the case may be, PROVIDED that (1) at any time while an Event of Default has occurred and is continuing, the Required Lenders may direct the Administrative Agent (in which case the Administrative Agent shall, and is hereby authorized by the Borrower to, follow said directions) to apply any or all proceeds then on deposit in the Cash Collateral Account to the repayment of Obligations hereunder in the same manner as proceeds would be applied pursuant to the PCA Security Agreement and (2) at the election of the Borrower (which election shall be notified in writing to the Administrative Agent) all or a portion of the amount otherwise required to be deposited in the Cash Collateral Account shall not be required to be so deposited but instead shall be applied to repay outstanding Revolving Loans (whereupon an amount equal to the aggregate principal amount of Revolving Loans so repaid shall be added to the Blocked Commitment and a portion of the Total Revolving Loan Commitment equal to the Blocked Commitment then in effect shall automatically (and without further action) be blocked), PROVIDED that the Borrower shall not have the right to make such an election to the extent that, after giving effect thereto, the Total Revolving Loan Commitment would not exceed the Blocked Commitment by at least $50,000,000.

4.03 METHOD AND PLACE OF PAYMENT. Except as otherwise specifically provided herein, all payments under this Agreement or any Note shall be made to the Administrative Agent for the account of the Lender or Lenders entitled thereto not later than 12:00 Noon (New York time) on the date when due and shall be made in Dollars in immediately available funds at the Payment Office. Any payments under this Agreement or under any Note which are made later than 12:00 Noon (New York time) shall be deemed to have been made on the next succeeding Business Day. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension.

4.04 NET PAYMENTS; TAXES. (a) All payments made by any Credit Party hereunder or under any Note will be made without setoff, counterclaim or other defense. Except as provided in Section 4.04(b), all such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, except as provided in the second succeeding sentence, any tax imposed on or measured by the net income or net profits of a Lender pursuant to the laws of the jurisdiction in which it is organized or the jurisdiction in which the principal office or applicable lending office of such Lender is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect to such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "TAXES"). If any Taxes are so levied or imposed, the Borrower agrees to pay the full amount of such Taxes, and such additional amounts as may be necessary so that every payment of all amounts due under this Agreement or under any Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Note. If any amounts are payable in respect of Taxes pursuant to the preceding sentence, the Borrower agrees to reimburse each Lender, upon the written request of such Lender, for taxes imposed on or measured by the net income or net profits of such Lender pursuant to the laws of the jurisdiction in which such Lender is organized or in which the principal office or applicable lending office of such Lender is located or under the laws of any political subdivision or taxing authority of any such jurisdiction in which such Lender is organized or in which the principal office or applicable lending office of such Lender is located and for any withholding of taxes as such Lender shall determine are payable by, or withheld from, such Lender, in respect of such amounts so paid to or on behalf of such Lender pursuant to the preceding sentence and in respect of any amounts paid to or on behalf of such Lender pursuant to this sentence. The Borrower will furnish to the Administrative Agent within 45 days after the date the payment of any Taxes is due pursuant to applicable law certified copies of tax receipts or, to the extent such tax receipts are not available, other items reasonably evidencing such payment by the Borrower. The Borrower agrees to indemnify and hold harmless each Lender, and reimburse such Lender upon its written request, for the amount of any Taxes so levied or imposed and paid by such Lender.

(b) Each Lender that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes agrees to deliver to the Borrower and the Administrative Agent on or prior to the Effective Date, or in the case of a Lender that is an assignee or transferee of an interest under this Agreement pursuant to Section 1.13 or 13.04 (unless the respective Lender was already a Lender hereunder immediately prior to such assignment or transfer), on the date of such assignment or transfer to such Lender, (i) two accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001 (or successor forms) certifying to such Lender's entitlement to a complete exemption from United States withholding tax with respect to payments to be made under this Agreement and under any Note, or (ii) if the Lender is not a "bank" within the meaning of Section 881(c)(3)(A) of the Code and cannot deliver either Internal Revenue Service Form 1001 or 4224 pursuant to clause (i) above, (x) a certificate substantially in the form of Exhibit D (any such certificate, a "SECTION

4.04(b)(ii) CERTIFICATE") and (y) two accurate and complete original signed copies of Internal Revenue Service Form W-8 (or successor form) certifying to such Lender's entitlement to a complete exemption from United States withholding tax with respect to payments of interest to be made under this Agreement and under any Note. In addition, each Lender agrees that from time to time after the Effective Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to the Borrower and the Administrative Agent two new accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001, or Form W-8 and a Section 4.04(b)(ii) Certificate, as the case may be, and such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax with respect to payments under this Agreement and any Note, or it shall immediately notify the Borrower and the Administrative Agent of its inability to deliver any such Form or Certificate, in which case such Lender shall not be required to deliver any such Form or Certificate pursuant to this Section 4.04(b). Notwithstanding anything to the contrary contained in Section 4.04(a), but subject to Section 13.04(b) and the immediately succeeding sentence, (x) the Borrower shall be entitled, to the extent it is required to do so by law, to deduct or withhold income or similar taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, Fees or other amounts payable hereunder for the account of any Lender which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes to the extent that such Lender has not provided to the Borrower U.S. Internal Revenue Service Forms that establish a complete exemption from such deduction or withholding and (y) the Borrower shall not be obligated pursuant to Section 4.04(a) hereof to gross-up payments to be made to a Lender in respect of income or similar taxes imposed by the United States if (I) such Lender has not provided to the Borrower the Internal Revenue Service Forms required to be provided to the Borrower pursuant to this Section 4.04(b) or (II) in the case of a payment, other than interest, to a Lender described in clause (ii) above, to the extent that such Forms do not establish a complete exemption from withholding of such taxes. Notwithstanding anything to the contrary contained in the preceding sentence or elsewhere in this Section 4.04 and except as set forth in Section 13.04(b), the Borrower agrees to pay any additional amounts and to indemnify each Lender in the manner set forth in Section 4.04(a) (without regard to the identity of the jurisdiction requiring the deduction or withholding) in respect of any Taxes deducted or withheld by it as described in the immediately preceding sentence as a result of any changes after the Effective Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof, relating to the deducting or withholding of such Taxes.

(c) If the Borrower pays any additional amount under this Section 4.04 to a Lender and such Lender determines in its sole discretion that it has actually received or realized in connection therewith any refund or any reduction of, or credit against, its tax liabilities in or with respect to the taxable year in which the additional amount is paid (a "Tax Benefit"), such Lender shall pay to the Borrower an amount that the Lender shall, in its sole discretion, determine is equal to the net benefit, after tax, which was obtained by the Lender in such year as a consequence of such Tax Benefit; provided, however, that (i) any Lender may determine, in its sole discretion consistent with the policies of such Lender, whether to seek a Tax Benefit; (ii) any Taxes that are imposed on a Lender as a result of a disallowance or reduction (including

through the expiration of any tax credit carryover or carryback of such Lender that otherwise would not have expired) of any Tax Benefit with respect to which such Lender has made a payment to the Borrower pursuant to this Section 4.04(c) shall be treated as a Tax for which the Borrower is obligated to indemnify such Lender pursuant to this Section 4.04 without any exclusions or defenses; and (iii) nothing in this Section 4.04(c) shall require the Lender to disclose any confidential information to the Borrower (including, without limitation, its tax returns).

(d) The provisions of this Section 4.04 are subject to the provisions of Section 13.15 (to the extent applicable).

SECTION 5. CONDITIONS PRECEDENT TO LOANS. The obligation of each Lender to make Loans, and the obligation of each Issuing Bank to issue Letters of Credit, in each case on the Initial Borrowing Date, is subject at the time of the making of such Loans or the issuance of such Letters of Credit to the satisfaction of the following conditions:

5.01 EXECUTION OF AGREEMENT; NOTES. On or prior to the Initial Borrowing Date (i) the Effective Date shall have occurred and (ii) there shall have been delivered to the Administrative Agent for the account of each Lender which has requested the same and for delivery after the Contribution Effective Time, the appropriate Tranche A Term Note, Tranche B Term Note, Tranche C Term Note and/or Revolving Note and to the Swingline Lender if so requested, the Swingline Note, in each case executed by the Borrower and in the amount, maturity and as otherwise provided herein.

5.02 FEES, ETC. On the Initial Borrowing Date, all costs, fees and expenses and all other compensation (including, without limitation, legal fees and expenses, title insurance premiums, survey charges and recording taxes and fees) payable to the Agents, the Co-Lead Arrangers and the Lenders shall have been paid to the extent then due and to the extent that a statement or statements for such amounts shall have been provided to the Borrower by no later than the Business Day immediately preceding the Initial Borrowing Date.

5.03 OPINIONS OF COUNSEL. On the Initial Borrowing Date, the Administrative Agent shall have received from (i) Jenner & Block, special counsel to Tenneco and TPI and its Subsidiaries, an opinion addressed to the Agents, the Collateral Agent and each of the Lenders and dated the Initial Borrowing Date covering the matters set forth in Exhibit E-1 and such other matters incident to the transactions contemplated herein as the Agents and the Required Lenders may reasonably request and in form and substance reasonably satisfactory to the Agents and the Required Lenders, (ii) Kirkland & Ellis, special counsel to PCA and its Subsidiaries, which opinion shall cover the matters contained in Exhibit E-2 and such other matters incident to the transactions contemplated herein as the Agents and the Required Lenders may reasonably request and in form and substance reasonably satisfactory to the Agents and the Required Lenders, (iii) counsel rendering such opinions, reliance letters addressed to each Agent and each of the Lenders and dated the Initial Borrowing Date, with respect to certain other legal opinions delivered in connection with the Transaction, which opinions shall cover such matters as the Agents may reasonably request and be in form and substance reasonably satisfactory to the Agents and (iv)

local counsel satisfactory to the Administrative Agent, opinions each of which (x) shall be addressed to each Agent, the Collateral Agent and each of the Lenders and be dated the Initial Borrowing Date, (y) shall be in form and substance reasonably satisfactory to the Agents and the Required Lenders and (z) shall cover the perfection of security interests granted pursuant to the PCA Security Agreement and the Mortgages and such other matters incident to the transactions contemplated herein as the Agents may reasonably request.

5.04 CORPORATE DOCUMENTS; PROCEEDINGS; ETC. (a) On the Initial Borrowing Date, the Administrative Agent shall have received a certificate, dated the Initial Borrowing Date, signed by the Chairman of the Board, the Chief Financial Officer, the President or any Vice President of each Credit Party, and attested to by the Secretary or any Assistant Secretary of such Credit Party, as the case may be, in the form of Exhibit F with appropriate insertions, together with copies of the Certificate of Incorporation and By-Laws (or equivalent organizational documents) of such Credit Party and the resolutions of such Credit Party referred to in such certificate, and the foregoing shall be reasonably satisfactory to the Agents.

(b) All corporate and legal proceedings and all material instruments and agreements in connection with the transactions contemplated by this Agreement and the other Documents shall be reasonably satisfactory in form and substance to the Agents and the Required Lenders, and the Administrative Agent shall have received all information and copies of all documents and papers, including records of corporate proceedings, governmental approvals, good standing certificates and bring-down telegrams or facsimiles, if any, which any Agent reasonably may have requested in connection therewith, such documents and papers where appropriate to be certified by proper corporate or governmental authorities.

(c) On the Initial Borrowing Date and after giving effect to the Transaction, the ownership and capital structure (including, without limitation, the terms of any capital stock, options, warrants or other securities issued by the Borrower or any of its Subsidiaries), and management of PCA and its Subsidiaries shall be in form and substance satisfactory to the Agents and the Required Lenders.

5.05 EMPLOYEE BENEFIT PLANS; SHAREHOLDERS' AGREEMENTS; MANAGEMENT AGREEMENTS; DEBT AGREEMENTS; TAX SHARING AGREEMENTS; EMPLOYMENT AGREEMENTS; COLLECTIVE BARGAINING AGREEMENTS AND MATERIAL CONTRACTS. (a) On the Initial Borrowing Date, there shall have been made available or delivered to the Administrative Agent true and correct copies, certified as true and complete by an appropriate officer of PCA, of the following documents, in each case as the same will be in effect on the Initial Borrowing Date after the consummation of the Transaction:

(i) all Plans (and for each Plan that is required to file an annual report on Internal Revenue Service Form 5500-series, a copy of the most recent such report (including, to the extent required, the related financial and actuarial statements and opinions and other supporting statements, certifications, schedules and information), and for each Plan that is a "single-employer plan," as defined in Section 4001(a)(15) of ERISA, the most recently prepared actuarial valuation therefor) and any other "employee benefit plans," as defined

in Section 3(3) of ERISA, and any other material agreements, plans or arrangements, with or for the benefit of current or former employees of the PCA or any of its Subsidiaries or any ERISA Affiliate (provided that the foregoing shall apply in the case of any multiemployer plan, as defined in 4001(a)(3) of ERISA, only to the extent that any document described therein is in the possession of TPI, PCA or any of their respective Subsidiaries or any ERISA Affiliate or reasonably available thereto from the sponsor or trustee of any such plan) (collectively, the "EMPLOYEE BENEFIT PLANS").

(b) On the Initial Borrowing Date, there shall have been delivered to the Administrative Agent true and correct copies, certified as true and complete by an officer of PCA, of the following documents, in each case as the same will be in effect on the Initial Borrowing Date after the consummation of the Transaction:

(i) all agreements entered into by PCA or any of its Subsidiaries governing the terms and relative rights of its capital stock and any agreements entered into by shareholders relating to any such entity with respect to its capital stock (collectively, the "SHAREHOLDERS' AGREEMENTS");

(ii) all agreements with members of, or with respect to, the management of PCA or any of its Subsidiaries after giving effect to the Transaction (collectively, the "MANAGEMENT AGREEMENTS");

(iii) all agreements evidencing or relating to Indebtedness of PCA or any of its Subsidiaries which is to remain outstanding immediately after giving effect to the Transaction (collectively, the "DEBT AGREEMENTS");

(iv) all tax sharing, tax allocation and other similar agreements entered into by PCA or any of its Subsidiaries (collectively, the "TAX SHARING AGREEMENTS");

(v) any material employment agreements to which PCA or any of its Subsidiaries is a party after giving effect to the Transaction (collectively, the "EMPLOYMENT AGREEMENTS");

(vi) all collective bargaining agreements applying or relating to any employee of PCA or any of its Subsidiaries after giving effect to the Transaction (collectively, the "COLLECTIVE BARGAINING AGREEMENTS"); and

(vii) all other material contracts and licenses of PCA and any of its Subsidiaries after giving effect to the Transaction (collectively, the "MATERIAL CONTRACTS");

all of which Employee Benefit Plans, Shareholders' Agreements, Management Agreements, Debt Agreements, Tax Sharing Agreements, Employment Agreements, Collective Bargaining Agreements and Material Contracts shall be in form and substance reasonably satisfactory to the Agents and shall be in full force and effect on the Initial Borrowing Date.

5.06 CAPITALIZATION; CONTRIBUTION; ETC. (a) On or prior to the Initial Borrowing Date, (i) PCA shall have received cash proceeds in an amount equal to at least $236,500,000 from the issuance of Borrower Common Stock to PCA Holdings and the Management Participants (the "INITIAL COMMON EQUITY ISSUANCE"), (ii) TPI shall have received gross cash proceeds from the issuance of the Subordinated Promissory Notes in an aggregate principal amount of $550,000,000 and deposited the full amount of such proceeds in the Sub Debt Restricted Account as security for the obligations of TPI under the Subordinated Promissory Notes Documents, (iii) PCA shall have received gross cash proceeds of approximately $100,000,000 from the issuance of Borrower PIK Preferred Stock (the "PREFERRED EQUITY ISSUANCE"), (iv) the cash proceeds received from the Initial Common Equity Issuance, the Preferred Equity Issuance and the issuance of the Subordinated Promissory Notes, when added to the aggregate principal amount of Term Loans and Revolving Loans incurred on the Initial Borrowing Date, shall be sufficient to effect the Transaction and to pay fees and expenses in connection therewith and (v) the amounts on deposit in the Sub Debt Restricted Account and the Restricted Account shall be sufficient to effect the Refinancing.

(b) On the Initial Borrowing Date, the Administrative Agent shall have received true and correct copies of all Contribution Documents, Common Equity Financing Documents, Borrower Preferred Stock Documents, Subordinated Promissory Notes Documents and Senior Subordinated Notes Documents, all of which shall be in full force and effect, and all terms and conditions of the foregoing Documents (including, without limitation, in the case of the Subordinated Promissory Notes Documents and the Senior Subordinated Notes Documents, amortization, maturities, interest rates, covenants, defaults, remedies, sinking fund provisions and subordination provisions and, in the case of Borrower PIK Preferred Stock, maturity, limitation on cash dividends payable, dividend rate, conversion features, covenants and redemption provisions) shall be in form and substance reasonably satisfactory to the Agents and Required Lenders.

(c) On the Initial Borrowing Date, all conditions precedent to the consummation of the Transaction as set forth in the Contribution Documents, the Common Equity Financing Documents, the Borrower Preferred Stock Documents, the Subordinated Promissory Notes Documents and the Senior Subordinated Note Documents shall have been satisfied in all material respects, and not waived unless consented to by the Administrative Agent and the Required Lenders, to the satisfaction of the Administrative Agent and the Required Lenders except, (x) in the case of the Contribution Documents, the consummation of the Refinancing from funds on deposit in the Sub Debt Restricted Account and the Restricted Account and (y) in the case of the Exchange, the consummation of the Refinancing and the Contribution.

(d) On the Initial Borrowing Date, each of the Initial Common Equity Issuance, the Borrower Preferred Stock Issuance and the issuance of the Subordinated Promissory Notes shall have been consummated in accordance with the terms and conditions of the applicable Documents and all applicable law.

5.07 REFINANCING; EXISTING INDEBTEDNESS. (a) On the Initial Borrowing Date (but prior to or concurrently with the consummation of the Contribution and concurrently with the assumption of the Loans by PCA on such date), all Indebtedness to be Refinanced shall have been repaid in full by TPI and all commitments in respect thereof shall have been terminated and all Liens and guaranties in connection therewith shall have been terminated (and all appropriate releases, termination statements or other instruments of assignment with respect thereto shall have been obtained) to the reasonable satisfaction of the Agents. Without limiting the foregoing, there shall have been delivered to the Administrative Agent (x) proper termination statements (Form UCC-3 or the appropriate equivalent) for filing under the UCC of each jurisdiction where a financing statement (Form UCC-1 or the appropriate equivalent) was filed with respect to TPI or any of its Subsidiaries in connection with the security interest created with respect to the Indebtedness to be Refinanced and the documentation related thereto, (y) terminations of all mortgages, leasehold mortgages and deeds of trust created with respect to property of TPI or any of its Subsidiaries, in each case, to secure the obligations under the Indebtedness to be Refinanced, all of which shall be in form and substance satisfactory to the Agents and (z) instructions to transfer, contemporaneously with the consummation of the Contribution, funds on deposit in the Sub Debt Restricted Account and the Restricted Account to the holders of Indebtedness to be Refinanced which shall have not been repaid in full.

(b) On the Initial Borrowing Date and after giving effect to the Transaction, the Borrower and its Subsidiaries shall have no Indebtedness or preferred stock outstanding other than (i) the Loans, (ii) the Senior Subordinated Notes, (iii) the Borrower PIK Preferred Stock and (iv) certain other indebtedness existing on the Initial Borrowing Date acceptable to the Agents and the Required Lenders as listed on Schedule V.A hereto in an aggregate outstanding principal amount not to exceed $250,000 (with the Indebtedness described in this sub-clause (iv) being herein called the "EXISTING INDEBTEDNESS"). On and as of the Initial Borrowing Date, all of the Existing Indebtedness shall remain outstanding after giving affect to the Transaction and the other transactions contemplated hereby without any default or event of default existing thereunder or arising as a result of the Transaction and the other transactions contemplated hereby (except to the extent amended or waived by the parties thereto on terms and conditions reasonably satisfactory to the Agents and the Required Lenders).

(c) On the Initial Borrowing Date, the Administrative Agent shall have received evidence in form and substance reasonably satisfactory to the Agents that the matters set forth in this Section 5.07 have been satisfied.

5.08 GUARANTIES. (a) On the Initial Borrowing Date, each Subsidiary Guarantor shall have duly authorized, executed and delivered a Subsidiaries Guaranty in the form of Exhibit G-1 (as modified, supplemented or amended from time to time, the "SUBSIDIARIES GUARANTY"), and the Subsidiaries Guaranty shall automatically become effective upon the consummation of the Contribution.

(b) On Initial Borrowing Date, Tenneco shall have duly authorized, executed and delivered a Guaranty in a form of Exhibit G-2 (as modified, supplemented or amended from time to time, the "TENNECO GUARANTY"), and the Tenneco Guaranty shall be in full force and effect

(it being understood that the Tenneco Guaranty shall be fully released at the Contribution Effective Time).

5.09 PLEDGE AGREEMENT. On the Initial Borrowing Date, PCA and each Subsidiary Guarantor shall have duly authorized, executed and delivered a Pledge Agreement in the form of Exhibit H (as modified, supplemented or amended from time to time, the "PLEDGE AGREEMENT"), and the Pledge Agreement shall automatically become effective upon the consummation of the Contribution.

5.10 SECURITY AGREEMENT. (a) On the Initial Borrowing Date, TPI shall have duly authorized, executed and delivered a Security Agreement in the form of Exhibit I-1 (as modified, supplemented or amended from time to time, the "TPI SECURITY AGREEMENT") covering all of the TPI Security Agreement Collateral, and the TPI Security Agreement shall be in full force and effect (it being understood that the TPI Security Agreement shall be fully released at the Contribution Effective Time).

(b) On the Initial Borrowing Date, each of PCA and each Subsidiary Guarantor shall have duly authorized, executed and delivered a Security Agreement in the form of Exhibit I-2 (as modified, supplemented or amended from time to time, the "PCA SECURITY AGREEMENT") covering all of the PCA Security Agreement Collateral, in each case together with:

(i) proper Financing Statements (Form UCC-1) fully executed for filing under the UCC or other appropriate filing offices of each jurisdiction as may be necessary or, in the reasonable opinion of the Collateral Agent, desirable to perfect the security interests purported to be created by the PCA Security Agreement upon the consummation of the Contribution;

(ii) certified copies of Requests for Information or Copies (Form UCC-11), or equivalent reports, each of a recent date listing all effective financing statements that name any Credit Party (other than Tenneco) as debtor and that are filed in the jurisdictions referred to in clause (a) above, together with copies of such other financing statements (none of which shall cover the Collateral except to the extent evidencing Permitted Liens or in respect of which the Collateral Agent shall have received termination statements (Form UCC-3) or such other termination statements as shall be required by local law) fully executed for filing;

(iii) evidence of execution for post-closing filing and recordation of all other recordings and filings of, or with respect to, the PCA Security Agreement as may be necessary or, in the reasonable opinion of the Collateral Agent, desirable to perfect the security interests intended to be created by such PCA Security Agreement upon the consummation of the Contribution; and

(iv) evidence that all other actions necessary or, in the reasonable opinion of the Collateral Agent, desirable to perfect and protect the security interests purported to be created by the PCA Security Agreement upon the consummation of the Contribution have been taken;

and the PCA Security Agreement shall automatically become effective upon the consummation of the Contribution.

5.11 MORTGAGES; TITLE INSURANCE; SURVEYS; ETC. On the Initial Borrowing Date, the Collateral Agent shall have received:

(a) fully executed counterparts of mortgages, deeds of trust or deeds to secure debt, in each case in form and substance reasonably satisfactory to the Collateral Agent (as amended, modified or supplemented from time to time, each, a "MORTGAGE" and, collectively, the "MORTGAGES"), which Mortgages shall cover such of the Real Property owned or leased by PCA or any Subsidiary Guarantor (after giving effect to the Transaction) as shall be designated as "Mortgaged Properties" on Schedule III (each, a "MORTGAGED PROPERTY" and, collectively, the "MORTGAGED PROPERTIES"), together with evidence that counterparts of the Mortgages have been delivered to the title insurance company insuring the Lien of the Mortgages (other than the Woodland Mortgages) for recording in all places to the extent necessary or, in the reasonable opinion of the Collateral Agent, desirable to effectively create (upon the consummation of the Contribution) a valid and enforceable first priority mortgage lien, subject only to Permitted Encumbrances, on each Mortgaged Property in favor of the Collateral Agent (or such other trustee as may be required or desired under local law) for the benefit of the Secured Creditors;

(b) mortgagee title insurance policies (the "MORTGAGE POLICIES") on each of the mill sites located in Valdosta, Georgia, Counce, Tennessee, Filer City, Michigan and Tomahawk, Wisconsin (collectively, the "MILLS") issued by Chicago Title Insurance Company in amounts satisfactory to the Collateral Agent and the Required Lenders and assuring the Collateral Agent that, upon the consummation of the Contribution, the Mortgages on the Mills are valid and enforceable first priority mortgage liens on the respective Mills, free and clear of all defects and encumbrances except Permitted Encumbrances, and such Mortgage Policies shall otherwise be in form and substance reasonably satisfactory to the Collateral Agent and (i) include the following endorsements (if available); comprehensive, survey, contiguity, usury, creditor's rights, subsequent advance, tax, doing-business, street, variable rate, zoning, environmental protection, subdivision, tax deed, first loss, last dollar and tie-in, (ii) shall not include an exception for mechanics' liens, and (iii) shall provide for affirmative insurance and such reinsurance as the Collateral Agent in its discretion may reasonably request;

(c) binding commitments to issue title insurance policies from Chicago Title Insurance Company on each Mortgaged Property other than the Mills and the Woodland Properties;

(d) surveys in form and substance reasonably satisfactory to the Collateral Agent of each of the Mills, dated a recent date reasonably acceptable to the Collateral Agent and certified in a manner reasonably satisfactory to the Collateral Agent by a licensed professional surveyor satisfactory to the Collateral Agent; and

(e) duly authorized, fully executed, acknowledged and delivered landlord-lender agreements or owner-lender agreements and landlord consents and waivers and such other documents relating to the Leaseholds and all the foregoing shall be in form and substance reasonably satisfactory to the Collateral Agent.

5.12 CONSENT LETTER. On the Initial Borrowing Date, the Administrative Agent shall have received a letter from CT Corporation System, presently located at 1633 Broadway, New York, New York 10019, substantially in the form of Exhibit J, indicating its consent to its appointment by each of PCA and each Subsidiary Guarantor as its agent to receive service of process as specified in Section 13.08 or the Subsidiaries Guaranty, as the case may be.

5.13 MATERIAL ADVERSE CHANGE, ETC. (a) Since December 31, 1998, nothing shall have occurred which has had, or would reasonably be expected to have, (i) a material adverse effect on the rights or remedies of the Lenders or the Agents hereunder or under any other Credit Document or on the ability of any Credit Party to perform its obligations to them hereunder or under any other Credit Document, (ii) a material adverse effect on the Transaction or (iii) a Material Adverse Effect.

(b) On or prior to the Initial Borrowing Date, all necessary governmental (domestic and foreign), regulatory and third party approvals and/or consents (including any necessary anti-trust approvals or consents) in connection with the Transaction, the transactions contemplated by the Documents and otherwise referred to herein or therein shall have been obtained and remain in full force and effect, and all applicable waiting periods shall have expired without any action being taken by any competent authority which restrains, prevents or imposes materially adverse conditions upon the consummation of the Transaction, the making of Loans or the transactions contemplated by the Documents. Additionally, there shall not exist any judgment, order, injunction or other restraint or a hearing seeking injunctive relief or other restraint pending or notified prohibiting or imposing materially adverse conditions upon, or materially delaying, or making economically unfeasible, the Transaction or the transactions contemplated by the Documents.

5.14 LITIGATION. On the Initial Borrowing Date, no actions, suits, proceedings or investigations by any entity (private or governmental) shall be pending or threatened (a) with respect to this Agreement or any other Document or the Transaction or (b) which would reasonably be expected to have (i) a Material Adverse Effect or (ii) a material adverse effect on the Transaction, the rights or remedies of the Lenders or the Agents hereunder or under any other Credit Document or on the ability of any Credit Party to perform its respective obligations to the Lenders or the Agents hereunder or under any other Credit Document.

5.15 SOLVENCY CERTIFICATE; INSURANCE. On or before the Initial Borrowing Date, the Borrower shall cause to be delivered to the Administrative Agent (i) a solvency certificate from the chief financial officer of PCA in the form of Exhibit K hereto, which shall be addressed to the Agents and each of the Lenders and be dated the Initial Borrowing Date, setting forth the conclusion that, after giving effect to the Transaction and the incurrence of all the financings contemplated herein, the Borrower (on a stand-alone basis) and the Borrower and its Subsidiaries

(on a consolidated basis), in each case, are not insolvent and will not be rendered insolvent by the indebtedness incurred in connection therewith, and will not be left with unreasonably small capital with which to engage in its or their businesses and will not have incurred debts beyond its or their ability to pay debts as they mature and become due and (ii) certificates of insurance complying with the requirements of Section 8.03 for the business and properties of PCA and its Subsidiaries (including the Containerboard Business), in scope, form and substance reasonably satisfactory to the Agents and naming the Collateral Agent as an additional insured, mortgagee and/or loss payee, and stating that such insurance shall not be canceled or revised without 30 days' prior written notice by the insurer to the Collateral Agent.

5.16 PRO FORMA BALANCE SHEET; FINANCIAL STATEMENTS; PROJECTIONS. On or prior to the Initial Borrowing Date, the Agents and the Lenders shall have received true and correct copies of the financial statements (including the PRO FORMA financial statements) and Projections referred to in Sections 7B.05(a), (b) and (e), as applicable, together with a related funds flow memorandum, and all of the foregoing shall be in form and substance reasonably satisfactory to the Agents and the Required Lenders.

5.17 MARKET DISRUPTION, ETC. On or prior to the Initial Borrowing Date, there shall have been no material change in or material disruption of financial, bank syndication or capital market conditions (from those which existed on January 25, 1999) that in the good faith judgment of the Co-Lead Arrangers would reasonably be expected to have a material adverse effect on syndication of the Loans and/or the Commitments.

5.18 PCA ACKNOWLEDGEMENT AND AGREEMENT. On or prior to the Initial Borrowing Date, PCA shall have duly authorized, executed and delivered an Acknowledgement and Agreement in the form of Exhibit N (as modified, supplemented or amended from time to time, the "PCA ACKNOWLEDGEMENT AND AGREEMENT"), and the PCA Acknowledgement and Agreement shall automatically become effective upon the consummation of the Contribution.

5.19 BANK CREDIT AGREEMENT ASSIGNMENT AND ASSUMPTION AGREEMENT. On or prior to the Initial Borrowing Date, TPI and PCA shall have duly authorized, executed and delivered an Assignment and Assumption Agreement in the form of Exhibit O (as modified, supplemented or amended from time to time, the "BANK CREDIT AGREEMENT ASSIGNMENT AND ASSUMPTION AGREEMENT"), and the Bank Credit Agreement Assignment and Assumption Agreement shall automatically become effective upon the consummation of the Contribution.

SECTION 6. CONDITIONS PRECEDENT TO ALL CREDIT EVENTS. The obligation of each Lender to make Loans (including Loans made on the Initial Borrowing Date but excluding Mandatory Borrowings made thereafter, which shall be made as provided in Section 1.01(f)), and the obligation of an Issuing Bank to issue any Letter of Credit, is subject, at the time of each such Credit Event (except as hereinafter indicated), to the satisfaction of the following conditions:

6.01 NO DEFAULT; REPRESENTATIONS AND WARRANTIES. At the time of each such Credit Event and also after giving effect thereto (i) there shall exist no Default or Event of Default and (ii) all representations and warranties contained herein or in any other Credit Document shall be true and correct in all material respects with the same effect as though such

representations and warranties had been made on the date of such Credit Event (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date).

6.02 NOTICE OF BORROWING; LETTER OF CREDIT REQUEST. (a) Prior to the making of each Loan (excluding Swingline Loans and Mandatory Borrowings), the Administrative Agent shall have received the notice required by Section 1.03(a). Prior to the making of any Swingline Loan, the Swingline Lender shall have received the notice required by Section 1.03(b)(i).

(b) Prior to the issuance of each Letter of Credit, the Administrative Agent and the respective Issuing Bank shall have received a Letter of Credit Request meeting the requirements of Section 2.02(a).

The occurrence of the Initial Borrowing Date and the acceptance of the proceeds of each Credit Event shall constitute a representation and warranty by the Borrower to the Administrative Agent and each of the Lenders that all the conditions specified in Section 5 and in this Section 6 and applicable to such Credit Event have been satisfied as of that time. All of the Notes, certificates, legal opinions and other documents and papers referred to in Section 5 and in this Section 6, unless otherwise specified, shall be delivered to the Administrative Agent at the Notice Office for the account of each of the Lenders and, except for the Notes, in sufficient counterparts for each of the Lenders and shall be in form and substance reasonably satisfactory to the Administrative Agent.

SECTION 7A. REPRESENTATIONS, WARRANTIES AND AGREEMENTS. In order to induce the Lenders to enter into this Agreement and to make the Loans, and issue (or participate in) the Letters of Credit as provided herein, TPI hereby makes the following representations, warranties and agreements, in each case after giving effect to each element of the Transaction being consummated prior to the Contribution Effective Time, all of which shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans and issuance of the Letters of Credit, with the occurrence of the Initial Borrowing Date and each Credit Event on the Initial Borrowing Date and prior to the Contribution Effective Time being deemed to constitute a representation and warranty that the matters specified in this Section 7A are true and correct in all material respects on and as of the Initial Borrowing Date (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date):

7A.01 CORPORATE STATUS. Each of Tenneco and each of TPI and its Subsidiaries (i) is a duly organized and validly existing corporation or limited liability company, as the case may be, in good standing under the laws of the jurisdiction of its incorporation and (ii) has the corporate or other applicable power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage.

7A.02 CORPORATE POWER AND AUTHORITY. Each Tenneco Party has the corporate or other applicable power and authority to execute, deliver and perform the terms and provisions of each of the Credit Documents to which it is party and has taken all necessary corporate or other

applicable action to authorize the execution, delivery and performance by it of each of such Credit Documents. Each Tenneco Party has duly executed and delivered each of the Credit Documents to which it is party, and each of such Credit Documents constitutes the legal, valid and binding obligation of such Tenneco Party enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law) and principles of good faith and fair dealing.

7A.03 NO VIOLATION. Neither the execution, delivery or performance by any Tenneco Party of the Credit Documents to which it is a party, nor compliance by it with the terms and provisions thereof, (i) will contravene any provision of any applicable law, statute, rule or regulation or any applicable order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the TPI Security Documents and the Lien on the Sub Debt Restricted Account securing the Subordinated Promissory Notes) upon any of the properties or assets of any Tenneco Party or any of its Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other material agreement, contract or instrument, to which any Tenneco Party or any of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject (including, without limitation, the Subordinated Notes Purchase Agreement) or (iii) will violate any provision of the Certificate of Incorporation or By-Laws (or equivalent organizational documents) of any Tenneco Party or any of its Subsidiaries.

7A.04 GOVERNMENTAL APPROVALS. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made on or prior to the Initial Borrowing Date (and which remain in full force and effect on the Initial Borrowing Date) or, in the case of any filings or recordings in respect of the TPI Security Documents executed on the Initial Borrowing Date, will be made within 10 days thereof if the Contribution Effective Time has not theretofore occurred), or exemption by, any foreign or domestic governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of any Credit Document to which any Tenneco Party is a party or (ii) the legality, validity, binding effect or enforceability of any such Credit Document.

7A.05 LITIGATION. There are no actions, suits, proceedings or investigations pending or, to the best knowledge of the Borrower, threatened which allege any breach caused by entry into or performance of, or which may enjoin or otherwise limit, any Document to which any Tenneco Party is a party or the Transaction.

7A.06 USE OF PROCEEDS; MARGIN REGULATIONS. (a) All proceeds of the Term Loans shall (x) contemporaneously with the Contribution Effective Time, be released from the Restricted Account and used by TPI to effect the Refinancing and (y) at the time of the

Contribution Effective Time, be released from the Restricted Account to TPI and used for general corporate purposes.

(b) No part of the proceeds of any Loan will be used to purchase or carry any Margin Stock or to extend credit for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Loan nor the use of the proceeds thereof nor the occurrence of any other Credit Event prior to the Contribution Effective Time will violate or be inconsistent with the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

7A.07 TPI SECURITY AGREEMENT. The provisions of the TPI Security Agreement are effective to create in favor the Collateral Agent for the benefit of the Secured Creditors a legal, valid and enforceable security interest in all right, title and interest of TPI in the TPI Security Agreement Collateral described therein and the TPI Security Agreement, upon the filing of Form UCC-1 financing statements, mortgages or the appropriate equivalent, create a fully perfected lien on, and security interest in, all right, title and interest in all of the TPI Security Agreement Collateral described therein, subject to no Liens other than TPI Permitted Liens to the extent a security interest or Lien in such collateral can be perfected by the filing of a financing statement or recording of a mortgage.

7A.08 INVESTMENT COMPANY ACT. Neither Tenneco nor TPI or any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

7A.09 PUBLIC UTILITY HOLDING COMPANY ACT. Neither Tenneco nor TPI or any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

7A.10 SUBORDINATION. The subordination provisions contained in the Subordinated Promissory Notes Documents are enforceable against TPI, Tenneco and the holders of the Subordinated Promissory Notes, and all Obligations hereunder and the Tenneco Guaranty are within the definition of "Senior Debt" included in such subordination provisions.

7A.11 CONDITIONS TO THE CONTRIBUTION. All conditions precedent to TPI's obligation to consummate the Contribution pursuant to the Contribution Documents have been satisfied or waived other than the making of the Term Loans and the Refinancing. The cash proceeds of the Subordinated Promissory Notes and the Term Loans are sufficient to consummate the Refinancing.

SECTION 7B. REPRESENTATIONS, WARRANTIES AND AGREEMENTS. In order to induce the Lenders to enter into this Agreement and to make the Loans, and issue (or participate in) the Letters of Credit as provided herein, PCA hereby makes the following representations, warranties and agreements, in each case both (x) after giving effect to each element of the Transaction (other than the Contribution) and (y) after giving effect to the Transaction (including the Contribution), all of which shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans and issuance of the Letters of Credit, with the occurrence of

the Initial Borrowing Date and the Contribution and each Credit Event on or after the Initial Borrowing Date being deemed to constitute a representation and warranty that the matters specified in this Section 7B are true and correct in all material respects on and as of the Initial Borrowing Date, at the time of the Contribution (after giving effect thereto) and on the date of each such Credit Event (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date):

7B.01 CORPORATE STATUS. Each of PCA and its Subsidiaries (i) is a duly organized and validly existing corporation or limited liability company, as the case may be, in good standing under the laws of the jurisdiction of its incorporation, (ii) has the corporate or other applicable power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage and (iii) is duly qualified and is authorized to do business and is in good standing in each jurisdiction where the conduct of its business requires such qualifications except for failures to be so qualified which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect.

7B.02 CORPORATE POWER AND AUTHORITY. Each PCA Credit Party has the corporate or other applicable power and authority to execute, deliver and perform the terms and provisions of each of the Documents to which it is party and has taken all necessary corporate or other applicable action to authorize the execution, delivery and performance by it of each of such Documents. Each PCA Credit Party has duly executed and delivered each of the Documents to which it is party, and each of such Documents constitutes the legal, valid and binding obligation of such PCA Credit Party enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law) and principles of good faith and fair dealing.

7B.03 NO VIOLATION. Neither the execution, delivery or performance by any PCA Credit Party of the Documents to which it is a party, nor compliance by it with the terms and provisions thereof, (i) will contravene any provision of any applicable law, statute, rule or regulation or any applicable order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict with or result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien (except pursuant to the Security Documents) upon any of the properties or assets of any PCA Credit Party or any of its Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement or loan agreement, or any other material agreement, contract or instrument, to which any PCA Credit Party or any of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject (including, without limitation, the Subordinated Notes Purchase Agreement and the Senior Subordinated Notes Indenture) or (iii) will violate any provision of the Certificate of Incorporation or By-Laws (or equivalent organizational documents) of any PCA Credit Party or any of its Subsidiaries.

7B.04 GOVERNMENTAL APPROVALS. No order, consent, approval, license, authorization or validation of, or filing, recording or registration with (except as have been obtained or made on or prior to the Initial Borrowing Date (and which remain in full force and effect on the Initial Borrowing Date) or, in the case of any filings or recordings in respect of the Security Documents executed on the Initial Borrowing Date (other than the TPI Security Documents), will be made within 10 days thereof except to the extent otherwise provided in the Security Documents), or exemption by, any foreign or domestic governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of any Document or (ii) the legality, validity, binding effect or enforceability of any Document.

7B.05 FINANCIAL STATEMENTS; FINANCIAL CONDITION; UNDISCLOSED LIABILITIES; PROJECTIONS; ETC. (a) The consolidated balance sheets of the Containerboard Group for the fiscal years ended on December 31, 1996, December 31, 1997 and December 31, 1998, respectively, and the related consolidated statements of income, cash flows and interdivision account of the Containerboard Group for the fiscal year ended on such dates, copies of which have been furnished to the Lenders prior to the Effective Date, present fairly in all material respects the financial position of the Containerboard Group at the dates of such balance sheets and the results of the operations of the Containerboard Group for the periods covered thereby. All of the foregoing historical financial statements have been prepared in accordance with generally accepted accounting principles consistently applied.

(b) The unaudited PRO FORMA consolidated balance sheet and related statement of income of PCA and its Subsidiaries (including the Containerboard Business) as of December 31, 1998 and for the fiscal year ended on such date, after giving effect to the Transaction, copies of which have been furnished to the Lenders prior to the Effective Date, present fairly in all material respects the PRO FORMA consolidated financial position of PCA and its Subsidiaries as at December 31, 1998, and the PRO FORMA consolidated results of operations of PCA and its Subsidiaries for the period covered thereby (assuming the Contribution had occurred on December 31, 1998 (in the case of such balance sheet) and on January 1, 1998 (in the case of the related income statement)).

(c) On and as of the Initial Borrowing Date, on a PRO FORMA basis after giving effect to the Transaction and all other transactions contemplated by the Documents and to all Indebtedness (including the Loans and the Senior Subordinated Notes) being incurred or assumed, and Liens created by each PCA Credit Party in connection therewith, with respect to each of PCA, individually, and PCA and its Subsidiaries taken as a whole, (x) the sum of the assets, at a fair valuation, of PCA, individually, and PCA and its Subsidiaries taken as a whole, will exceed its (or their) debts; (y) it has (or they have) not incurred and does (or do) not intend to incur, nor believes (or believe) that it (or they) will incur debts beyond its (or their) ability to pay such debts as such debts mature; and (z) it (or they) will have sufficient capital with which to conduct its (or their) business. For purposes of this Section 7B.05(c), "debt" means any liability on a claim and "claim" means (i) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured or (ii) right to an equitable remedy for breach of

performance if such breach gives rise to a payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

(d) Except as fully disclosed in the financial statements (including the PRO FORMA financial statements) delivered pursuant to Section 7B.05(a) and 7B.05(b), there were as of the Initial Borrowing Date no liabilities or obligations with respect to (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA or any of its Subsidiaries of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, either individually or in the aggregate, would be adversely material to (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA or any of its Subsidiaries. As of the Initial Borrowing Date, none of the PCA Credit Parties knows of any basis for the assertion against it or the Containerboard Business of any liability or obligation of any nature that is not fully disclosed in the financial statements delivered pursuant to Section 7B.05(a) and 7B.05(b) which, either individually or in the aggregate, have or would reasonably be likely to have a Material Adverse Effect.

(e) On and as of the Initial Borrowing Date, the Projections which have been delivered to the Administrative Agent and the Lenders on or prior to the Effective Date are based on good faith estimates and assumptions believed by management of PCA to be reasonable as of the date of such Projections. On the Initial Borrowing Date, PCA believes that the Projections are reasonable and attainable (it being understood that nothing contained in this Section 7B.05(e) shall constitute a representation that the results forecasted in such Projections will in fact be achieved). There is no fact known to PCA or any of its Subsidiaries which would have a Material Adverse Effect which has not been disclosed herein or in such documents, certificates and statements furnished to the Lenders for use in connection with the transactions contemplated hereby.

(f) Since December 31, 1998 (but after giving effect to the Transaction as if the same had occurred prior thereto), nothing has occurred that has had or would reasonably be expected to have a Material Adverse Effect.

(g) Substantially all of the assets and liabilities, and the business, of the Containerboard Group are being acquired by PCA pursuant to the Contribution and the assets being acquired comprise all of the assets which are necessary to conduct the business of the Containerboard Group as conducted during the period covered by the financial statements referred to in Section 7B.05(a).

7B.06 LITIGATION. There are no actions, suits, proceedings or investigations pending or, to the knowledge of PCA, threatened (i) on the Initial Borrowing Date with respect to any Document or the Transaction or (ii) with respect to any Credit Party or any of its Subsidiaries (x) that could reasonably be expected to have a Material Adverse Effect or (y) that could reasonably be expected to have a material adverse effect on the rights or remedies of the Agents or the Lenders or on the ability of any Credit Party to perform its respective obligations

in any material respect to the Agents or the Lenders hereunder and under the other Credit Documents to which it is, or will be, a party.

7B.07 TRUE AND COMPLETE DISCLOSURE. All factual information (taken as a whole) prepared by or on behalf of PCA or any of its Subsidiaries and furnished in writing to any Agent or any Lender (including, without limitation, all information contained in the Documents) for purposes of or in connection with this Agreement, the other Credit Documents or any transaction contemplated herein or therein is, and all other such factual information (taken as a whole) hereafter prepared by or on behalf of any such Person and furnished in writing to any Agent or any Lender will be, after giving effect to any written corrections delivered to the Lenders and the Agents prior to the date this representation is made or deemed made, true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided; PROVIDED that this representation shall not apply to non-Borrower specific information furnished with an express disclaimer.

7B.08 USE OF PROCEEDS; MARGIN REGULATIONS. (a) All proceeds of all Revolving Loans and all Swingline Loans shall be used for PCA's and its Subsidiaries' general corporate and working capital purposes (including, without limitation, to make Capital Expenditures and finance Permitted Acquisitions) and shall not be used to finance the Transaction (other than fees and expenses to the extent related to the period following the Initial Borrowing Date and purchase price adjustments required to be paid after the Initial Borrowing Date under the Contribution Agreement); PROVIDED that proceeds of Revolving Loans and Swingline Loans in an aggregate principal amount not exceeding $25,000,000 may be used to make payments owing in connection with the Transaction (other than fees and expenses to the extent related to the period following the Initial Borrowing Date and purchase price adjustments required to be paid after the Initial Borrowing Date under the Contribution Agreement).

(b) No part of the proceeds of any Loan will be used to purchase or carry any Margin Stock or to extend credit for the purpose of purchasing or carrying any Margin Stock. Neither the making of any Loan nor the use of the proceeds thereof nor the occurrence of any other Credit Event will violate or be inconsistent with the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

7B.09 TAX RETURNS AND PAYMENTS. PCA and each of its Subsidiaries has filed all federal income tax returns and all other material tax returns, domestic and foreign, required to be filed by it and has paid all material taxes and assessments payable by it which have become due, except for those contested in good faith and adequately disclosed and fully provided for on the financial statements of PCA and its Subsidiaries in accordance with generally accepted accounting principles. PCA and each of its Subsidiaries have at all times paid, or have provided adequate reserves (in the good faith judgment of the management of PCA) for the payment of, all material federal, state and foreign taxes applicable for all prior fiscal years and for the current fiscal year to date. There is no action, suit, proceeding, investigation, audit, or claim now pending or, to the knowledge of PCA or any of its Subsidiaries, threatened by any authority

regarding any material taxes relating to PCA or any of its Subsidiaries. Neither PCA nor any of its Subsidiaries has entered into an agreement or waiver or been requested to enter into an agreement or waiver extending any statute of limitations relating to the payment or collection of material taxes of PCA or any of its Subsidiaries, or is aware of any circumstances that would cause the taxable years or other taxable periods of PCA or any of its Subsidiaries not to be subject to the normally applicable statute of limitations. Except as set forth in Schedule X, neither PCA nor any Subsidiary has incurred, or will incur, any material tax liability in connection with the Transaction.

7B.10 COMPLIANCE WITH ERISA. The following paragraphs only apply to a Multiemployer Plan where specifically mentioned. In each other instance, the following paragraphs apply to any Multiemployer Plan only to the extent of the knowledge of PCA. In addition, the following paragraph applies with respect to the Tenneco Retirement Plan and the TPI Hourly Plan (the "TENNECO PENSION PLANS") only to the extent of the knowledge of PCA, after the exercise of reasonable diligence and due inquiry. (i) Schedule VII sets forth each Plan; each Plan (and each related trust, insurance contract or fund) is in substantial compliance with its terms and with all applicable laws, including, without limitation, ERISA and the Code; each Plan (and each related trust, if any) which is intended to be qualified under Section 401(a) of the Code has received or has timely applied for a determination letter from the Internal Revenue Service to the effect that it meets the requirements of Sections 401(a) and 501(a) of the Code; except as would not result in a material liability no Reportable Event has occurred; to the knowledge of Borrower, no Plan which is a Multiemployer Plan (as defined in Section 4001(a)(3) of ERISA) is insolvent or in reorganization; no Plan has an Unfunded Current Liability which, when added with the Unfunded Current Liability of each other Plan could result in a material liability; no Plan which is subject to Section 412 of the Code or Section 302 of ERISA has an accumulated funding deficiency, within the meaning of such sections of the Code or ERISA, or has applied for or received a waiver of an accumulated funding deficiency or an extension of any amortization period, within the meaning of Section 412 of the Code or Section 303 or 304 of ERISA; all contributions required to be made with respect to a Plan or a Multiemployer Plan have been timely made; neither (x) at any time prior to the Contribution Effective Time, the Containerboard Business nor (y) thereafter, PCA, any of its Subsidiaries or any ERISA Affiliate, has incurred any material liability (including any indirect, contingent or secondary liability) to or on account of a Plan or a Multiemployer Plan pursuant to Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code or expects to incur any such liability under any of the foregoing sections with respect to any Plan; to the best knowledge of PCA or any of its Subsidiaries, no condition exists which presents a material risk to (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA or any of its Subsidiaries or any ERISA Affiliate, of incurring a material liability to or on account of a Plan or a Multiemployer Plan pursuant to the foregoing provisions of ERISA and the Code; no proceedings have been instituted to terminate or appoint a trustee to administer any Plan which is subject to Title IV of ERISA; no material action, suit, proceeding, hearing, audit or investigation with respect to the administration, operation or the investment of assets of any Plan (other than routine claims for benefits) is pending, or expected or threatened; using actuarial assumptions and computation methods consistent with Part 1 of subtitle E of Title IV of ERISA, the aggregate liabilities of (x)

at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA and of its Subsidiaries and its ERISA Affiliates, to all Plans which are Multiemployer Plans (as defined in Section 4001(a)(3) of ERISA) in the event of a complete withdrawal therefrom, as of the close of the most recent fiscal year of each such Plan ended prior to the date of the most recent Credit Event, would not result in a material liability; each group health plan (as defined in Section 607(1) of ERISA or Section 4980B(g)(2) of the Code) which covers or has covered employees or former employees of (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA, any Subsidiary of PCA, or any ERISA Affiliate, has at all times been operated in material compliance with the provisions of Part 6 of subtitle B of Title I of ERISA and Section 4980B of the Code; no lien imposed under the Code or ERISA on the assets of (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA or any Subsidiary of PCA or any ERISA Affiliate, exists or is likely to arise on account of any Plan; and, except with respect to a Plan maintained pursuant to a collective bargaining agreement, PCA and its Subsidiaries may cease contribuions to or terminate any Employee Benefit Plan maintained by any of them without a Material Adverse Effect.

(ii) Each Foreign Pension Plan has been maintained in substantial compliance with its terms and with the requirements of any and all applicable laws, statutes, rules, regulations and orders and has been maintained, where required, in good standing with applicable regulatory authorities. All contributions required to be made with respect to a Foreign Pension Plan have been or will be timely made. Neither (x) at any time prior to the Contribution Effective Time, the Containerboard Business nor (y) thereafter, PCA or any of its Subsidiaries has incurred any material obligation in connection with the termination of or withdrawal from any Foreign Pension Plan. Except as would not result in a material liability, the present value of the accrued benefit liabilities (whether or not vested) under each Foreign Pension Plan, determined as of the end of PCA's most recently ended fiscal year on the basis of actuarial assumptions, each of which is reasonable, did not exceed the current value of the assets of such Foreign Pension Plan allocable to such benefit liabilities.

7B.11 THE SECURITY DOCUMENTS. (a) On and after the Contribution Effective Time, (i) the provisions of the PCA Security Agreement are effective to create in favor of the Collateral Agent for the benefit of the Secured Creditors a legal, valid and enforceable security interest in all right, title and interest of the PCA Credit Parties in the PCA Security Agreement Collateral described therein and (ii) the PCA Security Agreement, upon the filing of Form UCC-1 financing statements or the appropriate equivalent (which filings, if this representation is being made more than 10 days after the Contribution Effective Time, have been made), creates a fully perfected first lien on, and security interest in, all right, title and interest in all of the PCA Security Agreement Collateral described therein as of the consummation of the Contribution, subject to no other Liens other than Permitted Liens, to the extent a security interest in such collateral can be perfected by the filing of a financing statement. The recordation of the Grant of Security Interest in U.S. Patents and Trademarks in the form attached to the PCA Security Agreement in the United States Patent and Trademark Office, together with filings on Form UCC-1 made pursuant to the PCA Security Agreement will be effective when recorded or filed (which recordings or filings, if this representation is being made more than 10 days after the

Contribution Effective Time, have been made), under applicable law, to perfect the security interest granted to the Collateral Agent in the trademarks and patents covered by the PCA Security Agreement and identified in such Grant of Security Interest and the recordation of the Grant of Security Interest in U.S. Copyrights in the form attached to the PCA Security Agreement with the United States Copyright Office, together with filings on Form UCC-1 made pursuant to the PCA Security Agreement, will be effective when recorded or filed (which recordings or filings, if this representation is being made more than 10 days after the Contribution Effective Time, have been made) under federal law to perfect the security interest granted to the Collateral Agent in the copyrights covered by the PCA Security Agreement and identified in such Grant of Security Interest .

(b) On and after the Contribution Effective Time, assuming the Collateral Agent continues to retain possession of the applicable Pledged Securities, the security interests created in favor of the Collateral Agent, as pledgee, for the benefit of the Secured Creditors under the Pledge Agreement constitute first priority perfected security interests in the Pledged Securities described in the Pledge Agreement, subject to no security interests of any other Person. Assuming the Collateral Agent continues to retain possession of the applicable Pledged Securities, no filings or recordings are required in order to perfect (or maintain the perfection or priority of) the security interests created in the Pledged Securities and the proceeds thereof under the Pledge Agreement.

(c) On and after the Contribution Effective Time, the Mortgages create, as security for the obligations purported to be secured thereby, a valid and enforceable perfected security interest in and mortgage lien on all of the Mortgaged Properties in favor of the Collateral Agent (or such other trustee as may be required or desired under local law) for the benefit of the Secured Creditors, superior to and prior to the rights of all third persons (except that the security interest and mortgage lien created in the Mortgaged Properties may be subject to the Permitted Encumbrances related thereto) and subject to no other Liens (other than Permitted Liens). On and after the Contribution Effective Time, PCA and each of its Subsidiaries have good and indefeasible title to all fee-owned Mortgaged Properties and valid leasehold title to all Leaseholds, in each case free and clear of all Liens except those described in the first sentence of this subsection (c).

7B.12 REPRESENTATIONS AND WARRANTIES IN OTHER DOCUMENTS. All representations and warranties of PCA and its Subsidiaries set forth in the other Documents were true and correct in all material respects at the time as of which such representations and warranties were made (or deemed made) and shall be true and correct in all material respects as of the Initial Borrowing Date and the Contribution Effective Time as if such representations or warranties were made on and as of such date, unless stated to relate to a specific earlier date, in which case such representations or warranties shall be true and correct in all material respects as of such earlier date, in each case except to the extent that the failure of any such representation and warranty to be true and correct in all material respects, either individually or in the aggregate with other such representations and warranties, is not reasonably likely to have a Material Adverse Effect.

7B.13 PROPERTIES. The Borrower and each of its Subsidiaries have good and valid title to all properties owned by them, including, after the Contribution Effective Time, all property reflected in the most recent balance sheet referred to in Section 7B.05(a) (except as sold or otherwise disposed of since the date of such balance sheet in accordance with the Contribution Agreement and for the properties not being transferred to PCA pursuant to the Contribution Agreement) and in the PRO FORMA balance sheet referred to in Section 7B.05(b) (except as sold or otherwise disposed of since the Contribution Effective Time in accordance with the terms of this Agreement), free and clear of all Liens, other than Permitted Liens permitted by Section 9.01. On the Initial Borrowing Date, Schedule III sets forth a true and complete description of all Real Property owned or leased by the Borrower and/or its Subsidiaries comprising part of the Containerboard Business and sets forth the direct owner or lessee thereof.

7B.14 CAPITALIZATION. On the Initial Borrowing Date and after giving effect to the Transaction, the authorized capital stock of PCA shall consist of (i) 1,000,000 shares of common stock, $.01 par value per share (such authorized shares of common stock, together with any subsequently authorized shares of common stock of PCA, the "BORROWER COMMON STOCK"), all of which shares shall be issued and outstanding, (ii) 3,000,000 shares of Borrower PIK Preferred Stock, of which 1,000,000 shares shall be issued and outstanding and (iii) 100 shares of junior preferred stock, all of which shall be issued and outstanding. All such outstanding shares have been duly and validly issued, are fully paid and non-assessable and have been issued free of preemptive rights. On the Initial Borrowing Date, PCA does not have any outstanding securities convertible into or exchangeable for its capital stock or outstanding any rights to subscribe for or to purchase, or any options for the purchase of, or any agreement providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock.

7B.15 SUBSIDIARIES. (a) Prior to the consummation of the Transaction, PCA has no Subsidiaries.

(b) After giving effect to the Transaction, PCA will have no Subsidiaries other than (i) those Subsidiaries listed on Schedule VIII and (ii) new Subsidiaries created in compliance with Section 9.14. Schedule VIII correctly sets forth, as of the Initial Borrowing Date and after giving effect to the Transaction, the percentage ownership (direct and indirect) of PCA in each class of capital stock or other equity interest of each of its Subsidiaries and also identifies the direct owner thereof. On and after the Contribution Effective Time, all outstanding shares of capital stock of each Subsidiary of PCA have been duly and validly issued, are fully paid and non-assessable and have been issued free of preemptive rights. No Subsidiary of PCA has any outstanding securities convertible into or exchangeable for its capital stock or outstanding any right to subscribe for or to purchase, or any options or warrants for the purchase of, or any agreement providing for the issuance (contingent or otherwise) of or any calls, commitments or claims of any character relating to, its capital stock or any stock appreciation or similar rights.

7B.16 COMPLIANCE WITH STATUTES, ETC. (x) At any time prior to the Contribution Effective Time, the Containerboard Business and (y) thereafter, each of PCA and each of its

Subsidiaries, is in compliance with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of the Containerboard Business or its business, as applicable, and the ownership of the Containerboard Business or its property, as applicable (excluding applicable statutes, regulations, orders and restrictions relating to environmental standards and controls, which are governed by Section 7B.19), except such noncompliances as would not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

7B.17 INVESTMENT COMPANY ACT. Neither PCA nor any of its Subsidiaries is an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended.

7B.18 PUBLIC UTILITY HOLDING COMPANY ACT. Neither PCA nor any of its Subsidiaries is a "holding company," or a "subsidiary company" of a "holding company," or an "affiliate" of a "holding company" or of a "subsidiary company" of a "holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

7B.19 ENVIRONMENTAL MATTERS. (a) (x) At any time prior to the Contribution Effective Time, the Containerboard Business and (y) thereafter, PCA and each of its Subsidiaries has complied with, and on the date of each Credit Event will be in compliance with, all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws. There are no past, pending or, to the best knowledge of PCA after due inquiry, past or threatened Environmental Claims against (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA or any of its Subsidiaries or any Real Property owned or operated by PCA or any of its Subsidiaries. There are no facts, circumstances, conditions or occurrences in respect of (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, any Real Property owned or operated or occupied by PCA or any of its Subsidiaries that would reasonably be expected (i) to form the basis of an Environmental Claim against the Containerboard Business or PCA or any of its Subsidiaries or any such Real Property, as the case may be, or (ii) to cause (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, any such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability of the Containerboard Business or such Real Property, as the case may be, by PCA or any of its Subsidiaries under any applicable Environmental Law.

(b) Hazardous Materials have not at any time been generated, used, treated or stored on, or transported to or from (x) at any time prior to the Contribution Effective Time, any Real Property comprising part of the Containerboard Business and (y) thereafter, any Real Property owned or operated by PCA or any of its Subsidiaries, where such generation, use, treatment or storage has violated or would reasonably be expected to violate any Environmental Law or give rise to an Environmental Claim. Hazardous Materials have not been Released on or from (x) at any time prior to the Contribution Effective Time, any Real Property comprising part of the Containerboard Business and (y) thereafter, any Real Property owned or operated by PCA or any of its Subsidiaries, where such Release has violated or would reasonably be expected to violate any applicable Environmental Law or give rise to an Environmental Claim.

(c) Notwithstanding anything to the contrary in this Section 7B.19, the representations made in this Section 7B.19 shall only be untrue if the aggregate effect of all failures and noncompliances of the types described above would reasonably be expected to have a Material Adverse Effect.

(d) This Section 7B.19 sets forth the sole and exclusive representations by the Borrower with respect to environmental matters, including without limitations all matters arising under Environmental Laws.

7B.20 LABOR RELATIONS. Neither (x) at any time prior to the Contribution Effective Time, the Containerboard Business nor (y) thereafter, PCA or any of its Subsidiaries is engaged in any unfair labor practice that would reasonably be expected to have a material adverse effect on the Containerboard Business or PCA and its Subsidiaries taken as a whole, as the case may be, and there is (i) no unfair labor practice complaint pending against (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA or any of its Subsidiaries or, to the best knowledge of PCA, threatened against any of them, before the National Labor Relations Board, and no material grievance or arbitration proceeding arising out of or under any collective bargaining agreement is so pending against (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA or any of its Subsidiaries or, to the best knowledge of PCA, threatened against any of them, (ii) no strike, labor dispute, slowdown or stoppage pending against (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA or any of its Subsidiaries or, to the best knowledge of PCA, threatened against the Containerboard Business or PCA or any of its Subsidiaries, as the case may be, and (iii) to the best knowledge of PCA, no union representation proceeding is pending with respect to the employees of (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, PCA or any of its Subsidiaries, except (with respect to any matter specified in clause (i), (ii) or (iii) above, either individually or in the aggregate) such as would not reasonably be expected to have a Material Adverse Effect.

7B.21 PATENTS, LICENSES, FRANCHISES AND FORMULAS. (i) At any time prior to the Contribution Effective Time, the Containerboard Business and (ii) at any time on and after the Contribution Effective Time, each of PCA and its Subsidiaries owns or has a valid license to use all material patents, trademarks, permits, service marks, trade names, copyrights, licenses, franchises and formulas, or rights with respect to the foregoing, and has obtained assignments of all leases and other rights of whatever nature, necessary for the present conduct of its business, without any known conflict with the rights of others which, or the failure to own or obtain which, as the case may be, would be reasonably likely to result in a Material Adverse Effect.

7B.22 INDEBTEDNESS. (a) Schedule V.A sets forth a true and complete list of all Existing Indebtedness of PCA and its Subsidiaries as of the Initial Borrowing Date and which is to remain outstanding after giving effect to the Transaction, in each case showing the aggregate principal amount thereof and the name of the respective borrower and any other entity which directly or indirectly guaranteed such debt.

(b) Schedule V.B sets forth a true and complete list of all Indebtedness of TPI and its Subsidiaries to be Refinanced (the "INDEBTEDNESS TO BE REFINANCED"), in each case showing the aggregate principal amount thereof, the name of the respective borrower and any other entity which directly or indirectly guaranteed such Indebtedness and the amount required to pay such Indebtedness in full on the Initial Borrowing Date which amount does not exceed in the aggregate $1,110,000,000.

7B.23 TRANSACTION. At the time of consummation thereof, each element of the Transaction shall have been consummated in all material respects in accordance with the terms of the respective Documents and all applicable laws. At the time of consummation of each element of the Transaction, all material consents and approvals of, and filings and registrations with (or, in the case of any filing in respect of the Security Documents executed on the Initial Borrowing Date (other than the TPI Security Agreement), will be made within 10 days thereof), and all other actions in respect of, all governmental agencies, authorities or instrumentalities required in order to make or consummate the Transaction will have been obtained, given, filed or taken and are or will be in full force and effect (or effective judicial relief with respect thereto has been obtained). All applicable waiting periods with respect thereto have or, prior to the time when required, will have, expired without, in all such cases, any action being taken by any competent authority which restrains, prevents, or imposes material adverse conditions upon the Transaction. Additionally, there does not exist any judgment, order or injunction prohibiting or imposing material adverse conditions upon any element of the Transaction, or the occurrence of any Credit Event or the performance by any Credit Party of its obligations under the respective Credit Documents. All actions taken by each Credit Party pursuant to or in furtherance of the Transaction have been taken in all material respects in compliance with the respective Documents and all applicable laws.

7B.24 INSURANCE. Schedule VI sets forth a true and complete listing of all insurance maintained by PCA and its Subsidiaries as of the Initial Borrowing Date (after giving effect to the Contribution), and with the amounts insured (and any deductibles) set forth therein.

7B.25 YEAR 2000 COMPLIANCE. PCA has reviewed its operations and those of its Subsidiaries with a view to assessing whether its businesses, or the businesses of any of its Subsidiaries, will be vulnerable to a Y2K Problem or will be vulnerable in any material respect to the effects of a Y2K Problem suffered by any of PCA or any of its Subsidiaries' major customers and suppliers. PCA represents and warrants that it has a reasonable basis to believe, and that it does believe, that no Y2K Problem will cause a Material Adverse Effect.

7B.26 SPECIAL PURPOSE CORPORATION. PCA was formed to effect the Transaction. Prior to the consummation of the Transaction, PCA had no significant assets or liabilities (other than those liabilities under the Contribution Documents).

7B.27 SUBORDINATION. (a) The subordination provisions contained in the Senior Subordinated Notes Documents are enforceable against PCA, the Subsidiary Guarantors and the holders of the Senior Subordinated Notes, and all Obligations hereunder and under the other Credit Documents (including, without limitation, pursuant to the Subsidiaries Guaranty) are

within the definitions of "Senior Debt" and "Designated Senior Debt" included in such subordination provisions.

(b) The subordination provisions contained in the Subordinated Promissory Notes Documents are enforceable against the Borrower, Tenneco and the holders of the Subordinated Promissory Notes, and all Obligations hereunder and under the other Credit Documents (including, without limitation, pursuant to the Guaranties) are within the definition of "Senior Debt" included in such subordination provisions.

(c) There exists no Designated Senior Debt for purposes of, and as defined in, the Senior Subordinated Notes Indenture (other than the Obligations).

SECTION 8. AFFIRMATIVE COVENANTS. PCA hereby covenants and agrees that in the case of the covenants described below on and after the Contribution Effective Time and until the Total Commitments and all Letters of Credit have terminated and the Loans, Notes and Unpaid Drawings, together with interest, Fees and all other obligations incurred hereunder and thereunder are paid in full (other than any indemnity, not then due and payable, which by its terms shall survive such termination and payment):

8.01 INFORMATION COVENANTS. The Borrower will furnish to each Lender:

(a) QUARTERLY FINANCIAL STATEMENTS. Within 45 days after the close of the first three quarterly accounting periods in each fiscal year of the Borrower, (i) the consolidated balance sheet of the Borrower and its Consolidated Subsidiaries as at the end of such quarterly accounting period and the related consolidated statements of income and cash flows, in each case for such quarterly accounting period and for the elapsed portion of the fiscal year ended with the last day of such quarterly accounting period, and in each case, setting forth comparative figures for the related periods in the prior fiscal year (other than in the case of the first fiscal year of PCA) and, after the delivery of the first budget pursuant to Section 8.01(d), the budgeted figures for such quarterly periods as set forth in the respective budget delivered pursuant to Section 8.01(d), all of which shall be certified by the Chief Financial Officer of the Borrower, subject to normal year-end audit adjustments and (ii) management's discussion and analysis of the important operational and financial developments during the fiscal quarter and year-to-date periods.

(b) ANNUAL FINANCIAL STATEMENTS. Within 90 days after the close of each fiscal year of the Borrower, (i) the consolidated and consolidating balance sheets of the Borrower and its Consolidated Subsidiaries as at the end of such fiscal year and the related consolidated and consolidating statements of income and retained earnings and of cash flows for such fiscal year setting forth comparative figures for the preceding fiscal year and (x) in the case of such consolidated financial statements certified by Ernst & Young LLP, or such other independent certified public accountants of recognized national standing reasonably acceptable to the Administrative Agent, together with a report of such accounting firm stating that in the course of its regular audit of the financial statements of the Borrower and its Subsidiaries, which audit was conducted in accordance with generally accepted auditing standards, such accounting firm obtained no

knowledge of any Default or Event of Default which has occurred and is continuing or, if in the opinion of such accounting firm such a Default or Event of Default has occurred and is continuing, a statement as to the nature thereof, and (y) in the case of such consolidating financial statements certified by the Chief Financial Officer of the Borrower, and (ii) management's discussion and analysis of the important operational and financial developments during such fiscal year.

(c) MANAGEMENT LETTERS. Promptly after the receipt thereof by the Borrower or any of its Subsidiaries, a copy of any "management letter" received by any such Person from its certified public accountants and the management's responses thereto.

(d) BUDGETS. No later than 60 days following the commencement of the first day of each fiscal year of the Borrower (commencing with the fiscal year of the Borrower ended December 31, 2000), a budget of the Borrower and its Subsidiaries in form satisfactory to the Administrative Agent prepared by the Borrower for each fiscal quarter of such fiscal year prepared in detail, accompanied by the statement of the Chief Financial Officer of the Borrower to the effect that, to the best of his knowledge, the budget is a reasonable estimate for the period covered thereby.

(e) OFFICER'S CERTIFICATES. At the time of the delivery of the financial statements provided for in Section 8.01(a) and (b), a certificate of the Chairman of the Board, the President or Chief Financial Officer of the Borrower to the effect that, to the best of such officer's knowledge, no Default or Event of Default has occurred and is continuing or, if any Default or Event of Default has occurred and is continuing, specifying the nature and extent thereof, which certificate shall, in the case of any such financial statements delivered in respect of a period ending on the last day of a fiscal quarter or year of the Borrower, (x) set forth the calculations required to establish whether the Borrower was in compliance with the provisions of Sections 4.02(e), (f), (g), (h), (i) and (j) (but with respect to Section 4.02(i) only to the extent delivered with the financial statements required by Sections 8.01(b)), 9.02 and 9.04 through 9.10, inclusive, at the end of such fiscal quarter or year, as the case may be, (y) set forth the calculation of the Available J.V. Basket Amount and the Available Permitted Acquisition Basket Amount at the end of the period covered by such financial statements, and all sources and uses of proceeds relating to the calculation thereof and (z) if delivered with the financial statements required by Section 8.01(b), set forth (in reasonable detail) the amount of, and the calculations required to establish the amount of, Excess Cash Flow for the respective Excess Cash Payment Period.

(f) NOTICE OF DEFAULT OR LITIGATION. Promptly, and in any event within three Business Days after an officer of the Borrower obtains knowledge thereof, notice of (i) the occurrence of any event which constitutes a Default or Event of Default and (ii) any litigation or governmental investigation or proceeding pending or threatened (x) against the Borrower or any of its Subsidiaries which would reasonably be expected to have a Material Adverse Effect, (y) with respect to any Indebtedness in excess of $10,000,000 of the Borrower or any of its Subsidiaries or (z) with respect to any Document.

(g) OTHER REPORTS AND FILINGS. Promptly, copies of all financial information, proxy materials and other information and reports, if any, which the Borrower or any of its Subsidiaries shall file with the Securities and Exchange Commission or any successor thereto (the "SEC") or deliver to holders of its material Indebtedness (including the Senior Subordinated Notes) pursuant to the terms of the documentation governing such Indebtedness (or any trustee, agent or other representative therefor) and holders of their capital stock (including the Borrower PIK Preferred Stock) in their capacity as such.

(h) ENVIRONMENTAL MATTERS. Promptly upon, and in any event within thirty days after, an officer of the Borrower or any of its Subsidiaries obtains knowledge thereof, notice of one or more of the following environmental matters which occurs after the Initial Borrowing Date, unless such environmental matters would not, individually or when aggregated with all other such environmental matters, be reasonably expected to have a Material Adverse Effect:

(i) any Environmental Claim pending or threatened in writing against the Borrower or any of its Subsidiaries or any Real Property owned or operated or occupied by the Borrower or any of its Subsidiaries;

(ii) any condition or occurrence on or arising from any Real Property owned or operated or occupied by the Borrower or any of its Subsidiaries that (a) results in noncompliance by the Borrower or any of its Subsidiaries with any applicable Environmental Law or (b) would reasonably be expected to form the basis of an Environmental Claim against the Borrower or any of its Subsidiaries or any such Real Property;

(iii) any condition or occurrence on any Real Property owned or operated or occupied by the Borrower or any of its Subsidiaries that would reasonably be expected to cause such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability by the Borrower or any of its Subsidiaries of such Real Property under any Environmental Law; and

(iv) the taking of any removal or remedial action in response to the actual or alleged presence of any Hazardous Material on any Real Property owned or operated or occupied by the Borrower or any of its Subsidiaries as required by any Environmental Law or any governmental or other administrative agency; PROVIDED that in any event the Borrower shall deliver to the Administrative Agent all material notices received by it or any of its Subsidiaries from any government or governmental agency under, or pursuant to, CERCLA.

All such notices shall describe in reasonable detail the nature of the claim, investigation, condition, occurrence or removal or remedial action and the Borrower's or such Subsidiary's response thereto. In addition, the Borrower will provide the Lenders with copies of all material communications with any government or governmental agency and all material communications with any Person relating to any Environmental Claim of which notice is required to be given pursuant to this Section 8.01(h), and such detailed

reports of any such Environmental Claim as to which notice is required, as may reasonably be requested by the Agents or the Lenders.

(i) ANNUAL MEETINGS WITH LENDERS. At the request of Administrative Agent, the Borrower shall within 120 days after the close of each fiscal year of the Borrower hold a meeting at a reasonable time and place selected by the Borrower and acceptable to the Administrative Agent with all of the Lenders at which meeting shall be reviewed the financial results of the previous fiscal year and the financial condition of the Borrower and its Subsidiaries and the budgets presented for the current fiscal year of the Borrower and its Subsidiaries.

(j) PERMITTED RECEIVABLES FACILITY TRANSACTION DATE. The Borrower shall provide the Administrative Agent 15 Business Days' prior written notice of the Permitted Receivables Facility Transaction Date.

(k) NOTICE OF COMMITMENT REDUCTIONS AND MANDATORY REPAYMENTS. On or prior to the date of any reduction to the Total Commitment or any mandatory repayment of outstanding Term Loans pursuant to any of Sections 4.02(e) through (j), inclusive, the Borrower shall provide written notice of the amount of the respective reduction or repayment, as the case may be, to the Total Revolving Loan Commitment or the outstanding Term Loans, as applicable, the calculation thereof (in reasonable detail) and the event to which the respective reduction or repayment relates.

(l) OTHER INFORMATION. From time to time, such other information or documents (financial or otherwise) with respect to the Borrower or its Subsidiaries as any Agent or any Lender may reasonably request in writing.

8.02 BOOKS, RECORDS AND INSPECTIONS. The Borrower will, and will cause each of its Subsidiaries to, keep proper books of record and account in which are made full, true and correct entries in conformity with generally accepted accounting principles and all requirements of law. The Borrower will, and will cause each of its Subsidiaries to, permit officers and designated representatives of any Agent or any Lender to visit and inspect, during regular business hours and under guidance of officers of the Borrower, any of the properties of the Borrower or such Subsidiary in whomsoever's possession, and to examine the books of account of the Borrower or such Subsidiary and discuss the affairs, finances and accounts of the Borrower or such Subsidiary with, and be advised as to the same by, its and their officers and independent accountants, all upon reasonable advance notice and at such reasonable times and intervals and to such reasonable extent as such Agent or such Lender may request, PROVIDED, that so long as no Default or Event of Default is then in existence, the Borrower shall have the right to participate in any discussions of the Agents or the Lenders with any independent accountants of the Borrower.

8.03 MAINTENANCE OF PROPERTY; INSURANCE. (a) The Borrower will, and will cause each of its Subsidiaries to, (i) keep all material properties and equipment used in its business in good working order and condition (ordinary wear and tear and loss or damage by casualty or condemnation excepted), (ii) maintain in full force and effect insurance with reputable and

solvent insurance carriers on all its property in at least such amounts, against at least such risks and with such deductibles or self-insured retentions as is consistent and in accordance with industry practice and (iii) furnish to each Lender, upon written request, full information as to the insurance carried. In addition to the requirements to the immediately preceding sentence, the Borrower will at all time cause insurance of the types described in Schedule VI to be maintained with no less scope of coverage or greater deductibles as are described in Schedule VI with respect to the Containerboard Business immediately before the Effective Date, taking into account the age and fair market value of equipment. Such insurance shall include physical damage insurance on all real and personal property (whether now or hereafter acquired) on an all risk basis and business interruption insurance. The provisions of this Section 8.03 shall be deemed supplemental to, but not duplicative of, the provisions of any Security Documents requiring the maintenance of insurance.

(b) The Borrower will, and will cause its Subsidiaries to, at all times keep their respective property insured in favor of the Collateral Agent, and all policies (including the Mortgage Policies) or certificates (or certified copies thereof) with respect to such insurance (and any other insurance maintained by the Borrower or any of its Subsidiaries) (i) shall be endorsed to the Collateral Agent's satisfaction for the benefit of the Collateral Agent (as certificate holder, mortgagee and loss payee with respect to Real Property, certificate holder and loss payee with respect to personal property, additional insured with respect to general liability and umbrella liability coverage and certificate holder with respect to workers' compensation insurance), (ii) shall state that such insurance policies shall not be canceled or materially revised without 30 days' prior written notice thereof by the respective insurer to the Collateral Agent, and (iii) shall be deposited with the Collateral Agent.

(c) If the Borrower or any of its Subsidiaries shall fail to maintain all insurance in accordance with this Section 8.03, or if the Borrower or any of its Subsidiaries shall fail to so endorse and deposit all policies or certificates with respect thereto, the Administrative Agent and/or the Collateral Agent shall have the right (but shall be under no obligation) to procure such insurance and the Borrower agrees to reimburse the Administrative Agent or the Collateral Agent as the case may be, for all costs and expenses of procuring such insurance.

8.04 CORPORATE FRANCHISES. The Borrower will, and will cause each of its Subsidiaries, to do or cause to be done, all things necessary to preserve and keep in full force and effect its existence and its material rights, franchises, licenses and patents used in its business; PROVIDED, HOWEVER, that any transaction permitted by Section 9.02 will not constitute a breach of this Section 8.04.

8.05 COMPLIANCE WITH STATUTES, ETC. The Borrower will, and will cause each of its Subsidiaries to, comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all governmental bodies, domestic or foreign, in respect of the conduct of its business and the ownership of its property, except such noncompliances as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

8.06 COMPLIANCE WITH ENVIRONMENTAL LAWS. (a) The Borrower will comply, and will cause each of its Subsidiaries to comply, in all respects with all Environmental Laws applicable to the operation of its business or to the ownership or use of Real Property now or hereafter owned or operated by the Borrower or any of its Subsidiaries, will within a reasonable time period pay or cause to be paid all costs and expenses incurred in connection with such compliance (except to the extent being contested in good faith), and will undertake all reasonable efforts to keep or cause to be kept all such Real Property free and clear of any Liens imposed pursuant to such Environmental Laws, except such noncompliances as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries will generate, use, treat, store, release or dispose of, or permit the generation, use, treatment, storage, release or disposal of Hazardous Materials on any Real Property now or hereafter owned or operated or occupied by the Borrower or any of its Subsidiaries, or transport or permit the transportation of Hazardous Materials to or from any such Real Property except in compliance with all applicable Environmental Laws (except such noncompliances as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect) and reasonably required in connection with the operation, use and maintenance of any such Real Property or otherwise in connection with their businesses.

(b) At the written request of the Administrative Agent or the Required Lenders upon a reasonable belief by the Administrative Agent or the Required Lenders that the Borrower or any of its Subsidiaries has breached any representation or covenant contained herein relating to environmental matters, which request shall specify in reasonable detail the basis therefor, the Borrower will provide, at the Borrower's sole cost and expense, an environmental site assessment report, reasonable in scope, concerning the subject matter of such representation or covenant and any Real Property now or hereafter owned, operated or occupied by the Borrower or any of its Subsidiaries, prepared by an environmental consulting firm reasonably acceptable to the Administrative Agent, indicating (if relevant to such breach) the presence or absence of Hazardous Materials and the potential cost of any removal or remedial action in connection with any Hazardous Materials on such Real Property; PROVIDED, that such request may be made only if (i) there has occurred and is continuing an Event of Default, (ii) the Administrative Agent or the Required Lenders reasonably believe that the Borrower or any such Real Property is not in compliance with Environmental Law and such circumstances would reasonably be expected to have a Material Adverse Effect, or (iii) circumstances exist that reasonably could be expected to form the basis of a material Environmental Claim against the Borrower or any of its Subsidiaries or any such Real Property. If the Borrower fails to provide the same within a reasonable period, not to exceed 90 days, after such request was made, the Administrative Agent may order the same, and the Borrower shall grant and hereby grants to the Administrative Agent and the Lenders and their agents access to such Real Property and specifically grants the Administrative Agent and the Lenders an irrevocable non-exclusive license, subject to the rights of tenants, to undertake such an assessment, all at the Borrower's expense.

8.07 ERISA. Except to the extent that the events described herein are specifically made applicable to Multiemployer Plans, they shall relate only to Plans which are not Multiemployer Plans. In each other instance, the events described herein apply to Multiemployer Plans only to the extent of the knowledge of PCA. In addition, with respect to the Tenneco

Pension Plans, the reporting covenants described herein apply only to the extent of the knowledge of PCA, after the exercise of reasonable diligence and due inquiry. As soon as reasonably possible and, in any event, within twenty (20) Business Days after the Borrower or any of its Subsidiaries or any ERISA Affiliate knows or has reason to know of the occurrence of any of the following, the Borrower will deliver to the Administrative Agent a certificate of the chief financial officer of the Borrower setting forth the full details as to such occurrence and the action, if any, that the Borrower, such Subsidiary or such ERISA Affiliate is required or proposes to take, together with any notices required or proposed to be given to or filed by the Borrower, the Subsidiary, the Plan administrator or the ERISA Affiliate, to or with the PBGC, or any other government agency, or a Plan participant and any notices received by such Borrower, such Subsidiary or ERISA Affiliate from the PBGC or any other government agency, or a Plan participant with respect thereto: that a Reportable Event has occurred (except to the extent that the Borrower has previously delivered to the Lenders a certificate and notices (if any) concerning such event pursuant to the next clause hereof); that a contributing sponsor (as defined in Section 4001(a)(13) of ERISA) of a Plan subject to Title IV of ERISA is subject to the advance reporting requirement of PBGC Regulation Section 4043.61 (without regard to subparagraph (b)(1) thereof), and an event described in subsection .62, .63, .64, .65, .66, .67 or .68 of PBGC Regulation Section 4043 is reasonably expected to occur with respect to such Plan within the following 30 days; that an accumulated funding deficiency, within the meaning of Section 412 of the Code or Section 302 of ERISA, has been incurred or an application may be or has been made for a waiver or modification of the minimum funding standard (including any required installment payments) or an extension of any amortization period under Section 412 of the Code or Section 303 or 304 of ERISA with respect to a Plan; that any contribution required to be made with respect to a Plan or Foreign Pension Plan has not been timely made; that a Plan has been or may be terminated, reorganized, partitioned or declared insolvent under Title IV of ERISA; that a Plan has a material increase in an Unfunded Current Liability; that proceedings may be or have been instituted to terminate or appoint a trustee to administer a Plan which is subject to Title IV of ERISA; that a proceeding has been instituted pursuant to Section 515 of ERISA to collect a delinquent contribution to a Plan; that the Borrower, any of its Subsidiaries or any ERISA Affiliate will or is likely to incur any material liability (including any indirect, contingent, or secondary liability) to or on account of the termination of or withdrawal from a Plan under Section 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or with respect to a Plan under Section 401(a)(29), 4971, 4975 or 4980 of the Code or Section 409 or 502(i) or 502(l) of ERISA or with respect to a group health plan (as defined in Section 607(1) of ERISA or Section 4980B(g)(2) of the Code) under Section 4980B of the Code; or that the Borrower, or any of its Subsidiaries may incur any material liability pursuant to any employee welfare benefit plan (as defined in Section 3(1) of ERISA) that provides benefits to retired employees or other former employees (other than as required by Section 601 of ERISA) or any Plan or any Foreign Pension. Upon request, the Borrower will deliver to the Administrative Agent a complete copy of the annual report (on Internal Revenue Service Form 5500-series) of each Plan (including, to the extent required, the related financial and actuarial statements and opinions and other supporting statements, certifications, schedules and information) required to be filed with the Internal Revenue Service. In addition to any certificates or notices delivered to the Administrative Agent pursuant to the third sentence hereof, copies of annual reports and any records, documents or other information required to be furnished to the PBGC, or any other government agency and any

material notices received by the Borrower, any of its Subsidiaries or any ERISA Affiliate with respect to any Plan or Foreign Pension Plan shall be delivered to the Administrative Agent no later than twenty (20) Business Days after the date such annual report required to be filed with the Internal Revenue Service was requested by the Administrative Agent, or such records, documents and/or information has been furnished to the PBGC (other than in connection with premium payments, which shall be furnished within twenty (20) Business Days of request by the Administrative Agent) or such notice has been received by the Borrower, the Subsidiary or the ERISA Affiliate, as applicable. PCA and each of its Subsidiaries shall ensure that all Foreign Pension Plans administered by it or into which it makes payments obtains or retains (as applicable) registered status under and as required by applicable law and is administered in a timely manner in all respects in compliance with all applicable laws except where the failure to do any of the foregoing would not be reasonably likely to result in a Material Adverse Effect.

8.08 END OF FISCAL YEARS; FISCAL QUARTERS. The Borrower shall cause (i) each of its, and each of its Subsidiaries', fiscal years to end on December 31 and (ii) its fiscal quarters to end on March 31, June 30, September 30 and December 31.

8.09 PAYMENT OF TAXES. The Borrower will pay and discharge, and will cause each of its Subsidiaries to pay and discharge, all material taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims for sums that have become due and payable which, if unpaid, might become a Lien not otherwise permitted under Section 9.01(i), PROVIDED, that neither the Borrower nor any of its Subsidiaries shall be required to pay any such tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings if it has maintained adequate reserves with respect thereto in accordance with GAAP.

8.10 OWNERSHIP OF SUBSIDIARIES. Except to the extent expressly permitted herein or as otherwise expressly consented in writing by the Required Lenders, the Borrower shall directly or indirectly own 100% of the capital stock or other equity interests of each of its Subsidiaries.

8.11 ADDITIONAL SECURITY; FURTHER ASSURANCES; SURVEYS. (a) The Borrower will, and will cause each of its Domestic Wholly-Owned Subsidiaries to, grant to the Collateral Agent security interests and mortgages (an "ADDITIONAL MORTGAGE") in such Real Property (excluding Real Property where the fair market value thereof is less than $1,000,000) of the Borrower or any of its Domestic Wholly-Owned Subsidiaries as are not covered by the original Mortgages, to the extent acquired after the Initial Borrowing Date, and as may be requested from time to time by the Administrative Agent or the Required Lenders (each such Real Property, an "ADDITIONAL MORTGAGED PROPERTY"). All such Additional Mortgages shall be granted pursuant to documentation substantially in the form of the Mortgages or in such other form as is reasonably satisfactory to the Administrative Agent and shall constitute valid and enforceable perfected Liens superior to and prior to the rights of all third Persons and subject to no other Liens except as are permitted by Section 9.01 at the time of perfection thereof. The Additional Mortgages or instruments related thereto shall be duly recorded or filed in such manner and in such places as

are required by law to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent required to be granted pursuant to the Additional Mortgages and all taxes, fees and other charges payable in connection therewith shall be paid in full.

(b) The Borrower will, and will cause each of its Domestic Wholly-Owned Subsidiaries (other than the Receivables Entity) to, at the expense of the Borrower, make, execute, endorse, acknowledge, file and/or deliver to the Collateral Agent from time to time such vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, real property surveys, reports and other assurances or instruments and take such further steps relating to the Collateral covered by any of the Security Documents as the Collateral Agent may reasonably require pursuant to this Section 8.11. Additionally, upon the request of the Collateral Agent or the Required Lenders, the Borrower shall take, or cause to be taken such action as may be requested in order to perfect (or maintain the perfection of) the security interests (or take any analogous actions under the applicable provisions of local law in order to protect such security interests) in any Collateral located outside the U.S. owned by the Borrower or a Domestic Wholly-Owned Subsidiary, in each case to the extent such actions are permitted to be taken under the laws of the applicable jurisdictions. Furthermore, the Borrower shall cause to be delivered to the Collateral Agent such opinions of counsel, title insurance and other related documents as may be reasonably requested by the Collateral Agent to assure itself that this Section 8.11 has been complied with.

(c) The Borrower agrees to cause each Domestic Wholly-Owned Subsidiary (other than the Receivables Entity) established or created in accordance with Section 9.14 to execute and deliver a guaranty of all Obligations and all obligations under Interest Rate Protection or Other Hedging Agreements to a Lender or any of its Affiliates in substantially the form of the Subsidiaries Guaranty.

(d) The Borrower agrees to pledge and deliver, or cause to be pledged and delivered, all of the capital stock of each new Subsidiary (excluding that portion of the voting stock of any Foreign Subsidiary which would be in excess of 66% of the total outstanding voting stock of such Foreign Subsidiary) established or created after the Initial Borrowing Date, to the extent owned by the Borrower or any Domestic Wholly-Owned Subsidiary, to the Collateral Agent for the benefit of the Secured Creditors pursuant to the Pledge Agreement.

(e) The Borrower will cause each Domestic Wholly-Owned Subsidiary (other than the Receivables Entity) established or created in accordance with Section 9.14 to grant to the Collateral Agent a first priority (subject to Permitted Liens) Lien on property (tangible and intangible) of such Subsidiary upon terms and with exceptions similar to those set forth in the Security Documents as appropriate, and satisfactory in form and substance to the Borrower, the Administrative Agent and Required Lenders. The Borrower shall cause each such Domestic Wholly-Owned Subsidiary, at its own expense, to execute, acknowledge and deliver, or cause the execution, acknowledgment and delivery of, and thereafter register, file or record in any appropriate governmental office, any document or instrument reasonably deemed by the Collateral Agent to be necessary or desirable for the creation and perfection of the foregoing Liens. The Borrower will cause each of such Domestic Wholly-Owned Subsidiaries to take all

actions reasonably requested by the Administrative Agent (including, without limitation, the filing of UCC-1's) in connection with the granting of such security interests.

(f) The security interests required to be granted pursuant to this Section 8.11 shall be granted pursuant to security documentation (which shall be substantially similar to the Security Documents already executed and delivered by the Borrower or its Subsidiaries, as applicable) or otherwise satisfactory in form and substance to the Collateral Agent and the Borrower and shall constitute valid and enforceable perfected security interests prior to the rights of all third Persons and subject to no other Liens except such Liens as are permitted by Section 9.01. The Additional Security Documents and other instruments related thereto shall be duly recorded or filed in such manner and in such places and at such times as are required by law to establish, perfect, preserve and protect the Liens, in favor of the Collateral Agent for the benefit of the respective Secured Creditors, required to be granted pursuant to the Additional Security Documents and all taxes, fees and other charges payable in connection therewith shall be paid in full by the Borrower. At the time of the execution and delivery of the Additional Security Documents, the Borrower shall cause to be delivered to the Collateral Agent such opinions of counsel, Mortgage Policies, title surveys, real estate appraisals and other related documents as may be reasonably requested by the Administrative Agent or the Required Lenders to assure themselves that this Section 8.11 has been complied with.

(g) In the event that the Administrative Agent or the Required Lenders at any time after the Effective Date determines in its or their reasonable discretion (whether as a result of a position taken by an applicable bank regulatory agency or official, or otherwise) that real estate appraisals satisfying the requirements set forth in 12 C.F.R., Part 34-Subpart C, or any successor or similar statute, rule, regulation, guideline or order (any such appraisal, a "REQUIRED APPRAISAL") are or were required to be obtained, or should be obtained, in connection with any Mortgaged Property then, within 60 days after receiving written notice thereof from the Administrative Agent or the Required Lenders, as the case may be, the Borrower shall cause such Required Appraisal to be delivered, at the expense of the Borrower, to the Administrative Agent, which Required Appraisal, and the respective appraiser, shall be reasonably satisfactory to the Administrative Agent.

(h) The Borrower agrees that each action required above by Section 8.11(a) or (b) shall be completed as soon as possible, but in no event later than 60 days after such action is requested to be taken by the Administrative Agent, the Collateral Agent or the Required Lenders. The Borrower further agrees that each action required by Section 8.11(c), (d), (e) and (f) with respect to the creation or acquisition of a new Subsidiary shall be completed contemporaneously with (or, in the case of any documents or instruments to be registered, filed or recorded, within 10 days of) the creation of such new Subsidiary.

8.12 INTEREST RATE PROTECTION. No later than the 45th day after the Initial Borrowing Date, the Borrower shall enter into, and for a minimum period of two years thereafter maintain, Interest Rate Protection Agreements with one or more Lenders or their affiliates reasonably acceptable to the Administrative Agent establishing a fixed or maximum interest rate

acceptable to the Administrative Agent for an aggregate amount with respect to no less than 50% of the Term Loans outstanding from time to time.

8.13 PERMITTED ACQUISITIONS. (a) Subject to the provisions of this Section 8.13 and the requirements contained in the definition of Permitted Acquisition, the Borrower and any of its Wholly-Owned Domestic Subsidiaries may from time to time effect Permitted Acquisitions, so long as (in each case except to the extent the Required Lenders otherwise specifically agree in writing in the case of a specific Permitted Acquisition):

(i) no Default or Event of Default shall be in existence at the time of the consummation of the proposed Permitted Acquisition or immediately after giving effect thereto;

(ii) the Borrower shall have given the Administrative Agent and the Lenders at least five Business Days' prior written notice of any Permitted Acquisition;

(iii) calculations are made by the Borrower of compliance with the covenants contained in Sections 9.08, 9.09 and 9.10 (in each case, giving effect to the last sentence appearing therein) for the Calculation Period most recently ended prior to the date of such Permitted Acquisition, on a PRO FORMA Basis as if the respective Permitted Acquisition (as well as all other Permitted Acquisitions theretofore consummated after the first day of such Calculation Period) had occurred on the first day of such Calculation Period, and such recalculations shall show that such financial covenants would have been complied with if the Permitted Acquisition had occurred on the first day of such Calculation Period;

(iv) either (x) the Maximum Permitted Consideration payable in connection with the proposed Permitted Acquisition, when combined with the aggregate Maximum Permitted Consideration paid in connection with all other Permitted Acquisitions consummated after the Effective Date and on or prior to the date of the consummation of the proposed Permitted Acquisition which the Borrower has not elected to be permitted pursuant to clause (y) below does not exceed $125,000,000 or (y) the amount of the Maximum Permitted Consideration payable in connection with Permitted Acquisitions consummated in any fiscal year which the Borrower has not elected to be permitted pursuant to clause (x) above, shall not exceed the Available Permitted Acquisition Basket Amount for such fiscal year; PROVIDED that the Borrower may allocate the Maximum Permitted Consideration paid in respect of a Permitted Acquisition between the baskets under clauses (x) and (y);

(v) all representations and warranties contained herein and in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of such Permitted Acquisition (both before and after giving effect thereto), unless stated to relate to a specific earlier date, in which case such representations and warranties shall be true and correct in all material respects as of such earlier date;

(vi) the Borrower provides to the Administrative Agent and the Lenders as soon as available but not later than five Business Days after the execution thereof, a copy of any executed purchase agreement or similar agreement with respect to such Permitted Acquisition;

(vii) after giving effect to such Permitted Acquisition and the payment of all post-closing purchase price adjustments required (in the good faith determination of the Borrower) in connection with such Permitted Acquisition (and all other Permitted Acquisitions for which such purchase price adjustments may be required to be made) and all Capital Expenditures (and the financing thereof) reasonably anticipated by the Borrower to be made in the business acquired pursuant to such Permitted Acquisition within the 90-day period (such period for any Permitted Acquisition, a "POST-CLOSING PERIOD") following such Permitted Acquisition (and in the businesses acquired pursuant to all other Permitted Acquisitions with Post-Closing Periods ended during the Post-Closing Period of such Permitted Acquisition), the Total Available Unutilized Revolving Loan Commitment shall equal or exceed $50,000,000;

(viii) the Borrower shall believe in good faith that the proposed Permitted Acquisition could not result in a material increase in tax, ERISA, environmental or other contingent liabilities with respect to the Borrower or any of its Subsidiaries which would reasonably be expected to have a Material Adverse Effect; and

(ix) the Borrower shall have delivered to the Administrative Agent an officer's certificate executed by an Authorized Officer of the Borrower, certifying to the best of his knowledge, compliance with the requirements of preceding clauses (i) through (viii), inclusive, containing the calculations required by the preceding clauses (iii), (iv) and (vii) and stating whether the Maximum Permitted Consideration for such Permitted Acquisition is to be applied to the basket under clause (iv)(x) above or clause (iv)(y) above.

(b) At the time of each Permitted Acquisition involving the creation or acquisition of a Subsidiary, or the acquisition of capital stock or other equity interest of any Person, the capital stock or other equity interests thereof created or acquired in connection with such Permitted Acquisition shall be pledged for the benefit of the Secured Creditors pursuant to the Pledge Agreement in accordance with the requirements of Sections 8.11 and 9.15.

(c) The Borrower shall cause each Subsidiary which is formed to effect, or is acquired pursuant to, a Permitted Acquisition to comply with, and to execute and deliver, all of the documentation required by, Sections 8.11 and 9.15, to the satisfaction of the Administrative Agent.

(d) The consummation of each Permitted Acquisition shall be deemed to be a representation and warranty by the Borrower that the certifications by the Borrower (or by one or more of its Authorized Officers) pursuant to Section 8.13(a) are true and correct and that all conditions thereto have been satisfied and that same is permitted in accordance with the terms of

this Agreement, which representation and warranty shall be deemed to be a representation and warranty for all purposes hereunder, including, without limitation, Sections 6 and 10.

8.14 FOREIGN SUBSIDIARIES SECURITY. If following a change in the relevant sections of the Code or the regulations, rules, rulings, notices or other official pronouncements issued or promulgated thereunder, counsel for the Borrower acceptable to the Administrative Agent and the Required Lenders does not within 30 days after a request from the Administrative Agent or the Required Lenders deliver to the Administrative Agent evidence, in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders, with respect to any Foreign Wholly-Owned Subsidiary which has not already had all of its stock pledged pursuant to the Pledge Agreement that (i) a pledge of 66% or more of the total combined voting power of all classes of capital stock of such Foreign Subsidiary entitled to vote or, in the case of a Foreign Subsidiary whose capital stock is held by another Foreign Subsidiary, a pledge of any of the capital stock of such Foreign Subsidiary, (ii) the entering into by such Foreign Subsidiary of a security agreement in substantially the form of the PCA Security Agreement, (iii) the entering into by such Foreign Subsidiary of a pledge agreement in substantially the form of the Pledge Agreement and (iv) the entering into by such Foreign Subsidiary of a guaranty in substantially the form of the Subsidiaries Guaranty, in any such case would cause (I) the undistributed earnings of such Foreign Subsidiary (or such Foreign Subsidiary's parent or indirect parent to the extent that such parent is also a foreign subsidiary) as determined for Federal income tax purposes to be treated as a deemed dividend to such Foreign Subsidiary's United States parent for Federal income tax purposes or (II) other material adverse Federal income tax consequences to the Credit Parties, then in the case of a failure to deliver the evidence described in clause (i) above, that portion of such Foreign Subsidiary's outstanding capital stock not theretofore pledged pursuant to the Pledge Agreement shall be pledged to the Collateral Agent for the benefit of the Secured Creditors pursuant to the Pledge Agreement (or another pledge agreement in substantially similar form, if needed), and in the case of a failure to deliver the evidence described in clause (ii) or (iii) above, such Foreign Subsidiary shall execute and deliver the PCA Security Agreement (or another security agreement in substantially similar form, if needed) or the Pledge Agreement (or another pledge agreement in substantially similar form, if needed), as the case may be, granting to the Collateral Agent for the benefit of the Secured Creditors a security interest in all of such Foreign Subsidiary's assets or the capital stock and promissory notes owned by such Foreign Subsidiary, as the case may be, and securing the Obligations of the Borrower under the Credit Documents and under any Interest Rate Protection Agreement or Other Hedging Agreement and, in the event the Subsidiaries Guaranty shall have been executed by such Foreign Subsidiary, the obligations of such Foreign Subsidiary thereunder, and in the case of a failure to deliver the evidence described in clause (iv) above, such Foreign Subsidiary shall execute and deliver the Subsidiaries Guaranty (or another guaranty in substantially similar form, if needed), guaranteeing the Obligations of the Borrower under the Credit Documents and under any Interest Rate Protection Agreement or Other Hedging Agreement, in each case to the extent that the entering into of such PCA Security Agreement, Pledge Agreement or Subsidiaries Guaranty (or substantially similar document) is permitted by the laws of the respective foreign jurisdiction and with all documents delivered pursuant to this Section 8.14 to be in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders.

8.15 YEAR 2000 COMPLIANCE. The Borrower shall take all actions necessary and commit adequate resources to assure that its computer-based and other systems (and those of all Subsidiaries) are able to effectively process dates, including dates before, on and after January 1, 2000, without experiencing any Y2K Problem that could cause a Material Adverse Effect. At the request of the Administrative Agent, the Borrower will provide the Administrative Agent with assurances and substantiations (including, but not limited to, the results of internal or external audit reports prepared in the ordinary course of business) reasonably acceptable to the Administrative Agent as to the capability of the Borrower and its Subsidiaries to conduct its and their businesses and operations before, on and after January 1, 2000 without experiencing a Y2K Problem causing a Material Adverse Effect.

8.16 PERMITTED RECEIVABLES FACILITY TRANSACTION. At any time after the Contribution Effective Time, the Borrower and/or one or more other Receivables Sellers may enter into a Permitted Receivables Facility (which complies with the definition of Permitted Receivables Facility contained herein) to provide off-balance sheet financing to the Borrower for the sale of Permitted Receivables Facility Assets to a Receivables Entity (which shall be established in accordance with, and meet the requirements of, the definition of Receivables Entity contained herein), so long as on the Permitted Receivables Facility Transaction Date all requirements of this Section 8.16 have been satisfied and the Permitted Receivables Facility and related transactions comply with the respective defined terms as used in this Section 8.16. On the Permitted Receivables Facility Transaction Date, (i) there shall have been delivered to the Administrative Agent and the Lenders true and correct copies of all Permitted Receivables Facility Documents, certified as such by an officer of the Borrower, and all of the terms and conditions of the Permitted Receivables Facility Documents shall be in form and substance reasonably satisfactory to the Administrative Agent and the Required Lenders, (ii) the Permitted Receivables Facility Transaction, including all of the terms and conditions thereof, shall have been duly approved by the board of directors of the Borrower, and all Permitted Receivables Facility Documents shall be in full force and effect, (iii) each of the conditions precedent to the consummation of the Permitted Receivables Facility Transaction shall have been satisfied and not waived except with the consent of the Administrative Agent and the Required Lenders to the reasonable satisfaction of the Administrative Agent and the Required Lenders, (iv) each of the representations and warranties of the Receivables Sellers and the Receivables Entity contained in the Permitted Receivables Facility Documents shall be true and correct in all material respects, (v) the Permitted Receivables Facility Transaction shall have been consummated in all material respects in accordance with all applicable law and the Permitted Receivables Facility Documents, (vi) no Default or Event of Default shall be in effect upon the Permitted Receivables Facility Transaction Dte (either before or after giving effect to the transactions contemplated by the Permitted Receivables Facility Documents) and (vii) the Borrower and/or the other Receivables Sellers shall have received the Permitted Receivables Facility Proceeds and used the same to make any prepayment of Loans and/or satisfy any cash collateral requirement required under Section 4.02(a) or (j), as the case may be.

SECTION 9. NEGATIVE COVENANTS. PCA covenants and agrees that on and after the Contribution Effective Time and until the Total Commitments and all Letters of Credit have terminated and the Loans, Notes and Unpaid Drawings, together with interest, Fees and all other

Obligations incurred hereunder and thereunder, are paid in full (other than any indemnity, not then due and payable, which by its terms shall survive such termination and payment):

9.01 LIENS. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon or with respect to any property or assets (real or personal, tangible or intangible) of the Borrower or any of its Subsidiaries, whether now owned or hereafter acquired, or sell any such property or assets subject to an understanding or agreement, contingent or otherwise, to repurchase such property or assets (including sales of accounts receivable with recourse to the Borrower or any of its Subsidiaries), or assign any right to receive income or permit the filing of any financing statement under the UCC or any other similar notice of Lien under any similar recording or notice statute; PROVIDED that the provisions of this Section 9.01 shall not prevent the creation, incurrence, assumption or existence of the following (Liens described below are herein referred to as "PERMITTED LIENS"):

(i) inchoate Liens for taxes, assessments or governmental charges or levies not yet due and payable or Liens for taxes, assessments or governmental charges or levies being contested in good faith and by appropriate proceedings for which adequate reserves have been established in accordance with generally accepted accounting principles in the United States (or the equivalent thereof in any country in which a Foreign Subsidiary is doing business, as applicable);

(ii) Liens in respect of property or assets of the Borrower or any of its Subsidiaries imposed by law, which arise or were incurred in the ordinary course of business and do not secure Indebtedness for borrowed money, such as carriers', workmen's, repairmen's, warehousemen's, materialmen's and mechanics' liens, collecting bank's liens, charge back rights of depository banks for uncollected items and other similar Liens arising or incurred in the ordinary course of business, and (x) which do not in the aggregate materially detract from the value of the property or assets of the Borrower or such Subsidiary and do not materially impair the use thereof in the operation of the business of the Borrower or such Subsidiary or (y) which are being contested in good faith by appropriate proceedings, which proceedings (or orders entered in connection with such proceedings) have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien;

(iii) Liens in existence on the Effective Date which are listed, and the property subject thereto described, in Schedule IV, but only to the respective date, if any, set forth in such Schedule IV for the removal and termination of any such Liens, plus renewals and extensions of such Liens to the extent set forth on Schedule IV, PROVIDED that (x) the aggregate principal amount of the Indebtedness, if any, secured by such Liens does not increase from that amount outstanding at the time of any such renewal or extension and (y) any such renewal or extension does not encumber any additional assets or properties of the Borrower or any of its Subsidiaries;

(iv) Permitted Encumbrances;

(v) Liens created pursuant to this Agreement and the Security Documents;

(vi) licenses, leases or subleases granted to other Persons in the ordinary course of business not materially interfering with the conduct of the business of the Borrower and its Subsidiaries taken as a whole;

(vii) Liens placed upon assets used in the ordinary course of business of the Borrower or any of its Subsidiaries (other than the Receivables Entity) at the time of acquisition thereof by the Borrower or any such Subsidiary or within 90 days thereafter to secure Indebtedness incurred to pay all or a portion of the purchase price thereof, PROVIDED that (i) any such Liens attach only to the equipment so purchased and upgrades thereon, (ii) the Indebtedness secured by any such Lien does not exceed 100% of the lesser of the fair market value or the purchase price of the equipment being purchased at the time of the incurrence of such Indebtedness and (iii) the Indebtedness secured thereby is permitted to be incurred pursuant to Section 9.04(vi);

(viii) easements, rights-of-way, restrictions (including zoning restrictions), covenants, encroachments, protrusions and other similar charges or encumbrances, and minor title deficiencies, in each case whether now or hereafter in existence, not securing Indebtedness and not materially interfering with the conduct of the business of the Borrower and its Subsidiaries taken as a whole;

(ix) Liens arising from precautionary UCC financing statement filings regarding operating leases entered into by the Borrower or any of its Subsidiaries (other than the Receivables Entity) in the ordinary course of business;

(x) Liens arising out of judgments or awards in circumstances not constituting an Event of Default under Section 10.09 in respect of which the Borrower or any of its Subsidiaries shall in good faith be prosecuting an appeal or proceedings for review in respect of which there shall have been secured a subsisting stay of execution pending such appeal or proceedings, PROVIDED that the aggregate amount of all such judgments or awards does not exceed $10,000,000 at any time outstanding;

(xi) statutory, contractual and common law landlords' liens under leases or subleases permitted by this Agreement;

(xii) Liens (other than any Lien imposed by ERISA) (x) incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security, (y) to secure the performance of tenders, statutory obligations (other than excise taxes), surety, stay, customs and appeal bonds, statutory bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) or (z) arising by virtue of deposits made in the ordinary course of business to secure liability for premiums to insurance carriers, PROVIDED that the aggregate amount of deposits at any time pursuant to sub-clauses (y) and (z) shall not exceed $15,000,000 in the aggregate;

(xiii) any interest or title of a lessor, sublessor, licensee or licensor under any lease or license agreement permitted by this Agreement;

(xiv) Liens (x) granted by the Receivables Sellers in favor of the Receivables Entity consisting of UCC-1 financing statements filed to effect the sale of Permitted Receivables Facility Assets pursuant to the Permitted Receivables Facility Documents, (y) granted by the Receivables Entity on those Permitted Receivables Facility Assets acquired by it pursuant to the Permitted Receivables Facility Documents to the extent that such Liens are created by the Permitted Receivables Facility Documents and (z) consisting of the right of setoff granted by the Receivables Entity to any financial institution acting as a lockbox bank in connection with the Permitted Receivables Facility;

(xv) Liens created pursuant to Capital Leases permitted pursuant to Section 9.04(vi), PROVIDED that (x) such Liens only serve to secure the payment of Indebtedness arising under such Capitalized Lease Obligation and (y) the Lien encumbering the asset giving rise to such Capitalized Lease Obligation does not encumber any other asset of the Borrower or any of its Subsidiaries;

(xvi) Liens on property or assets acquired pursuant to a Permitted Acquisition, or on property or assets of a Subsidiary of the Borrower in existence at the time such Subsidiary is acquired pursuant to a Permitted Acquisition, PROVIDED that (i) any Indebtedness that is secured by such Liens is permitted to exist under Section 9.04(xiii) and (ii) such Liens are not incurred in connection with, or in contemplation or anticipation of, such Permitted Acquisition and do not attach to any other asset of the Borrower or any of its Subsidiaries;

(xvii) Liens securing Foreign Subsidiary Working Capital Indebtedness permitted pursuant to Section 9.04(xii), so long as any such Lien attaches only to the assets of the respective Foreign Subsidiary which is the obligor under such Indebtedness;

(xviii) Liens in favor of customs and revenue authorities arising as a matter of law or regulation to secure the payment of customs duties in connection with the importation of goods and deposits made to secure statutory obligations in the form of excise taxes;

(xix) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Borrower or any of its Subsidiaries in the ordinary course of business (excluding any general inventory financing);

(xx) Liens arising pursuant to Permitted Sale-Leaseback Transactions to the extent permitted by Section 9.02(xiv), so long as such Liens do not attach to any assets of the Borrower or any of its Subsidiaries other than those which are the subject of such Permitted-Sale Leaseback Transaction; and

(xxi) additional Liens incurred by the Borrower and its Subsidiaries so long as the value of the property subject to such Liens, and the Indebtedness and other obligations secured thereby, do not exceed $10,000,000.

In connection with the granting of Liens of the type described in clauses (vi), (vii), (xiv), (xv), (xvi), (xx) and (xxi) of this Section 9.01 by the Borrower of any of its Subsidiaries, the Administrative Agent and the Collateral Agent shall be authorized to take any actions deemed appropriate by it in connection therewith (including, without limitation, by executing appropriate lien releases or lien subordination agreements in favor of the holder or holders of such Liens, in either case solely with respect to the item or items of equipment or other assets (including Real Property) subject to such Liens).

9.02 CONSOLIDATION, MERGER, PURCHASE OR SALE OF ASSETS, ETC. The Borrower will not, and will not permit any of its Subsidiaries to, wind up, liquidate or dissolve its affairs or enter into any transaction of merger or consolidation, or convey, sell, lease or otherwise dispose of (or agree to do any of the foregoing at any future time) all or any part of its property or assets, or enter into any sale-leaseback transactions, or purchase or otherwise acquire (in one or a series of related transactions) any part of the property or assets (other than purchases or other acquisitions of inventory in the ordinary course of business) of any Person (or agree to do any of the foregoing at any future time), except that:

(i) Capital Expenditures by the Borrower and its Subsidiaries (other than the Receivables Entity) shall be permitted to the extent not in violation of Section 9.07;

(ii) each of the Borrower and its Subsidiaries (other than the Receivables Entity) may in the ordinary course of business, sell, lease or otherwise dispose of any assets which, in the reasonable judgment of such Person, are obsolete, worn out or otherwise no longer useful in the conduct of such Person's business;

(iii) Investments may be made to the extent permitted by Section 9.05 and Cash Equivalents may be disposed of or liquidated in the ordinary course of business;

(iv) each of the Borrower and its Subsidiaries (other than the Receivables Entity) may lease (as lessee) real or personal property in the ordinary course of business (so long as any such lease does not create a Capitalized Lease Obligation except to the extent permitted by Section 9.04(vi));

(v) each of the Borrower and its Subsidiaries (other than the Receivables Entity) may make sales or transfers of inventory in the ordinary course of business and consistent with past practices;

(vi) the Borrower and its Subsidiaries (other than the Receivables Entity) may sell or discount, in each case without recourse and in the ordinary course of business, overdue accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof consistent with customary industry practice (and not as part of any bulk sale);

(vii) the Borrower and its Subsidiaries (other than the Receivables Entity) may license or sublicense software, trademarks and other intellectual property in the ordinary course of business which do not materially interfere with the business of the Borrower

and its Subsidiaries taken as a whole or the Borrower, so long as each such license is permitted to be assigned pursuant to the PCA Security Agreement (to the extent that a security interest in such intellectual property is granted thereunder) and does not otherwise prohibit the granting of a Lien by the Borrower or any of its Subsidiaries pursuant to the PCA Security Agreement in the intellectual property covered by such license or such sublicense;

(viii) the Borrower and its Subsidiaries may make Timberlands Dispositions, PROVIDED that (x) at least 75% of the aggregate consideration received in respect thereof shall consist of cash and Cash Equivalents, (y) the Net Asset Sale Proceeds in respect thereof shall be applied as provided in Section 4.02(g) and (z) the gross purchase price in respect thereof shall equal or exceed the fair market value of all Timberland Properties sold pursuant thereto (as determined in good faith by senior management of the Borrower);

(ix) the Borrower or any Domestic Wholly-Owned Subsidiary of the Borrower (other than the Receivables Entity) may transfer assets or lease to or acquire or lease assets from the Borrower or any other Domestic Wholly-Owned Subsidiary (other than the Receivables Entity) and any Domestic Wholly-Owned Subsidiary (other than the Receivables Entity) may be merged into the Borrower or any other Domestic Wholly-Owned Subsidiary of the Borrower (other than the Receivables Entity) (so long as, in the case of any merger involving the Borrower, the Borrower is the surviving corporation thereof);

(x) the Borrower and its Subsidiaries (other than the Receivables Entity) may sell or otherwise dispose of additional assets (other than a Timberlands Disposition, any Asset Sale pursuant to a Permitted Sale-Leaseback Transaction and a sale or disposition of a Converting Plant), PROVIDED that (v) each such sale or disposition shall be for an amount at least equal to the fair market value thereof (as determined in good faith by the senior management of the Borrower), (w) each such sale results in consideration at least 75% of which shall be in the form of cash (for such purpose, taking into account the amount of cash, the principal amount of any promissory notes and the fair market value, as determined in good faith by the senior management of the Borrower, of any other consideration), (x) the Net Sale Proceeds therefrom are either applied to repay Term Loans as provided in Section 4.02(g) or reinvested in replacement assets to the extent permitted by Section 4.02(g), and (y) the aggregate Net Sale Proceeds of all assets subject to sale or other disposition pursuant to this clause (x) shall not exceed (a) $50,000,000 in any twelve month period or (b) for all such sales and dispositions after the Effective Date, 5% of the Total Relevant Assets (as determined on the last day of the most recently ended fiscal quarter for which financial statements have been made available to the Lenders);

(xi) on and after the Permitted Receivables Facility Transaction Date, the Receivables Sellers may (x) contribute cash to the Receivables Entity the proceeds of which are used to acquire Permitted Receivables Facility Assets from the Receivables Sellers and (y) transfer and reacquire Permitted Receivables Facility Assets to and from

the Receivables Entity, in each case pursuant to, and in accordance with the terms of, the Permitted Receivables Facility Documents;

(xii) on and after the Permitted Receivables Facility Transaction Date, the Receivables Entity may transfer and reacquire Permitted Receivables Facility Assets (to the extent acquired from the Receivables Sellers as provided in clause (xi) above) pursuant to, and in accordance with the terms of, the Permitted Receivables Facility Documents;

(xiii) the Borrower and its Wholly-Owned Domestic Subsidiaries may make Permitted Acquisitions, so long as such Permitted Acquisitions are effected in accordance with the requirements of Section 8.13;

(xiv) the Borrower or any of its Subsidiaries may effect Permitted Sale-Leaseback Transactions in accordance with the definition thereof, PROVIDED that (x) the aggregate amount of all proceeds received by the Borrower and its Subsidiaries from all Permitted Sale-Leaseback Transactions consummated on and after the Effective Date shall not exceed $100,000,000, (y) the Net Sale Proceeds therefrom are applied to repay Term Loans as provided in Section 4.02(g) and (z) the Borrower establishes compliance with Sections 9.08 and 9.09 after giving effect, on a Pro Forma Basis, to the respective sale or disposition;

(xv) each of the Borrower and its Subsidiaries may sell or otherwise dispose of Converting Plants (other than pursuant to a Permitted Sale-Leaseback Transaction), PROVIDED that (v) each such sale or disposition shall be for an amount at least equal to the fair market value thereof (as determined in good faith by the senior management of the Borrower), (w) each such sale results in consideration at least 75% of which shall be in the form of cash (for such purpose, taking into account the amount of cash, the principal amount of any promissory notes and the fair market value, as determined in good faith by the senior management of the Borrower, of any other consideration), (x) the Net Sale Proceeds therefrom are either applied to repay Term Loans as provided in Section 4.02(g) or reinvested in replacement assets to the extent permitted by Section 4.02(g), and (y) the aggregate Net Sale Proceeds of all Converting Plants subject to sale or other disposition pursuant to this clause (xv) shall not exceed $60,000,000 in any twelve month period;

(xvi) the Borrower and its Subsidiaries may sell or exchange specific items of equipment, so long as the purpose of each such sale or exchange is to acquire (and results within 90 days of such sale or exchange in the acquisition of) replacement items of equipment which are the functional equivalent of the item of equipment so sold or exchanged; and

(xvii) the Borrower and its Subsidiaries may sell or lease equipment to their respective customers or suppliers in the ordinary course of business, so long as the book value of the equipment sold or leased after the Effective Date (as reflected on the most recent balance sheet of the Borrower or such Subsidiary prior to the respective sale or lease) pursuant to this clause (xvii) which is either subject at the time of determination to

a lease under which the Borrower or a Subsidiary is lessor or was financed by an advance to the relevant customer or supplier made or guaranteed by the Borrower or a Subsidiary which remain outstanding on the date of determination, does not exceed $5,000,000 at any one time.

To the extent the Required Lenders waive the provisions of this Section 9.02 with respect to the sale of any Collateral, or any Collateral is sold as permitted by this Section 9.02, such Collateral (unless sold to the Borrower or a Subsidiary of the Borrower) shall be sold free and clear of the Liens created by the Security Documents, and the Administrative Agent and Collateral Agent shall be authorized to take any actions deemed appropriate in order to effect the foregoing.

9.03 DIVIDENDS. The Borrower shall not, and shall not permit any of its Subsidiaries to, authorize, declare or pay any Dividends with respect to the Borrower or any of its Subsidiaries, except that:

(i) any Subsidiary of the Borrower may pay cash Dividends to the Borrower or any Wholly-Owned Subsidiary of the Borrower;

(ii) so long as there shall exist no Default or Event of Default (both before and after giving effect to the payment thereof), the Borrower may repurchase outstanding shares of its common stock (or options to purchase such common stock) owned by employees, officers or directors of the Borrower or any Subsidiary following the death, disability, retirement or termination of employment of such employee, officer or director, PROVIDED that (x) the aggregate amount of all Dividends paid pursuant to this clause (ii) in any fiscal year shall not exceed $3,000,000 and (y) if $3,000,000 exceeds the amount of Dividends paid by the Borrower pursuant to this clause (ii) in any fiscal year, such excess may be carried forward and utilized to pay Dividends pursuant to this clause (ii) in succeeding fiscal years so long as the aggregate amount of Dividends paid pursuant to this clause (ii) in any fiscal year shall not exceed $10,000,000;

(iii) the Borrower may make cash and stock distributions to TPI at the time of the Contribution in the manner described in the Contribution Agreement;

(iv) any Subsidiary of the Borrower that is a Joint Venture may pay cash Dividends to its shareholders or partners generally, so long as the Borrower or its respective Subsidiary which owns the equity interest or interests in the Subsidiary paying such Dividends receives at least its proportionate share thereof (based upon its relative holdings of equity interest in the Subsidiary paying such Dividends and taking into account the relative preferences, if any, of the various classes of equity interests in such Subsidiary or the terms of any agreements applicable thereto);

(v) the Borrower may pay regularly accruing Dividends with respect to the Borrower PIK Preferred Stock through the issuance of additional shares of Borrower PIK Preferred Stock (but not in cash) in accordance with the terms thereof;

(vi) so long as (x) no Default or Event of Default exists or would result therefrom, (y) at the time of the respective Dividend, the Borrower establishes compliance with Section 9.08 after giving effect, on a PRO FORMA Basis, to such Dividend (and all other cash Dividends paid with respect to Borrower PIK Preferred Stock during the respective Calculation Period) and (z) the Borrower delivers an officer's certificate to the Administrative Agent on or before the payment of such Dividend certifying that the requirements of clauses (x) and (y) above are satisfied, the Borrower may pay regularly accruing cash Dividends on Borrower PIK Preferred Stock on and after the PIK Trigger Date, with such Dividends to be paid in accordance with the terms of the certificate of designation therefor;

(vii) the Borrower may pay cash Dividends to PCA Holdings, so long as the proceeds thereof are promptly used by PCA Holdings to pay operating and administrative expenses in the ordinary course of business (including, without limitation, professional fees and expenses), other similar corporate overhead costs and expenses and salaries or other compensation of employees who perform services for PCA Holdings and the Borrower, in each case to the extent such payments are made in accordance with the requirements of the PCA Holdings Service Agreement, PROVIDED that the aggregate amount of cash Dividends paid pursuant to this clause (vii) in any fiscal year shall not exceed $1,000,000;

(viii) the Borrower may, at any time prior to the first anniversary of the Initial Borrowing Date, repurchase outstanding shares of Borrower Common Stock from PCA Holdings and Tenneco with the net cash proceeds of purchase of Borrower Common Stock received by the Borrower in connection with its sale of such stock to management of the Borrower, so long as no Default or Event of Default is then in existence or would result therefrom;

(ix) so long as the Timberlands Disposition Recapture/Restricted Payments Requirements are satisfied at the time of the consummation of the respective sale of Timberland Properties pursuant to the Timberlands Dispositions, the Borrower may utilize proceeds from the Timberlands Dispositions in an aggregate amount not to exceed the Excluded Timberland Disposition Proceeds to redeem Borrower PIK Preferred Stock and/or pay cash Dividends with respect to Borrower Common Stock, so long as the sum of the aggregate liquidation preference of all Borrower PIK Preferred Stock redeemed pursuant to this clause (ix) and all accrued and unpaid dividends thereon and all redemption premiums in respect thereof and the aggregate amount of all cash payments with respect to Borrower Common Stock made in reliance on this clause (ix) does not exceed the Excluded Timberland Disposition Proceeds LESS the aggregate principal amount of Senior Subordinated Notes redeemed or repurchased pursuant to the proviso to Section 9.11(iii); and

(x) to the extent the issuance of Exchange Borrower PIK Preferred Stock in exchange for Borrower PIK Preferred Stock would be deemed to constitute a Dividend, the same shall be permitted so long as any such issuance is consummated in accordance

(and consistent) with the requirements of the definitions of Borrower PIK Preferred Stock and Exchange Borrower PIK Preferred Stock.

9.04 INDEBTEDNESS. The Borrower will not, and will not permit any of its Subsidiaries to, contract, create, incur, assume or suffer to exist any Indebtedness, except:

(i) Indebtedness incurred or existing pursuant to this Agreement and the other Credit Documents;

(ii) unsecured Indebtedness of the Borrower under the Subordinated Promissory Notes and the Borrower and the Subsidiary Guarantors under the Senior Subordinated Notes and the other Senior Subordinated Notes Documents in an aggregate principal amount for all Indebtedness at any time outstanding pursuant to this clause (ii) not to exceed $550,000,000 LESS the aggregate amount of all repayments of Senior Subordinated Notes after the Initial Borrowing Date, PROVIDED that the Senior Subordinated Notes are issued by the Borrower as (and constitute) repayment in full of all Indebtedness of the Borrower under the Subordinated Promissory Notes Documents immediately after the Contribution Effective Time;

(iii) Existing Indebtedness shall be permitted to the extent actually outstanding on the Initial Borrowing Date and as the same is listed on Schedule V, but no refinancings or renewals thereof except as otherwise permitted by Section 9.04(xvii);

(iv) accrued expenses and trade accounts payable incurred in the ordinary course of business;

(v) Indebtedness under Interest Rate Protection Agreements entered into in compliance with Section 8.12, and such other Interest Rate Protection Agreements which may be entered into from time to time by the Borrower and which the Borrower in good faith believes will provide protection against fluctuations in interest rates with respect to outstanding floating rate Indebtedness then outstanding, and permitted to remain outstanding, pursuant to the other provisions of this Section 9.04;

(vi) Capitalized Lease Obligations (including Capitalized Lease Obligations arising from Permitted Sale-Leaseback Transactions) and Indebtedness of the Borrower and its Subsidiaries representing purchase money Indebtedness secured by Liens permitted pursuant to Section 9.01(vii), PROVIDED that the sum of (without duplication) (x) the aggregate amount of Capitalized Lease Obligations (including Capitalized Lease Obligations arising from Permitted Sale Leaseback Transactions) incurred on and after the Initial Borrowing Date and outstanding at any time PLUS (y) the aggregate principal amount of all such purchase money Indebtedness incurred on and after the Initial Borrowing Date and outstanding at any time and (z) Permitted Acquired Debt assumed on and after the Initial Borrowing Date and outstanding at any time, shall not exceed $150,000,000;

(vii) intercompany Indebtedness of the Borrower and its Subsidiaries (other than the Receivables Entity) outstanding to the extent permitted by Section 9.05(vi);

(viii) Indebtedness evidenced by Other Hedging Agreements entered into pursuant to Section 9.05(v);

(ix) Indebtedness under performance bonds, letter of credit obligations to provide security for worker's compensation claims and bank overdrafts, in each case incurred in the ordinary course of business, PROVIDED that any obligations arising in connection with such bank overdraft Indebtedness is extinguished within five Business Days;

(x) Indebtedness of the Borrower which may exist as a result of its obligation to pay purchase price adjustments (not past due) pursuant to Section 2.5 of the Contribution Agreement;

(xi) Indebtedness which may be deemed to exist pursuant to the Permitted Receivables Facility, so long as the Attributed Receivables Facility Indebtedness does not exceed the Permitted Receivables Facility Threshold Amount;

(xii) Indebtedness of Foreign Subsidiaries of the Borrower under lines of credit extended after the Contribution Effective Time to any such Foreign Subsidiary by Persons other than the Borrower or any of its Subsidiaries, the proceeds of which Indebtedness are used for such Foreign Subsidiary's working capital purposes, PROVIDED that the aggregate principal amount of all such Indebtedness outstanding at any time for all such Foreign Subsidiaries (such Indebtedness being the "Foreign Subsidiary Working Capital Indebtedness") shall not exceed the Foreign Borrowing Base Amount in effect at such time;

(xiii) Indebtedness of a Subsidiary acquired pursuant to a Permitted Acquisition (or Indebtedness assumed by the Borrower or any Wholly-Owned Domestic Subsidiary pursuant to a Permitted Acquisition as a result of a merger or consolidation or the acquisition of an asset securing such Indebtedness) (the "PERMITTED ACQUIRED DEBT"), so long as (w) such Indebtedness was not incurred in connection with, or in anticipation or contemplation of, such Permitted Acquisition, (x) such Indebtedness does not constitute debt for borrowed money, it being understood and agreed that Capitalized Lease Obligations and purchase money Indebtedness shall not constitute debt for borrowed money for purposes of this clause (x) and (y) the sum of (1) the aggregate amount of all Capitalized Lease Obligations and purchase money Indebtedness incurred on and after the Initial Borrowing Date pursuant to Section 9.04(vi) and outstanding at any time and (2) the Permitted Acquired Debt assumed on and after the Initial Borrowing Date and outstanding at any time, shall not exceed $150,000,000;

(xiv) Indebtedness of the Borrower and its Subsidiaries which may be deemed to exist pursuant to their respective obligations to pay Dividends permitted by Section 9.03 after same have been declared;

(xv) Indebtedness consisting of loans to officers and employees of the Borrower and its Subsidiaries made or guaranteed by the Borrower, the proceeds of which are utilized to purchase Borrower Common Stock in an aggregate principal amount not to exceed $5,500,000 outstanding at any time;

(xvi) Indebtedness of the Borrower or any of its Subsidiaries which may be deemed to exist in connection with agreements providing for indemnification, purchase price adjustments and similar obligations in connection with acquisitions or sales of assets and/or businesses effected in accordance with the requirements of this Agreement (so long as any such obligations are those of the Person making the respective acquisition or sale, and are not guaranteed by any other Person);

(xvii) Permitted Refinancing Indebtedness incurred in accordance with the requirements of the definition thereof, so long as no Default or Event of Default is then in existence or would result therefrom;

(xviii) in connection with Timberlands Dispositions, the Borrower and its Subsidiaries may enter into agreements for the purchase of fiber in order to insure continuing fiber source at market price or less as determined in good faith by the Borrower;

(xix) the Borrower and its Subsidiaries may enter into take or pay contracts for the provision of electricity, steam or other energy source requiring payments not to exceed $30,000,000 in the aggregate in any fiscal year provided that at the time of such contract the Borrower reasonably believes that such contract will result in lower energy costs; and

(xx) additional unsecured Indebtedness of the Borrower and its Subsidiaries not otherwise permitted pursuant to this Section 9.04, so long as the aggregate principal amount of all Indebtedness incurred pursuant to this clause (xx) does not exceed $50,000,000 at any time outstanding.

Notwithstanding the foregoing or any other provision of this Agreement, unless the Required Lenders expressly consent thereto in writing, no exchange of Borrower PIK Preferred Stock for Subordinated Exchange Debentures shall be permitted.

9.05 ADVANCES, INVESTMENTS AND LOANS. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, lend money or credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any other Person, or purchase or own a futures contract or otherwise become liable for the purchase or sale of currency or other commodities at a future date in the nature of a futures contract, or hold any cash or Cash Equivalents, (each of the foregoing an "INVESTMENT" and, collectively, "INVESTMENTS") except that the following shall be permitted:

(i) the Borrower and its Subsidiaries (other than the Receivables Entity) may acquire and hold accounts receivables owing to any of them if created or acquired in the

ordinary course of business and payable or dischargeable in accordance with customary trade terms of the Borrower or such Subsidiary;

(ii) the Borrower and its Subsidiaries (other than the Receivables Entity) may acquire and hold cash and Cash Equivalents;

(iii) the Borrower and its Subsidiaries (other than the Receivables Entity) may make loans and advances in the ordinary course of business to their respective employees so long as the aggregate principal amount thereof at any time outstanding (determined without regard to any write-downs or write-offs of such loans and advances) shall not exceed $5,500,000;

(iv) the Borrower may enter into Interest Rate Protection Agreements to the extent permitted in Section 9.04(v);

(v) the Borrower may enter into and perform its obligations under Other Hedging Agreements entered into in the ordinary course of business and so long as any such Other Hedging Agreement is not speculative in nature and is (x) related to income derived from foreign operations of the Borrower or any Subsidiary or otherwise related to purchases permitted hereunder from foreign suppliers or (y) entered into to protect the Borrower and/or its Subsidiaries against fluctuations in the prices of raw materials and energy costs used in their businesses;

(vi) any Wholly-Owned Subsidiary (other than the Receivables Entity) may make intercompany loans to the Borrower or any Wholly-Owned Subsidiary (other than the Receivables Entity) and the Borrower may make intercompany loans and advances to any Wholly-Owned Subsidiary (other than the Receivables Entity), PROVIDED that (x) any promissory notes evidencing such intercompany loans made by the Borrower or any Domestic Wholly-Owned Subsidiary shall be pledged (and delivered) by the Borrower or the respective Domestic Wholly-Owned Subsidiary that is the lender of such intercompany loan as Collateral pursuant to the Pledge Agreement, (y) neither the Borrower nor any Domestic Subsidiaries of the Borrower may make loans to any Foreign Subsidiaries of the Borrower pursuant to this clause (vi) and (z) any loans made by any Foreign Subsidiaries to the Borrower or any of its Domestic Subsidiaries pursuant to this clause (vi) shall be subordinated to the obligations of the Credit Parties pursuant to subordination provisions in substantially the form of Exhibit M hereto;

(vii) the Borrower and it Subsidiaries may sell or transfer assets to the extent permitted by Section 9.02;

(viii) the Borrower may establish Subsidiaries to the extent permitted by Section 9.14;

(ix) the Receivables Sellers may make an initial cash capital contribution to the Receivables Entity on the Permitted Receivables Facility Transaction Date as provided in the Permitted Receivables Facility Documents, so long as the Receivables Entity uses all

of the proceeds of such contribution on such date to purchase Permitted Receivables Facility Assets from the Receivables Sellers, and the Borrower may hold the capital stock of the Receivables Entity issued to it so long as such capital stock has been duly pledged and delivered to the Collateral Agent pursuant to the Pledge Agreement;

(x) on or after the Permitted Receivables Facility Transaction Date, the Receivables Entity may invest those Permitted Receivables Facility Assets pursuant to, and in accordance with the terms of, the Permitted Receivables Facility Documents;

(xi) the Borrower and its Subsidiaries may acquire and own investments (including debt obligations and equity securities) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(xii) so long as no Default or Event of Default exists or would exist immediately after giving effect to the respective Investment, the Borrower and its Wholly-Owned Domestic Subsidiaries shall be permitted to make Investments in any Joint Venture on any date in an amount not to exceed the Available J.V. Basket Amount on such date (after giving effect to all prior and contemporaneous adjustments thereto, except as a result of such Investment), it being understood and agreed that to the extent the Borrower or one or more other Credit Parties (after the respective Investment has been made) receives a cash return from the respective Joint Venture of amounts previously invested pursuant to this clause (xii) (which cash return may be made by way of repayment of principal in the case of loans and cash equity returns (whether as a distribution, dividend or redemption) in the case of equity investments) or a return in the form of an asset distribution from the respective Joint Venture of any asset previously contributed pursuant to this clause (xii), then the amount of such cash return of investment or the fair market value of such distributed asset (as determined in good faith by senior management of the Borrower), as the case may be, shall, upon the Administrative Agent's receipt of a certification of the amount of the return of investment from an Authorized Officer, apply to increase the Available J.V. Basket Amount, PROVIDED that the aggregate amount of increases to the Available J.V. Basket Amount described above shall not exceed the amount of returned Investment and, in no event, shall the amount of the increases made to the Available J.V. Basket Amount in respect of any Investment exceed the amount previously invested pursuant to this clause (xii);

(xiii) the Borrower and any of its Wholly-Owned Domestic Subsidiaries may make Permitted Acquisitions in accordance with the relevant requirements of Section 8.13 and the component definitions as used therein; and

(xiv) the Borrower and its Subsidiaries may make advances and loans in the ordinary course of business to their respective customers, so long as (x) the aggregate principal amount thereof at any time outstanding (determined without regard to any write-downs or write-offs of such loans or advances) shall not exceed $5,000,000 and (y) such

customers utilize the proceeds thereof to acquire equipment used in their respective businesses.

9.06 TRANSACTIONS WITH AFFILIATES. The Borrower will not, and will not permit any of its Subsidiaries to, enter into any transaction or series of related transactions, whether or not in the ordinary course of business, with any Affiliate of the Borrower or any of its Subsidiaries, other than in the ordinary course of business and on terms and conditions substantially as favorable to the Borrower or such Subsidiary as would reasonably be obtained by the Borrower or such Subsidiary at that time in a comparable arm's-length transaction with a Person other than an Affiliate, except that:

(i) Dividends may be paid to the extent provided in Section 9.03 or, at any time and to the extent that any Dividend is permitted to by paid by the Borrower to PCA Holdings pursuant to Section 9.03(vii), the Borrower may in lieu of paying the amounts permitted to be paid in the form of Dividends pursuant to said Section, pay such amounts to PCA Holdings pursuant to the PCA Holdings Service Agreement, so long as all proceeds of such payments are used by PCA Holdings to make the payments which would be required to be made by it if such amounts had been paid as Dividends pursuant to, and in accordance with the requirements of, Section 9.03(vii); PROVIDED that such payments shall be alternative to and not duplicative of any Dividends paid (and permitted to be paid) pursuant to said Section;

(ii) loans may be made and other transactions may be entered into between the Borrower and its Subsidiaries to the extent permitted by Sections 9.04 and 9.05;

(iii) so long as no Default or Event of Default is then in existence or would result therefrom, the payment, on a quarterly basis, of management fees to MDP in an aggregate amount not to exceed $500,000 in any fiscal quarter of the Borrower pursuant to, and in accordance with the terms of, the MDP Management Agreement; PROVIDED that if during any fiscal quarter of the Borrower, a Default or Event of Default is in existence and such management fees cannot be paid as provided above, such fees shall continue to accrue and may be paid at such time as all Defaults and Events of Default have been cured or waived and so long as no Default or Event of Default will exist immediately after giving effect to the payment thereof;

(iv) customary fees to non-officer directors of the Borrower and its Subsidiaries;

(v) the payment on the Initial Borrowing Date of one time consulting and advisory fees to MDP in an aggregate amount not to exceed $15,000,000;

(vi) the reimbursement of MDP for its reasonable out-of-pocket expenses incurred in connection with performing management services to the Borrower and its Subsidiaries under the MDP Management Agreement;

(vii) transactions may be entered into between the Borrower and the Subsidiary Guarantors to the extent permitted by this Agreement; and

(viii) transactions between the Borrower or any of its Subsidiaries and Tenneco and its Subsidiaries as contemplated by the Contribution Agreement and the Purchase Supply Agreements (each as in effect on the Effective Date).

In no event shall any management, consulting or similar fees be paid or payable by the Borrower or any of its Subsidiaries to any Person except as specifically provided in this Section 9.06.

9.07 CAPITAL EXPENDITURES. (a) The Borrower will not, and will not permit any of its Subsidiaries to, make any Capital Expenditures, except that during any fiscal year set forth below, the Borrower and its Subsidiaries may make Capital Expenditures, so long as the aggregate amount of such Capital Expenditures does not exceed in any fiscal year set forth below the amount set forth opposite such fiscal year below:

Fiscal Year Ending	Amount
December 31, 1999	$135,000,000
December 31, 2000	$135,000,000
December 31, 2001	$140,000,000
December 31, 2002	$145,000,000
December 31, 2003	$150,000,000
December 31, 2004	$155,000,000
December 31, 2005	$160,000,000
December 31, 2006	$160,000,000
December 31, 2007	$160,000,000
December 31, 2008	$160,000,000

(b) Notwithstanding the foregoing, in the event that the amount of Capital Expenditures permitted to be made by the Borrower and its Subsidiaries pursuant to clause (a) above in any fiscal year (before giving effect to any increase in such permitted expenditure amount pursuant to this clause (b)) is greater than the amount of such Capital Expenditures made by the Borrower and its Subsidiaries during such fiscal year, such excess (the "ROLLOVER AMOUNT") may be carried forward and utilized to make Capital Expenditures in succeeding fiscal years of the Borrower; PROVIDED that in no event shall the aggregate amount of Capital Expenditures made by the Borrower and its Subsidiaries during any fiscal year pursuant to Section 9.07(a) and this Section 9.07(b) exceed $250,000,000.

(c) Notwithstanding the foregoing, the Borrower and its Subsidiaries may make Capital Expenditures (which Capital Expenditures will not be included in any determination under the foregoing clause (a)) with Net Asset Sale Proceeds to the extent such Net Asset Sale Proceeds are not required to be applied to repay Term Loans pursuant to Section 4.02(g) and such proceeds are reinvested as required by said Section.

(d) Notwithstanding the foregoing, the Borrower and its Subsidiaries may make Capital Expenditures (which Capital Expenditures will not be included in any determination under the foregoing clause (a)) consisting of the reinvestment of Net

Insurance/Condemnation Proceeds not required to be applied to prepay Term Loans pursuant to Section 4.02(h).

(e) Notwithstanding the foregoing, (x) the Borrower and its Wholly-Owned Domestic Subsidiaries may make Capital Expenditures (which Capital Expenditures will not be included in any determination under the foregoing clause (a)) constituting Permitted Acquisitions effected in accordance with the requirements of Section 9.02(xiii) and (y) on each date during a fiscal year in which the Available Permitted Acquisition Basket Amount is utilized to make a Permitted Acquisition pursuant to Section 8.13(iv)(y), the amount so utilized shall be applied on a dollar for dollar basis to reduce the amount of Capital Expenditures permitted under Section 9.07(a) for the fiscal year in which such date occurs.

9.08 CONSOLIDATED INTEREST COVERAGE RATIO. The Borrower will not permit the Consolidated Interest Coverage Ratio for any Test Period ended on the last day of a fiscal quarter set forth below to be less than the amount set forth opposite such fiscal quarter below:

Fiscal Quarter Ended	Ratio
September 30, 1999	1.50:1.0
December 31, 1999	1.50:1.0
March 31, 2000	1.50:1.0
June 30, 2000	1.50:1.0
September 30, 2000	1.60:1.0
December 31, 2000	1.60:1.0
March 31, 2001	1.75:1.0
June 30, 2001	1.75:1.0
September 30, 2001	2.00:1.0
December 31, 2001	2.00:1.0
March 31, 2002	2.00:1.0
June 30, 2002	2.00:1.0
September 30, 2002	2.00:1.0
December 31, 2002	2.00:1.0
March 31, 2003	2.25:1.0
June 30, 2003	2.25:1.0
September 30, 2003	2.25:1.0
December 31, 2003	2.25:1.0
March 31, 2004	2.25:1.0
June 30, 2004	2.25:1.0
September 30, 2004	2.25:1.0
December 31, 2004	2.25:1.0

Fiscal Quarter Ended	Ratio
March 31, 2005 and each Fiscal Quarter thereafter	2.50:1.0

9.09 MAXIMUM LEVERAGE RATIO. The Borrower will not permit the Leverage Ratio at any time during a fiscal quarter set forth below to be greater than the ratio set forth opposite such fiscal quarter below:

Fiscal Quarter Ended	Ratio
September 30, 1999	6.75:1.0
December 31, 1999	6.75:1.0
March 31, 2000	6.75:1.0
June 30, 2000	6.50:1.0
September 30, 2000	6.50:1.0
December 31, 2000	6.25:1.0
March 31, 2001	6.25:1.0
June 30, 2001	6.00:1.0
September 30, 2001	5.75:1.0
December 31, 2001	5.75:1.0
March 31, 2002	5.50:1.0
June 30, 2002	5.25:1.0
September 30, 2002	5.25:1.0
December 31, 2002	5.00:1.0
March 31, 2003	5.00:1.0
June 30, 2003	5.00:1.0
September 30, 2003	5.00:1.0
December 31, 2003	4.75:1.0
March 31, 2004	4.75:1.0
June 30, 2004	4.75:1.0
September 30, 2004	4.50:1.0
December 31, 2004	4.50:1.0
March 31, 2005	4.25:1.0
June 30, 2005	4.25:1.0
September 30, 2005	4.25:1.0
December 31, 2005	4.25:1.0
March 31, 2006 and each	4.00:1.0

Fiscal Quarter Ended	Ratio
Fiscal Quarter thereafter	

Notwithstanding anything to the contrary contained in this Agreement, all calculations of compliance with this Section 9.09 shall be made on a PRO FORMA Basis.

9.10 MINIMUM CONSOLIDATED NET WORTH. The Borrower will not permit Consolidated Net Worth at any time during any fiscal quarter set forth below to be less than the amount set forth opposite such fiscal quarter below:

Fiscal Quarter Ended	Minimum Consolidated Net Worth
June 30, 1999	$315,000,000
September 30, 1999	$325,000,000
December 31, 1999	$325,000,000
March 31, 2000	$325,000,000
June 30, 2000	$325,000,000
September 30, 2000	$325,000,000
December 31, 2000	$350,000,000
March 31, 2001	$350,000,000
June 30, 2001	$350,000,000
September 30, 2001	$350,000,000
December 31, 2001	$400,000,000
March 31, 2002	$400,000,000
June 30, 2002	$400,000,000
September 30, 2002	$400,000,000
December 31, 2002	$450,000,000
March 31, 2003	$450,000,000
June 30, 2003	$450,000,000
September 30, 2003	$450,000,000
December 31, 2003	$490,000,000
March 31, 2004	$490,000,000
June 30, 2004	$490,000,000
September 30, 2004	$490,000,000
December 31, 2004	$540,000,000
March 31, 2005	$540,000,000
June 30, 2005	$540,000,000
September 30, 2005	$540,000,000

December 31, 2005	$590,000,000
March 31, 2006	$590,000,000
June 30, 2006	$590,000,000
September 30, 2006	$590,000,000
December 31, 2006	$640,000,000
March 31, 2007	$640,000,000
June 30, 2007	$640,000,000
September 30, 2007	$640,000,000
December 31, 2007	$690,000,000
March 31, 2008	$690,000,000

9.11 LIMITATION ON MODIFICATIONS OF INDEBTEDNESS; MODIFICATIONS OF CERTIFICATE OF INCORPORATION, BY-LAWS AND CERTAIN OTHER AGREEMENTS; ETC. The Borrower will not, and will not permit any of its Subsidiaries to, (i) amend or modify, or permit the amendment or modification of, any provision of any Borrower PIK Preferred Stock Document, any Subordinated Promissory Notes Document or any Senior Subordinated Notes Document or of any agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement) relating thereto, (ii) amend or modify, or permit the amendment or modification of, any provision of any Existing Indebtedness, any Permitted Debt or of any agreement (including, without limitation, any purchase agreement, indenture, loan agreement or security agreement) relating thereto other than any amendments or modifications thereto which (A) do not make any material term or condition thereof more restrictive than previously existing terms and conditions with respect thereto, (B) do not in any way materially adversely affect the interest of the Lenders and (C) do not increase the interest rates applicable thereunder, reduce the maturity date thereunder or change any subordination provision thereof from those in effect immediately prior to such amendment or modification, (iii) make (or give any notice in respect thereof) any voluntary or optional payment or prepayment on or redemption or acquisition for value (including, without limitation, by way of depositing with the trustee with respect thereto monies or securities before due for the purpose of paying when due) or exchange of, or any prepayment or redemption as a result of any asset sale, change of control or similar event of, any Subordinated Promissory Note, any Senior Subordinated Note or any Existing Indebtedness; PROVIDED that (x) the Borrower may exchange the Senior Subordinated Notes for Exchange Senior Subordinated Notes issued as contemplated in the definition of Senior Subordinated Notes and consistent with the requirements of the definition of Exchange Senior Subordinated Notes, (y) so long as no Default or Event of Default is then in existence or would result therefrom, the Borrower may and its Subsidiaries may make such payments and prepayments in connection with Existing Indebtedness and (z) so long as the Timberlands Disposition Recapture/Restricted Payments Requirements are satisfied at the time of the consummation of the respective sale of Timberland Properties pursuant to the Timberlands Dispositions, the Borrower may utilize proceeds from the Timberlands Dispositions in an aggregate amount not to exceed the Excluded Timberlands Disposition Proceeds to repurchase or otherwise redeem Senior Subordinated Notes in an aggregate principal amount not to exceed the remainder of (x) the Excluded Timberlands

Disposition Proceeds LESS (y) the sum of (I) the aggregate liquidation preference of all Borrower PIK Preferred Stock redeemed pursuant to Section 9.03(ix) and all accrued and unpaid dividends thereon and all redemption premiums in respect thereof, if any, PLUS (II) the aggregate amount of cash Dividends paid with respect to Borrower Common Stock pursuant to Section 9.03(ix), if any, (iv) amend or modify, or permit the amendment or modification of any Contribution Document, any Common Equity Financing Document, the PCA Holdings Service Agreement or any Management Agreement (including, without limitation, the MDP Management Agreement), except for amendments or modifications which are not in any way materially adverse to the interests of the Lenders and do not involve the payment by the Borrower or any of its Subsidiaries of any amounts which could give rise to a violation of this Agreement or result in the Borrower or any of its Subsidiaries incurring any additional liability or monetary obligations not permitted under this Agreement, (v) amend, modify or change its Certificate of Incorporation (except as contemplated by the Shareholders' Agreement as in effect on the Initial Borrowing Date) (including, without limitation, by the filing or modification of any certificate of designation) or By-Laws (or equivalent organizational documents) or any agreement entered into by it, with respect to its capital stock (or equivalent interests) (including any Shareholders' Agreement), or enter into any new agreement with respect to its capital stock, other than any amendments, modifications or changes pursuant to this clause (v) or any such new agreements pursuant to this clause (v) which do not in any way materially adversely affect the interests of the Lenders or which may be required to issue new capital stock permitted to be issued pursuant to Section 9.13 or (vi) at any time after the Permitted Receivables Facility Transaction Date, amend or modify, or permit the amendment or modification of, any provision of any Permitted Receivables Facility Document, except as permitted by the definition thereof.

9.12 LIMITATION ON CERTAIN RESTRICTIONS ON SUBSIDIARIES. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such Subsidiary to (a) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profits owned by the Borrower or any Subsidiary of the Borrower, or pay any Indebtedness owed to the Borrower or a Subsidiary of the Borrower, (b) make loans or advances to the Borrower or any of the Borrower's Subsidiaries or (c) transfer any of its properties or assets to the Borrower or any of the Borrower's Subsidiaries, except for such encumbrances or restrictions existing under or by reason of (i) applicable law, (ii) this Agreement and the other Credit Documents, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest of the Borrower or a Subsidiary of the Borrower, (iv) customary provisions restricting assignment of any licensing agreement entered into by the Borrower or a Subsidiary of the Borrower in the ordinary course of business, (v) the Senior Subordinated Notes Documents, (vi) the Subordinated Promissory Notes Documents, (vii) customary provisions restricting the transfer of assets subject to Liens permitted under Sections 9.01(vii), (viii) any Permitted Receivables Facility Document, (ix) restrictions applicable to any Joint Venture that is a Subsidiary existing at the time of the acquisition thereof as a result of an Investment pursuant to Section 9.05 or a Permitted Acquisition effected in accordance with Section 8.14, PROVIDED that the restrictions applicable to the respective such Joint Venture are not made worse, or more burdensome, from the perspective of the Borrower and its Subsidiaries, than those as in effect immediately before giving effect to the consummation of the respective

Investment or Permitted Acquisition, (x) any agreement or instrument governing Permitted Acquired Debt, which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person, other than the Person or the properties or assets of the Person acquired pursuant to the respective Permitted Acquisition and so long as the respective encumbrances or restrictions were not created (or made more restrictive) in connection with or in anticipation of the respective Permitted Acquisition and (xi) the Borrower PIK Preferred Stock Documents.

9.13 LIMITATION ON ISSUANCE OF CAPITAL STOCK. (a) The Borrower will not issue any Disqualified Stock (other than Borrower PIK Preferred Stock issued in accordance with the requirements of Section 5.06, the issuance of shares of Borrower PIK Preferred Stock in payment of regularly accruing dividends on theretofore outstanding shares of Borrower PIK Preferred Stock and the issuance of Exchange Borrower PIK Preferred Stock in exchange for Borrower PIK Preferred Stock as contemplated in the definition of Borrower PIK Preferred Stock and consistent with the requirements of the definition of Exchange Borrower PIK Preferred Stock).

(b) The Borrower will not permit any of its Subsidiaries to issue any capital stock (including by way of sales of treasury stock) or any options or warrants to purchase, or securities convertible into, capital stock, except (i) for transfers and replacements of then outstanding shares of capital stock, (ii) for stock splits, stock dividends and additional issuances which do not decrease the percentage ownership of the Borrower or any of its Subsidiaries in any class of the capital stock of such Subsidiary, (iii) in the case of Foreign Subsidiaries of the Borrower, to qualify directors to the extent required by applicable law, and (iv) Subsidiaries of the Borrower formed after the Contribution Effective Time pursuant to Section 9.14 may issue capital stock to the Borrower or the respective Subsidiary of the Borrower which is to own such stock in accordance with the requirements of Section 8.11. All capital stock issued in accordance with this Section 9.13(b) shall, to the extent required by the Pledge Agreement, be delivered to the Collateral Agent for pledge pursuant to the Pledge Agreement.

9.14 LIMITATION ON CREATION OF SUBSIDIARIES AND JOINT VENTURES. (a) The Borrower shall not establish, create or acquire any additional Subsidiaries (other than Joint Ventures permitted to be established in accordance with the requirements of Section 9.05(xii)) without the prior written consent of the Required Lenders; PROVIDED that the Borrower may establish or create one or more Wholly-Owned Subsidiaries of the Borrower without such consent so long as (i) 100% of the capital stock of any new Domestic Subsidiary (or all capital stock of any new Foreign Subsidiary which is owned by any Credit Party, except that, subject to the provisions of Section 8.14, not more than 66 2/3% of the voting stock of any such Foreign Subsidiary shall be required to be so pledged) is upon the creation, establishment or acquisition of any such new Subsidiary pledged and delivered to the Collateral Agent for the benefit of the Secured Creditors under the Pledge Agreement and (ii) upon the creation or establishment of any such new Domestic Subsidiary, such Domestic Subsidiary (other than the Receivables Entity) executes the Additional Security Documents and guaranty required to be executed by it in accordance with Section 8.11.

(b) The Borrower will not, nor will the Borrower permit any of its Subsidiaries to, enter into any Joint Venture, except to the extent permitted by Section 9.05(xii).

9.15 BUSINESS. (a) The Borrower will not, and will not permit any of its Subsidiaries to, engage directly or indirectly in any lines of business other than a Permitted Business.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Receivables Entity will not engage in any business other than purchasing Permitted Receivables Facility Assets from the Receivables Sellers and the related transactions pursuant to the terms of the Permitted Receivables Facility Documents.

9.16 DESIGNATED SENIOR DEBT. The Borrower will not, and will not permit any of its Subsidiaries to (i) designate any Indebtedness (other than the Obligations) as "Designated Senior Debt" for purposes of, and as defined in, the Senior Subordinated Notes Indenture or (ii) designate any documents with respect to any Indebtedness (other than this Agreement) as the "Credit Agreement" as defined in the Senior Subordinated Notes Indenture for purposes of the receipt of notices by the Administrative Agent, and delivery of blockage notices pursuant to the subordination provisions of the Senior Subordinated Notes Documents.

SECTION 10. EVENTS OF DEFAULT. Upon the occurrence of any of the following specified events (each, an "EVENT OF DEFAULT"):

10.01 PAYMENTS. The Borrower shall (i) default in the payment when due of any principal of any Loan or any Note or (ii) default, and such default shall continue unremedied for three or more Business Days, in the payment when due of any Unpaid Drawings or interest on any Loan or Note, or any Fees or any other amounts owing hereunder or under any other Credit Document; or

10.02 REPRESENTATIONS, ETC. Any representation, warranty or statement made by any PCA Credit Party herein or in any other Credit Document or in any statement or certificate delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

10.03 COVENANTS. The Borrower shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Section 8.01(f)(i), 8.08, 8.11 (within the time periods specified in Section 8.11(h)), or 8.13 or Section 9 or (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in this Agreement and such default shall continue unremedied for a period of 30 days after written notice to the Borrower by the Administrative Agent or any of the Lenders; or

10.04 DEFAULT UNDER OTHER AGREEMENTS. (a) The Borrower or any of its Subsidiaries shall (i) default in any payment of any Indebtedness (other than the Obligations) beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created or (ii) default in the observance or performance of any agreement or condition relating to any Indebtedness (other than the Obligations) or contained in any

instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause (determined without regard to whether any notice is required), any such Indebtedness to become due prior to its stated maturity or (b) any Indebtedness (other than the Obligations) of the Borrower or any of its Subsidiaries shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof, PROVIDED that it shall not be a Default or Event of Default under this Section 10.04 unless the aggregate principal amount of all Indebtedness as described in preceding clauses (a) and (b) is at least $10,000,000; or

10.05 BANKRUPTCY, ETC. The Borrower or any of its Subsidiaries shall commence a voluntary case concerning itself under Title 11 of the United States Code entitled "Bankruptcy," as now or hereafter in effect, or any successor thereto (the "BANKRUPTCY CODE"); or an involuntary case is commenced against the Borrower or any of their respective Subsidiaries and the petition is not controverted within 10 days, or is not dismissed within 60 days, after commencement of the case; or a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of the Borrower or any of its Subsidiaries or the Borrower or any of its Subsidiaries commences any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar law of any jurisdiction whether now or hereafter in effect relating to the Borrower or any of its Subsidiaries or there is commenced against the Borrower or any of its Subsidiaries any such proceeding which remains undismissed for a period of 60 days, or the Borrower or any of its Subsidiaries is adjudicated insolvent or bankrupt; or any order of relief or other order approving any such case or proceeding is entered; or the Borrower or any of its Subsidiaries suffers any appointment of any custodian or the like for it or any substantial part of its property to continue undischarged or unstayed for a period of 60 days; or the Borrower or any of its Subsidiaries makes a general assignment for the benefit of creditors; or any corporate action is taken by the Borrower or any of its Subsidiaries for the purpose of effecting any of the foregoing; or

10.06 ERISA. (a) Any Plan shall fail to satisfy the minimum funding standard required for any plan year or part thereof under Section 412 of the Code or Section 302 of ERISA or a waiver of such standard or extension of any amortization period is sought or granted under Section 412 of the Code or Section 303 or 304 of ERISA, a Reportable Event shall have occurred, a contributing sponsor (as defined in Section 4001(a)(13) of ERISA) of a Plan subject to Title IV of ERISA shall be subject to the advance reporting requirement of PBGC Regulation Section 4043.61 (without regard to subparagraph (b)(1) thereof) and an event described in subsection .62, .63, .64, .65, .66, .67 or .68 of PBGC Regulation Section 4043 shall be reasonably expected to occur with respect to such Plan within the following 30 days, any Plan which is subject to Title IV of ERISA shall have had or is likely to have a trustee appointed to administer such Plan, any Plan which is subject to Title IV of ERISA is, shall have been or is likely to be terminated or to be the subject of termination proceedings under ERISA, any Plan shall have an Unfunded Current Liability, a contribution required to be made with respect to a Plan or a Foreign Pension Plan has not been timely made, the Borrower or any Subsidiary of the Borrower

or any ERISA Affiliate has incurred or is likely to incur any liability to or on account of a Plan under Section 409, 502(i), 502(l), 515, 4062, 4063, 4064, 4069, 4201, 4204 or 4212 of ERISA or Section 401(a)(29), 4971 or 4975 of the Code or on account of a group health plan (as defined in Section 607(1) of ERISA or Section 4980B(g)(2) of the Code) under Section 4980B of the Code, or the Borrower, or any of its Subsidiaries has incurred or is likely to incur liabilities pursuant to one or more employee welfare benefit plans (as defined in Section 3(1) of ERISA) that provide benefits to retired employees or other former employees (other than as required by Section 601 of ERISA) or Plans or Foreign Pension Plans a "default"," within the meaning of Section 4219(c)(5) of ERISA, shall occur with respect to any Plan; any applicable law, rule or regulation is adopted, changed or interpreted, or the interpretation or administration thereof is changed, in each case after the date hereof, by any governmental authority or agency or by any court (a "Change in Law"), or, as a result of a Change in Law, an event occurs following a Change in Law, with respect to or otherwise affecting any Plan; (b) there shall result from any such event or events the imposition of a lien, the granting of a security interest, or a liability or a material risk of incurring a liability; and (c) such lien, security interest or liability, individually, and/or in the aggregate, in the opinion of the Required Lenders, has had, or would reasonably be expected to have, a Material Adverse Effect; or

10.07 SECURITY DOCUMENTS. At any time after the execution and delivery thereof any of the Security Documents (other than at any time after the termination thereof in accordance with its terms, the TPI Security Agreement) shall cease to be in full force and effect, or shall cease to give the Collateral Agent for the benefit of the Secured Creditors the Liens, rights, powers and privileges purported to be created thereby (including, without limitation, a perfected security interest in, and Lien on, all of the Collateral), in favor of the Collateral Agent, superior to and prior to the rights of all third Persons (except as permitted by Section 9.01), and subject to no other Liens (except as permitted by Section 9.01), or any Credit Party shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to any of the Security Documents and such default shall continue beyond any grace period (if any) specifically applicable thereto pursuant to the terms of such Security Document; or

10.08 GUARANTIES. Any Guaranty or any provision thereof shall cease to be in full force or effect as to the relevant Guarantor (except in the case (x) such Guarantor is no longer a Subsidiary by virtue of a liquidation, sale, merger or consolidation permitted by Section 9.02 or (y) of the Tenneco Guaranty, upon the termination thereof in accordance with its terms), or any Guarantor or Person acting by or on behalf of such Guarantor shall deny or disaffirm such Guarantor's obligations under the relevant Guaranty, or any Guarantor shall default in the due performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to the relevant Guaranty; or

10.09 JUDGMENTS. One or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate for the Borrower and its Subsidiaries a liability (not paid or fully covered by a reputable and solvent insurance company) and such judgments and decrees shall not be vacated, discharged or stayed or bonded pending

appeal for any period of 60 consecutive days, and the aggregate amount of all such judgments to the extent not covered by insurance exceeds $10,000,000; or

10.10 CHANGE OF CONTROL. A Change of Control Event shall occur; or

10.11 PERMITTED RECEIVABLES FACILITY. At any time after the Permitted Receivables Facility Transaction Date, an early amortization event under the Permitted Receivables Facility Documents or any event permitting any Person party to the Permitted Receivables Facility Documents to effect an early termination of the Permitted Receivables Facility (or portion thereof) shall have occurred and be continuing;

then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent, upon the written request of the Required Lenders, shall by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Administrative Agent, any Lender or the holder of any Note to enforce its claims against any Credit Party (PROVIDED that, if an Event of Default specified in Section 10.05 shall occur with respect to the Borrower, the result which would occur upon the giving of written notice by the Administrative Agent to the Borrower as specified in clauses (i) and (ii) below shall occur automatically without the giving of any such notice): (i) declare the Total Commitments terminated, whereupon all Commitments of each Lender shall forthwith terminate immediately and any Commitment Commission shall forthwith become due and payable without any other notice of any kind; (ii) declare the principal of and any accrued interest in respect of all Loans and the Notes and all Obligations owing hereunder and thereunder to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by each Credit Party; (iii) terminate any Letter of Credit that may be terminated in accordance with its terms; (iv) direct the Borrower (and the Borrower agrees that upon receipt of such notice, or upon the occurrence of an Event of Default specified in Section 10.05 with respect to the Borrower, it will pay) to the Collateral Agent at the Payment Office such additional amount of cash, to be held as security by the Collateral Agent, as is equal to the aggregate Stated Amount of all Letters of Credit issued for the account of the Borrower and then outstanding; and (v) enforce, as Collateral Agent, all of the Liens and security interests created pursuant to the Security Documents.

SECTION 11. DEFINITIONS AND ACCOUNTING TERMS.

11.01 DEFINED TERMS. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"ADDITIONAL COLLATERAL" shall mean all property (whether real or personal) in which security interests are granted (or have been purported to be granted) (and continue to be in effect at the time of determination) pursuant to Section 8.11.

"ADDITIONAL MORTGAGE" shall have the meaning provided in Section 8.11(a).

"ADDITIONAL MORTGAGED PROPERTY" shall have the meaning provided in Section 8.11(a).

"ADDITIONAL SECURITY DOCUMENTS" shall mean all mortgages, pledge agreements, security agreements and other security documents entered into pursuant to Section 8.11 with respect to Additional Collateral.

"ADJUSTED CONSOLIDATED NET INCOME" for any period shall mean Consolidated Net Income for such period and without giving effect to any gains or losses from sales of assets other than inventory sold in the ordinary course of business plus, without duplication, (i) the sum of the amount of all net non-cash charges (including, without limitation, depreciation, amortization, depletion, deferred tax expense and non-cash interest expense) and net non-cash losses which were included in arriving at Consolidated Net Income for such period LESS (ii) all net non-cash gains included in arriving at Consolidated Net Income for such period. For purposes of the foregoing, accrued accounts receivable and accrued payables and other similar working capital items shall not be considered to be non-cash charges or gains.

"ADJUSTED CONSOLIDATED WORKING CAPITAL" at any time shall mean Consolidated Current Assets (but excluding therefrom all cash and Cash Equivalents) less Consolidated Current Liabilities.

"ADJUSTED PERCENTAGE" shall mean (x) at a time when no Lender Default exists, for each Lender, such Lender's Percentage and (y) at a time when a Lender Default exists (i) for each Lender that is a Defaulting Lender, zero and (ii) for each Lender that is a Non-Defaulting Lender, the percentage determined by dividing such Lender's Revolving Loan Commitment at such time by the Adjusted Total Revolving Loan Commitment at such time, it being understood that all references herein to Revolving Loan Commitments and the Adjusted Total Revolving Loan Commitment at a time when the Total Revolving Loan Commitment or Adjusted Total Revolving Loan Commitment, as the case may be, has been terminated shall be references to the Revolving Loan Commitments or Adjusted Total Revolving Loan Commitment, as the case may be, in effect immediately prior to such termination, PROVIDED that (A) no Lender's Adjusted Percentage shall change upon the occurrence of a Lender Default from that in effect immediately prior to such Lender Default if after giving effect to such Lender Default, and any repayment of Revolving Loans and Swingline Loans at such time pursuant to Section 4.02(a) or otherwise, the sum of (i) the aggregate outstanding principal amount of Revolving Loans of all Non-Defaulting Lenders plus (ii) the aggregate outstanding principal amount of Swingline Loans plus (iii) the Letter of Credit Outstandings, exceed the Adjusted Total Revolving Loan Commitment; (B) the changes to the Adjusted Percentage that would have become effective upon the occurrence of a Lender Default but that did not become effective as a result of the preceding clause (A) shall become effective on the first date after the occurrence of the relevant Lender Default on which the sum of (i) the aggregate outstanding principal amount of the Revolving Loans of all Non-Defaulting Lenders plus (ii) the aggregate outstanding principal amount of Swingline Loans plus (iii) the Letter of Credit Outstandings is equal to or less than the Adjusted Total Revolving Loan Commitment; and (C) if (i) a Non-Defaulting Lender's Adjusted Percentage is changed pursuant to the preceding clause (B) and (ii) any repayment of such Lender's Revolving Loans, or of

Unpaid Drawings with respect to Letters of Credit or of Swingline Loans, that were made during the period commencing after the date of the relevant Lender Default and ending on the date of such change to its Adjusted Percentage must be returned to the Borrower as a preferential or similar payment in any bankruptcy or similar proceeding of the Borrower, then the change to such Non-Defaulting Lender's Adjusted Percentage effected pursuant to said clause (B) shall be reduced to that positive change, if any, as would have been made to its Adjusted Percentage if (x) such repayments had not been made and (y) the maximum change to its Adjusted Percentage would have resulted in the sum of the outstanding principal of Revolving Loans made by such Lender plus such Lender's new Adjusted Percentage of the outstanding principal amount of Swingline Loans and of Letter of Credit Outstandings equaling such Lender's Revolving Loan Commitment at such time.

"ADJUSTED TOTAL AVAILABLE REVOLVING LOAN COMMITMENT" shall mean at any time the Adjusted Total Revolving Loan Commitment less the Blocked Commitment.

"ADJUSTED TOTAL REVOLVING LOAN COMMITMENT" shall mean at any time the Total Revolving Loan Commitment LESS the aggregate Revolving Loan Commitments of all Defaulting Lenders.

"ADMINISTRATIVE AGENT" shall have the meaning provided in the first paragraph of this Agreement, and shall include any successor thereto.

"AFFILIATE" shall mean, with respect to any Person, any other Person (including, for purposes of Section 9.06 only, all directors, officers and partners of such Person) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person; PROVIDED, HOWEVER, that for purposes of Section 9.06, an Affiliate of the Borrower shall include any Person that directly or indirectly owns more than 10% of any class of the capital stock of the Borrower and any officer or director of the Borrower or any of its Subsidiaries. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

"AGENTS" shall mean and include the Administrative Agent and the Syndication Agent.

"AGREEMENT" shall mean this Credit Agreement, as modified, supplemented, amended, restated, extended, renewed or replaced from time to time.

"APPLICABLE EXCESS CASH FLOW PERCENTAGE" shall mean, with respect to any Excess Cash Flow Payment Date, 75%; PROVIDED that so long as no Default or Event of Default is then in existence, if on the last day of the relevant Excess Cash Flow Payment Period, the Leverage Ratio for (and as calculated on the last day of) the Test Period then ended is less than 4.0:1.0, then the Applicable Excess Cash Flow Percentage shall instead be 50%.

"APPLICABLE MARGIN" shall mean a percentage per annum equal to (i) in the case of Tranche A Term Loans and Revolving Loans maintained as (x) Base Rate Loans, 1.75% and (y)

Eurodollar Loans, 2.75%, (ii) in the case of Tranche B Term Loans maintained as (x) Base Rate Loans, 2.25% and (y) Eurodollar Loans, 3.25%, (iii) in the case of Tranche C Term Loans maintained as (x) Base Rate Loans, 2.50% and (y) Eurodollar Loans, 3.50%, and (iv) in the case of the Commitment Commission, 0.50%. In the case of the Applicable Margins for Tranche A Term Loans, Revolving Loans and the Commitment Commission (the "ADJUSTABLE APPLICABLE MARGINS"), from and after each day of delivery of any certificate delivered in accordance with the first sentence of the following paragraph indicating an entitlement to a different margin than that described in the immediately preceding sentence (each, a "START DATE") to and including the applicable End Date described below, the Adjustable Applicable Margins shall be that set forth below opposite the Leverage Ratio indicated to have been achieved in any certificate delivered in accordance with the following sentence:

LEVERAGE RATIO	APPLICABLE MARGIN FOR EURODOLLAR TRANCHE A TERM LOANS AND REVOLVING LOANS	APPLICABLE MARGIN FOR BASE RATE TRANCHE A TERM LOANS AND REVOLVING LOANS	APPLICABLE MARGIN FOR COMMITMENT COMMISSION
greater than or equal to 4.50:1.00	2.75%	1.75%	0.50%
less than 4.50:1:00 but greater than or equal to 4.00:1.00	2.50%	1.50%	0.50%
less than 4.00:1.00 but greater than or equal to 3.50:1.00	2.25%	1.25%	0.50%
less than 3.50:1.00 but greater than or equal to 3.00:1.00	2.00%	1.00%	0.375%
less than 3.00:1.00	1.75%	0.75%	0.375%

The Leverage Ratio shall be determined based on the delivery of a certificate of the Borrower by an Authorized Officer of the Borrower to the Administrative Agent (with a copy to be sent by the Administrative Agent to each Lender), within 45 days of the last day of any fiscal quarter of Borrower, which certificate shall set forth the calculation of the Leverage Ratio as at the last day of the Test Period ended immediately prior to the relevant Start Date and the Adjustable Applicable Margins which shall be thereafter applicable (until same are changed or cease to apply in accordance with the following sentences); PROVIDED that at the time of the consummation of any Permitted Acquisition, an Authorized Officer of the Borrower shall deliver to the Administrative Agent a certificate setting forth the calculation of the Leverage Ratio on a PRO FORMA Basis as of the last day of the last Calculation Period ended prior to the date on which such Permitted Acquisition is consummated for which financial statements have been made available (or were required to be made available) pursuant to Section 8.01(a) or (b), as the case may be, and the date of such consummation shall be deemed to be a Start Date and the Adjustable Applicable Margins which shall be thereafter applicable (until same are changed or cease to apply in accordance with the following sentence) shall be based upon the Leverage Ratio as so calculated. The Adjustable Applicable Margins so determined shall apply, except as set forth in the succeeding sentence, from the Start Date to the earliest of (x) the date on which the next certificate is delivered to the Administrative Agent, (y) the date on which the next Permitted Acquisition is consummated or (z) the date which is 45 days following the last day of the Test Period in which the previous Start Date occurred (such earliest date, the "END DATE"), at which time, if no certificate has been delivered to the Administrative Agent indicating an entitlement to new Adjustable Applicable Margins (and thus commencing a new Start Date), the Adjustable Applicable Margins shall be those described in the first sentence of this definition above. Notwithstanding anything to the contrary contained above in this definition, (x) the Applicable Margins shall be those described in the first sentence of this definition above at all times during which there shall exist any Default or Event of Default and (y) prior to the date of delivery of the financial statements pursuant to Section 8.01(b) for the fiscal year ended December 31, 1999, the Applicable Margins shall be those described in the first sentence of this definition.

"ASSET SALE" shall mean the sale by the Borrower or any of its Subsidiaries to any Person other than the Borrower or any of its Wholly-Owned Subsidiaries of (i) any of the stock of any of the Borrower's Subsidiaries, (ii) substantially all of the assets of any division or line of business of the Borrower or any of its Subsidiaries, or (iii) any other assets (whether tangible or intangible) of the Borrower or any of its Subsidiaries (other than any such other assets to the extent that the aggregate fair market value of such assets (at the time of sale thereof) sold in any single transaction or related series of transactions is equal to $2,500,000 or less); PROVIDED, HOWEVER, that (x) Asset Sales shall not include (1) any sale or discount, in each case without recourse, of accounts receivable arising in the ordinary course of business, but only in connection with the compromise or collection thereof, (2) any sale or exchange of specific items of equipment, so long as the purpose of each such sale or exchange is to acquire (and results within 90 days of such sale or exchange in the acquisition of) replacement items of equipment which are the functional equivalent of the item of equipment so sold or exchanged, (3) the leasing (pursuant to operating leases in the ordinary course of business) or licensing of real or personal property, including intellectual property, (4) disposals of obsolete, uneconomical, negligible, worn out or surplus property in the ordinary course of business or (5) the Contribution and (y) Asset Sales

shall in any event include (1) sales of assets pursuant to a Permitted Sale-Leaseback Transaction and (2) Timberlands Dispositions.

"ASSIGNMENT AND ASSUMPTION AGREEMENT" shall mean the Assignment and Assumption Agreement substantially in the form of Exhibit L (appropriately completed).

"ATTRIBUTED RECEIVABLES FACILITY INDEBTEDNESS" at any time shall mean the principal amount of Indebtedness which would be outstanding at such time under the Permitted Receivables Facility if same were structured as a secured lending agreement rather than a purchase agreement.

"AUTHORIZED OFFICER" shall mean, with respect to (i) delivering Notices of Borrowing, Notices of Conversion, Letter of Credit Requests and similar notices, and delivering financial information and officer's certificates pursuant to this Agreement, the chief operating officer, any treasurer or other financial officer of the Borrower and (ii) any other matter in connection with this Agreement or any other Credit Document, any officer (or a person or persons so designated by any two officers) of the Borrower, in each case to the extent reasonably acceptable to the Administrative Agent.

"AVAILABLE J.V. BASKET AMOUNT" shall mean, on any date of determination, an amount equal to the sum (without duplication) of (i) $25,000,000 MINUS (ii) the aggregate amount of Investments made (including for such purpose the fair market value of any assets contributed to any Joint Venture (as determined in good faith by senior management of the Borrower), net of Indebtedness assigned to, and assumed by, the respective Joint Venture in connection therewith) pursuant to Section 9.05(xii) after the Effective Date, MINUS (iii) the aggregate amount of Indebtedness or other obligations (whether absolute, accrued, contingent or otherwise and whether or not due) of any Joint Venture for which the Borrower or any of its Subsidiaries (other than the respective Joint Venture) is liable on such date of determination, MINUS (iv) all payments made by the Borrower or any of its Subsidiaries (other than the respective Joint Venture) in respect of Indebtedness or other obligations of the respective Joint Venture (including, without limitation, payments in respect of obligations described in preceding clause (iii)) after the Effective Date minus (v) that portion of the Maximum Permitted Consideration in respect of any Permitted Acquisition that is attributable to the acquisition of a Joint Venture pursuant to such Permitted Acquisition, PLUS (vi) the amount of any increase to the Available J.V. Basket Amount made after the Effective Date in accordance with the provisions of Section 9.05(xii).

"AVAILABLE PERMITTED ACQUISITION BASKET AMOUNT" shall mean on any date of the determination thereof during any fiscal year the lesser of (i) the unutilized permitted amounts of Capital Expenditures under Section 9.07(a) during the fiscal year in which such date of determination occurs (after taking into account all Capital Expenditures made pursuant to clause (a) and clause (b) of Section 9.07 during such period and assuming that clause (b) is utilized to the maximum extent permissible during the respective fiscal year prior to the utilization of clause (a)), such unutilized amount to be determined on the date of determination and (ii) 25% of the

maximum amount of Capital Expenditures permitted to be made under Section 9.07(a) during such fiscal year.

"AVAILABLE REVOLVING LOAN COMMITMENT" of any Lender at any time shall mean its Percentage of the Total Available Revolving Loan Commitment at such time.

"BANK CREDIT AGREEMENT ASSIGNMENT AND ASSUMPTION AGREEMENT" shall have the meaning provided in Section 5.19.

"BANKRUPTCY CODE" shall have the meaning provided in Section 10.05.

"BASE RATE" shall mean for any day, a rate of interest per annum equal to the higher of (i) the Prime Lending Rate for such day and (ii) the sum of the Federal Funds Rate for such day plus 1/2 of 1% per annum.

"BASE RATE LOAN" shall mean (i) each Swingline Loan and (ii) each Loan designated or deemed designated as such by the Borrower at the time of the incurrence thereof or conversion thereto.

"BENEFICIAL OWNER" shall have the meaning provided in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" shall have a corresponding meaning.

"BLOCKED COMMITMENT" shall mean, on any date of determination, zero PLUS (i) the aggregate principal amount of Revolving Loans prepaid pursuant to Section 4.02(p) on or prior to such date in lieu of the deposit of amounts in the Cash Collateral Account pursuant to said Section LESS (ii) the aggregate amount specified by the Borrower in an officers' certificate or certificates delivered to the Administrative Agent on or prior to such date as having been paid (or which will be paid with the proceeds of Revolving Loans being incurred on the date of delivery of such officer's certificate) in connection with the purchase of Eligible Assets, investments in Converting Plants or the replacement or restoration of the respective properties or assets giving rise to the receipt of Net Insurance/Condemnation Proceeds which resulted in such prepayment of Revolving Loans, as the case may be, LESS (iii) the aggregate amount specified by the Borrower in an officers' certificate or certificates delivered to the Administrative Agent on or prior to such date as being the aggregate principal amount of the Term Loans which have been paid (or which will be paid with the proceeds of Revolving Loans being incurred on the date of delivery of such officers' certificate) by reason of the application of the second proviso to Section 4.02(g) or the second proviso to Section 4.02(h), as the case may be, in each case to the extent the Total Revolving Loan Commitment was blocked pursuant to Section 4.02(p) by reason of the receipt of the related Net Asset Sale Proceeds or Net Insurance/Condemnation Proceeds, as the case may be.

"BORROWER" shall mean (i) at any time prior to the Contribution Effective Time, TPI and (ii) at any time after Contribution Effective Time, PCA.

"BORROWER COMMON STOCK" shall have the meaning provided in Section 7B.14.

"BORROWER PIK PREFERRED STOCK" shall mean the pay-in-kind Preferred Stock of the Borrower, $.01 par value per share, issued by the Borrower pursuant to the Borrower Preferred Stock Documents as contemplated by Section 5.06. As used herein, the term "Borrower PIK Preferred Stock" shall include any Exchange Borrower PIK Preferred Stock issued in exchange for theretofore outstanding Borrower PIK Preferred Stock, as contemplated by the Offering Memorandum, dated as of March 30, 1999, and the definition of Exchange Borrower PIK Preferred Stock.

"BORROWER PREFERRED STOCK DOCUMENTS" shall mean the documents executed and delivered with respect to the Borrower PIK Preferred Stock.

"BORROWING" shall mean the borrowing of one Type of Loan of a single Tranche from all the Lenders (other than any Lender which has not funded its share of a Borrowing in accordance with this Agreement) having Commitments of the respective Tranche (or from the Swingline Lender in the case of Swingline Loans) on a given date (or resulting from a conversion or conversions on such date) having in the case of Eurodollar Loans the same Interest Period, PROVIDED that Base Rate Loans incurred pursuant to Section 1.10(b) shall be considered part of the related Borrowing of Eurodollar Loans. It is understood that there may be more than one Borrowing outstanding pursuant to a given Tranche.

"BT ALEX. BROWN" shall mean BT Alex. Brown Incorporated, in its individual capacity, and any successor thereto.

"BTCO" shall mean Bankers Trust Company in its individual capacity and any successor thereto.

"BUSINESS DAY" shall mean (i) for all purposes other than as covered by clause (ii) below, any day except Saturday, Sunday and any day which shall be in New York, New York a legal or a day on which banking institutions are authorized or required by law or other government action to close and (ii) with respect to all notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, any day which is a Business Day described in clause (i) above and which is also a day for trading by and between Lenders in the New York interbank Eurodollar market.

"CALCULATION DATE" shall mean the date of the respective Permitted Acquisition, incurrence, assumption or issuance of Indebtedness, repayment of Indebtedness, payment of Dividends, or other event, as the case may be, which gives rise to the requirement to calculate compliance with the financial covenants under this Agreement on a PRO FORMA Basis.

"CALCULATION PERIOD" shall mean the Test Period (taken as one accounting period) most recently ended prior to a given Calculation Date.

"CAPITAL EXPENDITURES" shall mean, with respect to any Person, all expenditures by such Person which should be capitalized in accordance with generally accepted accounting principles, including all such expenditures with respect to fixed or capital assets (including, without limitation, expenditures for maintenance and repairs which should be capitalized in accordance with generally accepted accounting principles) and the amount of Capitalized Lease Obligations incurred by such Person.

"CAPITALIZED LEASE OBLIGATIONS" of any Person shall mean all rental obligations which, under generally accepted accounting principles, are or will be required to be capitalized on the books of such Person, in each case taken at the amount thereof accounted for as indebtedness in accordance with such principles.

"CASH COLLATERAL ACCOUNT" shall have the meaning provided in Section 4.02(p).

"CASH EQUIVALENTS" shall mean, as to any Person, (i) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (PROVIDED that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than one year from the date of acquisition, (ii) time deposits and certificates of deposit of any commercial bank having, or which is the principal banking subsidiary of a bank holding company organized under the laws of the United States, any State thereof or the District of Columbia having capital, surplus and undivided profits aggregating in excess of $200,000,000, with maturities of not more than one year from the date of acquisition by such Person, (iii) repurchase obligations with a term of not more than 90 days for underlying securities of the types described in clause (i) above entered into with any bank meeting the qualifications specified in clause (ii) above, (iv) commercial paper issued by any Person incorporated in the United States rated at least A-1 or the equivalent thereof by Standard & Poor's Corporation or at least P-1 or the equivalent thereof by Moody's Investors Service, Inc. and in each case maturing not more than one year after the date of acquisition by such Person, and (v) investments in money market funds substantially all of whose assets are comprised of securities of the types described in clauses (i) through (iv) above.

"CERCLA" shall mean the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as the same may be amended from time to time, 42 U.S.C. Section 9601 ET SEQ.

"CHANGE OF CONTROL EVENT" shall mean, (I) at any time prior to the consummation of a Qualified IPO, (a) MDP Group shall cease to own on a fully diluted basis in the aggregate at least 35% of the outstanding Voting Stock of PCA or (b) any "person" or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as in effect on the Effective Date), other than MDP Group, shall have obtained the power (whether or not exercised) to appoint or elect 50% or more of PCA's directors or (c) unless and until TPI and its Affiliates cease to own on a fully diluted basis in the aggregate at least 17.5% of the Voting Stock of PCA and as a result thereof the Shareholders' Agreement has terminated, MDP Group shall cease to have the right to appoint at least 50% of the directors of PCA (excluding for purposes of any determination pursuant to this clause (I)(c) up to two additional directors

appointed by holders of Borrower PIK Preferred Stock pursuant to the terms of the Borrower PIK Preferred Stock Documents), (II) at any time after a Qualified IPO, any "person" or "group" (within the meaning of Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, as in effect on the Effective Date), other than the Principals and their Related Parties, shall have acquired Beneficial Ownership, directly or indirectly, of a percentage of the outstanding Voting Stock of PCA that exceeds the percentage of such Voting Stock then Beneficially Owned, directly or indirectly, by MDP Group or (III) at any time (I.E., whether before or after a Qualified IPO), (a) the Board of Directors of PCA shall cease to consist of a majority of Continuing Directors or (b) the consummation of any transaction (including, without limitation, any merger or consolidation) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Securities Exchange Act of 1934, as in effect on the Effective Date), other than the Principals and their Related Parties or a Permitted Group, becomes the Beneficial Owner, directly or indirectly, of 50% or more of the Voting Stock of PCA, measured by voting power rather than number of shares; or (c) a "change of control" or similar event shall occur as provided in any Senior Subordinated Notes Document, Subordinated Promissory Notes Document or Borrower PIK Preferred Stock Document or in any Existing Indebtedness or Permitted Debt, to the extent the outstanding principal amount of such Existing Indebtedness or Permitted Debt exceeds $10,000,000.

"CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to the Code are to the Code, as in effect at the date of this Agreement and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

"CO-DOCUMENTATION AGENT" shall mean and include Goldman Sachs Credit Partners L.P. and The Chase Manhattan Bank.

"CO-LEAD ARRANGER" shall have the meaning provided in the first paragraph of this Agreement, and shall include any successor thereto.

"COLLATERAL" shall mean all property (whether real or personal) with respect to which any security interests have been granted (or purported to be granted) pursuant to any Security Document, including, without limitation, all Pledge Agreement Collateral, all PCA Security Agreement Collateral, all TPI Security Agreement Collateral, all Mortgaged Properties, all cash and Cash Equivalents delivered as collateral pursuant to Section 4.02 or 10 hereof and all Additional Collateral, if any.

"COLLATERAL AGENT" shall mean the Administrative Agent acting as collateral agent for the Secured Creditors pursuant to the Security Documents.

"COLLECTIVE BARGAINING AGREEMENTS" shall have the meaning provided in Section 5.05.

"COMMITMENT" shall mean any of the commitments of any Lender, I.E., whether the Tranche A Term Loan Commitment, Tranche B Term Loan Commitment, Tranche C Term Loan Commitment or Revolving Loan Commitment.

"COMMITMENT COMMISSION" shall have the meaning provided in Section 3.01(a).

"COMMON EQUITY FINANCING DOCUMENTS" shall mean and include the Initial Common Equity Financing Documents and the Secondary Common Equity Financing Documents.

"CONSOLIDATED CASH INTEREST EXPENSE" shall mean, for any period, the total consolidated cash interest expense of the Borrower and its Consolidated Subsidiaries for such period (calculated without regard to any limitations on the payment thereof) plus, without duplication, (i) that portion of Capitalized Lease Obligations of the Borrower and its Consolidated Subsidiaries representing the interest factor for such period, (ii) all Permitted Receivables Facility Financing Costs for such period and (iii) the amount of all cash Dividends on preferred stock of the Borrower and its Subsidiaries paid during such period, as reflected in the audited consolidated financial statements of the Borrower for its most recently completed fiscal year, which amounts described in preceding clause (iii) shall be treated as interest expense of the Borrower and its Subsidiaries for purposes of this definition regardless of the treatment of such amounts under GAAP, but excluding the amortization of any deferred financing costs and fees incurred in connection with this Agreement. For the avoidance of doubt, it is understood that Consolidated Cash Interest Expense shall not take into account any amount attributable to the treasury lock transaction entered into on behalf of PCA prior to the Initial Borrowing Date.

"CONSOLIDATED CURRENT ASSETS" shall mean, at any time, the consolidated current assets of the Borrower and its Consolidated Subsidiaries.

"CONSOLIDATED CURRENT LIABILITIES" shall mean, at any time, the consolidated current liabilities of the Borrower and its Consolidated Subsidiaries at such time, but excluding (i) the current portion of any Indebtedness under this Agreement, of any Attributed Receivables Facility Indebtedness and of any other long-term Indebtedness which would otherwise be included therein, (ii) accrued but unpaid interest with respect to the Indebtedness and (iii) the current portion of Indebtedness constituting Capitalized Lease Obligations.

"CONSOLIDATED EBIT" shall mean, for any period, the Consolidated Net Income for such period, before Consolidated Cash Interest Expense, non-cash interest expense and provision for taxes based on income (in each case to the extent deducted in determining Consolidated Net Income) and without giving effect to any extraordinary gains or losses or gains or losses from sales of assets other than inventory sold in the ordinary course of business.

"CONSOLIDATED EBITDA" shall mean, for any period, Consolidated EBIT, adjusted by adding thereto the amount of all amortization of intangibles, depletion and depreciation, in each case that were deducted in arriving at Consolidated EBIT for such period.

"CONSOLIDATED INDEBTEDNESS" shall mean, as at any date of determination, the aggregate stated balance sheet amount of all Indebtedness (but including in any event the then outstanding principal amount of all Loans, all Capitalized Lease Obligations and all Letter of Credit Outstandings) of the Borrower and its Subsidiaries on a consolidated basis as determined in accordance with GAAP plus, without duplication, the amount of all Attributed Receivables

Facility Indebtedness at such time; PROVIDED that Indebtedness outstanding pursuant to trade payables incurred in the ordinary course of business shall be excluded in determining Consolidated Indebtedness.

"CONSOLIDATED INTEREST COVERAGE RATIO" shall mean, for any period, the ratio of (i) Consolidated EBITDA for such period to (ii) Consolidated Cash Interest Expense for such period, provided that in the event such Test Period does not include four fiscal quarters, for purposes of determining the Consolidated Interest Coverage Ratio, Consolidated EBITDA and Consolidated Cash Interest Expense shall each be multiplied by four (if such Test Period is comprised of one fiscal quarter), two (if such Test period is comprised of two fiscal quarters) and 4/3 (if such Test Period is comprised of three fiscal quarters).

"CONSOLIDATED NET INCOME" shall mean, for any period, the consolidated net after tax income of the Borrower and its Consolidated Subsidiaries determined in accordance with GAAP; PROVIDED that in any event and without duplication of any reduction to Consolidated Net Income in accordance with the requirements of GAAP, Consolidated Net Income shall be reduced by the amount of Dividends paid during the respective period pursuant to clause (vii) of Section 9.03; PROVIDED FURTHER that the following items shall be excluded in computing Consolidated Net Income (without duplication): (i) the net income of any Person which is not a Wholly-Owned Subsidiary of the Borrower, except to the extent of the amount of any dividends or other distributions actually paid to the Borrower or any of its Wholly-Owned Subsidiaries during such period, (ii) except for determinations expressly required to be made on a PRO FORMA Basis, the net income (or loss) of any Person accrued prior to the date it becomes a Wholly-Owned Subsidiary or all or substantially all of the property or assets of such Person are acquired by a Wholly-Owned Subsidiary and (iii) the net income of any Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Subsidiary.

"CONSOLIDATED NET WORTH" shall mean at any date (i) the sum of all amounts which, in conformity with GAAP, would be included under the caption "redeemable preferred stock" and "total stockholders' equity" (or like captions) on a consolidated balance sheet of the Borrower on and as at such date, LESS (ii) the amount (if positive) by which the amounts described in clause (i) above determined on the Initial Borrowing Date (after giving effect to the consummation of the Transaction) (such amounts, the "CLOSING DATE NET WORTH") exceeds $397,780,000 PLUS (iii) the amount (if positive) by which $397,780,000 exceeds the Closing Date Net Worth PLUS (iv) the aggregate amount of cash Dividends (if any) paid by the Borrower pursuant to Section 9.03(ix) (including, without limitation, any amounts paid to redeem the Borrower PIK Preferred Stock) LESS (iv) any cash Dividends on the capital stock of the Borrower (other than Dividends included pursuant to clause (iii)) theretofore declared but not yet paid, but only to the extent not already deducted when determining the amount specified in clause (i).

"CONSOLIDATED SUBSIDIARIES" shall mean, as to any Person, all Subsidiaries of such Person which are consolidated with such Person for financial reporting purposes in accordance with GAAP.

"CONTAINERBOARD BUSINESS" shall mean and include (i) the business of producing containerboard and corrugated packaging products (excluding folding carton and honeycomb paperboard-type products and retained real property as provided in the Contribution Agreement) as conducted by TPI on the Effective Date at four paper mills located at Counce, Tennessee, Valdosta, Georgia, Tomahawk, Wisconsin and Filer City, Michigan (the Mills), 67 box plants, three recycling facilities, four wood products facilities and certain timberlands and related facilities and (ii) all of the other assets and liabilities acquired by PCA from TPI pursuant to the Contribution (including, without limitation, the Contributed Assets and the Contributed Subsidiaries).

"CONTAINERBOARD GROUP" shall have the meaning set forth in the footnotes to the audited financial statements described in Section 7B.05(a).

"CONTINGENT OBLIGATION" shall mean, as to any Person, any obligation of such Person guaranteeing or intended to guarantee any Indebtedness, leases, dividends or other obligations ("PRIMARY OBLIGATIONS") of any other Person (the "PRIMARY OBLIGOR") in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (x) for the purchase or payment of any such primary obligation or (y) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the holder of such primary obligation against loss in respect thereof; PROVIDED, HOWEVER, that the term Contingent Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business and any products warranties extended in the ordinary course of business. The amount of any Contingent Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which such Contingent Obligation is made (or, if the less, the maximum amount of such primary obligation for which such Person may be liable pursuant to the terms of the instrument evidencing such Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"CONTINUING DIRECTORS" shall mean, as of the date of determination, any member of the Board of Directors of the Borrower who:

(1) was a member of such Board of Directors on the Effective Date; or

(2) was nominated for election or elected to such Board of Directors either (a) with the approval of a majority of the Continuing Directors who were members of such

Board at the time of such nomination or election or (b) pursuant to and in accordance with the terms of the Stockholders Agreement as in effect on the Effective Date.

"CONTRIBUTED ASSETS" shall have the meaning provided such term in the Contribution Agreement.

"CONTRIBUTED SUBSIDIARIES" shall have the meaning provided such term in the Contribution Agreement.

"CONTRIBUTION" shall mean the contribution of the Containerboard Business by TPI to PCA pursuant to, and in accordance with the terms of, the Contribution Agreement, free and clear of (i) all Indebtedness (including the Indebtedness to be Refinanced) other than the Assumed Indebtedness (as such term is defined in the Contribution Agreement) and (ii) all Liens or encumbrances of any kind, other than Permitted Liens.

"CONTRIBUTION AGREEMENT" shall mean Contribution Agreement, dated as of January 25, 1999 among TPI, PCA Holdings and PCA, as in effect on the Effective Date and as the same may be amended, modified or supplemented in accordance with the terms hereof and thereof.

"CONTRIBUTION DOCUMENTS" shall mean the Contribution Agreement (including the exhibits and schedules thereto), the Bank Credit Agreement Assignment and Assumption Agreement, the Purchase Supply Agreement and all other documents and agreements entered into in connection with the Contribution.

"CONTRIBUTION EFFECTIVE TIME" shall mean the time at which the Contribution becomes effective in accordance with the terms of the Contribution Agreement and the Exchange has been consummated.

"CONVERTING PLANT" shall mean (i) plants that convert paper into corrugated sheets, (ii) plants that convert corrugated sheets into corrugated products, (iii) product design centers and (iv) plants that produce products that are related or ancillary to the foregoing; PROVIDED that a mill that produces paper shall not constitute a Converting Plant.

"CREDIT DOCUMENTS" shall mean this Agreement and, after the execution and delivery thereof pursuant to the terms of this Agreement, each Note, each Security Document, the PCA Acknowledgement and Agreement, the Bank Credit Agreement Assignment and Assumption Agreement and each Guaranty and, after the execution and delivery thereof, each additional guaranty or security document executed pursuant to Section 8.11.

"CREDIT EVENT" shall mean the making of any Loan or the issuance of any Letter of Credit.

"CREDIT PARTY" shall mean (i) at any time prior to the Contribution Effective Time, each of Tenneco and TPI, (ii) PCA, (iii) each Subsidiary Guarantor and (iv) any other Subsidiary which at any time executes and delivers any Credit Document as required by this Agreement.

"DEBT AGREEMENTS" shall have the meaning provided in Section 5.05.

"DEFAULT" shall mean any event, act or condition which with notice or lapse of time, or both, would constitute an Event of Default.

"DEFAULTING LENDER" shall mean any Lender with respect to which a Lender Default is in effect.

"DISQUALIFIED STOCK" shall mean any capital stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event (including a Change of Control Event), (i) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof, in whole or in part, on or prior to the first anniversary of the Tranche C Term Loan Maturity Date, or (ii) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (a) debt securities or (b) any capital stock referred to in (i) above, in each case at any time prior to the first anniversary of the Tranche C Term Loan Maturity Date.

"DIVIDEND" with respect to any Person shall mean that such Person has declared or paid a dividend or returned any equity capital to its stockholders or members or authorized or made any other distribution, payment or delivery of property (other than common stock of such Person) or cash to its stockholders or members as such, or redeemed, retired, purchased or otherwise acquired, directly or indirectly, for a consideration any shares of any class of its capital stock or membership interests outstanding on or after the Effective Date (or any options or warrants issued by such Person with respect to its capital stock), or set aside any funds for any of the foregoing purposes, or shall have permitted any of its Subsidiaries to purchase or otherwise acquire for a consideration any shares of any class of the capital stock of such Person outstanding on or after the Effective Date (or any options or warrants or stock appreciation rights issued by such Person with respect to its capital stock). Without limiting the foregoing, "DIVIDENDS" with respect to any Person shall also include all payments made or required to be made by such Person with respect to any stock appreciation rights, plans, equity incentive or achievement plans or any similar plans or setting aside of any funds for the foregoing purposes.

"DOCUMENTS" shall mean the Credit Documents, the Senior Subordinated Notes Documents, the Borrower Preferred Stock Documents, the Subordinated Promissory Notes Documents, the Common Equity Financing Documents, the Contribution Documents and the Refinancing Documents and, on and after the Permitted Receivables Facility Transaction Date, the Permitted Receivables Facility Documents.

"DOLLARS" and the sign "$" shall each mean lawful money of the United States.

"DOMESTIC SUBSIDIARY" shall mean each Subsidiary of the Borrower that is incorporated or organized in the United States of America, any State thereof, the United States Virgin Islands or Puerto Rico.

"DOMESTIC WHOLLY-OWNED SUBSIDIARY" shall mean each Domestic Subsidiary which is a Wholly-Owned Subsidiary of the Borrower.

"DRAWING" shall have the meaning provided in Section 2.04(b).

"EFFECTIVE DATE" shall have the meaning provided in Section 13.10.

"ELIGIBLE ASSETS" shall have the meaning provided in Section 4.02(g).

"ELIGIBLE TRANSFEREE" shall mean and include a commercial bank, insurance company, financial institution, fund or other Person which regularly purchases interests in loans or extensions of credit of the types made pursuant to this Agreement, any other Person which would constitute a "qualified institutional buyer" within the meaning of Rule 144A under the Securities Act as in effect on the Effective Date or other "accredited investor" (as defined in Regulation D of the Securities Act).

"EMPLOYEE BENEFIT PLANS" shall have the meaning provided in Section 5.05.

"EMPLOYMENT AGREEMENT" shall have the meaning provided in Section 5.05.

"ENVIRONMENTAL CLAIMS" shall mean any and all administrative, regulatory or judicial actions, suits, demands, demand letters, directives, claims, liens, notices of noncompliance or violation, investigations or proceedings relating in any way to any Environmental Law or any permit issued or any approval given under any such Environmental Law (hereafter, "Claims"), including, without limitation, (a) any and all Claims by governmental or regulatory authorities for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (b) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief in connection with alleged injury or threat of injury to health, safety or the environment on account of Hazardous Materials.

"ENVIRONMENTAL LAW" shall mean any applicable Federal, state, foreign or local statute, law, rule, regulation, ordinance, code, legally binding and enforceable guideline, legally binding and enforceable written policy and rule of common law now or hereafter in effect and in each case as amended, and any judicial or administrative interpretation thereof, including any legally binding and enforceable judicial or administrative order, consent decree or judgment, to the extent binding on the Borrower or any of its Subsidiaries, relating to the environment, health, safety or Hazardous Materials, including, without limitation, CERCLA; RCRA; the Federal Water Pollution Control Act, 33 U.S.C. Section 1251 ET SEQ.; the Toxic Substances Control Act, 15 U.S.C. Section 2601 ET SEQ.; the Clean Air Act, 42 U.S.C. Section 7401 ET SEQ.; the Safe Drinking Water Act, 42 U.S.C. Section 300(f) ET SEQ.; the Oil Pollution Act of 1990, 33 U.S.C. Section 2701 ET SEQ.; the Emergency Planning and the Community Right-To-Know Act of 1986, 42 U.S.C. Section 11001 ET SEQ.; the Hazardous Material Transportation Act, 49 U.S.C. Section 5101 ET SEQ.; and the Occupational Safety and Health Act, 29 U.S.C. Section 651 ET SEQ.; and any state and local or foreign counterparts or equivalents, in each case as amended from time to time.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the date of this Agreement and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

"ERISA AFFILIATE" shall mean each person (as defined in Section 3(9) of ERISA) which together with PCA or a Subsidiary of PCA would be deemed to be a "single employer" within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"EURODOLLAR LOAN" shall mean each Loan (excluding Swingline Loans) designated as such by the Borrower at the time of the incurrence thereof or conversion thereto.

"EURODOLLAR RATE" shall mean (a) the arithmetic average (rounded upward to the nearest 1/100th of 1%) of the offered quotation to first-class banks in the New York interbank Eurodollar market determined by each Reference Lender for Dollar deposits of amounts in immediately available funds comparable to the outstanding principal amount of the Eurodollar Loan of such Reference Lender with maturities comparable to the Interest Period applicable to such Eurodollar Loan commencing two Business Days thereafter as of 11:00 A.M. (New York time) on the date which is two Business Days prior to the commencement of such Interest Period, divided (and rounded upward to the nearest 1/16 of 1%) by (b) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves required by applicable law) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency funding or liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); provided that if one or more of the Reference Lenders fail to provide the Administrative Agent with its aforesaid rate, then the Eurodollar Rate shall be determined based on the rate or rates provided to the Administrative Agent by the other Reference Lender or Reference Lenders.

"EVENT OF DEFAULT" shall have the meaning provided in Section 10.

"EXCESS CASH FLOW" shall mean, for any period, the remainder of (a) the sum of (i) Adjusted Consolidated Net Income for such period, and (ii) the decrease, if any, in Adjusted Consolidated Working Capital from the first day to the last day of such period, MINUS (b) the sum of (i) the amount of (1) Capital Expenditures made by the Borrower and its Subsidiaries on a consolidated basis during such period pursuant to and in accordance with Section 9.07 (but without giving effect to Capital Expenditures made pursuant to Section 9.07(c) and (d)), except for each such Capital Expenditure to the extent financed with the proceeds of Indebtedness or pursuant to Capitalized Lease Obligations PLUS (or MINUS if negative) (2) the Rollover Amount for such period to be carried forward to the next period LESS the Rollover Amount (if any) for the preceding period carried forward to the current period, (ii) the aggregate amount of permanent principal payments of Indebtedness for borrowed money of the Borrower and its Subsidiaries and the permanent repayment of the principal component of Capitalized Lease Obligations of the Borrower and its Subsidiaries (excluding (1) payments with proceeds of asset sales and Net Insurance/Condemnation Proceeds, (2) payments with the proceeds of other Indebtedness or

equity or equity contributions and (3) payments of Loans or other Obligations, PROVIDED that repayments of Loans shall be deducted in determining Excess Cash Flow if such repayments were (x) required as a result of a Scheduled Repayment under Section 4.02(b), (c) or (d) (but not as a reduction to the amount of Scheduled Repayments pursuant to another provision of this Agreement) or (y) made as a voluntary prepayment pursuant to Section 4.01 with internally generated funds (but in the case of a voluntary prepayment of Revolving Loans or Swingline Loans, only to the extent accompanied by a voluntary reduction to the Total Revolving Loan Commitment)) during such period, (iii) the increase, if any, in Adjusted Consolidated Working Capital from the first day to the last day of such period, (iv) the aggregate amount of cash dividends paid during such period in respect of the Borrower PIK Preferred Stock and (v) if the Excess Cash Flow for the immediately preceding Excess Cash Payment Period (after the application of this clause (v) in respect of such Excess Cash Payment Period) was negative, the amount of such negative Excess Cash Flow (expressed as a positive number).

"EXCESS CASH PAYMENT DATE" shall mean the date occurring 90 days after the last day of each fiscal year of the Borrower (beginning with its fiscal year ending on December 31, 1999).

"EXCESS CASH PAYMENT PERIOD" shall mean, with respect to the repayment required on each Excess Cash Payment Date, the immediately preceding fiscal year of the Borrower (or, in the case of the first Excess Cash Payment Date, the period beginning on and including July 1, 1999 and to and including December 31, 1999).

"EXCHANGE" shall mean the exchange of the Senior Subordinated Notes as payment in full for all amounts owing under the Subordinated Promissory Notes and the Subordinated Promissory Notes Documents immediately following the consummation of the Contribution.

"EXCHANGE ACT" shall mean the Securities Exchange Act of 1934, as amended.

"EXCHANGE BORROWER PIK PREFERRED STOCK" shall mean pay-in-kind Preferred Stock of the Borrower which is substantially identical to the Borrower PIK Preferred Stock issued on or prior to the Initial Borrowing Date, which Exchange Borrower PIK Preferred Stock shall be issued pursuant to a registered exchange offer for the Borrower PIK Preferred Stock. In no event will the issuance of Exchange Borrower PIK Preferred Stock increase the aggregate liquidation preference of Borrower PIK Preferred Stock then outstanding or otherwise result in an increase in the dividend rate applicable to the Borrower PIK Preferred Stock.

"EXCHANGE SENIOR SUBORDINATED NOTES" shall mean Senior Subordinated Notes which are substantially identical securities to the Senior Subordinated Notes issued on or prior to the Initial Borrowing Date, which Exchange Senior Subordinated Notes shall be issued pursuant to a registered exchange offer or private exchange offer for the Senior Subordinated Notes and pursuant to the Senior Subordinated Notes Indenture. In no event will the issuance of any Exchange Senior Subordinated Notes increase the aggregate principal amount of Senior Subordinated Notes then outstanding or otherwise result in an increase in an interest rate applicable to the Senior Subordinated Notes.

"EXCLUDED PROCEEDS" shall mean and include (i) the Excluded Timberlands Disposition Proceeds, (ii) the Net Sale Proceeds from any Asset Sale pursuant to a Permitted Sale-Leaseback Transaction and (iii) the Net Sale Proceeds from the sale or disposition of a Converting Plant.

"EXCLUDED TIMBERLANDS DISPOSITION PROCEEDS" shall have the meaning provided in Section 4.02(g).

"EXCLUDED TIMBERLANDS PROCEEDS MAXIMUM AMOUNT" shall mean the sum of (i) $100,000,000 plus (ii) in the event that the Excluded Timberlands Disposition Proceeds are to be applied to redeem all outstanding Borrower PIK Preferred Stock during the three year period commencing on the Initial Borrowing Date, (x) the liquidation preference of Borrower PIK Preferred Stock issued as a regularly accruing dividend on outstanding shares of Borrower PIK Preferred Stock, (y) accrued and unpaid dividends on the Borrower PIK Preferred Stock and (z) the redemption premium payable upon the redemption of the Borrower PIK Preferred Stock as provided in the Borrower Preferred Stock Documents.

"EXISTING INDEBTEDNESS" shall have the meaning provided in Section 5.07(b).

"FACING FEE" shall have the meaning provided in Section 3.01(c).

"FEDERAL FUNDS RATE" shall mean, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 11:00 A.M. (New York time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"FEES" shall mean all amounts payable pursuant to or referred to in Section 3.01.

"FOREIGN BORROWING BASE AMOUNT" shall mean, at any time, the sum of (i) 85% of the book value of all accounts receivable of all Foreign Subsidiaries of the Borrower and (ii) 55% of the book value of all inventory of all Foreign Subsidiaries of the Borrower, in each case as reflected in the financial statements of such Foreign Subsidiaries for the fiscal quarter then last ended.

"FOREIGN PENSION PLAN" shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States of America by the Borrower or any one or more of its Subsidiaries primarily for the benefit of employees of the Borrower or such Subsidiaries residing outside the United States of America, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA or the Code.

"FOREIGN SUBSIDIARY" shall mean each Subsidiary of the Borrower that is incorporated or organized under the laws of any jurisdiction other than the United States of America, any State thereof, the United States Virgin Islands or Puerto Rico.

"FOREIGN SUBSIDIARY WORKING CAPITAL INDEBTEDNESS" shall have the meaning provided in Section 9.04(xii).

"FOREIGN WHOLLY-OWNED SUBSIDIARY" as to any Person, shall mean each Wholly-Owned Subsidiary of such Person which is not a Domestic Subsidiary.

"GAAP" shall have the meaning provided in Section 13.07(a).

"GUARANTY" shall mean and include the Subsidiaries Guaranty, the Tenneco Guaranty and any other guaranty delivered pursuant to Section 8.11, 8.13 or 8.14.

"HAZARDOUS MATERIALS" shall mean (a) any petroleum or petroleum products, radioactive materials, asbestos in any form that is or could become friable, ureaformaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances," "hazardous waste," "hazardous materials," "extremely hazardous substances," "restricted hazardous waste," "toxic substances," "toxic pollutants," "contaminants," or "pollutants," or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority under Environmental Laws.

"INDEBTEDNESS" shall mean, as to any Person, without duplication, (i) all indebtedness (including principal, interest, fees and charges) of such Person for borrowed money or for the deferred purchase price of property or services, (ii) the maximum amount available to be drawn under all letters of credit issued for the account of such Person and all unpaid drawings in respect of such letters of credit, (iii) all Indebtedness of the types described in clause (i), (ii), (iv), (v), (vi) or (vii) of this definition secured by any Lien on any property owned by such Person, whether or not such Indebtedness has been assumed by such Person (to the extent of the value of the respective property), (iv) the aggregate amount required to be capitalized under leases under which such Person is the lessee, (v) all obligations of such person to pay a specified purchase price for goods or services, whether or not delivered or accepted, I.E., take-or-pay and similar obligations, (vi) all Contingent Obligations of such Person, (vii) all obligations under any Interest Rate Protection Agreement or Other Hedging Agreement or under any similar type of agreement and (viii) all Attributed Receivables Facility Indebtedness. Notwithstanding the foregoing, Indebtedness shall not include obligations under trade payables, accrued expenses and other current liabilities incurred by any person in accordance with its customary practices and in the ordinary course of business of such Person.

"INDEBTEDNESS TO BE REFINANCED" shall have the meaning provided in Section 7B.22(b).

"INITIAL BORROWING DATE" shall mean the date occurring on or after the Effective Date on which the initial Borrowing of Term Loans hereunder occurs.

"INITIAL COMMON EQUITY FINANCING DOCUMENTS" shall mean all of the agreements and documents governing, or relating to, the Initial Common Equity Issuance.

"INITIAL COMMON EQUITY ISSUANCE" shall have the meaning provided in Section 5.06(a).

"INITIAL PERMITTED RECEIVABLES FACILITY PROCEEDS" shall mean the amount of cash proceeds to be initially received by the Borrower and/or the other Receivables Sellers from the sale of Permitted Receivables Facility Assets to the Receivables Entity pursuant to the Permitted Receivables Facility; PROVIDED that the amount of such cash proceeds shall be at least 75% of the fair market value of the Permitted Receivables Facility Assets sold pursuant to the Permitted Receivables Facility (as determined in good faith by senior management of the Borrower).

"INTEREST DETERMINATION DATE" shall mean, with respect to any Eurodollar Loan, the second Business Day prior to the commencement of any Interest Period relating to such Eurodollar Loan.

"INTEREST PERIOD" shall have the meaning provided in Section 1.09.

"INTEREST RATE PROTECTION AGREEMENT" shall mean any interest rate swap agreement, interest rate cap agreement, interest collar agreement, interest rate hedging agreement, interest rate floor agreement or other similar agreement or arrangement.

"INVESTMENTS" shall have the meaning provided in Section 9.05.

"ISSUING BANK" shall mean The First National Bank of Chicago and any Lender which at the request of the Borrower and with the consent of the Administrative Agent (which shall not be unreasonably withheld) agrees, in such Lender's sole discretion, to become an Issuing Bank for the purpose of issuing Letters of Credit pursuant to Section 2.

"JOINT VENTURE" shall mean any Person, other than an individual or a Wholly-Owned Subsidiary of the Borrower, (i) in which the Borrower or a Subsidiary of the Borrower holds or acquires an ownership interest (whether by way of capital stock, partnership or limited liability company interest, or other evidence of ownership) and (ii) which is engaged in a Permitted Business.

"J.P. MORGAN" shall mean J.P. Morgan Securities Inc., in its individual capacity, and any successor thereto.

"L/C SUPPORTABLE INDEBTEDNESS" shall mean (i) obligations of the Borrower or its Subsidiaries incurred in the ordinary course of business with respect to insurance obligations and workers' compensation, surety bonds and other similar statutory obligations and (ii) such other obligations of the Borrower or any of its Subsidiaries as are reasonably acceptable to the

Administrative Agent and the respective Issuing Bank and otherwise permitted to exist pursuant to the terms of this Agreement.

"LEASEHOLDS" of any Person shall mean all the right, title and interest of such Person as lessee or licensee in, to and under leases or licenses of land, improvements and/or fixtures.

"LENDER" shall mean each financial institution listed on Schedule I, as well as any Person which becomes a "LENDER" hereunder pursuant to 13.04(b).

"LENDER DEFAULT" shall mean (i) the refusal (which has not been retracted) of a Lender to make available its portion of any Borrowing (including any Mandatory Borrowing) or to fund its portion of any unreimbursed payment under Section 2.03(c) or (ii) a Lender having notified in writing the Borrower and/or the Administrative Agent that it does not intend to comply with its obligations under Section 1.01(d), 1.01(f) or Section 2, in the case of either clause (i) or (ii) above as a result of the appointment of a receiver or conservator with respect to such Lender at the direction or request of any regulatory agency or authority.

"LETTER OF CREDIT" shall have the meaning provided in Section 2.01(a).

"LETTER OF CREDIT FEE" shall have the meaning provided in Section 3.01(b).

"LETTER OF CREDIT OUTSTANDINGS" shall mean, at any time, the sum of (i) the aggregate Stated Amount of all outstanding Letters of Credit and (ii) the amount of all Unpaid Drawings.

"LETTER OF CREDIT REQUEST" shall have the meaning provided in Section 2.02(a).

"LEVERAGE RATIO" shall mean, at any date of determination, the ratio of Consolidated Indebtedness on such date to Consolidated EBITDA for the Test Period then last ended, PROVIDED that in the event such Test Period does not include four fiscal quarters, for purposes of determining the Leverage Ratio Consolidated EBITDA shall be multiplied by four (if such Test Period is comprised of one fiscal quarter), two (if such Test Period is comprised of two fiscal quarters) and 4/3 (if such Test Period is comprised of three fiscal quarters).

"LIEN" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), preference, priority or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any financing or similar statement or notice filed under the UCC or any other similar recording or notice statute, and any lease having substantially the same effect as any of the foregoing).

"LOAN" shall mean each Tranche A Term Loan, each Tranche B Term Loan, each Tranche C Term Loan, each Revolving Loan and each Swingline Loan.

"MAJORITY LENDERS" of any Tranche shall mean those Non-Defaulting Lenders which would constitute the Required Lenders under, and as defined in, this Agreement if all outstanding Obligations of the other Tranches under this Agreement were repaid in full and all Commitments with respect thereto were terminated.

"MANAGEMENT AGREEMENTS" shall have the meaning provided in Section 5.05.

"MANAGEMENT PARTICIPANTS" shall mean certain members of management of the Borrower acceptable to the Agents.

"MANDATORY BORROWING" shall have the meaning provided in Section 1.01(f).

"MARGIN STOCK" shall have the meaning provided in Regulation U.

"MATERIAL ADVERSE EFFECT" shall mean (i) for purposes of any condition precedent contained in Section 5 or 6 to be satisfied on, or any representation or warranty contained in Sections 7A or 7B to be made on, the Initial Borrowing Date, a material adverse effect on the business, operations, property, assets, liabilities, condition (financial or otherwise) or prospects of (x) at any time prior to the Contribution Effective Time, the Containerboard Business or (y) thereafter, the Borrower and its Subsidiaries taken as a whole and (ii) for all other purposes of this Agreement, a material adverse effect on the business, operations, property, assets, liabilities or condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole.

"MATERIAL CONTRACTS" shall have the meaning provided in Section 5.05.

"MATURITY DATE" shall mean, with respect to any Tranche of Loans, the Tranche A Term Loan Maturity Date, the Tranche B Term Loan Maturity Date, the Tranche C Term Loan Maturity Date, the Revolving Loan Maturity Date or the Swingline Expiry Date, as the case may be.

"MAXIMUM PERMITTED CONSIDERATION" shall mean, with respect to any Permitted Acquisition, the sum (without duplication) of (i) the fair market value of the Borrower Common Stock (based on (x) the closing trading price of the Borrower Common Stock on the date of such Permitted Acquisition on the stock exchange on which the Borrower Common Stock is listed or (y) if the Borrower Common Stock is not so listed, the good faith determination of senior management of the Borrower) issued as consideration in connection with such Permitted Acquisition, (ii) the aggregate principal amount of Permitted Acquired Debt acquired or assumed by the Borrower or any of its Subsidiaries in connection with such Permitted Acquisition, (iii) the aggregate principal amount of all cash paid by the Borrower or any of its Subsidiaries in connection with such Permitted Acquisition (including payments of fees and costs and expenses in connection therewith), (iv) the aggregate principal amount of all other Indebtedness assumed, incurred and/or issued in connection with such Permitted Acquisition to the extent permitted by Section 9.04 and (v) the fair market value (determined in good faith by senior management of the Borrower) of all other consideration payable in connection with such Permitted Acquisition.

"MAXIMUM SWINGLINE AMOUNT" shall mean $20,000,000.

"MDP" shall mean Madison Dearborn Partners, LLC.

"MDP GROUP" shall mean PCA Holdings LLC, Madison Dearborn Capital Partners III, L.P., Madison Dearborn Special Equity III, L.P., Special Advisors Fund I, LLC, J.P. Morgan Capital Corporation, Sixty Wall Street Fund, L.P., BT Capital Investors, L.P., Randolph Street Partners II, Schwerin Company, L.L.C., Paul J. Magnell and Northwestern University and their Affiliates or any of their respective direct or indirect officers, directors, managers, members, partners, equity owners, employees, agents, representatives, successors or assigns.

"MDP MANAGEMENT AGREEMENT" shall mean a management agreement among PCA and MDP in form and substance reasonably satisfactory to the Administrative Agent, as the same may be amended, modified or supplemented from time to time pursuant to the terms hereof and thereof.

"MILLS" shall have the meaning provided in Section 5.11.

"MINIMUM BORROWING AMOUNT" shall mean (i) for Term Loans of any Tranche, $10,000,000 (and, if greater, in an integral multiple of $100,000) (ii) for Revolving Loans, $3,000,000 (and, if greater, in an integral multiple of $100,000) and (iii) for Swingline Loans, $250,000 (and if greater, in an integral multiple of $50,000).

"MORGAN GUARANTY" shall mean Morgan Guaranty Trust Company of New York, in its individual capacity, and any successor thereto.

"MORTGAGE" shall have the meaning provided in Section 5.11 and, after the execution and delivery thereof, shall include each Additional Mortgage.

"MORTGAGE POLICIES" shall have the meaning provided in Section 5.11.

"MORTGAGED PROPERTY" shall have the meaning provided in Section 5.11 and, after the execution and delivery of any Additional Mortgage, shall include the respective Additional Mortgaged Property.

"MULTIEMPLOYER PLAN" shall mean any multiemployer plan as defined in Section 4001(a)(3) of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of) the Borrower or a Subsidiary of the Borrower or an ERISA Affiliate, and each such plan for the five year period immediately following the latest date on which the Borrower, or a Subsidiary of the Borrower or an ERISA Affiliate maintained, contributed to or had an obligation to contribute to such plan.

"NET ASSET SALE PROCEEDS" shall mean the Net Sale Proceeds resulting from any Asset Sale .

"NET INSURANCE/CONDEMNATION PROCEEDS" shall mean any cash payments or proceeds received by the Borrower or any of its Subsidiaries (i) under any business interruption insurance policy or casualty insurance policy in respect of a covered loss thereunder or (ii) as a

result of the taking of any assets of the Borrower or any of its Subsidiaries by any Person pursuant to the power of eminent domain, condemnation or otherwise, or pursuant to a sale of any such assets to a purchaser with such power under threat of such a taking, in each case net of any actual and documented costs incurred by the Borrower or any of its Subsidiaries in connection with the adjustment or settlement of any claims of the Borrower or such Subsidiary in respect thereof, including (i) income taxes reasonably estimated to be actually payable within two years of the date of receipt of such payments or proceeds as a result of any gain recognized in connection with the receipt of such payment or proceeds and (ii) payment of the outstanding amount of premium or penalty, if any, and interest of any Indebtedness (other than the Loans) that is secured by a Lien on the stock or assets in question and that is repaid as a result of receipt of such payments or proceeds.

"NET SALE PROCEEDS" shall mean for any sale of assets, the gross cash proceeds (including any cash received by way of deferred payment pursuant to a promissory note, receivable or otherwise, but only as and when received) received from any sale of assets, net of (i) reasonable transaction costs (including, without limitation, any underwriting, brokerage or other customary selling commissions and reasonable legal, advisory and other fees and expenses, including title and recording expenses, associated therewith) and payments of unassumed liabilities relating to the assets sold at the time of, or within 30 days after, the date of such sale, (ii) the amount of such gross cash proceeds required to be used to repay any Indebtedness (other than Indebtedness of the Lenders pursuant to this Agreement) which is secured by the respective assets which were sold, and (iii) the estimated marginal increase in income taxes which will be payable by the Borrower's consolidated group with respect to the fiscal year in which the sale occurs as a result of such sale; PROVIDED, HOWEVER, that such gross proceeds shall not include any portion of such gross cash proceeds which the Borrower determines in good faith should be reserved for post-closing adjustments (including indemnification payments) (to the extent the Borrower delivers to the Lenders a certificate signed by its chief financial officer or treasurer, controller or chief accounting officer as to such determination), it being understood and agreed that on the day that all such post-closing adjustments have been determined (which shall not be later than six months following the date of the respective asset sale), the amount (if any) by which the reserved amount in respect of such sale or disposition exceeds the actual post-closing adjustments payable by the Borrower or any of its Subsidiaries shall constitute Net Sale Proceeds on such date received by the Borrower and/or any of its Subsidiaries from such sale, lease, transfer or other disposition. The parties hereto acknowledge and agree that Net Sale Proceeds shall not include any trade-in-credits or purchase price reductions received by the Borrower or any of its Subsidiaries in connection with an exchange of equipment for replacement equipment that is the functional equivalent of such exchanged equipment.

"NON-DEFAULTING LENDER" shall mean and include each Lender other than a Defaulting Lender.

"NOTE" shall mean each Tranche A Term Note, each Tranche B Term Note, each Tranche C Term Note, each Revolving Note and the Swingline Note.

"NOTICE OF BORROWING" shall have the meaning provided in Section 1.03(a).

"NOTICE OF CONVERSION" shall have the meaning provided in Section 1.06.

"NOTICE OFFICE" shall mean the office of the Administrative Agent located at 60 Wall Street, New York, New York 10260 or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"OBLIGATIONS" shall mean all amounts owing to the Administrative Agent, the Collateral Agent or any Lender pursuant to the terms of this Agreement or any other Credit Document.

"OTHER HEDGING AGREEMENT" shall mean any foreign exchange contracts, currency swap agreements, commodity agreements, energy agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency or commodity values.

"PARTICIPANT" shall have the meaning provided in Section 2.03(a).

"PAYMENT OFFICE" shall mean the office of the Administrative Agent located at 500 Station Christiana Road, Newark, DEL or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

"PCA" shall have the meaning provided in the recitals to this Agreement.

"PCA ACKNOWLEDGEMENT AND AGREEMENT" shall have the meaning provided in Section 5.18.

"PCA CREDIT PARTY" shall mean each Credit Party other than a Tenneco Party.

"PCA HOLDINGS" shall mean PCA Holdings, LLC, a Delaware limited liability company.

"PCA HOLDINGS SERVICE AGREEMENT" shall mean the Holding Company Support Agreement dated as of April 12, 1999 between PCA Holdings and PCA, as the same may be amended, modified or supplemented from time to time.

"PCA SECURITY AGREEMENT" shall have the meaning provided in Section 5.10(b).

"PCA SECURITY AGREEMENT COLLATERAL" shall mean all "Collateral" as defined in the PCA Security Agreement.

"PERCENTAGE" of any Lender at any time shall mean a fraction (expressed as a percentage) the numerator of which is the Revolving Loan Commitment of such Lender at such time and the denominator of which is the Total Revolving Loan Commitment at such time, PROVIDED that if the Percentage of any Lender is to be determined after the Total Revolving Loan

Commitment has been terminated, then the Percentages of the Lenders shall be determined immediately prior (and without giving effect) to such termination.

"PERMITTED ACQUIRED DEBT" shall have the meaning provided in Section 9.04(xiii).

"PERMITTED ACQUISITION" shall mean the acquisition by the Borrower or any of its Wholly-Owned Domestic Subsidiaries of assets constituting a business, division or product line of any Person not already a Subsidiary of the Borrower or any of its Wholly-Owned Subsidiaries or of 100% of the capital stock or other equity interests of any such Person, PROVIDED that (A) the consideration paid by the Borrower or such Wholly-Owned Subsidiary consists solely of cash (including proceeds of Revolving Loans), the issuance of the Borrower Common Stock, the issuance of Indebtedness otherwise permitted in Section 9.04 and the assumption/acquisition of any Permitted Acquired Debt (calculated in accordance with GAAP) relating to such business, division, product line or Person which is permitted to remain outstanding in accordance with the requirements of Section 9.04, (B) those acquisitions that are structured as stock acquisitions shall be effected through a purchase of 100% of the capital stock or other equity interests of such Person by the Borrower or such Domestic Wholly-Owned Subsidiary or through a merger between such Person and a Domestic Wholly-Owned Subsidiary of the Borrower, so that after giving effect to such merger, 100% of the capital stock or other equity interests of the surviving corporation of such merger is owned by the Borrower or a Domestic Wholly-Owned Subsidiary, (C) in the case of the acquisition of 100% of the capital stock or other equity interests of any Person, such Person (the "ACQUIRED PERSON") shall own no capital stock or other equity interests of any other Person unless either (x) the Acquired Person owns 100% of the capital stock or other equity interests of such other Person or (y) if the Acquired Person owns capital stock or equity interests in any other Person which is not a Wholly-Owned Subsidiary of the Acquired Person (a "NON-WHOLLY OWNED ENTITY"), (1) the Acquired Person shall not have been created or established in contemplation of, or for purposes of, the respective Permitted Acquisition, (2) any Non-Wholly Owned Entity of the Acquired Person shall have been non-wholly-owned prior to the date of the respective Permitted Acquisition and not created or established in contemplation thereof, and (3) such Acquired Person and/or its Wholly-Owned Subsidiaries own 80% of the consolidated assets of such Person and its Subsidiaries and Joint Ventures, (D) substantially all of the business, division or product line acquired pursuant to the respective Permitted Acquisition, or the business of the Acquired Person and its Subsidiaries taken as a whole, is in the United States (provided that so long as the aggregate Maximum Permitted Consideration payable in respect of all Permitted Acquisitions described in this parenthetical clause does not exceed $50,000,000 and the assets acquired are Converting Plants, such business or division may be in Canada), (E) the assets acquired, or the business of the Acquired Person and its Subsidiaries, shall be in a business permitted to be conducted pursuant to Section 9.15 and (F) all applicable requirements of Sections 8.13 and 9.02 applicable to Permitted Acquisitions are satisfied. Notwithstanding anything to the contrary contained in the immediately preceding sentence, an acquisition which does not otherwise meet the requirements set forth above in the definition of "Permitted Acquisition" shall constitute a Permitted Acquisition if, and to the extent, the Required Lenders agree in writing that such acquisition shall constitute a Permitted Acquisition for purposes of this Agreement.

"PERMITTED BUSINESS" shall mean the containerboard, paperboard and packaging products business and any business in which PCA and its Subsidiaries are engaged on the Initial Borrowing Date (after giving effect to the Contribution) or any business reasonably related, incidental or ancillary to any of the foregoing.

"PERMITTED DEBT" shall mean and include Permitted Acquired Debt and Permitted Refinancing Indebtedness.

"PERMITTED ENCUMBRANCE" shall mean, with respect to any Mortgaged Property, such exceptions to title as are set forth in the title insurance policy or title commitment delivered with respect thereto, PROVIDED that in the case of any Additional Mortgaged Property, all such exceptions shall also be acceptable to the Administrative Agent in its reasonable discretion.

"PERMITTED GROUP" shall mean any group of investors that is deemed to be a "person" (as that term is used in Section 13(d)(3) of the Exchange Act) at any time prior to the Borrower's initial public offering of common stock, by virtue of the Stockholders Agreement, as the same may be amended, modified or supplemented from time to time, PROVIDED that no single Person (other than the Principals and their Related Parties) Beneficially Owns (together with its Affiliates) more of the Voting Stock of the Borrower that is Beneficially Owned by such group of investors than is then collectively Beneficially Owned by the Principals and their Related Parties in the aggregate.

"PERMITTED HOLDERS" shall mean and include MDP and the Management Participants.

"PERMITTED LIENS" shall have the meaning provided in Section 9.01.

"PERMITTED RECEIVABLES FACILITy" shall mean the receivables facility created under the Permitted Receivables Facility Documents, providing for the sale by the Borrower and/or one or more other Receivables Sellers of Permitted Receivables Facility Assets (thereby providing off-balance sheet financing to the Borrower and the Receivables Sellers) to the Receivables Entity, which in turn shall sell interests in the respective Permitted Receivables Facility Assets to the third-party investors pursuant to the Permitted Receivables Facility Documents (with the Receivables Entity to issue investor certificates, purchased interest certificates or other similar documentation evidencing interests in the Permitted Receivables Facility Assets) in return for the cash used by the Receivables Entity to purchase the Permitted Receivables Facility Assets from the Borrower and/or the respective Receivables Sellers, in each case as more fully set forth in the Permitted Receivables Facility Documents.

"PERMITTED RECEIVABLES FACILITY ASSETS" shall mean Receivables (whether now existing or arising in the future) of the Borrower and its Subsidiaries which are transferred to the Receivables Entity pursuant to the Permitted Receivables Facility and any related Permitted Receivables Related Assets which are also so transferred to the Receivables Entity and all proceeds thereof.

"PERMITTED RECEIVABLES FACILITY DOCUMENTS" shall mean each of the documents and agreements entered into in connection with the Permitted Receivables Facility, including all documents and agreements relating to the issuance, funding and/or purchase of certificates and purchased interests, all of which documents and agreements shall be in form and substance satisfactory to the Agents and the Required Lenders, in each case as such documents and agreements may be amended, modified, supplemented, refinanced or replaced from time to time so long as (i) any such amendments, modifications, supplements, refinancing or replacements do not impose any conditions or requirements on the Borrower or any of its Subsidiaries that are more restrictive in any material respect than those in existence on the Permitted Receivables Facility Transaction Date, (ii) any such amendments, modifications, supplements, refinancings or replacements are not adverse in any way to the interests of the Lenders and (iii) any such amendments, modifications, supplements, refinancings or replacements are otherwise in form and substance reasonably satisfactory to the Administrative Agent.

"PERMITTED RECEIVABLES FACILITY FINANCING COSTS" shall mean, for any period, the total consolidated interest and fee expense of the Borrower and its Subsidiaries which would have existed for such period pursuant to the Permitted Receivables Facility if same were structured as a secured lending arrangement rather than as a facility for the sale of Permitted Receivables Facility Assets.

"PERMITTED RECEIVABLES FACILITY THRESHOLD AMOUNT" shall, on the Permitted Receivables Facility Transaction Date, equal the amount applied on such date to repay outstanding Term Loans and/or reduce the Total Revolving Loan Commitment pursuant to Section 4.02(j) or 3.03(f), as the case may be; PROVIDED that, on each date upon which a mandatory repayment and/or commitment reduction is required pursuant to Section 4.02(j) or 3.03(f), as the case may be, as a result of the incurrence of Attributed Receivables Facility Indebtedness in excess of the Permitted Receivables Facility Threshold Amount as theretofore in effect, the Permitted Receivables Facility Threshold Amount shall be increased (on the date of, after giving effect to, the respective mandatory repayment and/or commitment reduction) by the amount of the mandatory principal repayment or commitment reduction required on such date pursuant to Section 4.02(j) or 3.03(f), as the case may be, as a result of the respective incurrence of Attributed Receivables Facility Indebtedness, PROVIDED that at no time shall the Permitted Receivables Facility Threshold Amount exceed $250,000,000.

"PERMITTED RECEIVABLES FACILITY TRANSACTION" shall mean the consummation of the transactions contemplated by the Permitted Receivables Facility Documents on the initial funding date thereunder.

"PERMITTED RECEIVABLES FACILITY TRANSACTION DATE" shall mean the date of the consummation of the Permitted Receivables Facility Transaction in accordance with the requirements of Section 8.16.

"PERMITTED RECEIVABLES RELATED ASSETS" shall mean, with respect to any Person, all of the following property and interests in property of such Person, whether now existing or existing in the future or hereafter acquired or arising and in each case to the extent relating to the

respective Receivables of such Person: (i) all unpaid seller's or lessor's rights (including, without limitation, recession, replevin, reclamation and stoppage in transit, relating to any of the foregoing or arising therefrom), (ii) all rights to any goods or merchandise represented by any of the foregoing (including, without limitation, returned or repossessed goods), (iii) all reserves and credit balances with respect to any such Receivable or the respective account debtor, (iv) all letters of credit, security or guarantees of any of the foregoing, (v) all insurance policies or reports relating to any of the foregoing, (vi) all collection or deposit accounts relating to any of the foregoing, (vii) all proceeds of any of the foregoing, and (viii) all books and records relating to any of the foregoing.

"PERMITTED REFINANCING INDEBTEDNESS" shall mean any Indebtedness of the Borrower and its Subsidiaries issued or given in exchange for, or the proceeds of which are used to, extend, refinance, renew, replace, substitute or refund Existing Indebtedness or any Indebtedness issued to so extend, refinance, renew, replace, substitute or refund any such Indebtedness, so long as (a) such Indebtedness has a weighted average life to maturity greater than or equal to the weighted average life to maturity of the Indebtedness being refinanced, (b) such refinancing or renewal does not (i) increase the amount of such Indebtedness outstanding immediately prior to such refinancing or renewal or (ii) add guarantors, obligors or security from that which applied to such Indebtedness being refinanced or renewed, (c) such refinancing or renewal Indebtedness has substantially the same (or, from the perspective of the Lenders, more favorable) subordination provisions, if any, as applied to the Indebtedness being renewed or refinanced, and (d) all other terms of such refinancing or renewal (including, without limitation, with respect to the amortization schedules, redemption provisions, maturities, covenants, defaults and remedies), are not, taken as a whole, materially less favorable to the respective borrower than those previously existing with respect to the Indebtedness being refinancing or renewed.

"PERMITTED SALE-LEASEBACK TRANSACTION" shall mean any sale by the Borrower or any of its Subsidiaries of any asset first acquired by the Borrower or such Subsidiary which asset is then leased back to the Borrower or such Subsidiary, PROVIDED that (i) the proceeds of the respective sale shall be entirely cash and in an amount at least equal to 85% of the fair market value of such asset (as determined in good faith by senior management of the Borrower) and (ii) the respective transaction is otherwise effected in accordance with the applicable requirements of Section 9.02(xiv).

"PERSON" shall mean any individual, partnership, joint venture, firm, corporation, association, trust or other enterprise or any government or political subdivision or any agency, department or instrumentality thereof.

"PIK TRIGGER DATE" shall mean April 12, 2004.

"PLAN" shall mean any pension plan as defined in Section 3(2) of ERISA, which is maintained or contributed to by (or to which there is an obligation to contribute of) PCA or a Subsidiary of PCA or an ERISA Affiliate, and each such plan for the five-year period immediately following the latest date on which PCA, or a Subsidiary of PCA or an ERISA Affiliate maintained, contributed to or had an obligation to contribute to such plan.

"PLEDGE AGREEMENT" shall have the meaning provided in Section 5.09.

"PLEDGE AGREEMENT COLLATERAL" shall mean all "Collateral" as defined in each of the Pledge Agreements.

"PLEDGED SECURITIES" shall mean "PLEDGED SECURITIES" as defined in the Pledge Agreement.

"POST-CLOSING PERIOD" shall have the meaning provided in Section 8.13(a).

"PREFERRED EQUITY ISSUANCE" shall have the meaning provided in Section 5.06(a).

"PRIME LENDING RATE" shall mean the rate which the Administrative Agent announces from time to time as its prime lending rate, the Prime Lending Rate to change when and as such prime lending rate changes. The Prime Lending Rate is a reference rate and does not necessarily represent the lowest or best rate actually charged to any customer. The Administrative Agent may make commercial loans or other loans at rates of interest at, above or below the Prime Lending Rate.

"PRINCIPAL" shall mean

(1) MDP Group; and

(2) TPI and its Affiliates.

"PRO FORMA BASIS" shall mean, in connection with any calculation of compliance with any financial covenant or financial term, the calculation thereof after giving effect on a PRO FORMA basis to (i) the assumption, incurrence or issuance of any Indebtedness (other than revolving Indebtedness, except to the extent same is incurred to finance the Transaction, to refinance other outstanding Indebtedness or to finance Permitted Acquisitions) after the first day of the relevant Calculation Period as if such Indebtedness had been assumed, incurred or issued (and the proceeds thereof applied) on the first day of the relevant Calculation Period, (ii) the permanent repayment of any Indebtedness (other than the revolving Indebtedness) after the first day of the relevant Calculation Period as if such Indebtedness had been retired or repaid on the first day of the relevant Calculation Period, (iii) the Permitted Acquisition, if any, then being consummated as if such Permitted Acquisition (and all other Permitted Acquisitions consummated after the first day of the relevant Calculation Period and on or prior to the Calculation Date) had been effected on the first day of the respective Calculation Period, (iv) the Permitted Sale-Leaseback Transaction, if any, then being consummated as if such Permitted Sale-Leaseback Transaction (and all other Permitted Sale-Leaseback Transactions consummated after the first day of the relevant Calculation Period and on or prior to the Calculation Date) had been effected on the first day of the respective Calculation Period, (v) any cash Dividend paid pursuant to Section 9.03(vi), if any, then being consummated as if such Dividend (and all other such Dividends paid during the twelve month period ending on the Calculation Date) had been effected on the first day of the respective Calculation Period and (vi) a Timberlands Disposition, as if such Timberlands Disposition (and all other Timberlands Dispositions consummated after

the first day of the relevant Calculation Period and on or prior to the Calculation Date) and the Capitalized Lease Obligations or operating lease obligations, if any, incurred in connection with any leasing arrangements with respect to Timberland Properties sold pursuant to such Timberlands Disposition and any increase or decrease in fiber, stumpage or similar costs as a result of such Timberlands Dispositions and the application of the related Excluded Timberlands Disposition Proceeds had been effected on the first day of the relevant Calculation Period, with the following rules to apply in connection therewith:

(a) all Indebtedness (x) (other than revolving Indebtedness, except to the extent same is incurred to finance the Transaction, to refinance other outstanding Indebtedness, or to finance Permitted Acquisitions) assumed, incurred or issued after the first day of the relevant Calculation Period and on or prior to the Calculation Date (whether incurred to finance a Permitted Acquisition, to refinance Indebtedness or otherwise) shall be deemed to have been assumed, incurred or issued (and the proceeds thereof applied) on the first day of the respective Calculation Period and remain outstanding through the Calculation Date and (y) (other than revolving Indebtedness) permanently retired or redeemed after the first day of the relevant Calculation Period shall be deemed to have been retired or redeemed on the first day of the respective Calculation Period and remain retired through the Calculation Date;

(b) all Indebtedness assumed to be outstanding pursuant to preceding clause (i) shall be deemed to have borne interest (x) at the rate applicable thereto, in the case of fixed rate Indebtedness or (y) at the rates which would have been applicable thereto during the respective period when same was deemed outstanding, in the case of floating rate Indebtedness (although interest expense with respect to any Indebtedness for periods while same was actually outstanding during the respective period shall be calculated using the actual rates applicable thereto while same was actually outstanding); and

(c) in making any determination of Consolidated EBITDA, PRO FORMA effect shall be given to any Permitted Acquisition for the respective period being tested, taking into account, cost savings and expenses which would otherwise be accounted for as an adjustment pursuant to Article 11 of Regulation S-X under the Securities Act, as if such cost-savings or expenses were realized on the first day of the respective period.

Notwithstanding anything to the contrary contained above, (x) for the purposes of Sections 9.09 and, for purposes of all determinations of the Applicable Margins, PRO FORMA effect (as otherwise provided above) shall only be given for events or occurrences which occurred during the respective Test Period but not thereafter and (y) for purposes of Section 8.13, PRO FORMA effect (as otherwise provided above) shall be given for events or occurrences which occurred during the respective Calculation Period and thereafter but on or prior to the respective date of determination.

"PROJECTIONS" shall mean the financial projections set forth on Schedule IX hereto.

"PURCHASE SUPPLY AGREEMENTS" shall mean those certain Purchase/Supply Agreements between PCA and Tenneco Automotive Inc., PCA and Tenneco Packaging Specialty

and Consumer Products Inc., and PCA and Tenneco Packaging Inc., in each case dated as of April 12, 1999, as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"QUALIFIED IPO" shall mean a widely distributed public offering of Borrower Common Stock.

"QUARTERLY PAYMENT DATE" shall mean the last Business Day of March, June, September and December occurring after the Initial Borrowing Date.

"RCRA" shall mean the Resource Conservation and Recovery Act, as the same may be amended from time to time, 42 U.S.C. Section 6901 ET SEQ.

"REAL PROPERTY" of any Person shall mean all the right, title and interest of such Person in and to land, improvements and fixtures, including Leaseholds.

"RECEIVABLES" shall mean all accounts receivable (including, without limitation, all rights to payment created by or arising from sales of goods, leases of goods or the rendition of services rendered no matter how evidenced whether or not earned by performance).

"RECEIVABLES ENTITY" shall mean a Wholly-Owned Subsidiary of the Borrower which engages in no activities other than in connection with the financing of accounts receivable of the Receivables Sellers and which is designated (as provided below) as the "Receivables Entity" (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by the Borrower or any other Subsidiary of the Borrower (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness)) pursuant to Standard Securitization Undertakings, (ii) is recourse to or obligates the Borrower or any other Subsidiary of the Borrower in any way (other than pursuant to Standard Securitization Undertakings) or (iii) subjects any property or asset of the Borrower or any other Subsidiary of the Borrower, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings, (b) with which neither the Borrower nor any of its Subsidiaries has any contract, agreement, arrangement or understanding (other than pursuant to the Permitted Receivables Facility Documents (including with respect to fees payable in the ordinary course of business in connection with the servicing of accounts receivable and related assets)) on terms less favorable to the Borrower or such Subsidiary than those that might be obtained at the time from persons that are not Affiliates of the Borrower, and (c) to which neither the Borrower nor any other Subsidiary of the Borrower has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results. Any such designation shall be evidenced to the Administrative Agent by filing with the Administrative Agent an officer's certificate of the Borrower certifying that, to the best of such officer's knowledge and belief after consultation with counsel, such designation complied with the foregoing conditions.

"RECEIVABLES SELLERS" shall mean the Borrower and those Subsidiary Guarantors that are from time to time party to the Permitted Receivables Facility Documents.

"REFERENCE LENDER" shall mean Morgan Guaranty, BTCo and The Chase Manhattan Bank.

"REFINANCING" shall mean the consummation of the refinancing transactions pursuant to, and in accordance with the requirements of, Section 5.07.

"REFINANCING DOCUMENTS" shall mean the certificates, agreements and other documents entered into in connection with the Refinancing.

"REGISTER" shall have the meaning provided in Section 13.17.

"REGULATION D" shall mean Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"REGULATION T" shall mean Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"REGULATION U" shall mean Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"REGULATION X" shall mean Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

"RELATED PARTY" shall mean:

(1) any controlling stockholder, 80% (or more) owned Subsidiary, or immediate family member (in the case of an individual) of any Principal; or

(2) any trust, corporation, partnership or other entity, the beneficiaries, stockholders, partners, owners or Persons beneficially holding an 80% or more controlling interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (1).

"RELEASE" shall mean the active or passive disposing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, migration, placing and the like into the environment.

"REPLACED LENDER" shall have the meaning provided in Section 1.13.

"REPLACEMENT LENDER" shall have the meaning provided in Section 1.13.

"REPORTABLE EVENT" shall mean an event described in Section 4043(c) of ERISA with respect to a Plan that is subject to Title IV of ERISA other than those events as to which the 30-day notice period is waived under subsection .22, .23, .25, .27 or .28 of PBGC Regulation Section 4043.

"REQUIRED APPRAISAL" shall have the meaning provided in Section 8.11(g).

"REQUIRED LENDERS" shall mean Non-Defaulting Lenders, the sum of whose outstanding Term Loans (or, if prior to the Initial Borrowing Date, Term Loan Commitments) and Revolving Loan Commitments (or after the termination thereof, outstanding Revolving Loans and Adjusted Percentage of Swingline Loans and Letter of Credit Outstandings) represent an amount greater than 50% of the sum of all outstanding Term Loans (or, if prior to the Initial Borrowing Date, Term Loan Commitments) of Non-Defaulting Lenders and the Adjusted Total Revolving Loan Commitment (or after the termination thereof, the sum of the then total outstanding Revolving Loans of Non-Defaulting Lenders and the aggregate Adjusted Percentages of all Non-Defaulting Lenders of the total outstanding Swingline Loans and Letter of Credit Outstandings at such time).

"RESTRICTED ACCOUNT" shall have the meaning provided in the TPI Security Agreement.

"REVOLVING LOAN" shall have the meaning provided in Section 1.01(d).

"REVOLVING LOAN COMMITMENT" shall mean, for each Lender, the amount set forth opposite such Lender's name in Schedule I hereto directly below the column entitled "Revolving Loan Commitment," as same may be (x) reduced from time to time pursuant to Sections 3.02, 3.03, 4.02 and/or 10 or (y) adjusted from time to time as a result of assignments to or from such Lender pursuant to Section 1.13 or 13.04(b).

"REVOLVING LOAN MATURITY DATE" shall mean April 12, 2005.

"REVOLVING NOTE" shall have the meaning provided in Section 1.05(a).

"ROLLOVER AMOUNT" shall have the meaning provided in Section 9.07(b).

"SCHEDULED REPAYMENTS" shall mean Tranche A Scheduled Repayments, Tranche B Scheduled Repayments and Tranche C Scheduled Repayments.

"SEC" shall have the meaning provided in Section 8.01(g).

"SECONDARY COMMON EQUITY FINANCING DOCUMENTS" shall mean all of the agreements and documents governing, or relating to, the Secondary Common Equity Issuance.

"SECONDARY COMMON EQUITY ISSUANCE" shall mean the issuance by PCA of Borrower Common Stock to TPI (representing (as of the Initial Borrowing Date) 45% of the voting interest of the Borrower's capital stock) as contemplated by the Contribution Agreement.

"SECTION 4.04(B)(II) CERTIFICATE" shall have the meaning provided in Section 4.04(b).

"SECURED CREDITORS" shall have the meaning provided in the Security Documents.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended.

"SECURITY AGREEMENTS" shall mean and include the TPI Security Agreement and the PCA Security Agreement.

"SECURITY DOCUMENT" shall mean the Pledge Agreement, each Security Agreement, each Mortgage and, after the execution and delivery thereof, each Additional Mortgage and each Additional Security Document.

"SENIOR SUBORDINATED NOTES" shall mean PCA's 9 5/8% Senior Subordinated Notes due 2009 issued pursuant to the Senior Subordinated Notes Indenture, as in effect on the Effective Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof. As used herein, the term "Senior Subordinated Notes" shall include any Exchange Senior Subordinated Notes issued pursuant to the Senior Subordinated Notes Indenture in exchange for theretofore outstanding Senior Subordinated Notes, as contemplated by the Offering Memorandum, dated as of March 30, 1999, and the definition of Exchange Senior Subordinated Notes.

"SENIOR SUBORDINATED NOTES DOCUMENTS" shall mean the Senior Subordinated Notes, the Senior Subordinated Notes Indenture and all other documents executed and delivered in respect of the Senior Subordinated Notes and the Senior Subordinated Notes Indenture, in each case as in effect on the Effective Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"SENIOR SUBORDINATED NOTES INDENTURE" shall mean the Indenture, dated as of April 12, 1999, among PCA, the Subsidiary Guarantors and United States Trust Company of New York, as trustee thereunder, as in effect on the Effective Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"SHAREHOLDERS' AGREEMENTS" shall have the meaning provided in Section 5.05.

"STANDARD SECURITIZATION UNDERTAKINGS" shall mean representations, warranties, covenants and indemnities entered into by the Borrower or any Subsidiary thereof in connection with the Permitted Receivables Facility which are reasonably customary in an off-balance-sheet accounts receivable transaction.

"STANDBY LETTER OF CREDIT" shall have the meaning provided in Section 2.01(a).

"STATED AMOUNT" of each Letter of Credit shall, at any time, mean the maximum amount available to be drawn thereunder (in each case determined without regard to whether any conditions to drawing could then be met).

"STOCKHOLDERS' AGREEMENT" shall mean the Stockholders Agreement, dated as of April 12, 1999, as in effect on the Effective Date.

"SUB DEBT RESTRICTED ACCOUNT" shall have the meaning provided in the Subordinated Notes Purchase Agreement.

"SUBORDINATED NOTES PURCHASE AGREEMENT" shall mean the Note Purchase Agreement, dated as of April 12, 1999, between TPI and J.P. Morgan, as in effect on the Effective Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"SUBORDINATED PROMISSORY NOTES" shall mean the Borrower's 9 5/8% Subordinated Promissory Notes issued pursuant to the Subordinated Notes Purchase Agreement, as in effect on the Effective Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"SUBORDINATED PROMISSORY NOTES DOCUMENTS" shall mean the Subordinated Notes Purchase Agreement, the Subordinated Promissory Notes, the Subordinated Tenneco Guaranty and all other documents executed and delivered in respect of the Subordinated Notes Purchase Agreement and the Subordinated Promissory Notes, in each case as in effect on the Effective Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"SUBORDINATED TENNECO GUARANTY" shall mean the Guarantee, dated as of April 12, 1999, of Tenneco, of TPI's obligations under the Subordinated Promissory Notes, as in effect on the Effective Date and as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof and thereof.

"SUBSIDIARIES GUARANTY" shall have the meaning provided in Section 5.08(a).

"SUBSIDIARY" shall mean, as to any Person, (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person and/or one or more Subsidiaries of such Person has more than a 50% equity interest at the time, PROVIDED that for purposes of Section 7A of this Agreement (and the component definitions used therein), in the case of any representation, warranty or agreement made by TPI prior to the Contribution Effective Time, the term "Subsidiary" shall mean any Subsidiary (as defined above without giving effect to this proviso) that is a Contributed Subsidiary.

"SUBSIDIARY GUARANTOR" shall mean each Subsidiary of the Borrower designated as a "Subsidiary Guarantor" on Schedule VIII hereto or which executes a guaranty after the Initial Borrowing Date pursuant to Section 8.11 or 8.13.

"SWINGLINE EXPIRY DATE" shall mean the date which is two Business Days prior to the Revolving Loan Maturity Date.

"SWINGLINE LENDER" shall mean Morgan Guaranty.

"SWINGLINE LOAN" shall have the meaning provided in Section 1.01(e).

"SWINGLINE NOTE" shall have the meaning provided in Section 1.05(a).

"SYNDICATION AGENT" shall have the meaning provided in the first paragraph of this Agreement, and shall include any successor thereto.

"SYNDICATION DATE" shall mean that date upon which the Co-Lead Arrangers determine in their sole discretion acting in good faith (and notify the Borrower) that the primary syndication (and resultant addition of institutions as Lenders pursuant to Section 13.04) has been completed.

"TAX BENEFIT" shall have the meaning provided in Section 4.04(c).

"TAX SHARING AGREEMENT" shall have the meaning provided in Section 5.05.

"TAXES" shall have the meaning provided in Section 4.04(a).

"TENNECO" shall mean Tenneco, Inc., a Delaware corporation.

"TENNECO GUARANTY" shall have the meaning provided in Section 5.08(b).

"TENNECO PARTY" shall mean each of Tenneco and TPI.

"TENNECO PENSION PLAN" shall have the meaning provided in Section 7B.10.

"TERM LOAN" shall mean each Tranche A Term Loan, each Tranche B Term Loan and each Tranche C Term Loan.

"TERM LOAN COMMITMENT" shall mean each Tranche A Term Loan Commitment, each Tranche B Term Loan Commitment and each Tranche C Term Loan Commitment, with the Term Loan Commitment of any Lender at any time to equal the sum of its Tranche A Term Loan Commitment, Tranche B Term Loan Commitment and Tranche C Term Loan Commitment as then in effect.

"TEST PERIOD" shall mean shall mean (x) for any determination made on or prior to the last day of the fiscal quarter ended March 31, 2000, the period from July 1, 1999 to the last day of the fiscal quarter of the Borrower then last ended or then ending and (y) for any determination made thereafter, the period of four consecutive fiscal quarters then last ended or then ending in each case taken as one accounting period.

"TIMBERLAND PROPERTIES" shall mean the substantially unimproved timber properties owned by the Borrower and its Subsidiaries.

"TIMBERLANDS DISPOSITION" shall mean the sale or disposition by the Borrower or any of its Subsidiaries (pursuant to one or more series of sales) of the Timberland Properties.

"TIMBERLANDS DISPOSITION RECAPTURE/RESTRICTED PAYMENTS REQUIREMENTS" shall have the meaning provided in Section 4.02(g).

"TOTAL ASSETS" shall mean the book value of consolidated gross assets of the Borrower and its Subsidiaries, as reflected in the financial statements of the Borrower most recently delivered pursuant to Section 8.01(a) or (b), as the case may be.

"TOTAL AVAILABLE REVOLVING LOAN COMMITMENT" shall mean at any time an amount equal to the Total Revolving Loan Commitment at such time less the Blocked Commitment at such time.

"TOTAL COMMITMENTS" shall mean, at any time, the sum of the Commitments of each of the Lenders.

"TOTAL RELEVANT ASSETS" shall mean Total Assets less the book value of the Timberlands Properties included therein, as reflected in the financial statements of the Borrower most recently delivered pursuant to Section 8.01(a) or (b), as the case may be.

"TOTAL REVOLVING LOAN COMMITMENT" shall mean, at any time, the sum of the Revolving Loan Commitments of each of the Lenders.

"TOTAL TERM LOAN COMMITMENT" shall mean, at any time, the sum of the Total Tranche A Term Loan Commitment, Total Tranche B Term Loan Commitment and the Total Tranche C Term Loan Commitment.

"TOTAL TRANCHE A TERM LOAN COMMITMENT" shall mean, at any time, the sum of the Tranche A Term Loan Commitments of each of the Lenders.

"TOTAL TRANCHE B TERM LOAN COMMITMENT" shall mean, at any time, the sum of the Tranche B Term Loan Commitments of each of the Lenders.

"TOTAL TRANCHE C TERM LOAN COMMITMENT" shall mean, at any time, the sum of the Tranche C Term Loan Commitments of each of the Lenders.

"TOTAL UNUTILIZED REVOLVING LOAN COMMITMENT" shall mean, at any time, an amount equal to the remainder of (x) the then Total Revolving Loan Commitment, less (y) the sum of the aggregate principal amount of Revolving Loans and Swingline Loans then outstanding plus the then aggregate amount of Letter of Credit Outstandings.

"TPI" shall have the meaning provided in the first paragraph of this Agreement.

"TPI PERMITTED LIENS" shall have the meaning provided such term in the TPI Security Agreement.

"TPI SECURITY AGREEMENT" shall have the meaning provided in Section 5.10(a).

"TPI SECURITY AGREEMENT COLLATERAL" shall mean all "Collateral" as defined in the TPI Security Agreement.

"TPI SECURITY DOCUMENTS" shall mean the TPI Security Agreements and all mortgages and other agreements, if any, executed pursuant to the terms thereof.

"TPI TRANSACTIONS" shall mean the transactions described in clauses (iii), (iv), (v) and (viii) of the definition of "Transaction".

"TRADE LETTER OF CREDIT" shall have the meaning provided in Section 2.01(a).

"TRANCHE" shall mean the respective facility and commitments utilized in making Loans hereunder, with there being five separate Tranches, I.E., Tranche A Term Loans, Tranche B Term Loans, Tranche C Term Loans, Revolving Loans and Swingline Loans.

"TRANCHE A SCHEDULED REPAYMENT" shall have the meaning provided in Section 4.02(b).

"TRANCHE A SCHEDULED REPAYMENT DATE" shall have the meaning provided in Section 4.02(b).

"TRANCHE A TERM LOAN" shall have the meaning provided in Section 1.01(a).

"TRANCHE A TERM LOAN COMMITMENT" shall mean, for each Lender, the amount set forth opposite such Lender's name in Schedule I hereto directly below the column entitled "Tranche A Term Loan Commitment", as same may be (x) reduced from time to time pursuant to Sections 3.03, 4.02 and/or 10 or (y) adjusted from time to time as a result of assignments to or from such Lender pursuant to Section 1.13 or 13.04.

"TRANCHE A TERM LOAN MATURITY DATE" shall mean April 12, 2005.

"TRANCHE A TERM NOTE" shall have the meaning provided in Section 1.05(a).

"TRANCHE B SCHEDULED REPAYMENT" shall have the meaning provided in Section 4.02(c).

"TRANCHE B SCHEDULED REPAYMENT DATE" shall have the meaning provided in Section 4.02(c).

"TRANCHE B TERM LENDER" shall have the meaning provided in Section 4.02(o).

"TRANCHE B TERM LOAN" shall have the meaning provided in Section 1.01(b).

"TRANCHE B TERM LOAN COMMITMENT" shall mean, for each Lender, the amount set forth opposite such Lender's name in Schedule I hereto directly below the column entitled

"Tranche B Term Loan Commitment", as same may be (x) reduced from time to time pursuant to Sections 3.03, 4.02 and/or 10 or (y) adjusted from time to time as a result of assignments to or from such Lender pursuant to Section 1.13 or 13.04(b).

"TRANCHE B TERM LOAN MATURITY DATE" shall mean April 12, 2007.

"TRANCHE B TERM NOTE" shall have the meaning provided in Section 1.05(a).

"TRANCHE C SCHEDULED REPAYMENT" shall have the meaning provided in Section 4.02(d).

"TRANCHE C SCHEDULED REPAYMENT DATE" shall have the meaning provided in Section 4.02(d).

"TRANCHE C TERM LENDER" shall have the meaning provided in Section 4.02(o).

"TRANCHE C TERM LOAN" shall have the meaning provided in Section 1.01(c).

"TRANCHE C TERM LOAN COMMITMENT" shall mean, for each Lender, the amount set forth opposite such Lender's name in Schedule I hereto directly below the column entitled "Tranche A Term Loan Commitment," as same may be (x) reduced from time to time pursuant to Sections 3.03, 4.02 and/or 10 or (y) adjusted from time to time as a result of assignments to or from such lender pursuant to Section 1.13 or 13.04.

"TRANCHE C TERM LOAN MATURITY DATE" shall mean April 12, 2008.

"TRANCHE C TERM NOTE" shall have the meaning provided in Section 1.05(a).

"TRANSACTION" shall mean, collectively, (i) the Initial Common Equity Issuance, (ii) the Preferred Equity Issuance, (iii) the issuance by TPI of the Subordinated Promissory Notes on the Initial Borrowing Date generating gross cash proceeds of $550,000,000 and the deposit of the proceeds thereof in the Sub Debt Restricted Account, (iv) the incurrence of the Term Loans by TPI on the Initial Borrowing Date and the deposit of the proceeds thereof in the Restricted Account, (v) the consummation of the Refinancing, (vi) the Secondary Common Equity Issuance, (vii) the issuance by PCA of the Senior Subordinated Notes on the Initial Borrowing Date in an aggregate principal amount of $550,000,000, (viii) the consummation of the Contribution, (ix) the assumption by PCA of all the rights, obligations and interest of TPI under the Credit Documents (including, without limitation, the Obligations) pursuant to the PCA Acknowledgement and Agreement and the effectiveness of the Security Documents and (x) the payment of fees and expenses owing in connection with the foregoing.

"TYPE" shall mean the type of Loan determined with regard to the interest option applicable thereto, I.E., whether a Base Rate Loan or a Eurodollar Loan.

"UCC" shall mean the Uniform Commercial Code as from time to time in effect in the relevant jurisdiction.

"UNFUNDED CURRENT LIABILITY" of any Plan which is not a Multiemployer Plan shall mean the amount, if any, by which the value of the accumulated plan benefits under the Plan determined as of the latest actuarial report for the most recent plan year exceeds the market value of all plan assets allocable to such liabilities (excluding any accrued but unpaid contributions).

"UNITED STATES" and "U.S." shall each mean the United States of America.

"UNPAID DRAWING" shall have the meaning provided for in Section 2.04(a).

"UNUTILIZED REVOLVING LOAN COMMITMENT" with respect to any Lender, at any time, shall mean such Lender's Revolving Loan Commitment at such time LESS the sum of (i) the aggregate outstanding principal amount of Revolving Loans made by such Lender and (ii) such Lender's Adjusted Percentage of the Letter of Credit Outstandings in respect of Letters of Credit issued under this Agreement.

"VOTING STOCK" shall mean, as to any Person, any class or classes of capital stock of such Person pursuant to which the holders thereof are entitled to vote in the election of the Board of Directors of such Person.

"WAIVABLE MANDATORY REPAYMENT" shall have the meaning provided in Section 4.02(o).

"WAIVABLE REPAYMENT" shall mean a Waivable Mandatory Repayment and a Waivable Voluntary Repayment.

"WAIVABLE VOLUNTARY REPAYMENT" shall have the meaning provided in Section 4.02(o).

"WHOLLY-OWNED SUBSIDIARY" shall mean, as to any Person, (i) any corporation 100% of whose capital stock (other than director's qualifying shares) is at the time owned by such Person and/or one or more Wholly-Owned Subsidiaries of such Person and (ii) any partnership, association, joint venture or other entity in which such Person and/or one or more Wholly-Owned Subsidiaries of such Person has a 100% equity interest at such time.

"WOODLAND MORTGAGES" shall mean and include each Mortgage in respect of a Woodland Property.

"WOODLAND PROPERTIES" shall mean and include each Mortgaged Property designated as a "Woodland Property" on Schedule III hereto.

"Y2K PROBLEM" shall mean any significant risk that computer hardware, software or equipment containing embedded microchips essential to the business or operations of the Borrower or any of its Subsidiaries will not, in the case of dates or time periods occurring after December 31, 1999, function at least as efficiently and reliably in all material respects as in the case of times or time periods occurring before January 1, 2000, including the making of accurate leap year calculations.

SECTION 12. THE AGENTS.

12.01 APPOINTMENT. Each Lender hereby irrevocably designates and appoints Morgan Guaranty as Administrative Agent (for purposes of this Section 12, the term "ADMINISTRATIVE AGENT" shall mean and include Morgan Guaranty (and/or any of its affiliates) in its capacity as Administrative Agent hereunder and Collateral Agent pursuant to the Security Documents) and BTCo as Syndication Agent to act as specified herein and in the other Credit Documents. Each Lender hereby irrevocably authorizes, and each holder of any Note by the acceptance of such Note shall be deemed irrevocably to authorize, the Administrative Agent and the Syndication Agent to take such action on its behalf under the provisions of this Agreement, the other Credit Documents and any other instruments and agreements referred to herein or therein and to exercise such powers and to perform such duties hereunder and thereunder as are specifically delegated to or required of the Administrative Agent and the Syndication Agent by the terms hereof and thereof and such other powers as are reasonably incidental thereto. Each of the Administrative Agent and the Syndication Agent may perform any of its duties hereunder by or through its respective officers, directors, agents, employees or affiliates.

12.02 NATURE OF DUTIES. Each of the Administrative Agent and the Syndication Agent agrees to act in its capacity as such upon the express conditions contained in this Section 12. Notwithstanding any provision to the contrary elsewhere in this Agreement or in any other Credit Document, the Administrative Agent and the Syndication Agent shall have no duties or responsibilities except those expressly set forth in this Agreement and the Security Documents and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent or the Syndication Agent. The duties of the Administrative Agent and the Syndication Agent shall be mechanical and administrative in nature; the Administrative Agent and the Syndication Agent shall not have by reason of this Agreement or any other Credit Document a fiduciary relationship in respect of any Lender or the holder of any Note; and nothing in this Agreement or any other Credit Document, express or implied, is intended to or shall be so construed as to impose upon the Administrative Agent any obligations in respect of this Agreement or any other Credit Document except as expressly set forth herein or therein. The provisions of this Section 12 are solely for the benefit of the Administrative Agent, the Syndication Agent, the Co-Lead Arrangers and the Lenders, and neither the Borrower nor any of its Subsidiaries shall have any rights as a third party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, each of the Administrative Agent and the Syndication Agent shall act solely as agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation or relationship of agency or trust with or for the Borrower or any of its Subsidiaries.

12.03 LACK OF RELIANCE ON THE ADMINISTRATIVE AGENT AND THE SYNDICATION AGENT. Each Lender expressly acknowledges that none of the Administrative Agent, the Syndication Agent or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Administrative Agent or the Syndication Agent hereinafter taken, including any review of the affairs of the Borrower or any of its Subsidiaries, shall be deemed to constitute any representation or warranty by the Administrative Agent or the Syndication Agent to any Lender. Independently and without

reliance upon the Administrative Agent, the Syndication Agent or any other Lender, each Lender and the holder of each Note, to the extent it deems appropriate and based on such documents and information as it deems appropriate, has made and shall continue to make (i) its own independent investigation of the business, assets, operations, property, prospects, financial and other conditions and affairs of the Borrower and its Subsidiaries in connection with the making and the continuance of the Loans and the taking or not taking of any action in connection herewith and (ii) its own credit analysis and appraisal of the creditworthiness of the Borrower and its Subsidiaries and, except as expressly provided in this Agreement, neither the Administrative Agent nor the Syndication Agent shall have any duty or responsibility, either initially or on a continuing basis, to provide any Lender or the holder of any Note with any credit or other information with respect thereto, whether coming into the possession of the Administrative Agent, the Syndication Agent or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates before the making of the Loans or at any time or times thereafter. The Administrative Agent and the Syndication Agent shall not be responsible to any Lender or the holder of any Note for any recitals, statements, information, representations or warranties herein or in any document, certificate or other writing delivered in connection herewith or for the execution, effectiveness, genuineness, validity, enforceability, perfection, collectability, priority or sufficiency of this Agreement or any other Credit Document or the financial condition of the Borrower and its Subsidiaries or be required to make any inquiry concerning either the performance or observance of any of the terms, provisions or conditions of this Agreement or any other Credit Document, or the financial condition of the Borrower and its Subsidiaries or the existence or possible existence of any Default or Event of Default.

12.04 CERTAIN RIGHTS OF THE ADMINISTRATIVE AGENT AND THE SYNDICATION AGENT. If the Administrative Agent or the Syndication Agent shall request instructions from the Required Lenders with respect to any act or action (including failure to act) in connection with this Agreement or any other Credit Document, the Administrative Agent or the Syndication Agent, as the case may be, shall be entitled to refrain from such act or taking such action unless and until the Administrative Agent or the Syndication Agent, as the case may be, shall have received instructions from the Required Lenders as it deems appropriate or it shall have been indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action; and the Administrative Agent or the Syndication Agent, as the case may be, shall not incur liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender or the holder of any Note shall have any right of action whatsoever against the Administrative Agent or the Syndication Agent as a result of the Administrative Agent or the Syndication Agent, as the case may be, acting or refraining from acting hereunder or under any other Credit Document in accordance with the instructions of the Required Lenders and such instructions or any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

12.05 RELIANCE. The Administrative Agent and the Syndication Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, statement, certificate, telex, teletype or telecopier message, cablegram, radiogram, order or other document, conversation or telephone message signed, sent or made by any Person that the Administrative Agent or the Syndication Agent, as the case may be, believed to be the proper

Person or persons, and upon advice or statement of legal counsel (including, without limitations counsel to the Borrower or any of its Subsidiaries), independent accountants and other experts selected by the Administrative Agent or the Syndication Agent, as the case may be.

12.06 INDEMNIFICATION. The Lenders agree to indemnify each of the Administrative Agent and the Syndication Agent in their respective capacities as such ratably according to their respective "percentages" as used in determining the Required Lenders at such time or, if the Commitments have terminated and all Loans have been repaid in full, as determined immediately prior to such termination and repayment (with such "percentages" to be determined as if there are no Defaulting Lenders), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, incurred by or asserted against the Administrative Agent or the Syndication Agent in their respective capacities as such in any way relating to or arising out of this Agreement or any other Credit Document, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted to be taken by the Administrative Agent or the Syndication Agent under or in connection with any of the foregoing, but only to the extent that any of the foregoing is not paid by the Borrower or any of its Subsidiaries; PROVIDED, that no Bank shall be liable to the Administrative Agent or the Syndication Agent for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting primarily from the gross negligence or willful misconduct of the Administrative Agent or the Syndication Agent, as the case may be. If any indemnity furnished to the Administrative Agent or the Syndication Agent for any purpose shall, in the opinion of the Administrative Agent or the Syndication Agent be insufficient or become impaired, the Administrative Agent or the Syndication Agent, as the case may be, may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreements in this Section 12.06 shall survive the payment of all Obligations.

12.07 AGENTS IN THEIR INDIVIDUAL CAPACITY. With respect to its obligation to make Loans, the Loans made by it and all Obligations owed to it under this Agreement, each of the Administrative Agent and the Syndication Agent shall have the rights and powers specified herein for a "Lender" and may exercise the same rights and powers as though it were not performing the duties specified herein; and the term "Lenders," "Required Lenders," "Majority Lenders," "holders of Notes" or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent and the Syndication Agent in their individual capacities. Each of the Administrative Agent and the Syndication Agent may accept deposits from, lend money to, and generally engage in any kind of banking, trust or other business with any Credit Party or any Affiliate of any Credit Party as if it were not performing the duties specified herein, and may accept fees and other consideration from the Borrower or any other Credit Party for services in connection with this Agreement and otherwise without having to account for the same to the Lenders.

12.08 HOLDERS. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes hereof unless and until a written notice of the assignment, transfer or endorsement thereof, as the case may be, shall have been filed with the Administrative Agent. Any request, authority or consent of any Person who, at the time of making such request or giving such authority or consent, is the holder of any Note shall be conclusive and binding on any subsequent holder, transferee, assignee or endorsee, as the case may be, of such Note or of any Note or Notes issued in exchange therefor.

12.09 RESIGNATION BY THE AGENTS. (a) The Administrative Agent may resign from the performance of all its functions and duties hereunder and/or under the other Credit Documents at any time by giving 15 Business Days' prior written notice to the Borrower and the Lenders. Such resignation shall take effect upon the appointment of a successor Administrative Agent pursuant to clauses (b) and (c) below or as otherwise provided below.

(b) Upon any such notice of resignation by the Administrative Agent, the Lenders shall appoint a successor Administrative Agent hereunder or thereunder who shall be a commercial bank or trust company reasonably acceptable to the Borrower.

(c) If a successor Administrative Agent shall not have been so appointed within such 15 Business Day period, the Administrative Agent, with the consent of the Borrower (which shall not be unreasonably withheld or delayed), shall then appoint a commercial bank or trust company with capital and surplus of not less than $500,000,000 as successor Administrative Agent who shall serve as Administrative Agent hereunder or thereunder until such time, if any, as the Lenders appoint a successor Administrative Agent as provided above.

(d) If no successor Administrative Agent has been appointed pursuant to clause (b) or (c) above by the 25th Business Day after the date such notice of resignation was given by the Administrative Agent, the Administrative Agent's resignation shall become effective and the Required Lenders shall thereafter perform all the duties of the Administrative Agent hereunder and/or under any other Credit Document until such time, if any, as the Required Lenders appoint a successor Administrative Agent as provided above.

(e) The Syndication Agent may resign from the performance of all its functions and duties hereunder and/or under the other Credit Documents at any time by giving five Business Days' prior written notice to the Lenders. Such resignation shall take effect at the end of such five Business Day period. Upon the effectiveness of the resignation of the Syndication Agent, the Administrative Agent shall assume all of the functions and duties of the Syndication Agent hereunder and/or under the other Credit Documents.

12.10 DELEGATION OF DUTIES. Each of the Administrative Agent and the Syndication Agent may execute any of its duties under this Agreement or any other Credit Document by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. None of the Administrative Agent or the Syndication Agent shall be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

12.11 EXCULPATORY PROVISIONS. None of the Administrative Agent, the Syndication Agent or any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action taken or omitted to be taken by it or such Person in its capacity as Administrative Agent or Syndication Agent, as the case may be, under or in connection with this Agreement or the other Credit Documents (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower, any of its Subsidiaries or any of its officers contained in this Agreement or the other Credit Documents, any other Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent or the Syndication Agent under or in connection with, this Agreement or any other Document or for any failure of the Borrower or any of its Subsidiaries or any of their respective officers to perform its obligations hereunder or thereunder. None of the Administrative Agent or the Syndication Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or the other Documents, or to inspect the properties, books or records of the Borrower or any of its Subsidiaries. None of the Administrative Agent or the Syndication Agent shall be responsible to any Lender for the effectiveness, genuineness, validity, enforceability, collectability or sufficiency of this Agreement or any other Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Administrative Agent or the Syndication Agent, as the case may be, to the Lenders or by or on behalf of the Borrower or any of its Subsidiaries to the Administrative Agent or the Syndication Agent, as the case may be, or any Lender or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Deault or Event of Default.

12.12 NOTICE OF DEFAULT. None of the Administrative Agent or the Syndication Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent or the Syndication Agent, as the case may be, has actually received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." In the event that the Administrative Agent or the Syndication Agent receives such a notice, the Administrative Agent or the Syndication Agent, as the case may be, shall give prompt notice thereof to the Lenders. The Administrative Agent or the Syndication Agent, as the case may be, shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; PROVIDED, that, unless and until the Administrative Agent or the Syndication Agent, as the case may be, shall have received such directions, the Administrative Agent or the Syndication Agent, as the case may be, may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

12.13 SPECIAL PROVISIONS REGARDING THE CO-LEAD ARRANGERS AND CO-DOCUMENTATION AGENTS. No Co-Lead Arranger or Co-Documentation Agent shall have any

obligations, responsibilities or duties under this Agreement or any other Credit Document in its capacity as such.

SECTION 13. MISCELLANEOUS.

13.01 PAYMENT OF EXPENSES, ETC. The Borrower shall: (i) whether or not the transactions herein contemplated are consummated, pay all reasonable out-of-pocket costs and expenses of the Agents and the Co-Lead Arrangers (including, without limitation, the reasonable fees and disbursements of White & Case LLP and local counsel) in connection with the preparation, execution and delivery of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein and any amendment, waiver or consent relating hereto or thereto, of each Co-Lead Arranger in connection with its syndication efforts with respect to this Agreement and of each Agent, each Issuing Bank and each of the Lenders in connection with the enforcement of this Agreement and the other Credit Documents and the documents and instruments referred to herein and therein (including, without limitation, the reasonable fees and disbursements of counsel (including in-house counsel) for each Agent and for each of the Lenders); (ii) pay and hold each of the Lenders harmless from and against any and all present and future stamp, excise and other similar taxes with respect to the foregoing matters and save each of the Lenders harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to such Lender) to pay such taxes; and (iii) indemnify each Agent, each Co-Lead Arranger, the Collateral Agent, each Issuing Bank and each Lender, and each of their respective officers, directors, trustees, employees, representatives and agents from and hold each of them harmless against any and all liabilities, obligations (including removal or remedial actions), losses, damages, penalties, claims, actions, judgments, suits, costs, expenses and disbursements (including reasonable attorneys' and consultants' fees and disbursements) incurred by, imposed on or assessed against any of them as a result of, or arising out of, or in any way related to, or by reason of, (a) any investigation, litigation or other proceeding (whether or not any Agent, any Co-Lead Arranger, any Issuing Bank, the Collateral Agent or any Lender is a party thereto and whether or not any such investigation, litigation or other proceeding is between or among any Agent, any Co-Lead Arranger, the Collateral Agent, any Issuing Bank, any Lender, any Credit Party or any third Person or otherwise) related to the entering into and/or performance of this Agreement or any other Credit Document or the use of any Letter of Credit or the proceeds of any Loans hereunder or the consummation of any transactions contemplated herein (including, without limitation, the Transaction), or in any other Credit Document or the exercise of any of their rights or remedies provided herein or in the other Credit Documents, or (b) the actual or alleged presence of Hazardous Materials in the air, surface water or groundwater or on the surface or subsurface of any Real Property at any time owned or operated by the Borrower or any of its Subsidiaries, the generation, storage, transportation, handling or disposal of Hazardous Materials at any location, whether or not owned or operated by the Borrower or any of its Subsidiaries, the non-compliance of any Real Property at any time owned or operated by the Borrower or any of its Subsidiaries with foreign, federal, state and local laws, regulations, and ordinances (including applicable permits thereunder) applicable to any such Real Property, or any Environmental Claim asserted against the Borrower, any of its Subsidiaries or such Real Property, including, in each case, without limitation, the reasonable fees and disbursements of counsel and other consultants

incurred in connection with any such investigation, litigation or other proceeding (but excluding any losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence or willful misconduct of the Person to be indemnified). To the extent that the undertaking to indemnify, pay or hold harmless each Agent or any Lender set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrower shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities which is permissible under applicable law.

13.02 RIGHT OF SETOFF. (a) In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence of an Event of Default, each Agent, each Issuing Bank and each Lender is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to any Credit Party or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by such Agent, such Issuing Bank or such Lender (including, without limitation, by branches and agencies of such Lender wherever located) to or for the credit or the account of any Credit Party but in any event excluding assets held in trust for any such Person against and on account of the Obligations and liabilities of such Credit Party to such Agent, such Issuing Bank or such Lender under this Agreement or under any of the other Credit Documents, including, without limitation, all interests in Obligations purchased by such Lender pursuant to Section 13.06(b), and all other claims of any nature or description arising out of or connected with this Agreement or any other Credit Document, irrespective of whether or not such Agent, such Issuing Bank or such Lender shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured.

(b) NOTWITHSTANDING THE FOREGOING SUBSECTION (a), AT ANY TIME THAT THE LOANS OR ANY OTHER OBLIGATION SHALL BE SECURED BY REAL PROPERTY LOCATED IN CALIFORNIA, NEITHER ANY LENDER NOR THE ADMINISTRATIVE AGENT SHALL EXERCISE A RIGHT OF SETOFF, LIEN OR COUNTERCLAIM OR TAKE ANY COURT OR ADMINISTRATIVE ACTION OR INSTITUTE ANY PROCEEDING TO ENFORCE ANY PROVISION OF THIS AGREEMENT OR ANY NOTE UNLESS IT IS TAKEN WITH THE CONSENT OF THE REQUIRED LENDERS OR, TO THE EXTENT REQUIRED BY SECTION 13.12 OF THIS AGREEMENT, ALL OF THE LENDERS, OR APPROVED IN WRITING BY THE ADMINISTRATIVE AGENT, IF SUCH SETOFF OR ACTION OR PROCEEDING WOULD OR MIGHT (PURSUANT TO CALIFORNIA CODE OF CIVIL PROCEDURE SECTIONS 580a, 580b, 580d AND 726 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE OR SECTION 2924 OF THE CALIFORNIA CIVIL CODE, IF APPLICABLE, OR OTHERWISE) AFFECT OR IMPAIR THE VALIDITY, PRIORITY, OR ENFORCEABILITY OF THE LIENS GRANTED TO THE COLLATERAL AGENT PURSUANT TO THE SECURITY DOCUMENTS OR THE ENFORCEABILITY OF THE NOTES AND OTHER OBLIGATIONS HEREUNDER, AND ANY ATTEMPTED EXERCISE BY ANY LENDER OR THE ADMINISTRATIVE AGENT OF ANY SUCH RIGHT WITHOUT OBTAINING SUCH CONSENT OF THE REQUISITE LENDERS OR THE ADMINISTRATIVE AGENT SHALL BE NULL AND VOID. THIS

SUBSECTION (b) SHALL BE SOLELY FOR THE BENEFIT OF EACH OF THE LENDERS AND THE ADMINISTRATIVE AGENT HEREUNDER.

13.03 NOTICES. Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including telexed, telegraphic, telex, telecopier or cable communication) and mailed, telexed, telecopied, cabled or delivered: if to the Borrower, at the address specified opposite its signature below; if to any Lender, at its address specified opposite its name on Schedule II below; if to the Syndication Agent, at the address specified opposite its signature below; if to the Administrative Agent, at its Notice Office; and if to any Co-Lead Arranger, at the address specified opposite its signature below; or, as to the Borrower, at such other address as shall be designated by the Borrower in a written notice to the other parties hereto and, as to each Lender, at such other address as shall be designated by such Lender in a written notice to the Borrower and the Administrative Agent. All such notices and communications shall, when mailed, telexed, telecopied or sent by overnight courier, be effective when deposited in the mails or delivered to the overnight courier, prepaid and properly addressed for delivery on such or the next Business Day, or sent by telex or telecopier, except that notices and communications to the Administrative Agent shall not be effective until received by the Administrative Agent.

13.04 BENEFIT OF AGREEMENT. (a) This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; PROVIDED, HOWEVER, that (i) no Credit Party may assign or transfer any of its rights, obligations or interest hereunder or under any other Credit Document without the prior written consent of the Lenders, PROVIDED that TPI may transfer all of its rights, obligations and interest hereunder and under the other Credit Documents (including all of the Obligations) to PCA in connection with the Contribution pursuant to, and in accordance with the terms of, the Bank Credit Agreement Assignment and Assumption Agreement, (ii) although any Lender may transfer, assign or grant participations in its rights hereunder, such Lender shall remain a "Lender" for all purposes hereunder (and may not transfer or assign all or any portion of its Commitments hereunder except as provided in Section 13.04(b)) and the transferee, assignee or participant, as the case may be, shall not constitute a "Lender" hereunder and (iii) no Lender shall transfer or grant any participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (x) extend the final scheduled maturity of any Loan, Note or Letter of Credit (unless such Letter of Credit is not extended beyond the Revolving Loan Maturity Date) in which such participant is participating, or reduce the rate or extend the time of payment of interest or Fees thereon (except (I) in connection with a waiver of applicability of any post-default increase in interest rates and (II) that any amendment or modification to the financial definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (x)) or reduce the principal amount thereof, or increase the amount of the participant's participation over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default or of a mandatory reduction in the Total Commitments shall not constitute a change in the terms of such participation, and that an increase in any Commitment or Loan shall be permitted without the consent of any participant if the participant's participation is not increased as a result thereof), (y) consent to the assignment or

transfer by the Borrower of any of its rights and obligations under this Agreement or (z) release all or substantially all of the Collateral under all of the Security Documents (except as expressly provided in the Credit Documents) securing the Loans hereunder in which such participant is participating. In the case of any such participation, the participant shall not have any rights under this Agreement or any of the other Credit Documents (the participant's rights against such Lender in respect of such participation to be those set forth in the agreement executed by such Lender in favor of the participant relating thereto) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation.

(b) Notwithstanding the foregoing, any Lender (or any Lender together with one or more other Lenders) may (x) assign all or a portion of its Revolving Loan Commitment (and related outstanding Obligations hereunder) and/or its outstanding Term Loans (or, if prior to the Initial Borrowing Date, Term Loan Commitment) to its (i) parent company and/or any affiliate of such Lender which is at least 50% owned by such Lender or its parent company or (ii) in the case of any Lender that is a fund that invests in bank loans, any other fund that invests in bank loans and is managed or advised by the same investment advisor of such Lender or by an Affiliate of such investment advisor or (iii) to one or more Lenders or (y) assign all, or if less than all, a portion equal to at least $2,000,000 in the aggregate for the assigning Lender or assigning Lenders, of such Revolving Loan Commitments and outstanding principal amount of Term Loans (or, if prior to the Initial Borrowing Date, Term Loan Commitment) hereunder to one or more Eligible Transferees (treating any fund that invests in bank loans and any other fund that invests in bank loans and is managed or advised by the same investment advisor of such fund or by an Affiliate of such investment advisor as a single Eligible Transferee), each of which assignees shall become a party to this Agreement as a Lender by execution of an Assignment and Assumption Agreement, PROVIDED that, (i) at such time Schedule I shall be deemed modified to reflect the Commitments (and/or outstanding Term Loans, as the case may be) of such new Lender and of the existing Lenders, (ii) new Notes will be issued, at the Borrower's expense, to such new Lender and to the assigning Lender upon the request of such new Lender or assigning Lender, such new Notes to be in conformity with the requirements of Section 1.05 (with appropriate modifications) to the extent needed to reflect the revised Commitments (and/or outstanding Term Loans, as the case may be), (iii) the consent of the Administrative Agent and each Issuing Bank shall be required in connection with any assignment of all or any portion of Revolving Loan Commitments (which consents shall not be unreasonably withheld or delayed), (iv) in the case of assignments pursuant to clause (y) above, the consent of the Administrative Agent (and, unless any Default or Event of Default is then in existence, the consent of the Borrower) shall be required (which consents shall not be unreasonably withheld or delayed) and (v) the Administrative Agent shall receive at the time of each such assignment, from the assigning or assignee Lender, the payment of a non-refundable assignment fee of $3,500. To the extent of any assignment pursuant to this Section 13.04(b), the assigning Lender shall be relieved of its obligations hereunder with respect to its assigned Commitments (it being understood that the indemnification provisions under this Agreement (including, without limitation, Sections 1.10, 1.11, 2.05, 4.04, 13.01 and 13.06) shall survive as to such assigning Lender). At the time of each assignment pursuant to this Section 13.04(b) to a Person which is not already a Lender hereunder and which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for Federal income tax purposes, the respective assignee Lender shall

provide to the Borrower and the Administrative Agent the appropriate Internal Revenue Service Forms (and, if applicable, a Section 4.04(b)(ii) Certificate) described in Section 4.04(b). To the extent that an assignment of all or any portion of a Lender's Commitments and related outstanding Obligations pursuant to Section 1.13 or this Section 13.04(b) would, at the time of such assignment, result in increased costs under Section 1.10, 1.11, 2.05 or 4.04 from those being charged by the respective assigning Lender prior to such assignment, then the Borrower shall not be obligated to pay such increased costs (although the Borrower shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective assignment, subject to Section 4.04(b)).

(c) Nothing in this Agreement shall prevent or prohibit any Lender from pledging its Loans and Notes hereunder to a Federal Reserve Bank in support of borrowings made by such Lender from such Federal Reserve Bank and, with the consent of the Administrative Agent (which consent shall not be unreasonably withheld or delayed), any Lender which is a fund may pledge all or any portion of its Notes or Loans to any trustee, other representative of holders of notes issued by such fund, or holder of obligations owed by such fund, in support of its obligation to such trustee, representative or holder. No pledge pursuant to this clause (c) shall release the transferor Lender from any of its obligations hereunder.

13.05 NO WAIVER; REMEDIES CUMULATIVE. No failure or delay on the part of any Agent or any Lender or any holder of any Note in exercising any right, power or privilege hereunder or under any other Credit Document and no course of dealing between any other Credit Party and any Agent or any Lender or the holder of any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Credit Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. The rights, powers and remedies herein or in any other Credit Document expressly provided are cumulative and not exclusive of any rights, powers or remedies which any Agent or any Lender or the holder of any Note would otherwise have. No notice to or demand on any Credit Party in any case shall entitle any Credit Party to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Agent or any Lender or the holder of any Note to any other or further action in any circumstances without notice or demand.

13.06 PAYMENTS PRO RATA. (a) Except as otherwise provided in this Agreement, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any Obligations hereunder, it shall distribute such payment to the Lenders (other than any Lender that has consented in writing to waive its PRO RATA share of any such payment) PRO RATA based upon their respective shares, if any, of the Obligations with respect to which such payment was received.

(b) Each of the Lenders agrees that, if it should receive any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Credit Documents, or otherwise), which is applicable to the payment of the principal of, or interest on, the Loans, Unpaid Drawings, Commitment Commission or Letter of Credit Fees, of a

sum which with respect to the related sum or sums received by other Lenders is in a greater proportion than the total of such Obligation then owed and due to such Lender bears to the total of such Obligation then owed and due to all of the Lenders immediately prior to such receipt, then such Lender receiving such excess payment shall purchase for cash without recourse or warranty from the other Lenders an interest in the Obligations of the respective Credit Party to such Lenders in such amount as shall result in a proportional participation by all the Lenders in such amount; PROVIDED that if all or any portion of such excess amount is thereafter recovered from such Lender, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

(c) Notwithstanding anything to the contrary contained herein, the provisions of the preceding Sections 13.06(a) and (b) shall be subject to the express provisions of this Agreement which require, or permit, differing payments to be made to Non-Defaulting Lenders as opposed to Defaulting Lenders.

13.07 CALCULATIONS; COMPUTATIONS. (a) The financial statements to be furnished to the Lenders pursuant hereto shall be made and prepared in accordance with generally accepted accounting principles in the United States consistently applied throughout the periods involved (except as set forth in the notes thereto or as otherwise disclosed in writing by the Borrower to the Lenders); PROVIDED that (i) except as otherwise specifically provided herein, all computations of the Available J.V. Basket Amount, Excess Cash Flow, the Leverage Ratio and the Applicable Margins and all computations determining compliance with Sections 9.08 through 9.11, inclusive, shall utilize accounting principles and policies in conformity with those used to prepare the historical financial statements of the Containerboard Group for the fiscal year ended December 31, 1998 delivered to the Lenders pursuant to Section 5.16 (with the foregoing generally accepted accounting principles, subject to the preceding proviso, herein called "GAAP"), (ii) to the extent expressly required pursuant to the provisions of this Agreement, certain calculations shall be made on a PRO FORMA Basis and (iii) for all purposes of this Agreement, all Attributed Receivables Facility Indebtedness shall be treated as Indebtedness of the Borrower and its Subsidiaries hereunder, regardless of any differing treatment pursuant to generally accepted accounting principles.

(b) All computations of interest on Eurodollar Loans, Commitment Commission and Fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, Commitment Commission or Fees are payable. All computations of interest on Base Rate Loans shall be made on the basis of a year of 365 or 366 days, as the case may be, for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest is payable.

13.08 GOVERNING LAW; SUBMISSION TO JURISDICTION; VENUE; WAIVER OF JURY TRIAL. (a) THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL, EXCEPT AS OTHERWISE PROVIDED IN CERTAIN OF THE MORTGAGES, BE CONSTRUED IN ACCORDANCE WITH

AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. THE BORROWER HEREBY IRREVOCABLY DESIGNATES, APPOINTS AND EMPOWERS CT CORPORATION SYSTEM, WITH OFFICES ON THE DATE HEREOF AT 1633 BROADWAY, NEW YORK, NEW YORK 10019 AS ITS DESIGNEE, APPOINTEE AND AGENT TO RECEIVE, ACCEPT AND ACKNOWLEDGE FOR AND ON ITS BEHALF, AND IN RESPECT OF ITS PROPERTY, SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING. IF FOR ANY REASON SUCH DESIGNEE, APPOINTEE AND AGENT SHALL CEASE TO BE AVAILABLE TO ACT AS SUCH, THE BORROWER AGREES TO DESIGNATE A NEW DESIGNEE, APPOINTEE AND AGENT IN THE STATE OF NEW YORK ON THE TERMS AND FOR THE PURPOSES OF THIS PROVISION SATISFACTORY TO THE ADMINISTRATIVE AGENT UNDER THIS AGREEMENT. THE BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO THE BORROWER AT ITS ADDRESS SET FORTH OPPOSITE ITS SIGNATURE BELOW, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING. THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION TO SUCH SERVICE OF PROCESS AND FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY ACTION OR PROCEEDING COMMENCED HEREUNDER OR ANY OTHER CREDIT DOCUMENT THAT SERVICE OF PROCESS WAS IN ANY WAY INVALID OR INEFFECTIVE. NOTHING HEREIN SHALL AFFECT THE RIGHT OF THE ADMINISTRATIVE AGENT UNDER THIS AGREEMENT, ANY LENDER OR THE HOLDER OF ANY NOTE TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR OTHERWISE PROCEED AGAINST ANY CREDIT PARTY IN ANY OTHER JURISDICTION.

(b) THE BORROWER HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (a) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT ANY SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(c) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

13.09 COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Administrative Agent.

13.10 EFFECTIVENESS. This Agreement shall become effective on the date (the "EFFECTIVE DATE") on which the Borrower and each of the Lenders who are initially parties hereto shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered the same to the Administrative Agent or, in the case of the Lenders, shall have given to the Administrative Agent telephonic (confirmed in writing), written or telex notice (actually received) at such office that the same has been signed and mailed to it. The Administrative Agent will give the Borrower and each Lender prompt written notice of the occurrence of the Effective Date.

13.11 HEADINGS DESCRIPTIVE. The headings of the several sections and subsections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

13.12 AMENDMENT OR WAIVER; ETC. (a) Neither this Agreement nor any other Credit Document nor any terms hereof or thereof may be changed, waived, discharged or terminated unless such change, waiver, discharge or termination is in writing signed by the respective Credit Parties party thereto and the Required Lenders, PROVIDED that no such change, waiver, discharge or termination shall, without the consent of each Lender (other than a Defaulting Lender) (with Obligations being directly affected in the case of following clause (i)), (i) extend the final scheduled maturity of any Loan or Note or extend the stated maturity of any Letter of Credit beyond the Revolving Loan Maturity Date, or reduce the rate or extend the time of payment of interest or Fees thereon (except (x) in connection with the waiver of applicability of any post-default increase in interest rates and (y) that any amendment or modification to the financial definitions in this Agreement shall not constitute a reduction in the rate of interest for purposes of this clause (i)), or reduce the principal amount thereof (except to the extent repaid in cash), (ii) release all or substantially all of the Collateral (except as expressly provided in the Credit Documents) under all the Security Documents, (iii) amend, modify or waive any provision of this Section 13.12, (iv) reduce the percentage specified in the definition of Required Lenders (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the extensions of Term Loans and Revolving Loan Commitments are included on the Effective Date) or (v) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement or any other Credit

Document (it being understood and agreed, however, that TPI may transfer all of its rights and obligations under the Credit Documents to PCA pursuant to the Contribution); PROVIDED FURTHER, that no such change, waiver, discharge or termination shall (t) increase the Commitments of any Lender over the amount thereof then in effect without the consent of such Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the Total Commitments shall not constitute an increase of the Commitment of any Lender, and that an increase in the available portion of any Commitment of any Lender shall not constitute an increase in the Commitment of such Lender), (u) without the consent of the Swingline Lender, alter its rights or obligations with respect to Swingline Loans, (v) without the consent of the respective Issuing Bank, amend, modify or waive any provision of Section 2 or alter its rights or obligations with respect to Letters of Credit, (w) without the consent of the Administrative Agent or the Syndication Agent, amend, modify or waive any provision of Section 12 as same applies to the Administrative Agent or the Syndication Agent, as the case may be, or any other provision as same relates to the rights or obligations of the Administrative Agent or the Syndication Agent, as the case may be, (x) without the consent of the Collateral Agent, amend, modify or waive any provision relating to the rights or obligations of the Collateral Agent, (y) without the consent of the Majority Lenders of each Tranche which is being allocated a lesser prepayment, repayment or commitment reduction as a result of the actions described below (or without the consent of the Majority Lenders of each Tranche in the case of an amendment to the definition of Majority Lenders), amend the definition of Majority Lenders (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Majority Lenders on substantially the same basis as the extensions of Term Loans and Revolving Loan Commitments are included on the Effective Date) or alte the required application of any prepayments or repayments (or commitment reductions), as between the various Tranches, pursuant to Section 4.01 or 4.02 (excluding Sections 4.02(b), (c) and (d)) (although (x) the Required Lenders may waive, in whole or in part, any such prepayment, repayment or commitment reduction, so long as the application, as amongst the various Tranches, of any such prepayment, repayment or commitment reduction which is still required to be made is not altered and (y) if additional Tranches of Term Loans are extended after the Initial Borrowing Date with the consent of the Required Lenders as required above, such Tranches may be included on a pro rata basis (as is originally done with the Tranche A Term Loans, Tranche B Term Loans and Tranche C Term Loans) in the various prepayments or repayments required pursuant to Sections 4.01 and 4.02 (excluding Sections 4.02(b), (c), (d) and any section providing Scheduled Repayments for any new Tranche of Term Loans) or (z) without the consent of the Majority Lenders of the respective Tranche, reduce the amount of, or extend the date of, any Scheduled Repayment applicable to such Tranche or, without the consent of the Majority Lenders of each Tranche, amend the definition of Majority Lenders (it being understood that, with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Majority Lenders on substantially the same basis as the extensions of Term Loans and Revolving Loan Commitments are included on the Effective Date).

(b) If, in connection with any proposed change, waiver, discharge or termination to any of the provisions of this Agreement as contemplated by clauses (i) through

(v), inclusive, of the first proviso to Section 13.12(a), the consent of the Required Lenders is obtained but the consent of one or more of such other Lenders whose consent is required is not obtained, then the Borrower shall have the right, so long as all non-consenting Lenders whose individual consent is required are treated as described in either clauses (A) or (B) below, to either (A) replace each such non-consenting Lender or Lenders (or, at the option of the Borrower if the respective Lender's consent is required with respect to less than all Tranches of Loans (or related Commitments), to replace only the respective Tranche or Tranches of Commitments and/or Loans of the respective non-consenting Lender which gave rise to the need to obtain such Lender's individual consent) with one or more Replacement Lenders pursuant to Section 1.13 so long as at the time of such replacement, each such Replacement Lender consents to the proposed change, waiver, discharge or termination or (B) terminate such non-consenting Lender's Revolving Loan Commitment (if such Lender's consent is required as a result of its Revolving Loan Commitment) and/or repay each Tranche of outstanding Term Loans of such Lender which gave rise to the need to obtain such Lender's consent, in accordance with Sections 3.02(b) and/or 4.01(iv), PROVIDED that, unless the Commitments are terminated, and Loans repaid, pursuant to preceding clause (B) are immediately replaced in full at such time through the addition of new Lenders or the increase of the Commitments and/or outstanding Loans of existing Lenders (who in each case must specifically consent thereto), then in the case of any action pursuant to preceding clause (B) the Required Lenders (determined both before and after giving effect to the proposed action) shall specifically consent thereto, PROVIDED FURTHER, that in any event the Borrower shall not have the right to replace a Lender, terminate its Revolving Loan Commitment or repay its Loans solely as a result of the exercise of such Lender's rights (and the withholding of any required consent by such Lender) pursuant to the second proviso to Section 13.12(a).

13.13 SURVIVAL. All indemnities set forth herein including, without limitation, in Sections 1.10, 1.11, 2.05, 4.04, 12.06, 13.01 and 13.06 shall, subject to Section 13.15 (to the extent applicable), survive the execution, delivery and termination of this Agreement and the Notes and the making and repayment of the Loans.

13.14 DOMICILE OF LOANS. Each Lender may transfer and carry its Loans at, to or for the account of any office, Subsidiary or Affiliate of such Lender. Notwithstanding anything to the contrary contained herein, to the extent that a transfer of Loans pursuant to this Section 13.14 would, at the time of such transfer, result in increased costs under Section 1.10, 1.11, 2.05 or 4.04 from those being charged by the respective Lender prior to such transfer, then the Borrower shall not be obligated to pay such increased costs (although the Borrower shall be obligated to pay any other increased costs of the type described above resulting from changes after the date of the respective transfer).

13.15 LIMITATION ON ADDITIONAL AMOUNTS, ETC. Notwithstanding anything to the contrary contained in Sections 1.10, 1.11, 2.05 or 4.04 of this Agreement, unless a Lender gives notice to the Borrower that it is obligated to pay an amount under any such Section within one year after the later of (x) the date the Lender incurs the respective increased costs, Taxes, loss, expense or liability, reduction in amounts received or receivable or reduction in return on capital or (y) the date such Lender has actual knowledge of its incurrence of the respective increased costs, Taxes, loss, expense or liability, reductions in amounts received or receivable or reduction

in return on capital, then such Lender shall only be entitled to be compensated for such amount by the Borrower pursuant to said Section 1.10, 1.11, 2.05 or 4.04, as the case may be, to the extent the costs, Taxes, loss, expense or liability, reduction in amounts received or receivable or reduction in return on capital are incurred or suffered on or after the date which occurs one year prior to such Lender giving notice to the Borrower that it is obligated to pay the respective amounts pursuant to said Section 1.10, 1.11, 2.05 or 4.04, as the case may be. This Section 13.15 shall have no applicability to any Section of this Agreement other than said Sections 1.10, 1.11, 2.05 and 4.04.

13.16 CONFIDENTIALITY. (a) Subject to the provisions of clause (b) of this Section 13.16, each Lender agrees that it will use its best efforts not to disclose without the prior consent of the Borrower (other than to its employees, auditors, advisors or counsel or to another Lender if the Lender or such Lender's holding or parent company or board of trustees in its sole discretion determines that any such party should have access to such information), any information with respect to the Borrower or any of its Subsidiaries which is now or in the future furnished pursuant to this Agreement or any other Credit Document, PROVIDED that any Lender may disclose any such information (a) as has become generally available to the public other than by virtue of a breach of this Section 13.16(a) by the respective Lender, (b) as may be required or appropriate (x) in any report, statement or testimony submitted to any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Lender or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors or (y) in connection with any request or requirement of any such regulatory body (including any securities exchange or self-regulatory body), (c) as may be required or appropriate in respect to any summons or subpoena or in connection with any litigation, (d) in order to comply with any law, order, regulation or ruling applicable to such Lender, (e) to any Agent or the Collateral Agent, (f) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any of the Notes or Commitments or any interest therein by such Lender, PROVIDED that such prospective transferee agrees to be bound by the confidentiality provisions contained in this Section 13.16 and (g) to any Person (or such Person's investment advisor) with whom such Lender has entered into or proposes to enter into (in each case either directly or indirectly) any credit swap agreement with respect to such Lender's Loans and/or Commitments, PROVIDED such Person (and such investment advisor, if any) agrees to be bound by the confidentiality provisions contained in this Section 13.16.

(b) The Borrower hereby acknowledges and agrees that each Lender may share with any of their affiliates or investment advisors any information related to the Borrower or any of their respective Subsidiaries (including, without limitation, any nonpublic customer information regarding the creditworthiness of the Borrower or its Subsidiaries, provided such Persons shall be subject to the provisions of this Section 13.16 to the same extent as such Lender).

13.17 REGISTER. The Borrower hereby designates the Administrative Agent to serve as its agent, solely for purposes of this Section 13.17, to maintain a register (the "REGISTER") on which it will record the Commitments from time to time of each of the Lenders, the Loans

made by each of the Lenders and each repayment in respect of the principal amount of the Loans of each Lender. Failure to make any such recordation, or any error in such recordation shall not affect the Borrower's obligations in respect of such Loans. With respect to any Lender, the transfer of any Commitment of such Lender and the rights to the principal of, and interest on, any Loan made pursuant to such Commitment shall not be effective until such transfer is recorded on the Register maintained by the Administrative Agent with respect to ownership of such Commitment and Loans and prior to such recordation all amounts owing to the transferor with respect to such Commitment and Loans shall remain owing to the transferor. The registration of assignment or transfer of all or part of any Commitment and Loans shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Assumption Agreement pursuant to Section 13.04(b). Coincident with the delivery of such an Assignment and Assumption Agreement to the Administrative Agent for acceptance and registration of assignment or transfer of all or part of a Commitment and/or Loan, or as soon thereafter as practicable, the assigning or transferor Lender shall surrender the Note evidencing such Commitment and/or Loan, if any, and thereupon one or more new Notes in the same aggregate principal amount shall be issued to the assigning or transferor Lender and/or the new Lender, if requested by such assigning or transferor Lender and/or such new Lender. The Borrower shall indemnify the Administrative Agent from and against any and all losses, claims, damages and liabilities of whatsoever nature which may be imposed on, asserted against or incurred by the Administrative Agent in performing its duties under this Section 13.17.

13.18 POST-CLOSING ACTIONS. Notwithstanding anything to the contrary contained in this Agreement or the other Credit Documents, the parties hereto acknowledge and agree that:

(a) SECURITY DOCUMENT FILINGS. Form UCC-1 financing statements and the grants of security interests in certain intellectual property delivered by PCA to the Collateral Agent on the Initial Borrowing Date pursuant to the Security Documents shall be filed in the appropriate governmental office within 10 days following the Initial Borrowing Date.

(b) REAL ESTATE ITEMS. The conditions set forth on Schedule XI hereto shall be satisfied within the time periods specified on such Schedule, subject in each case to the last sentence appearing on said Schedule.

(c) TIMBER STAND FILINGS. Within 90 days following the Initial Borrowing Date, PCA shall, and shall have caused each of its Subsidiaries to, have taken all actions to ensure that the security interests in the Standing Timber (as defined in the PCA Security Agreement) of the Borrower and its Subsidiaries purported to be created pursuant to the PCA Security Agreement have been duly perfected (including, without limitation, the execution, delivery and recording of financing statements, instruments and other documents, in each case in form and substance satisfactory to the Administrative Agent).

All provisions of this Credit Agreement and the other Credit Documents (including, without limitation, all conditions precedent, representations, warranties, covenants, events of default and other agreements herein and therein) shall be deemed modified to the extent

necessary to effect the foregoing (and to permit the taking of the actions and the satisfaction of the conditions described above and on Schedule XI within the time periods required hereby and thereby (and, rather than as otherwise provided in the Credit Documents)); PROVIDED, that (x) to the extent any representation and warranty would not be true because the foregoing actions were not taken, or conditions were not satisfied, on the Initial Borrowing Date, the respective representation and warranty shall be required to be true and correct in all material respects at the time the respective action is taken or condition is satisfied (or was required to be taken or satisfied) in accordance with the foregoing provisions of this Section 13.18 and (y) all representations and warranties relating to the Collateral Documents shall be required to be true immediately after the actions required to be taken, or the conditions required to be satisfied, by this Section 13.18 have been taken or satisfied (or were required to be taken or satisfied), it being understood that any condition set forth in items 1 through 5 on Schedule XI not satisfied within the time period specified therefor on said Schedule shall nevertheless be deemed to have been satisfied within such time period to the extent "best efforts" or "commercially reasonable efforts" (as may be specified on Schedule XI for such item) were used by PCA or its relevant Subsidiary to satisfy such condition. The acceptance of the benefits of the Loans shall constitute a representation, warranty and covenant by PCA to each of the Lenders that the actions and conditions required pursuant to this Section 13.18 will be, or have been, taken or satisfied within the relevant time periods referred to in this Section 13.18 and Schedule XI and that, at such time, all representations and warranties contained in this Credit Agreement and the other Credit Documents shall then be true and correct without any modification pursuant to this Section 13.18. The parties hereto acknowledge and agree that the failure to take any of the actions or satisfy any of the conditions required above or on Schedule XI within the relevant time periods required above or by said Schedule XI (but excluding in any event items 1 through 5, inclusive, on Schedule XI to the extent provided by the last sentence of said Schedule), shall give rise to an immediate Event of Default pursuant to this Agreement.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

ADDRESS:

1900 Westfield Court
Lake Forest, IL 60045

Attention: James V. Faulkner
Telephone: 847-482-2000
Facsimile: 847-482-4589

TENNECO PACKAGING, INC.

By /s/ James V. Faulkner

Title: Vice President and Assistant Secretary

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
Individually and as Administrative Agent

By: /s/ Colleen B. Galle

Title: Vice President

J.P. MORGAN SECURITIES, INC.,
as Co-Lead Arranger

By: /s/ Kenneth A. Lang

Title: Managing Director

BT ALEX BROWN INCORPORATED,
as a Co-Lead Arranger

By: /s/ Loretta Summers

Title: Managing Director

BANKERS TRUST COMPANY, Individually and as
Syndication Agent

By: /s/ Robert R. Telesca

Title: Assistant Vice President

ABN AMRO BANK N.V.

By: /s/ Christian H. Sievers

Title: Senior Vice President

By: /s/ Paul S. Faust

Title: Vice President

AIM STRATEGIC INCOME FUND

By: INVESCO (NY) INC.,
as Investment Advisor

By: /s/ Cheng-Hock Lau

Title: Chief Investment Officer

ALLSTATE INSURANCE COMPANY

By: /s/ Jerry D. Zinkula

Title: Authorized Signatory

By: /s/ Patricia W. Wilson

Title: Authorized Signatory

ALLSTATE LIFE INSURANCE COMPANY

By: /s/ Jerry D. Zinkula

Title: Authorized Signatory

By: /s/ Charles D. Mires

Title: Authorized Signatory

ARCHIMEDES FUNDING II, LTD.

By: ING Capital Advisors LLC,
as Collateral Manager

By: /s/ Jane M. Nelson

Title: Senior Vice President

ARCHIMEDES FUNDING , L.L.C.

By: ING Capital Advisors LLC,
as Collateral Manager

By: /s/ Jane M. Nelson

Title: Senior Vice President

BANK OF MONTREAL

By: /s/ L.A. Durning

Title: Portfolio Manager

BANK UNITED

By: /s/ Phil Green

Title: Director-Commercial Syndications

BAYERISCHE HYPO-UND VEREINSBANK AG, New York
Branch

By: /s/ Sylvia Cheng

Title: Director

By: /s/ Erich Ebner v. Eschenbach

Title: Managing Director

CANADIAN IMPERIAL BANK OF COMMERCE

By: /s/ William M. Swenson

Title: Authorized Signatory

CHASE MANHATTAN BANK

By: /s/ Jonathan E. Twichell

Title: Vice President

CO BANK, ACB

By: /s/ Brian J. Klatt

Title: Vice President

COMPAGNIE FINANCIERE DE CIC ET DE L'UNION EUROPEENNE

By: /s/ Sean Mounier

Title: First Vice President

By: /s/ Brian O' Leary

Title: Vice President

CREDIT LYONNAIS NEW YORK BRANCH

By: /s/ Attila Koc

Title: Senior Vice President

CRESCENT/MACH I PARTNERS, L.P.

By: TCW Asset Management Company,
its Investment Manager

By: /s/ Justin L. Driscoll

Title: Senior Vice President

CYPRESSTREE INVESTMENT FUND, LLC

By: CypressTree Investment Management Company, Inc., its Managing Member

By: /s/ Peter K. Merrill

Title: Managing Director

CYPRESSTREE SENIOR FLOATING RATE FUND

By: CypressTree Investment Management Company, Inc., as Portfolio Manager

By: /s/ Peter K. Merrill

Title: Managing Director

DEBT STRATEGIES FUND III, INC.

By: /s/ Andrew C. Liggio

Title: Authorized Signatory

DRESDNER BANK AG NEW YORK AND GRAND CAYMAN BRANCHES

By: /s/ Christopher E. Sarisky

Title: Assistant Vice President

By: /s/ Beverly G. Cason

Title: Vice President

ERSTE BANK DER OESTERREICHISCHEN SPARKASSEN AG

By: /s/ John S. Runnion

Title: First Vice President

By: /s/ Anca Trifan

Title: Vice President

FEDERAL STREET PARTNERS

By: /s/ Gregory R. D. Clark

Title: Managing Director

FIRSTRUST BANK

By: /s/ E.A. D'Ancona

Title: Executive Vice President

FIRST UNION NATIONAL BANK

By: /s/ Andrew G. Paine

Title: Vice President

FLEET NATIONAL BANK

By: /s/ Mark S. Pelletier

Title: Vice President

FLOATING RATE PORTFOLIO

By: INVESCO Senior Secured Management, Inc., as attorney in fact

By: /s/ Joseph Rotondo

Title: Authorized Signatory

FRANKLIN FLOATING RATE TRUST

By: /s/ Chauncey Lufkin

Title: Vice President

FREMONT INVESTMENT & LOAN

By: /s/ Maria Chachere

Title: Vice President

GALAXY CLO 1999-1, LTD.

By: /s/ Steve Staver

Title: Authorized Agent

GENERAL ELECTRIC CAPITAL CORPORATION

By: /s/ William E. Magee

Title: Authorized Signatory

GOLDMAN SACHS CREDIT PARTNERS L.P.,
INDIVIDUALLY AND AS DOCUMENTATION AGENT

By: /s/ Stephen B. King

Title: Authorized Signatory

HELLER FINANCIAL, INC.

By: /s/ Sheila C. Weimer

Title: Vice President

IMPERIAL BANK, A CALIFORNIA BANKING CORPORATION

By: /s/ Ray Vadalma

Title: Senior Vice President

JACKSON NATIONAL LIFE INSURANCE COMPANY

By: PPM America, Inc., as attorney in fact, on behalf of Jackson National Life Insurance Company

By: /s/ Gaetano Petrelli

Title: Vice President

KZH APPALOOSA LLC

By: /s/ Virginia Conway

Title: Authorized Agent

KZH CNC LLC

By: /s/ Virginia Conway

Title: Authorized Agent

KZH CRESCENT-2 LLC

By: /s/ Virginia Conway

Title: Authorized Agent

KZH CYPRESS TREE-1 LLC

By: /s/ Virginia Conway

Title: Authorized Agent

KZH ING-1 LLC

By: /s/ Virginia Conway

Title: Authorized Agent

KZH ING-3 LLC

By: /s/ Virginia Conway

Title: Authorized Agent

KZH IV LLC

By: /s/ Virginia Conway

Title: Authorized Agent

KZH PONDVIEW LLC

By: /s/ Virginia Conway

Title: Authorized Agent

KZH SHOSHONE LLC

By: /s/ Virginia Conway

Title: Authorized Agent

KZH SOLEIL-2 LLC

By: /s/ Virginia Conway

Title: Authorized Agent

KZH STERLING LLC

By: /s/ Virginia Conway

Title: Authorized Agent

MEDICAL LIABILITY MUTUAL
INSURANCE COMPANY

By: /s/ K.Wayne Kahle

Title: Vice President

MERRILL LYNCH SENIOR FLOATING
RATE FUND, INC.

By: /s/ Andrew C. Liggio

Title: Authorized Signatory

MERRILL LYNCH SENIOR FLOATING RATE FUND II,
INC.

By: /s/ Andrew C. Liggio

Title: Authorized Signatory

MICHIGAN NATIONAL BANK

By: /s/ Lisa Davidson McKinnon

Title: Commercial Relationship Manager

MONUMENTAL LIFE INSURANCE COMPANY

By: /s/ Gregory W. Theobald

Title: Vice President & Assistant
Secretary

MORGAN STANLEY DEAN WITTER PRIME INCOME TRUST

By: /s/ Peter Gewirtz

Title: Authorized Signatory

NATEXIS BANQUE BFCE

By: /s/ Jordan Sadler

Title: Associate

By: /s/ G. Kevin Dooley

Title: Vice President

NATIONSBANK, N.A.

By: /s/ Edward A. Hamilton

Title: Managing Director

NORTH AMERICAN SENIOR FLOATING RATE FUND

By: CypressTree Investment Management Company, Inc., as Portfolio Manager

By: /s/ Peter K. Merrill

Title: Managing Director

OAK HILL SECURITIES FUND, L.P.

By: Oak Hill Securities GenPar, L.P., its General Partner

By: Oak Hill Securities MGP, Inc., its General Partner

By: /s/ Scott Krase

Title: Vice President

OCTAGON LOAN TRUST

By: Octagon Credit Investors, as Manager,
as a Lender

By: /s/ Joyce C. DeLucca

Title: Managing Director

ORIX USA CORPORATION

By: /s/ Hirovoki Miyauchi

Title: Executive Vice President

OSPREY INVESTMENTS PORTFOLIO

By: Citibank, N.A., as Manager

By: /s/ Hans L. Christensen

Title: Vice President

PACIFIC LIFE INSURANCE COMPANY

By: /s/ Raymond J. Lee

Title: Senior Vice President

By: /s/ Elaine M. Havens

Title: Vice President

PARIBAS CAPITAL FUNDING LLC

By: /s/ Jeffrey J. Youle

Title: Director

PARIBAS CORPORATION,
AS AGENT FOR PARIBAS

By: /s/ David C. Kreidler

Title: Vice President
Loan Syndication & Trading

By: /s/ Daniel W. Whalen

Title: Managing Director
Co-Head-Loan Syndication & Trading

PILGRIM PRIME RATE TRUST

By: Pilgrim Investments, Inc.,
as its Investment Manager

By: /s/ Michael Prince

Title: Vice President

SEQUILS I, LTD

By: TCW Advisors, Inc. as its Collateral
Manager

By: /s/ Justin L. Driscoll

Title: Senior Vice President

By: /s/ Jonathan R. Insull

Title: Vice President

SOUTHERN PACIFIC BANK

By: /s/ Cheryl A. Wasilewski

Title: Senior Vice President

SRF TRADING, INC.

By: /s/ Kelly C. Walker

Title: Vice President

THE BANK OF NOVA SCOTIA

By: /s/ F.C.H. Ashby

Title: Senior Manager Loan Operations

THE CIT GROUP/EQUIPMENT FINANCING, INC.

By: /s/ Eric M. Moore

Title: Assistant Vice President

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ Philip Yarrow

Title: Corporate Finance Officer

THE FUJI BANK, LIMITED

By: /s/ Peter L. Chinnici

Title: Joint General Manager

THE INDUSTRIAL BANK OF JAPAN, LIMITED

By: /s/ Walter R. Wolff

Title: Joint General Manager

THE ING CAPITAL SENIOR SECURED HIGH INCOME FUND, L.P.

By: ING Capital Advisors LLC,
as Investment Advisor

By: /s/ Jane M. Nelson

Title: Senior Vice President

THE MITSUBISHI TRUST & BANKING CORPORATION

By: /s/ Beatrice E. Kossodo

Title: Senior Vice President

THE SUMITOMO BANK, LTD

By: /s/ Suresh S. Tata

Title: Senior Vice President

SUTTER CBO 1998-1 LTD.

By: Wells Fargo Bank, N.A.,
its Attorney-in-Fact

By: /s/ Christine C. Rotter

Title: Vice President

THE TRAVELERS INSURANCE COMPANY

By: /s/ Robert M. Mills

Title: Investment Officer

TORONTO DOMINION (NEW YORK), INC.

By: /s/ Jorge A. Garcia

Title: Vice President

TRANSAMERICA BUSINESS CREDIT CORPORATION

By: /s/ Perry Vavoules

Title: Senior Vice President

TRAVELERS CORPORATE LOAN FUND, INC.

By: TRAVELERS ASSET MANAGEMENT INTERNATIONAL CORPORATION

By: /s/ Robert M. Mills

Title: Investment Officer

UNION BANK OF CALIFORNIA, N.A.

By: /s/ Henry G. Montgomery

Title: Vice President

VAN KAMPEN PRIME RATE INCOME TRUST

By: /s/ Jeffrey W. Maillet

Title: Senior Vice President & Director

WACHOVIA BANK, N.A.

By: /s/ Debra L. Coheley

Title: Senior Vice President

EXHIBIT 10.3

SUBSIDIARIES GUARANTY

GUARANTY, dated as of April 12, 1999 (as amended, restated, modified and/or supplemented from time to time, this "GUARANTY"), made by each of the undersigned (each, a "GUARANTOR" and, together with any other entity which becomes a party hereto pursuant to Section 24, collectively, the "GUARANTORS"). Except as otherwise defined herein, terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H :

WHEREAS, Tenneco Packaging, Inc. ("TPI"), various financial institutions from time to time party thereto (the "LENDERS"), J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated, as Co-Lead Arrangers (the "CO-LEAD ARRANGERS"), Bankers Trust Company, as Syndication Agent (the "SYNDICATION AGENT"), and Morgan Guaranty Trust Company of New York, as Administrative Agent (the "ADMINISTRATIVE AGENT"), have entered into a Credit Agreement, dated as of April 12, 1999 (as amended, restated, modified and/or supplemented from time to time, the "CREDIT AGREEMENT"), providing for the making of Loans to TPI, all as contemplated therein (with the Lenders, each Issuing Bank, the Co-Lead Arrangers, the Syndication Agent, the Administrative Agent and the Collateral Agent being herein called the "LENDER CREDITORS");

WHEREAS, TPI and Packaging Corporation of America ("PCA" or the "BORROWER") have entered into (i) the Contribution Agreement pursuant to which (x) TPI will contribute the Containerboard Business to PCA and (y) PCA will acquire the Containerboard Business and (ii) the Bank Credit Agreement Assignment and Assumption Agreement pursuant to which (x) TPI will assign (without recourse, representation or warranty) all of its rights, interests and obligations under the Credit Agreement and the Notes to PCA and (y) PCA will assume all of the rights, interests and obligations of TPI under the Credit Agreement and the Notes, all as contemplated therein;

WHEREAS, upon the Contribution Effective Time, PCA will become the "Borrower" for all purposes of the Credit Agreement, this Guaranty and the other Credit Documents;

WHEREAS, PCA may from time to time enter into one or more (i) interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements), (ii) foreign exchange contracts, currency swap agreements, commodity agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency values and/or (iii) other types of hedging agreements from time to time (each such agreement or arrangement with an Other Creditor (as hereinafter defined), an "INTEREST RATE PROTECTION AGREEMENT OR OTHER HEDGING AGREEMENT"), with Morgan Guaranty Trust Company of New York in its individual capacity ("MORGAN GUARANTY"), any Lender or a syndicate of financial institutions organized by Morgan Guaranty or any such Lender, or an

affiliate of Morgan Guaranty or any such Lender (Morgan Guaranty, any such Lender or Lenders or affiliate or affiliates of Morgan Guaranty or such Lender or Lenders (even if Morgan Guaranty or any such Lender ceases to be a Lender under the Credit Agreement for any reason) and any such institution that participates in such Interest Rate Protection Agreements or Other Hedging Agreements and their subsequent successors and assigns, collectively, the "OTHER CREDITORS", and together with the Lender Creditors, the "CREDITORS");

WHEREAS, each Guarantor is a direct or indirect Subsidiary of PCA;

WHEREAS, it is a condition to the making of Loans to TPI and PCA and the issuance of, and participation in, Letters of Credit for the account of PCA under the Credit Agreement and to the Other Creditors entering into the Interest Rate Protection Agreements or Other Hedging Agreements that each Guarantor shall have executed and delivered this Guaranty; and

WHEREAS, each Guarantor will obtain benefits from the assumption and/or incurrence of Loans by PCA and the issuance of, and participation in, Letters of Credit for the account of PCA under the Credit Agreement and the entering into of Interest Rate Protection Agreements or Other Hedging Agreements and, accordingly, desires to execute this Guaranty in order to satisfy the conditions described in the preceding paragraph and to induce the Lenders to maintain and make Loans to TPI and PCA and issue Letters of Credit for the account of PCA and the Other Creditors to maintain and/or enter into Interest Rate Protection Agreements or Other Hedging Agreements with PCA;

NOW, THEREFORE, in consideration of the foregoing and other benefits accruing to each Guarantor, the receipt and sufficiency of which are hereby acknowledged, each Guarantor hereby makes the following representations and warranties to the Creditors and hereby covenants and agrees with each Creditor as follows:

1. Each Guarantor, jointly and severally, irrevocably and unconditionally guarantees: (i) to the Lender Creditors the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of (x) the principal of and interest on the Notes issued by, and the Loans made to, the Borrower under the Credit Agreement and all reimbursement obligations and Unpaid Drawings with respect to Letters of Credit and (y) all other obligations (including obligations which, but for any automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities owing by the Borrower to the Lender Creditors (including, without limitation, indemnities, Fees and interest thereon) now existing or hereafter incurred under, arising out of or in connection with the Credit Agreement or any other Credit Document and the due performance and compliance with the terms, conditions and agreements contained in the Credit Documents by the Borrower (all such principal, interest, liabilities and obligations being herein collectively called the "CREDIT DOCUMENT OBLIGATIONS"); and (ii) to each Other Creditor the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for any automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities owing by the Borrower to the Other Creditors (including, without limitation,

indemnities, fees and interest thereon) under any Interest Rate Protection Agreements or Other Hedging Agreements, whether now in existence or hereafter arising, and the due performance and compliance by the Borrower with all terms, conditions and agreements contained therein (all such obligations and liabilities under this clause (ii) being herein collectively called the "OTHER OBLIGATIONS", and together with the Credit Document Obligations are herein collectively called the "GUARANTEED OBLIGATIONS"). Each Guarantor understands, agrees and confirms that the Creditors may enforce this Guaranty up to the full amount of the Guaranteed Obligations against each Guarantor without proceeding against any other Guarantor, the Borrower, against any security for the Guaranteed Obligations, or against any other guarantor under any other guaranty covering all or a portion of the Guaranteed Obligations. This Guaranty shall constitute a guaranty of payment and not of collection. All payments by each Guarantor under this Guaranty shall be made on the same basis as payments by the Borrower under Sections 4.03 and 4.04 of the Credit Agreement.

2. Additionally, each Guarantor, jointly and severally, unconditionally and irrevocably, guarantees the payment of any and all Guaranteed Obligations to the Creditors whether or not due or payable by the Borrower upon the occurrence in respect of the Borrower of any of the events specified in Section 10.05 of the Credit Agreement, and unconditionally and irrevocably, jointly and severally, promises to pay such Guaranteed Obligations to the Creditors, or order, on demand, in lawful money of the United States of America.

3. The liability of each Guarantor hereunder is exclusive and independent of any security for or other guaranty of the Guaranteed Obligations whether executed by such Guarantor, any other Guarantor, any other guarantor or by any other person, and the liability of each Guarantor hereunder shall not be affected or impaired by (i) any direction as to application of payment by the Borrower or by any other person, (ii) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other person as to the Guaranteed Obligations, (iii) any payment on or in reduction of any such other guaranty or undertaking, (iv) any dissolution, termination or increase, decrease or change in personnel by the Borrower, (v) any payment made to any Creditor on the Guaranteed Obligations which any Creditor repays the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each Guarantor waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, (vi) any action or inaction by the Creditors as contemplated in Section 6 hereof or (vii) any invalidity, irregularity or unenforceability of all or part of the Guaranteed Obligations or of any security therefor.

4. The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor, any other guarantor of the Borrower or the Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other Guarantor, any other guarantor of the Borrower or the Borrower and whether or not any other Guarantor, any other guarantor of the Borrower or the Borrower be joined in any such action or actions. Each Guarantor waives, to the fullest extent permitted by law, the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Borrower or other circumstance which operates to toll

any statute of limitations as to the Borrower shall operate to toll the statute of limitations as to each Guarantor.

5. Each Guarantor hereby waives notice of acceptance of this Guaranty and notice of any liability to which it may apply, and waives promptness, diligence, presentment, demand of payment, protest, notice of dishonor or nonpayment of any such liabilities, suit or taking of other action by the Administrative Agent or any other Creditor against, and any other notice to, any party liable thereon (including such Guarantor or any other guarantor of the Borrower).

6. Any Creditor may at any time and from time to time without the consent of, or notice to, any Guarantor, without incurring responsibility to such Guarantor, without impairing or releasing the obligations of such Guarantor hereunder, upon or without any terms or conditions and in whole or in part:

(i) change the manner, place or terms of payment of, and/or change or extend the time of payment of, renew or alter, any of the Guaranteed Obligations, (including any increase or decrease in the rate of interest thereon), any security therefor, or any liability incurred directly or indirectly in respect thereof, and the guaranty herein made shall apply to the Guaranteed Obligations as so changed, extended, renewed or altered;

(ii) take and hold security for the payment of the Guaranteed Obligations and/or sell, exchange, release, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;

(iii) exercise or refrain from exercising any rights against the Borrower, any Guarantor, any other guarantor of the Borrower or others or otherwise act or refrain from acting;

(iv) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and may subordinate the payment of all or any part thereof to the payment of any liability (whether due or not) of the Borrower to creditors of the Borrower;

(v) apply any sums by whomsoever paid or howsoever realized to any liability or liabilities of the Borrower to the Creditors regardless of what liabilities of the Borrower remain unpaid;

(vi) release or substitute any one or more endorsers, guarantors, Guarantors, the Borrower or other obligors;

(vii) consent to or waive any breach of, or any act, omission or default under, the Interest Rate Protection Agreements or Other Hedging Agreements, the Credit Documents or any of the instruments or agreements referred to therein, or otherwise amend, modify or supplement any of the Interest Rate Protection Agreements or Other Hedging Agreements, the Credit Documents or any of such other instruments or agreements; and/or

(viii) act or fail to act in any manner referred to in this Guaranty which may deprive such Guarantor of its right to subrogation against the Borrower to recover full indemnity for any payments made pursuant to this Guaranty.

7. No invalidity, irregularity or unenforceability of all or any part of the Guaranteed Obligations or of any security therefor shall affect, impair or be a defense to this Guaranty, and this Guaranty shall be primary, absolute and unconditional notwithstanding the occurrence of any event or the existence of any other circumstances which might constitute a legal or equitable discharge of a surety or guarantor except payment in full of the Guaranteed Obligations.

8. This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of any Creditor in exercising any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which any Creditor would otherwise have. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Creditor to any other or further action in any circumstances without notice or demand. It is not necessary for any Creditor to inquire into the capacity or powers of the Borrower or any of its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9. Any indebtedness of the Borrower now or hereafter held by any Guarantor is hereby subordinated to the indebtedness of the Borrower to the Creditors; and such indebtedness of the Borrower to any Guarantor, if the Administrative Agent, after an Event of Default has occurred, so requests, shall be collected, enforced and received by such Guarantor as trustee for the Creditors and be paid over to the Creditors on account of the indebtedness of the Borrower to the Creditors, but without affecting or impairing in any manner the liability of such Guarantor under the other provisions of this Guaranty. Prior to the transfer by any Guarantor of any note or negotiable instrument evidencing any indebtedness of the Borrower to such Guarantor, such Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination. Without limiting the generality of the foregoing, each Guarantor hereby agrees with the Creditors that it will not exercise any right of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 509 of the

Bankruptcy Code or otherwise) until all Guaranteed Obligations have been irrevocably paid in full in cash.

10. (a) Each Guarantor waives any right (except as shall be required by applicable statute and cannot be waived) to require the Creditors to: (i) proceed against the Borrower, any other Guarantor, any other guarantor of the Borrower or any other person; (ii) proceed against or exhaust any security held from the Borrower, any other Guarantor, any other guarantor of the Borrower or any other person; or (iii) pursue any other remedy in the Creditors' power whatsoever. Each Guarantor waives any defense based on or arising out of any defense of the Borrower, any other Guarantor, any other guarantor of the Borrower or any other person other than payment in full in cash of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the disability of the Borrower, any other Guarantor, any other guarantor of the Borrower or any other person, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower other than payment in full of the Guaranteed Obligations in cash. The Creditors may, at their election, foreclose on any security held by the Administrative Agent, the Collateral Agent or the other Creditors by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Creditors may have against the Borrower or any other person, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the Guaranteed Obligations have been paid in full in cash. Each Guarantor waives any defense arising out of any such election by the Creditors, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of such Guarantor against the Borrower or any other person or any security.

(b) Each Guarantor waives all presentments, demands for performance, protests and notices, including, without limitation, notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that the Creditors shall have no duty to advise any Guarantor of information known to them regarding such circumstances or risks.

(c) Until such time as the Guaranteed Obligations have been paid in full in cash, each Guarantor hereby waives all contractual, statutory or common law rights of reimbursement, contribution or indemnity from the Borrower or any other Guarantor which it may at any time otherwise have as a result of this Guaranty.

11. In order to induce the Lenders to make Loans and issue Letters of Credit pursuant to the Credit Agreement, and in order to induce the Other Creditors to execute, deliver and perform the Interest Rate Protection Agreements or Other Hedging Agreements, each Guarantor represents, warrants and covenants that:

(a) Such Guarantor (i) is a duly organized and validly existing corporation and is in good standing under the laws of the jurisdiction of its organization, and has the corporate power and authority to own its property and assets and to transact the business in which it is engaged and presently proposes to engage and (ii) is duly qualified and is authorized to do business and is in good standing in all jurisdictions where it is required to be so qualified except where the failure to be so qualified would reasonably be expected to have a Material Adverse Effect.

(b) Such Guarantor has the corporate power and authority to execute, deliver and carry out the terms and provisions of this Guaranty and each other Document (for purposes of this Guaranty, such term to mean and include each Document (as defined in the Credit Agreement) and each Interest Rate Protection Agreement or Other Hedging Agreement) to which it is a party and has taken all necessary corporate action to authorize the execution, delivery and performance by it of each such Document. Such Guarantor has duly executed and delivered this Guaranty and each other Document to which it is a party, and each such Document constitutes the legal, valid and binding obligation of such Guarantor enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or law) and principles of good faith and fair dealing.

(c) Neither the execution, delivery or performance by such Guarantor of this Guaranty or any other Document to which it is a party, nor compliance by it with the terms and provisions hereof and thereof: (i) will contravene any applicable material provision of any law, statute, rule or regulation, or any order, writ, injunction or decree of any court or governmental instrumentality, (ii) will conflict or be inconsistent with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or (other than pursuant to the Security Documents) result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Guarantor or any of its Subsidiaries pursuant to the terms of any indenture, mortgage, deed of trust, credit agreement, loan agreement or any other agreement or other instrument to which such Guarantor or any of its Subsidiaries is a party or by which it or any of its property or assets is bound or to which it may be subject or (iii) will violate any provision of the certificate of incorporation or by-laws (or equivalent organizational documents) of such Guarantor or any of its Subsidiaries.

(d) No order, consent, approval, license, authorization or validation of, or filing, recording or registration with, or exemption by, any foreign or domestic governmental or public body or authority, or any subdivision thereof, is required to authorize, or is required in connection with, (i) the execution, delivery and performance of this Guaranty or any other Document to which such Guarantor is a party, or (ii) the legality, validity, binding effect or enforceability of this Guaranty or any other Document to which such Guarantor is a party.

12. Each Guarantor covenants and agrees that on and after the date hereof and until the termination of the Total Commitments and all Interest Rate Protection Agreements or Other Hedging Agreements and when no Note or Letter of Credit remains outstanding and all other Guaranteed Obligations have been paid in full (other than those arising from indemnities for which no request has been made), such Guarantor shall take, or will refrain from taking, as the case may be, all actions that are necessary to be taken or not taken so that no violation of any provision, covenant or agreement contained in Section 8 or 9 of the Credit Agreement, and so that no Event of Default, is caused by the actions of such Guarantor or any of its Subsidiaries.

13. The Guarantors hereby jointly and severally agree to pay all out-of-pocket costs and expenses of each Creditor in connection with the enforcement of this Guaranty and the protection of such Creditor's rights hereunder, and in connection with any amendment, waiver or consent relating hereto (including, without limitation, the fees and disbursements of counsel employed by the Administrative Agent or any of the other Creditors).

14. This Guaranty shall be binding upon each Guarantor and its successors and assigns and shall inure to the benefit of the Creditors and their successors and assigns.

15. Neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated in any manner whatsoever unless in writing duly signed by the Administrative Agent (with the consent of (x) the Required Lenders or, to the extent required by Section 13.12 of the Credit Agreement, all of the Lenders, at all times prior to the time at which all Credit Document Obligations have been paid in full, or (y) the holders of at least a majority of the outstanding Other Obligations at all times after the time at which all Credit Document Obligations have been paid in full) and each Guarantor directly affected thereby (it being understood that the addition or release of any Guarantor hereunder shall not constitute a change, waiver, discharge or termination affecting any Guarantor other than the Guarantor so added or released); PROVIDED, that any change, waiver, modification or variance affecting the rights and benefits of a single Class (as defined below) of Creditors (and not all Creditors in a like or similar manner) shall require the written consent of the Requisite Creditors (as defined below) of such Class. For the purpose of this Guaranty, the term "Class" shall mean each class of Creditors, I.E., whether (i) the Lender Creditors as holders of the Credit Document Obligations or (ii) the Other Creditors as holders of the Other Obligations. For the purpose of this Guaranty, the term "Requisite Creditors" of any Class shall mean each of (i) with respect to the Credit Document Obligations, the Required Lenders and (ii) with respect to the Other Obligations, the holders of at least a majority of all obligations outstanding from time to time under the Interest Rate Protection Agreements or Other Hedging Agreements.

16. Each Guarantor acknowledges that an executed (or conformed) copy of each of the Credit Documents and the Interest Rate Protection Agreements or Other Hedging Agreements has been made available to its principal executive officers and such officers are familiar with the contents thereof.

17. In addition to any rights now or hereafter granted under applicable law (including, without limitation, Section 151 of the New York Debtor and Creditor Law) and not

by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default (such term to mean and include any "Event of Default" as defined in the Credit Agreement or any payment default under any Interest Rate Protection Agreement or Other Hedging Agreement and shall in any event, include, without limitation, any payment default on any of the Guaranteed Obligations continuing after any applicable grace period), each Creditor is hereby authorized at any time or from time to time, without notice to any Guarantor or to any other Person, any such notice being expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Creditor to or for the credit or the account of such Guarantor, against and on account of the obligations and liabilities of such Guarantor to such Creditor under this Guaranty, irrespective of whether or not such Creditor shall have made any demand hereunder and although said obligations, liabilities, deposits or claims, or any of them, shall be contingent or unmatured. Each Creditor acknowledges and agrees that the provisions of this Section 17 are subject to the sharing provisions set forth in Section 13.06(b) of the Credit Agreement.

18. All notices, requests, demands or other communications pursuant hereto shall be deemed to have been duly given or made when delivered to the Person to which such notice, request, demand or other communication is required or permitted to be given or made under this Guaranty, addressed to such party at (i) in the case of any Lender Creditor, as provided in the Credit Agreement, (ii) in the case of any Guarantor, at:

c/o Packaging Corporation of America
1900 West Field Court
Lake Forest, IL 60045
Attention: Paul T. Stecko
Tel: (847) 482-2000
Fax: (847) 482-4738

and (iii) in the case of any Other Creditor, at such address as such Other Creditor shall have specified in writing to the Guarantor; or in any case at such other address as any of the foregoing Persons may hereafter notify the others in writing.

19. If claim is ever made upon any Creditor for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of said Creditors repays all or part of said amount by reason of (i) any judgment, decree or order of any court or administrative body having jurisdiction over such Creditor or any of its property or (ii) any settlement or compromise of any such claim effected by such Creditor with any such claimant (including the Borrower), then and in such event each Guarantor agrees that any such judgment, decree, order, settlement or compromise shall be binding upon such Guarantor, notwithstanding any revocation hereof or the cancellation of any Note or any Interest Rate Protection Agreement or Other Hedging Agreement or other instrument evidencing any liability of the Borrower, and such Guarantor shall be and remain liable to such Creditor hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such Creditor.

20. (A) THIS GUARANTY AND THE RIGHTS AND OBLIGATIONS OF THE CREDITORS AND OF THE UNDERSIGNED HEREUNDER SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF NEW YORK.

(B) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER CREDIT DOCUMENT TO WHICH ANY GUARANTOR IS A PARTY MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK OR OF THE UNITED STATES OF AMERICA FOR THE SOUTHERN DISTRICT OF NEW YORK, AND, BY EXECUTION AND DELIVERY OF THIS GUARANTY, EACH GUARANTOR HEREBY IRREVOCABLY ACCEPTS FOR ITSELF AND IN RESPECT OF ITS PROPERTY, GENERALLY AND UNCONDITIONALLY, THE JURISDICTION OF THE AFORESAID COURTS. EACH GUARANTOR HEREBY IRREVOCABLY DESIGNATES, APPOINTS AND EMPOWERS CT CORPORATION SYSTEM, WITH OFFICES ON THE DATE HEREOF AT 1633 BROADWAY, NEW YORK, NEW YORK 10019 AS ITS DESIGNEE, APPOINTEE AND AGENT TO RECEIVE, ACCEPT AND ACKNOWLEDGE FOR AND ON ITS BEHALF, AND IN RESPECT OF ITS PROPERTY, SERVICE OF ANY AND ALL LEGAL PROCESS, SUMMONS, NOTICES AND DOCUMENTS WHICH MAY BE SERVED IN ANY SUCH ACTION OR PROCEEDING. IF FOR ANY REASON SUCH DESIGNEE, APPOINTEE AND AGENT SHALL CEASE TO BE AVAILABLE TO ACT AS SUCH, EACH GUARANTOR AGREES TO DESIGNATE A NEW DESIGNEE, APPOINTEE AND AGENT IN NEW YORK CITY ON THE TERMS AND FOR THE PURPOSES OF THIS PROVISION SATISFACTORY TO THE ADMINISTRATIVE AGENT. EACH GUARANTOR HEREBY FURTHER IRREVOCABLY WAIVES ANY CLAIM THAT ANY SUCH COURTS LACK JURISDICTION OVER SUCH GUARANTOR, AND AGREES NOT TO PLEAD OR CLAIM, IN ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS GUARANTY OR ANY OTHER CREDIT DOCUMENT TO WHICH IT IS A PARTY BROUGHT IN ANY OF THE AFORESAID COURTS, THAT ANY SUCH COURT LACKS JURISDICTION OVER SUCH GUARANTOR. EACH GUARANTOR FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS OUT OF ANY OF THE AFOREMENTIONED COURTS IN ANY SUCH ACTION OR PROCEEDING BY THE MAILING OF COPIES THEREOF BY REGISTERED OR CERTIFIED MAIL, POSTAGE PREPAID, TO EACH GUARANTOR AT ITS ADDRESS SET FORTH OPPOSITE ITS SIGNATURE BELOW, SUCH SERVICE TO BECOME EFFECTIVE 30 DAYS AFTER SUCH MAILING. EACH GUARANTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION TO SUCH SERVICE OF PROCESS AND FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY ACTION OR PROCEEDING COMMENCED HEREUNDER OR UNDER ANY OTHER CREDIT DOCUMENT TO WHICH SUCH GUARANTOR IS A PARTY THAT SERVICE OF PROCESS WAS IN ANY WAY INVALID OR INEFFECTIVE. NOTHING HEREIN SHALL AFFECT THE RIGHT OF ANY OF THE CREDITORS TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW OR TO COMMENCE LEGAL PROCEEDINGS OR

OTHERWISE PROCEED AGAINST EACH GUARANTOR IN ANY OTHER JURISDICTION.

(C) EACH GUARANTOR HEREBY IRREVOCABLY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY OF THE AFORESAID ACTIONS OR PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS GUARANTY OR ANY OTHER CREDIT DOCUMENT BROUGHT IN THE COURTS REFERRED TO IN CLAUSE (B) ABOVE AND HEREBY FURTHER IRREVOCABLY WAIVES AND AGREES NOT TO PLEAD OR CLAIM IN ANY SUCH COURT THAT SUCH ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

(D) EACH GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS GUARANTY, THE OTHER CREDIT DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

21. In the event that all of the capital stock or other equity interests of one or more Guarantors is sold or otherwise disposed of (to a Person other than the Borrower or a Subsidiary thereof) or liquidated in compliance with the requirements of Section 9.02 of the Credit Agreement (or such sale, disposition or liquidation has been approved in writing by the Required Lenders (or all Lenders if required by Section 13.12 of the Credit Agreement)) and the proceeds of such sale, disposition or liquidation are applied in accordance with the provisions of the Credit Agreement, to the extent applicable, such Guarantor shall be released from this Guaranty and this Guaranty shall, as to each such Guarantor or Guarantors, terminate, and have no further force or effect (it being understood and agreed that the sale of one or more Persons that own, directly or indirectly, all of the capital stock of any Guarantor shall be deemed to be a sale of such Guarantor for the purposes of this Section 21).

22. All payments made by any Guarantor hereunder will be made without setoff, counterclaim or other defense.

23. This Guaranty may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Administrative Agent.

24. It is understood and agreed that any Subsidiary of the Borrower that is required to execute a counterpart of this Guaranty pursuant to the Credit Agreement shall automatically become a Guarantor hereunder by executing a counterpart hereof and delivering the same to the Administrative Agent.

25. Notwithstanding anything else to the contrary in this Guaranty, the Creditors agree that this Guaranty may be enforced only by the action of the Administrative Agent or the Collateral Agent, in each case acting upon the instructions of the Required Lenders (or, after the date on which all Credit Document Obligations have been paid in full, the holders of at least a majority of the outstanding Other Obligations), and that no other Creditor shall have any right individually to seek to enforce or to enforce this Guaranty or to realize upon the security to be granted by the Security Documents, it being understood and agreed that such rights and remedies may be exercised by the Administrative Agent or the Collateral Agent or the holders of at least a majority of the outstanding Other Obligations, as the case may be, for the benefit of the Creditors upon the terms of this Guaranty and the Security Documents. The Creditors further agree that this Guaranty may not be enforced against any director, officer, employee, or stockholder of any Guarantor (except to the extent such stockholder is also a Guarantor hereunder). It is understood that the agreement in this Section 25 is among and solely for the benefit of the Lenders and that if the Required Lenders so agree (without requiring the consent of any Guarantor), this Guaranty may be directly enforced by any Creditor.

26. At any time a payment in respect of the Guaranteed Obligations is made under this Guaranty, the right of contribution of each Guarantor hereunder against each other such Guarantor shall be determined as provided in the immediately following sentence, with the right of contribution of each Guarantor to be revised and restated as of each date on which a payment (a "RELEVANT PAYMENT") is made on the Guaranteed Obligations under this Guaranty. At any time that a Relevant Payment is made by a Guarantor that results in the aggregate payments made by such Guarantor hereunder in respect of the Guaranteed Obligations to and including the date of the Relevant Payment exceeding such Guarantor's Contribution Percentage (as defined below) of the aggregate payments made by all Guarantors hereunder in respect of the Guaranteed Obligations to and including the date of the Relevant Payment (such excess, the "AGGREGATE EXCESS AMOUNT"), each such Guarantor shall have a right of contribution against each other Guarantor who has made payments hereunder in respect of the Guaranteed Obligations to and including the date of the Relevant Payment in an aggregate amount less than such other Guarantor's Contribution Percentage of the aggregate payments made to and including the date of the Relevant Payment by all Guarantors hereunder in respect of the Guaranteed Obligations (the aggregate amount of such deficit, the "AGGREGATE DEFICIT AMOUNT") in an amount equal to (x) a fraction the numerator of which is the Aggregate Excess Amount of such Guarantor and the denominator of which is the Aggregate Excess Amount of all Guarantors multiplied by (y) the Aggregate Deficit Amount of such other Guarantor. A Guarantor's right of contribution pursuant to the preceding sentences shall arise at the time of each computation, subject to adjustment to the time of any subsequent computation; PROVIDED, that no Guarantor may take any action to enforce such right until the Guaranteed Obligations have been paid in full and the Total Commitments have been terminated, it being expressly recognized and agreed by all parties hereto that any Guarantor's right of contribution arising pursuant to this Guaranty against any other Guarantor shall be expressly junior and subordinate to such other Guarantor's obligations and liabilities in respect of the Guaranteed Obligations and any other obligations owing under this Guaranty. As used in this Section 26: (i) each Guarantor's "CONTRIBUTION PERCENTAGE" shall mean the percentage obtained by dividing (x) the Adjusted Net Worth (as defined below) of such Guarantor by (y) the aggregate Adjusted Net Worth of all Guarantors; (ii) the "ADJUSTED NET

WORTH" of each Guarantor shall mean the greater of (x) the Net Worth (as defined below) of such Guarantor and (y) zero; and (iii) the "NET WORTH" of each Guarantor shall mean the amount by which the fair salable value of such Guarantor's assets on the date of any Relevant Payment exceeds its existing debts and other liabilities (including contingent liabilities, but without giving effect to any Guaranteed Obligations arising under this Guaranty) on such date. All parties hereto recognize and agree that, except for any right of contribution arising pursuant to this Section 26, each Guarantor who makes any payment in respect of the Guaranteed Obligations shall have no right of contribution or subrogation against any other Guarantor in respect of such payment. Each of the Guarantors recognizes and acknowledges that the rights to contribution arising hereunder shall constitute an asset in favor of the party entitled to such contribution. In this connection, each Guarantor has the right to waive its contribution right against any Guarantor to the extent that after giving effect to such waiver such Guarantor would remain solvent, in the determination of the Required Lenders.

27. Each Guarantor hereby confirms that it is its intention that this Guaranty not constitute a fraudulent transfer or conveyance for purposes of any bankruptcy, insolvency or similar law, the Uniform Fraudulent Conveyance Act or any similar Federal, state of foreign law. To effectuate the foregoing intention, each Guarantor hereby irrevocably agrees that the Guaranteed Obligations shall be limited to the maximum amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Guarantor that are relevant under such laws, result in the Guaranteed Obligations of such Guarantor in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

28. EACH GUARANTOR UNDERSTANDS THAT UPON DEFAULT ON THE OBLIGATIONS, AMONG OTHER REMEDIES SET OUT IN THE CREDIT AGREEMENT AND THE OTHER CREDIT DOCUMENTS, THE COLLATERAL AGENT MAY FORECLOSE UPON ANY MORTGAGED PROPERTY SECURING THE OBLIGATION AND REDRESS A DEFICIENCY JUDGMENT PURSUANT TO SOUTH CAROLINA LAW. EACH GUARANTOR HEREBY EXPRESSLY WAIVES AND RELINQUISHES ANY APPRAISAL RIGHTS WHICH SUCH GUARANTOR MAY HAVE UNDER SECTION 29-3-680 THROUGH SECTION 29-3-770, SOUTH CAROLINA CODE OF LAWS (1976) AS SUCH MAY BE AMENDED, AND UNDERSTANDS AND AGREES THAT A DEFICIENCY JUDGMENT, IF PROPOSED BY THE COLLATERAL AGENT, SHALL BE DETERMINED BY THE HIGHEST PRICE BID AT THE JUDICIAL SALE OF THE RELEVANT MORTGAGED PROPERTY.

29. (A) EACH GUARANTOR HEREBY ACKNOWLEDGES AND AFFIRMS THAT IT UNDERSTANDS THAT TO THE EXTENT THE OBLIGATIONS ARE SECURED BY REAL PROPERTY LOCATED IN THE STATE OF CALIFORNIA, SUCH GUARANTOR SHALL BE LIABLE FOR THE FULL AMOUNT OF THE LIABILITY HEREUNDER NOTWITHSTANDING FORECLOSURE ON SUCH REAL PROPERTY BY TRUSTEE SALE OR ANY OTHER REASON IMPAIRING SUCH GUARANTOR'S, THE COLLATERAL AGENT'S OR ANY SECURED CREDITORS'

RIGHT TO PROCEED AGAINST THE BORROWER OR ANY OTHER GUARANTOR OF THE OBLIGATIONS.

(B) EACH GUARANTOR HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ALL RIGHTS AND BENEFITS UNDER SECTIONS 580A, 580B, 580D AND 726 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. EACH GUARANTOR HEREBY FURTHER WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING OR ANY OTHER PROVISION HEREOF, ALL RIGHTS AND BENEFITS WHICH MIGHT OTHERWISE BE AVAILABLE TO SUCH GUARANTOR UNDER SECTIONS 2809, 2810, 2815, 2819, 2821, 2839, 2845, 2848, 2849, 2850, 2899 AND 3433 OF THE CALIFORNIA CIVIL CODE.

(C) EACH GUARANTOR WAIVES ITS RIGHTS OF SUBROGATION AND REIMBURSEMENT AND ANY OTHER RIGHTS AND DEFENSES AVAILABLE TO SUCH GUARANTOR BY REASON OF SECTIONS 2787 TO 2855, INCLUSIVE, OF THE CALIFORNIA CIVIL CODE, INCLUDING, WITHOUT LIMITATION, (1) ANY DEFENSES SUCH GUARANTOR MAY HAVE TO THIS GUARANTY BY REASON OF AN ELECTION OF REMEDIES BY THE COLLATERAL AGENT OR THE SECURED CREDITORS AND (2) ANY RIGHTS OR DEFENSES SUCH GUARANTOR MAY HAVE BY REASON OF PROTECTION AFFORDED TO THE BORROWER PURSUANT TO THE ANTIDEFICIENCY OR OTHER LAWS OF CALIFORNIA LIMITING OR DISCHARGING THE BORROWER'S INDEBTEDNESS, INCLUDING, WITHOUT LIMITATION, SECTION 580A, 580B, 580D OR 726 OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. IN FURTHERANCE OF SUCH PROVISIONS, EACH GUARANTOR HEREBY WAIVES ALL RIGHTS AND DEFENSES ARISING OUT OF AN ELECTION OF REMEDIES BY THE COLLATERAL AGENT OR THE SECURED CREDITORS, EVEN THOUGH THAT ELECTION OR REMEDIES, SUCH AS A NONJUDICIAL FORECLOSURE DESTROYS SUCH GUARANTOR'S RIGHTS OF SUBROGATION AND REIMBURSEMENT AGAINST THE BORROWER BY THE OPERATION OF SECTION 580D OF THE CALIFORNIA CODE OF CIVIL PROCEDURE OR OTHERWISE.

(D) EACH GUARANTOR WARRANTS AND AGREES THAT EACH OF THE WAIVERS SET FORTH ABOVE IS MADE WITH FULL KNOWLEDGE OF ITS SIGNIFICANCE AND CONSEQUENCES AND THAT IF ANY OF SUCH WAIVERS ARE DETERMINED TO BE CONTRARY TO ANY APPLICABLE LAW OR PUBLIC POLICY, SUCH WAIVERS SHALL BE EFFECTIVE ONLY TO THE MAXIMUM EXTENT PERMITTED BY LAW.

30. This guaranty, including, without limitation, the representations, warranties and covenants contained herein, shall become effective when (i) the Contribution Effective Time shall have occurred and (ii) the collateral agent, PCA and each subsidiary of PCA whose name appears on the signature pages hereto shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of facsimile transmission) the same to the administrative agent at its notice office or the offices of its counsel.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be executed and delivered as of the date first above written.

DAHLONEGA PACKAGING CORPORATION, as a Guarantor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

DIXIE CONTAINER CORPORATION, as a Guarantor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

PCA HYDRO, INC., as a Guarantor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

PCA TOMAHAWK CORPORATION, as a Guarantor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

PCA VALDOSTA CORPORATION, as a Guarantor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

Accepted and Agreed to:

MORGAN GUARANTY TRUST COMPANY OF
NEW YORK, as Administrative Agent for the Lenders

By /s/ Unn Boucher

Title: Vice President

EXHIBIT 10.4

PLEDGE AGREEMENT

PLEDGE AGREEMENT, dated as of April 12, 1999 (as amended, restated, modified and/or supplemented from time to time, this "AGREEMENT"), among each of the undersigned (each, a "PLEDGOR" and, together with each other entity which becomes a party hereto pursuant to Section 25, collectively, the "PLEDGORS") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, not in its individual capacity but solely as Collateral Agent (the "PLEDGEE"), for the benefit of the Secured Creditors (as defined below). Except as otherwise defined herein, terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H :

WHEREAS, Tenneco Packaging, Inc. ("TPI"), various financial institutions from time to time party thereto (the "LENDERS"), J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated, as Co-Lead Arrangers (the "CO-LEAD ARRANGERS"), Bankers Trust Company, as Syndication Agent (the "SYNDICATION AGENT"), and Morgan Guaranty Trust Company of New York, as Administrative Agent (the "ADMINISTRATIVE AGENT", and together with the Lenders, the Co-Lead Arrangers, the Syndication Agent, each Issuing Bank, the Pledgee and the Collateral Agent, the "LENDER CREDITORS") have entered into the Credit Agreement, providing for the making of Term Loans to TPI as contemplated therein;

WHEREAS, TPI and Packaging Corporation of America ("PCA") have entered into (i) the Contribution Agreement pursuant to which (x) TPI will contribute the Containerboard Business to PCA and (y) PCA will acquire the Containerboard Business and (ii) the Bank Credit Agreement Assignment and Assumption Agreement pursuant to which (x) TPI will assign (without recourse, representation or warranty) all of its rights, interests and obligations under the Credit Agreement and the Notes to PCA and (y) PCA will assume all of the rights, interests and obligations of TPI under the Credit Agreement and the Notes, all as contemplated therein;

WHEREAS, upon the Contribution Effective Time, PCA will become the "Borrower" for all purposes of the Credit Agreement, this Agreement and the other Credit Documents;

WHEREAS, PCA may from time to time enter into one or more (i) interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements), (ii) foreign exchange contracts, currency swap agreements, commodity agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency values and/or (iii) other types of hedging agreements from time to time (each such agreement or arrangement with an Other Creditor (as hereinafter defined), an "INTEREST RATE PROTECTION AGREEMENT OR OTHER HEDGING AGREEMENT"), with Morgan Guaranty Trust Company of New York in its individual capacity ("MORGAN GUARANTY"), any Lender or a

syndicate of financial institutions organized by Morgan Guaranty or any such Lender, or an affiliate of

Morgan Guaranty or any such Lender (Morgan Guaranty, any such Lender or Lenders or affiliate or affiliates of Morgan Guaranty or such Lender or Lenders (even if Morgan Guaranty or any such Lender ceases to be a Lender under the Credit Agreement for any reason) and any such institution that participates in such Interest Rate Protection Agreements or Other Hedging Agreements, and in each case their subsequent successors and assigns, collectively, the "OTHER CREDITORS", and together with the Lender Creditors, the "SECURED CREDITORS");

WHEREAS, pursuant to a Subsidiaries Guaranty, dated as of April 12, 1999 (as amended, restated, modified and/or supplemented from time to time, the "SUBSIDIARIES GUARANTY"), each Pledgor (other than PCA) has, on and after the Contribution Effective Time, jointly and severally guaranteed to the Secured Creditors the payment when due of all obligations and liabilities of PCA under or with respect to the Credit Documents and each Interest Rate Protection Agreement and Other Hedging Agreement;

WHEREAS, it is a condition precedent to the making of Loans to TPI and PCA and the issuance of, and participation in, Letters of Credit for the account of PCA under the Credit Agreement and to the Other Creditors entering into Interest Rate Protection Agreements and Other Hedging Agreements that each Pledgor shall have executed and delivered to the Pledgee this Agreement; and

WHEREAS, each Pledgor will obtain benefits from the incurrence and/or assumption of Loans by PCA and the issuance of Letters of Credit for the account of PCA under the Credit Agreement and PCA's entering into Interest Rate Protection Agreements or Other Hedging Agreements and, accordingly, desires to execute this Agreement in order to satisfy the conditions precedent described in the preceding paragraph and to induce the Lenders to make Loans to TPI and PCA and to issue, and participate in, Letters of Credit for the account of PCA, and to induce the Other Creditors to enter into Interest Rate Protection Agreements and Other Hedging Agreements with PCA;

NOW, THEREFORE, in consideration of the benefits accruing to each Pledgor, the receipt and sufficiency of which are hereby acknowledged, each Pledgor hereby makes the following representations and warranties to the Pledgee and hereby covenants and agrees with the Pledgee as follows:

1. SECURITY FOR OBLIGATIONS. This Agreement is made by each Pledgor for the benefit of the Secured Creditors to secure:

(i) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations, liabilities and indebtedness (including, without limitation, indemnities, Fees and interest thereon) of such Pledgor owing to the Lender Creditors, whether now existing or hereafter incurred under, arising out of, or in connection with the Credit Agreement and the other Credit Documents to which such Pledgor is a party (including, in the case of a Pledgor other than the Borrower, all such

obligations, liabilities and indebtedness under the Subsidiaries Guaranty) and the due performance and compliance by such Pledgor with all of the terms, conditions and agreements contained in the Credit Agreement and such other Credit Documents (all such obligations, liabilities and indebtedness under this clause (i), except to the extent guaranteeing obligations of the Borrower under Interest Rate Protection Agreements or Other Hedging Agreements, being herein collectively called the "CREDIT DOCUMENT OBLIGATIONS");

(ii) the full and prompt payment when due (whether at stated maturity, by acceleration or otherwise) of all obligations, liabilities and indebtedness (including, without limitation, indemnities, fees and interest thereon) of such Pledgor owing to the Other Creditors, now existing or hereafter incurred under, arising out of or in connection with any Interest Rate Protection Agreement or Other Hedging Agreement, whether such Interest Rate Protection Agreement or Other Hedging Agreement is now in existence or hereinafter arising, and the due performance and compliance with the terms, conditions and agreements of each such Interest Rate Protection Agreement and Other Hedging Agreement by such Pledgor, including, in the case of Pledgors other than the Borrower, all obligations, liabilities and indebtedness under the Subsidiaries Guaranty, in each case, in respect of the Interest Rate Protection Agreements and Other Hedging Agreements, and the due performance and compliance by such Pledgor with all of the terms, conditions and agreements contained in each such Interest Rate Protection Agreement and Other Hedging Agreement (all such obligations, liabilities and indebtedness under this clause (ii) being herein collectively called the "OTHER OBLIGATIONS");

(iii) any and all sums advanced by the Pledgee in order to preserve the Collateral (as hereinafter defined) and/or preserve its security interest therein;

(iv) in the event of any proceeding for the collection of the Obligations (as defined below) or the enforcement of this Agreement, after an Event of Default (such term, as used in this Agreement, shall mean and include any Event of Default under, and as defined in, the Credit Agreement and any payment default under any Interest Rate Protection Agreement or Other Hedging Agreement and shall in any event include, without limitation, any payment default (after the expiration of any applicable grace period) on any of the Obligations (as defined below)) shall have occurred and be continuing, the reasonable expenses of retaking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by the Pledgee of its rights hereunder, together with reasonable attorneys' fees and court costs; and

(v) all amounts paid by any Indemnitee to which such Indemnitee has the right to reimbursement under Section 11 of this Agreement.

all such obligations, liabilities, indebtedness, sums and expenses set forth in clauses (i) through (v) of this Section 1 being collectively called the "OBLIGATIONS", it being acknowledged and agreed that the "Obligations" shall include extensions of credit of the types described above,

whether outstanding on the date of this Agreement or extended from time to time after the date of this Agreement.

2. DEFINITIONS; ANNEXES. (a) Unless otherwise defined herein, all capitalized terms used herein and defined in the Credit Agreement shall be used herein as therein defined. Reference to singular terms shall include the plural and vice versa.

(b) The following capitalized terms used herein shall have the definitions specified below:

"ADMINISTRATIVE AGENT" shall have the meaning given such term in the recitals hereto.

"ADVERSE CLAIM" shall have the meaning given such term in Section 8-102(a)(1) of the UCC.

"AGREEMENT" shall have the meaning set forth in the first paragraph hereof.

"BANK CREDIT AGREEMENT ASSIGNMENT AND ASSUMPTION AGREEMENT" shall have the meaning provided in the Credit Agreement.

"BORROWER" shall mean (i) at any time prior to the Contribution Effective Time, TPI and (ii) thereafter, PCA.

"CERTIFICATED SECURITY" shall have the meaning given such term in Section 8-102(a)(4) of the UCC.

"CLEARING CORPORATION" shall have the meaning given such term in Section 8-102(a)(5) of the UCC.

"COLLATERAL" shall have the meaning set forth in Section 3.1 hereof.

"COLLATERAL ACCOUNTS" shall mean any and all accounts established and maintained by the Pledgee in the name of any Pledgor to which Collateral may be credited.

"CONTAINERBOARD BUSINESS" shall have the meaning provided in the Credit Agreement.

"CONTRIBUTION AGREEMENT" shall have the meaning provided in the Credit Agreement.

"CONTRIBUTION EFFECTIVE TIME" shall have the meaning provided in the Credit Agreement.

"CREDIT AGREEMENT" shall mean the Credit Agreement , dated as of April 12, 1999, among the Borrower, the Lenders, the Co-Lead Arrangers, the Syndication Agent and the Administrative Agent, providing for the making of Loans to the Borrower and, after the

Contribution Effective Time, the issuance of, and participation in, Letters of Credit for the account of the Borrower as contemplated therein, as the same may be amended, restated, modified, extended, renewed, replaced, supplemented, restructured and/or refinanced from time to time, and including any agreement extending the maturity of, refinancing or restructuring (including, but not limited to, the inclusion of additional borrowers thereunder that are Subsidiaries of the Borrower and whose obligations are guaranteed by the Borrower and/or the Subsidiary Guarantors thereunder or any increase in the amount borrowed) all, or any portion of, the Indebtedness under such agreement or any successor agreements; PROVIDED, that with respect to any agreement providing for the refinancing of Indebtedness under the Credit Agreement, such agreement shall only be treated as, or as part of, the Credit Agreement hereunder if (i) either (A) all obligations under the Credit Agreement being refinanced shall be paid in full at the time of such refinancing, and all commitments under the refinanced Credit Agreement shall have terminated in accordance with their terms or (B) the Required Lenders shall have consented in writing to the refinancing Indebtedness being treated, along with their Indebtedness, as Indebtedness pursuant to the Credit Agreement, (ii) the refinancing Indebtedness shall be permitted to be incurred under the Credit Agreement being refinanced (if such Credit Agreement is to remain outstanding) and (iii) a notice to the effect that the refinancing Indebtedness shall be treated as issued under the Credit Agreement shall be delivered by the Borrower to the Pledgee).

"CREDIT DOCUMENT OBLIGATIONS" shall have the meaning set forth in Section 1 hereof.

"DOMESTIC CORPORATION" shall have the meaning set forth in the definition of "Stock."

"EVENT OF DEFAULT" shall have the meaning set forth in Section 1 hereof.

"FINANCIAL ASSET" shall have the meaning given such term in Section 8-102(a)(9) of the UCC.

"FOREIGN CORPORATION" shall have the meaning set forth in the definition of "Stock."

"INDEMNITEES" shall have the meaning set forth in Section 11 hereof.

"INSTRUMENT" shall have the meaning given such term in Section 9-105(1)(i) of the UCC.

"INTEREST RATE PROTECTION AGREEMENT" shall have the meaning given such term in the recitals hereto.

"INVESTMENT PROPERTY" shall have the meaning given such term in Section 9-115(f) of the UCC.

"LENDER CREDITORS" shall have the meaning given such term in the recitals hereto.

"LENDERS" shall have the meaning given such term in the recitals hereto.

"LIMITED LIABILITY COMPANY ASSETS" shall mean all assets, whether tangible or intangible and whether real, personal or mixed (including, without limitation, all limited liability company capital and interest in other limited liability companies), at any time owned or represented by any Limited Liability Company Interest.

"LIMITED LIABILITY COMPANY INTERESTS" shall mean the entire limited liability company membership interest at any time owned by any Pledgor in any limited liability company.

"NON-VOTING STOCK" shall mean all capital stock which is not Voting Stock.

"NOTES" shall mean (x) all intercompany notes at any time issued to each Pledgor and (y) all other promissory notes from time to time issued to, or held by, each Pledgor.

"OBLIGATIONS" shall have the meaning set forth in Section 1 hereof.

"OTHER HEDGING AGREEMENT" shall have the meaning set forth in the recitals hereto.

"OTHER CREDITORS" shall have the meaning set forth in the recitals hereto.

"OTHER OBLIGATIONS" shall have the meaning set forth in Section 1 hereof.

"PARTNERSHIP ASSETS" shall mean all assets, whether tangible or intangible and whether real, personal or mixed (including, without limitation, all partnership capital and interest in other partnerships), at any time owned or represented by any Partnership Interest.

"PARTNERSHIP INTEREST" shall mean the entire general partnership interest or limited partnership interest at any time owned by any Pledgor in any general partnership or limited partnership.

"PCA" shall have the meaning provided in the recitals hereto.

"PLEDGED NOTES" shall have the meaning set forth in Section 3.5 hereof.

"PLEDGEE" shall have the meaning set forth in the first paragraph hereof.

"PLEDGOR" shall have the meaning set forth in the first paragraph hereof.

"PROCEEDS" shall have the meaning given such term in Section 9-306(l) of the UCC.

"REQUIRED LENDERS" shall have the meaning given such term in the Credit Agreement.

"SECURED CREDITORS" shall have the meaning set forth in the recitals hereto.

"SECURED DEBT AGREEMENTS" shall have the meaning set forth in Section 5 hereof.

"SECURITIES ACCOUNT" shall have the meaning given such term in Section 8-501(a) of the UCC.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended, as in effect from time to time.

"SECURITY" and "SECURITIES" shall have the meaning given such term in Section 8-102(a)(15) of the UCC and shall in any event include all Stock and Notes (to the extent same constitute "Securities" under Section 8-102(a)(15)).

"SECURITY ENTITLEMENT" shall have the meaning given such term in Section 8-102(a)(17) of the UCC.

"SPECIFIED DEFAULT" shall have the meaning provided such term in Section 5.

"STOCK" shall mean (x) with respect to corporations incorporated under the laws of the United States or any State or territory thereof (each, a "DOMESTIC CORPORATION"), all of the issued and outstanding shares of capital stock of any corporation at any time owned by any Pledgor of any Domestic Corporation (other than American Cellulose Corporation so long as same is not a direct or indirect Subsidiary of any Pledgor) and (y) with respect to corporations not Domestic Corporations (each a "FOREIGN CORPORATION"), all of the issued and outstanding shares of capital stock at any time owned by any Pledgor of any Foreign Corporation.

"SYNDICATION AGENT" shall have the meaning given such term in the recitals hereto.

"TERMINATION DATE" shall have the meaning set forth in Section 19 hereof.

"TPI" shall have the meaning provided in the recitals hereto.

"UCC" shall mean the Uniform Commercial Code as in effect in the State of New York from time to time; PROVIDED that all references herein to specific sections or subsections of the UCC are references to such sections or subsections, as the case may be, of the Uniform Commercial Code as in effect in the State of New York on the date hereof.

"UNCERTIFICATED SECURITY" shall have the meaning given such term in Section 8-102(a)(18) of the UCC.

"VOTING STOCK" shall mean all classes of capital stock of any Foreign Corporation entitled to vote.

3. PLEDGE OF SECURITY INTEREST, ETC.

3.1 PLEDGE. To secure the Obligations now or hereafter owed or to be performed by such Pledgor, each Pledgor does hereby grant, pledge and assign to the Pledgee for the benefit of the Secured Creditors, and does hereby create a continuing security interest (subject to those Liens permitted to exist with respect to the Collateral pursuant to the terms of all Secured Debt Agreements then in effect) in favor of the Pledgee for the benefit of the Secured Creditors in, all of the right, title and interest in and to the following, whether now existing or hereafter from time to time acquired (collectively, the "COLLATERAL"):

(a) each of the Collateral Accounts (to the extent a security interest therein is not created pursuant to PCA Security Agreement), including any and all assets of whatever type or kind deposited by such Pledgor in such Collateral Account, whether now owned or hereafter acquired, existing or arising, including, without limitation, all Financial Assets, Investment Property, moneys, checks, drafts, Instruments, Securities or interests therein of any type or nature deposited or required by the Credit Agreement or any other Secured Debt Agreement to be deposited in such Collateral Account, and all investments and all certificates and other Instruments (including depository receipts, if any) from time to time representing or evidencing the same, and all dividends, interest, distributions, cash and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing;

(b) all Securities of such Pledgor from time to time;

(c) all Limited Liability Company Interests of such Pledgor from time to time, excluding those in a limited liability company that is not a Wholly-Owned Subsidiary of the Borrower to the extent (and only to the extent) such Limited Liability Company Interests may not be pledged hereunder without violating the terms of the operating agreement or other organizational documents of such limited liability company, and all of its right, title and interest in each limited liability company to which each such interest relates, whether now existing or hereafter acquired, including, without limitation:

(A) all its capital therein and its interest in all profits, losses, Limited Liability Company Assets and other distributions to which such Pledgor shall at any time be entitled in respect of such Limited Liability Company Interests;

(B) all other payments due or to become due to such Pledgor in respect of Limited Liability Company Interests, whether under any limited liability company agreement or otherwise, whether as contractual obligations, damages, insurance proceeds or otherwise;

(C) all of its claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under any limited liability company agreement or operating agreement, or at law or otherwise in respect of such Limited Liability Company Interests;

(D) all present and future claims, if any, of such Pledgor against any such limited liability company for moneys loaned or advanced, for services rendered or otherwise;

(E) all of such Pledgor's rights under any limited liability company agreement or operating agreement or at law to exercise and enforce every right, power, remedy, authority, option and privilege of such Pledgor relating to such Limited Liability Company Interests, including any power to terminate, cancel or modify any limited liability company agreement or operating agreement, to execute any instruments and to take any and all other action on behalf of and in the name of any of such Pledgor in respect of such Limited Liability Company Interests and any such limited liability company, to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, amendment, waiver or approval, together with full power and authority to demand, receive, enforce, collect or receipt for any of the foregoing or for any Limited Liability Company Asset, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action in connection with any of the foregoing (with all of the foregoing rights only to be exercisable upon the occurrence and during the continuation of an Event of Default); and

(F) all other property hereafter delivered in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such other property and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof;

(d) all Partnership Interests of such Pledgor from time to time, excluding those in a partnership that is not a Wholly-Owned Subsidiary of the Borrower to the extent (and only to the extent) such Partnership Interests may not be pledged hereunder without violating the terms of the partnership agreement or other organizational documents of such partnership, and all of its right, title and interest in each partnership to which each such interest relates, whether now existing or hereafter acquired, including, without limitation:

(A) all its capital therein and its interest in all profits, losses, Partnership Assets and other distributions to which such Pledgor shall at any time be entitled in respect of such Partnership Interests;

(B) all other payments due or to become due to such Pledgor in respect of Partnership Interests, whether under any partnership agreement or otherwise, whether as contractual obligations, damages, insurance proceeds or otherwise;

(C) all of its claims, rights, powers, privileges, authority, options, security interests, liens and remedies, if any, under any partnership agreement or

operating agreement, or at law or otherwise in respect of such Partnership Interests;

(D) all present and future claims, if any, of such Pledgor against any such partnership for moneys loaned or advanced, for services rendered or otherwise;

(E) all of such Pledgor's rights under any partnership agreement or operating agreement or at law to exercise and enforce every right, power, remedy, authority, option and privilege of such Pledgor relating to such Partnership Interests, including any power to terminate, cancel or modify any partnership agreement or operating agreement, to execute any instruments and to take any and all other action on behalf of and in the name of any of such Pledgor in respect of such Partnership Interests and any such partnership, to make determinations, to exercise any election (including, but not limited to, election of remedies) or option or to give or receive any notice, consent, amendment, waiver or approval, together with full power and authority to demand, receive, enforce, collect or receipt for any of the foregoing or for any Partnership Asset, to enforce or execute any checks, or other instruments or orders, to file any claims and to take any action in connection with any of the foregoing (with all of the foregoing rights only to be exercisable upon the occurrence and during the continuation of an Event of Default); and

(F) all other property hereafter delivered in substitution for or in addition to any of the foregoing, all certificates and instruments representing or evidencing such other property and all cash, securities, interest, dividends, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all thereof;

(e) all Security Entitlements of such Pledgor from time to time in any and all of the foregoing;

(f) all Financial Assets and Investment Property of such Pledgor from time to time; and

(g) all Proceeds of any and all of the foregoing;

PROVIDED that (x) except to the extent provided by Section 8.14 of the Credit Agreement, no Pledgor shall be required at any time to pledge hereunder more than 65% of the Voting Stock of any Foreign Corporation and (y) each Pledgor shall be required to pledge hereunder 100% of any Non-Voting Stock at any time and from time to time acquired by such Pledgor of any Foreign Corporation.

3.2 PROCEDURES. (a) To the extent that any Pledgor at any time or from time to time owns, acquires or obtains any right, title or interest in any Collateral, such Collateral shall automatically (and without the taking of any action by the respective Pledgor) be pledged

pursuant to Section 3.1 of this Agreement and, in addition thereto, such Pledgor shall (to the extent provided below) take the following actions as set forth below (as promptly as practicable and, in any event, within 10 days after it obtains such Collateral) for the benefit of the Pledgee and the Secured Creditors:

(i) with respect to a Certificated Security (other than a Certificated Security credited on the books of a Clearing Corporation), the respective Pledgor shall physically deliver such Certificated Security to the Pledgee, endorsed to the Pledgee or endorsed in blank;

(ii) with respect to an Uncertificated Security (other than an Uncertificated Security credited on the books of a Clearing Corporation), the respective Pledgor shall cause the issuer of such Uncertificated Security to duly authorize and execute, and deliver to the Pledgee, an agreement for the benefit of the Pledgee and the other Secured Creditors substantially in the form of Annex G hereto (appropriately completed to the satisfaction of the Pledgee and with such modifications, if any, as shall be satisfactory to the Pledgee) pursuant to which such issuer agrees to comply with any and all instructions originated by the Pledgee without further consent by the registered owner and not to comply with instructions regarding such Uncertificated Security (and any Partnership Interests and Limited Liability Company Interests issued by such issuer) originated by any other Person other than a court of competent jurisdiction; it being understood that the Pledgee will not so originate any instructions to any such issuer unless an Event of Default has occurred and is continuing;

(iii) with respect to a Certificated Security, Uncertificated Security, Partnership Interest or Limited Liability Company Interest credited on the books of a Clearing Corporation (including a Federal Reserve Bank, Participants Trust Company or The Depository Trust Company), the respective Pledgor shall promptly notify the Pledgee thereof and shall promptly take all actions (x) required (i) to comply with the applicable rules of such Clearing Corporation and (ii) to perfect the security interest of the Pledgee under applicable law (including, in any event, under Sections 9-115 (4)(a) and (b), 9-115 (1)(e) and 8-106(d) of the UCC) and (y) as the Pledgee deems necessary or desirable to effect the foregoing;

(iv) with respect to a Partnership Interest or a Limited Liability Company Interest (other than a Partnership Interest or Limited Liability Interest credited on the books of a Clearing Corporation), (1) if such Partnership Interest or Limited Liability Company Interest is represented by a certificate, the procedure set forth in Section 3.2(a)(i), and (2) if such Partnership Interest or Limited Liability Company Interest is not represented by a certificate, the procedure set forth in Section 3.2(a)(ii);

(v) with respect to any Note, physical delivery of such Note to the Pledgee, endorsed to the Pledgee or endorsed in blank; and

(vi) after an Event of Default has occurred and is continuing, with respect to cash, to the extent not otherwise provided in the Security Agreement, (i) establishment by

the Pledgee of a cash account in the name of such Pledgor over which the Pledgee shall have exclusive and absolute control and dominion (and no withdrawals or transfers may be made therefrom by any Person except with the prior written consent of the Pledgee) and (ii) deposit of such cash in such cash account.

(b) In addition to the actions required to be taken pursuant to proceeding Section 3.2(a), each Pledgor shall take the following additional actions with respect to the Securities and Collateral (as defined below):

(i) with respect to all Collateral of such Pledgor whereby or with respect to which the Pledgee may obtain "control" thereof within the meaning of Section 8-106 of the UCC (or under any provision of the UCC as same may be amended or supplemented from time to time, or under the laws of any relevant State other than the State of New York), the respective Pledgor shall take all actions as may be requested from time to time by the Pledgee so that "control" of such Collateral is obtained and at all times held by the Pledgee; and

(ii) each Pledgor shall from time to time cause appropriate financing statements (on Form UCC-1 or other appropriate form) under the Uniform Commercial Code as in effect in the various relevant States, on form covering all Collateral hereunder (with the form of such financing statements to be satisfactory to the Pledgee), to be filed in the relevant filing offices so that at all times the Pledgee has a security interest in all Investment Property and other Collateral which is perfected by the filing of such financing statements (in each case to the maximum extent perfection by filing may be obtained under the laws of the relevant States, including, without limitation, Section 9-115(4)(b) of the UCC).

3.3 SUBSEQUENTLY ACQUIRED COLLATERAL. If any Pledgor shall acquire (by purchase, stock dividend or otherwise) any additional Collateral at any time or from time to time after the date hereof, such Collateral shall automatically (and without any further action being required to be taken) be subject to the pledge and security interests created pursuant to Section 3.1 and, furthermore, such Pledgor will within 10 days thereafter take (or cause to be taken) all action with respect to such Collateral (except to the extent such Collateral consists of Cash Equivalents) in accordance with the procedures set forth in Section 3.2, and will promptly thereafter deliver to the Pledgee (i) a certificate executed by a principal executive officer of such Pledgor describing such Collateral and certifying that the same has been duly pledged in favor of the Pledgee (for the benefit of the Secured Creditors) hereunder and (ii) supplements to Annexes A through F hereto as are necessary to cause such annexes to be complete and accurate at such time. Without limiting the foregoing, each Pledgor shall be required to pledge hereunder any shares of stock at any time and from time to time after the date hereof acquired by such Pledgor of any Foreign Corporation, PROVIDED that (x) except to the extent provided by Section 8.14 of the Credit Agreement, no Pledgor shall be required at any time to pledge hereunder more than 65% of the Voting Stock of any Foreign Corporation and (y) each Pledgor shall be required to pledge hereunder 100% of any Non-Voting Stock at any time and from time to time acquired by such Pledgor of any Foreign Corporation.

3.4 TRANSFER TAXES. Each pledge of Collateral under Section 3.1 or Section 3.3 shall be accompanied by any transfer tax stamps required in connection with the pledge of such Collateral.

3.5 DEFINITION OF PLEDGED NOTES. All Notes at any time pledged or required to be pledged hereunder are hereinafter called the "PLEDGED NOTES".

3.6 CERTAIN REPRESENTATIONS AND WARRANTIES REGARDING THE COLLATERAL. Each Pledgor represents and warrants that on the date hereof (i) each Subsidiary of such Pledgor, and the direct ownership thereof, is listed in Annex A hereto; (ii) the Stock held by such Pledgor consists of the number and type of shares of the stock of the corporations as described in Annex B hereto; (iii) such Stock constitutes that percentage of the issued and outstanding capital stock of the issuing corporation as is set forth in Annex B hereto; (iv) the Notes held by such Pledgor consist of the promissory notes described in Annex C hereto where such Pledgor is listed as the lender; (v) the Limited Liability Company Interests held by such Pledgor consist of the number and type of interests of the Persons described in Annex D hereto; (vi) each such Limited Liability Company Interest constitutes that percentage of the issued and outstanding equity interest of the issuing Person as set forth in Annex D hereto; (vii) the Partnership Interests held by such Pledgor consist of the number and type of interests of the Persons described in Annex E hereto; (viii) each such Partnership Interest constitutes that percentage or portion of the entire partnership interest of the Partnership as set forth in Annex E hereto; (ix) the Pledgor has complied with the respective procedure set forth in Section 3.2(a) with respect to each item of Collateral described in Annexes A through E hereto; and (x) such Pledgor owns no other Securities, Limited Liability Company Interests or Partnership Interests.

4. APPOINTMENT OF SUB-AGENTS; ENDORSEMENTS, ETC. The Pledgee shall have the right to appoint one or more sub-agents for the purpose of retaining physical possession of the Collateral, which may be held (in the discretion of the Pledgee) in the name of the relevant Pledgor, endorsed or assigned in blank or in favor of the Pledgee or any nominee or nominees of the Pledgee or a sub-agent appointed by the Pledgee.

5. VOTING, ETC., WHILE NO EVENT OF DEFAULT. Unless and until there shall have occurred and be continuing an Event of Default or a Default under Section 10.01 or 10.05 of the Credit Agreement (each such Default, a "SPECIFIED DEFAULT"), each Pledgor shall be entitled to exercise all voting rights attaching to any and all Collateral owned by it, and to give consents, waivers or ratifications in respect thereof, PROVIDED that no vote shall be cast or any consent, waiver or ratification given or any action taken which would violate, result in breach of any covenant contained in, or be inconsistent with, any of the terms of this Agreement, the Credit Agreement, any other Credit Document or any Interest Rate Protection Agreement or Other Hedging Agreement (collectively, the "SECURED DEBT AGREEMENTS"), or which would have the effect of materially impairing the value of the Collateral or any material part thereof or the position or interests of the Pledgee or any other Secured Creditor therein. All such rights of a Pledgor to vote and to give consents, waivers and ratifications shall cease in case an Event of Default or a Specified Default shall occur and be continuing and Section 7 hereof shall become applicable.

6. DIVIDENDS AND OTHER DISTRIBUTIONS. Unless and until an Event of Default or a Specified Default shall have occurred and be continuing, all cash dividends, cash distributions, cash Proceeds and other cash amounts payable in respect of the Collateral shall be paid to (and may be retained by) the respective Pledgor. Subject to Section 3.2 hereof, the Pledgee shall be entitled to receive directly, and to retain as part of the Collateral:

(i) all other or additional stock, notes, limited liability company interests, partnership interests, instruments or other securities or property (including, but not limited to, cash dividends other than as set forth above) paid or distributed by way of dividend or otherwise in respect of the Collateral;

(ii) all other or additional stock, notes, limited liability company interests, partnership interests, instruments or other securities or property (including, but not limited to, cash) paid or distributed in respect of the Collateral by way of stock-split, spin-off, split-up, reclassification, combination of shares or similar rearrangement; and

(iii) all other or additional stock, notes, limited liability company interests, partnership interests, instruments or other securities or property (including, but not limited to, cash) which may be paid in respect of the Collateral by reason of any consolidation, merger, exchange of stock, conveyance of assets, liquidation or similar corporate reorganization.

Nothing contained in this Section 6 shall limit or restrict in any way the Pledgee's right to receive the proceeds of the Collateral in any form in accordance with Section 3 of this Agreement. All dividends, distributions or other payments which are received by the respective Pledgor contrary to the provisions of this Section 6 or Section 7 shall be received in trust for the benefit of the Pledgee, shall be segregated from other property or funds of such Pledgor and shall be forthwith paid over to the Pledgee as Collateral in the same form as so received (with any necessary endorsement).

7. REMEDIES IN CASE OF AN EVENT OF DEFAULT OR A SPECIFIED DEFAULT. In the event an Event of Default or a Specified Default shall have occurred and be continuing, the Pledgee shall be entitled to exercise all of the rights, powers and remedies (whether vested in it by this Agreement or by any other Secured Debt Agreement or by law) for the protection and enforcement of its rights in respect of the Collateral, including, without limitation, all the rights and remedies of a secured party upon default under the Uniform Commercial Code of the State of New York, and the Pledgee shall be entitled, without limitation, to exercise any or all of the following rights, which each Pledgor hereby agrees to be commercially reasonable:

(i) to receive all amounts payable in respect of the Collateral otherwise payable under Section 6 to such Pledgor;

(ii) to transfer all or any part of the Collateral into the Pledgee's name or the name of its nominee or nominees;

(iii) to accelerate any Pledged Note which may be accelerated in accordance with its terms, and take any other lawful action to collect upon any Pledged Note (including, without limitation, to make any demand for payment thereon);

(iv) to vote all or any part of the Collateral (whether or not transferred into the name of the Pledgee) and give all consents, waivers and ratifications in respect of the Collateral and otherwise act with respect thereto as though it were the outright owner thereof (subject to any applicable operating agreement, partnership agreement or other organizational document in the case of any Collateral constituting a Partnership Interest or a Limited Liability Company Interest) (each Pledgor hereby irrevocably constituting and appointing the Pledgee the proxy and attorney-in-fact of such Pledgor, with full power of substitution to do so);

(v) at any time or from time to time to sell, assign and deliver, or grant options to purchase, all or any part of the Collateral, or any interest therein, at any public or private sale, without demand of performance, advertisement or notice of intention to sell or of the time or place of sale or adjournment thereof or to redeem or otherwise (all of which are hereby waived by each Pledgor), for cash, on credit or for other property, for immediate or future delivery without any assumption of credit risk, and for such price or prices and on such terms as the Pledgee in its absolute discretion may determine; PROVIDED that at least 10 days' notice of the time and place of any such sale shall be given to such Pledgor. The Pledgee shall not be obligated to make such sale of Collateral regardless of whether any such notice of sale has theretofore been given. Each purchaser at any such sale shall hold the property so sold absolutely free from any claim or right on the part of each Pledgor, and each Pledgor hereby waives and releases to the fullest extent permitted by law any right or equity of redemption with respect to the Collateral, whether before or after sale hereunder, all rights, if any, of marshalling the Collateral and any other security for the Obligations or otherwise, and all rights, if any, of stay and/or appraisal which it now has or may at any time in the future have under rule of law or statute now existing or hereafter enacted. At any such sale, unless prohibited by applicable law, the Pledgee on behalf of all Secured Creditors (or certain of them) may bid for and purchase (by bidding in Obligations or otherwise) all or any part of the Collateral so sold free from any such right or equity of redemption. Neither the Pledgee nor any other Secured Creditor shall be liable for failure to collect or realize upon any or all of the Collateral or for any delay in so doing nor shall any of them be under any obligation to take any action whatsoever with regard thereto; and

(vi) to set-off any and all Collateral against any and all Obligations, and to withdraw any and all cash or other Collateral from any and all Collateral Accounts and to apply such cash and other Collateral to the payment of any and all Obligations.

8. REMEDIES, ETC., CUMULATIVE. Each right, power and remedy of the Pledgee provided for in this Agreement or any other Secured Debt Agreement, or now or hereafter existing at law or in equity or by statute shall be cumulative and concurrent and shall be in addition to every other such right, power or remedy. The exercise or beginning of the exercise

by the Pledgee or any other Secured Creditor of any one or more of the rights, powers or remedies provided for in this Agreement or any other Secured Debt Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the Pledgee or any other Secured Creditor of all such other rights, powers or remedies, and no failure or delay on the part of the Pledgee or any other Secured Creditor to exercise any such right, power or remedy shall operate as a waiver thereof. Unless otherwise required by the Credit Documents, no notice to or demand on any Pledgor in any case shall entitle such Pledgor to any other or further notice or demand in similar other circumstances or constitute a waiver of any of the rights of the Pledgee or any other Secured Creditor to any other or further action in any circumstances without demand or notice. The Secured Creditors agree that this Agreement may be enforced only by the action of the Pledgee, acting upon the instructions of the Required Lenders (or, after the date on which all Credit Document Obligations have been paid in full, the holders of at least a majority of the outstanding Other Obligations) and that no other Secured Creditor shall have any right individually to seek to enforce or to enforce this Agreement or to realize upon the security to be granted hereby, it being understood and agreed that such rights and remedies may be exercised by the Pledgee or the holders of at least a majority of the outstanding Other Obligations, as the case may be, for the benefit of the Secured Creditors upon the terms of this Agreement and the other Credit Documents.

9. APPLICATION OF PROCEEDS. (a) All moneys collected by the Pledgee upon any sale or other disposition of the Collateral pursuant to the terms of this Agreement, together with all other moneys received by the Pledgee hereunder, shall be applied to the payment of the Obligations in the manner provided in Section 7.4 of the Security Agreement.

(b) It is understood and agreed that each Pledgor shall remain liable to the extent of any deficiency between the amount of proceeds of the Collateral pledged by it hereunder and the aggregate amount of its Obligations.

10. PURCHASERS OF COLLATERAL. Upon any sale of the Collateral by the Pledgee hereunder (whether by virtue of the power of sale herein granted, pursuant to judicial process or otherwise), the receipt of the Pledgee or the officer making such sale of the purchase money paid as consideration pursuant to such sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold, and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Pledgee or such officer or be answerable in any way for the misapplication or nonapplication thereof.

11. INDEMNITY. Each Pledgor jointly and severally agrees (i) to indemnify and hold harmless the Pledgee, each other Secured Creditor and their respective successors, assigns, employees, agents and servants (individually an "INDEMNITEE", and collectively, the "INDEMNITEES") from and against any and all claims, demands, losses, judgments and liabilities (including liabilities for penalties) of whatsoever kind or nature, and (ii) to reimburse each Indemnitee for all reasonable costs and expenses, including reasonable attorneys' fees, in each case arising out of or resulting from this Agreement or the exercise by any Indemnitee of any right or remedy granted to it hereunder or under any other Secured Debt Agreement (but

excluding any claims, demands, losses, judgments and liabilities (including liabilities for penalties) or expenses of whatsoever kind or nature to the extent incurred or arising by reason of gross negligence or willful misconduct of such Indemnitee). In no event shall any Indemnitee hereunder be liable, in the absence of gross negligence or willful misconduct on its part, for any matter or thing in connection with this Agreement other than to account for monies or other property actually received by it in accordance with the terms hereof. If and to the extent that the obligations of any Pledgor under this Section 11 are unenforceable for any reason, each Pledgor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law. The indemnity obligations of each Pledgor contained in this Section 11 shall continue in full force and effect notwithstanding the full payment of all the Notes issued under the Credit Agreement, the termination of all Interest Rate Protection and Other Hedging Agreements and Letters of Credit, and the payment of all other Obligations and notwithstanding the discharge thereof.

12. FURTHER ASSURANCES; POWER OF ATTORNEY. (a) Each Pledgor agrees that it will join with the Pledgee in executing and, at such Pledgor's own expense, file and refile under the Uniform Commercial Code such financing statements, continuation statements and other documents in such offices as the Pledgee (acting on its own or on the instructions of the Required Lenders) may reasonably deem necessary or appropriate and wherever required or permitted by law in order to perfect and preserve the Pledgee's security interest in the Collateral hereunder and hereby authorizes the Pledgee to file financing statements and amendments thereto relative to all or any part of the Collateral without the signature of such Pledgor where permitted by law, and agrees to do such further acts and things and to execute and deliver to the Pledgee such additional conveyances, assignments, agreements and instruments as the Pledgee may reasonably require or deem advisable to carry into effect the purposes of this Agreement or to further assure and confirm unto the Pledgee its rights, powers and remedies hereunder or thereunder.

(b) Each Pledgor hereby appoints the Pledgee such Pledgor's attorney-in-fact, with full authority in the place and stead of such Pledgor and in the name of such Pledgor or otherwise, from time to time after the occurrence and during the continuance of an Event of Default, in the Pledgee's discretion to take any action and to execute any instrument which the Pledgee may deem necessary or advisable to accomplish the purposes of this Agreement.

13. THE PLEDGEE AS COLLATERAL AGENT. The Pledgee will hold in accordance with this Agreement all items of the Collateral at any time received under this Agreement. It is expressly understood and agreed that the obligations of the Pledgee as holder of the Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Agreement, are only those expressly set forth in this Agreement. The Pledgee shall act hereunder on the terms and conditions set forth herein and in Section 12 of the Credit Agreement.

14. TRANSFER BY THE PLEDGORS. No Pledgor will sell or otherwise dispose of, grant any option with respect to, or mortgage, pledge or otherwise encumber any of

the Collateral or any interest therein (except in accordance with the terms of this Agreement and the other Secured Debt Agreements).

15. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE PLEDGORS.

(a) Each Pledgor represents, warrants and covenants that:

(i) it is the legal, beneficial and record owner of, and has good and marketable title to, all Collateral consisting of one or more Securities and that it has sufficient interest in all Collateral in which a security interest is purported to be created hereunder for such security interest to attach (subject, in each case, to no pledge, lien, mortgage, hypothecation, security interest, charge, option, Adverse Claim or other encumbrance whatsoever, except the liens and security interests created by this Agreement or permitted under the Credit Agreement);

(ii) it has full power, authority and legal right to pledge all the Collateral pledged by it pursuant to this Agreement;

(iii) this Agreement has been duly authorized, executed and delivered by such Pledgor and constitutes a legal, valid and binding obligation of such Pledgor enforceable against such Pledgor in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law) and principles of good faith and fair dealing;

(iv) except to the extent already obtained or made, no consent of any other party (including, without limitation, any stockholder, member, partner or creditor of such Pledgor or any of its Subsidiaries) and no consent, license, permit, approval or authorization of, exemption by, notice or report to, or registration, filing or declaration with, any governmental authority is required to be obtained by such Pledgor in connection with (a) the execution, delivery or performance of this Agreement, (b) the validity or enforceability of this Agreement (except as set forth in clause (iii) above), (c) the perfection or enforceability of the Pledgee's security interest in the Collateral, (d) except for compliance with or as may be required by applicable securities laws, the exercise by the Pledgee of any of its rights or remedies provided herein or (e) except for compliance with or as may required by any applicable partnership agreement, limited liability company agreement or other organizational document relating to any partnership or limited liability company that is not a Wholly-Owned Subsidiary of the Borrower, the exercise by the Pledgee of any of is rights or remedies provided herein with respect to the Partnership Interest or Limited Liability Company Interest relating to such partnership or limited liability company;

(v) the execution, delivery and performance of this Agreement will not violate any provision of any applicable law or regulation or of any order, judgment, writ, award or decree of any court, arbitrator or governmental authority, domestic or foreign, applicable to such Pledgor, or of the certificate of incorporation, operating agreement,

limited liability company agreement or by-laws of such Pledgor or of any securities issued by such Pledgor or any of its Subsidiaries, or of any mortgage, deed of trust, indenture, lease, loan agreement, credit agreement or other contract, agreement or instrument or undertaking to which such Pledgor or any of its Subsidiaries is a party or which purports to be binding upon such Pledgor or any of its Subsidiaries or upon any of their respective assets and will not result in the creation or imposition of (or the obligation to create or impose) any lien or encumbrance on any of the assets of such Pledgor or any of its Subsidiaries except as contemplated by this Agreement (other than the Liens created by the Collateral Documents);

(vi) all of the Collateral (consisting of Securities, Limited Liability Company Interests or Partnership Interests, has been duly and validly issued, is fully paid and non-assessable and is subject to no options to purchase or similar rights, PROVIDED that Collateral consisting of Limited Liability Company Interests or Partnership Interest, may require further payments and/or assessments in respect thereof in accordance with the partnership agreements, limited liability company agreements or other organizational documents relating thereto or applicable laws;

(vii) each of the Pledged Notes constitutes, or when executed by the obligor thereof will constitute, the legal, valid and binding obligation of such obligor, enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law) and principles of good faith and fair dealing;

(viii) the pledge, collateral assignment and delivery to the Pledgee of the Collateral consisting of certificated securities (together with instruments of transfer therefor), pursuant to this Agreement creates a valid and perfected first priority security interest in such Securities, and the proceeds thereof, subject to no prior Lien or encumbrance or to any agreement purporting to grant to any third party a Lien or encumbrance on the property or assets of such Pledgor which would include the Securities (other than Permitted Liens) and the Pledgee is entitled to all the rights, priorities and benefits afforded by the UCC or other relevant law as enacted in any relevant jurisdiction to perfect security interests in respect of such Collateral; and

(ix) "control" (as defined in Section 8-106 of the UCC) has been obtained by the Pledgee over all Collateral consisting of Securities (including Notes which are Securities) with respect to which such "control" may be obtained pursuant to Section 8-106 of the UCC, PROVIDED that in the case of the Pledgee obtaining "control" over Collateral consisting of a security entitlement, such Pledgor shall have taken all steps in its control so that the Pledgee obtains "control" over such security entitlement.

(b) Each Pledgor covenants and agrees that it will defend the Pledgee's right, title and security interest in and to the Securities and the proceeds thereof against the claims and

demands of all persons whomsoever; and each Pledgor covenants and agrees that it will have like title to and right to pledge any other property at any time hereafter pledged to the Pledgee as Collateral hereunder and will likewise defend the right thereto and security interest therein of the Pledgee and the other Secured Creditors.

(c) Each Pledgor covenants and agrees that it will take no action which would violate any of the terms of any Secured Debt Agreement.

16. CHIEF EXECUTIVE OFFICE; RECORDS. The chief executive office of each Pledgor is located at the address specified in Annex F hereto. Each Pledgor will not move its chief executive office except to such new location as such Pledgor may establish in accordance with the last sentence of this Section 16. The originals of all documents in the possession of such Pledgor evidencing all Collateral, including but not limited to all Limited Liability Company Interests and Partnership Interests, and the only original books of account and records of such Pledgor relating thereto are, and will continue to be, kept at such chief executive office at the location specified in Annex F hereto, or at such new locations as such Pledgor may establish in accordance with the last sentence of this Section 16. All Limited Liability Company Interests and Partnership Interests are, and will continue to be, maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from, such chief executive office location specified in Annex F hereto, or such new locations as the respective Pledgor may establish in accordance with the last sentence of this Section 16. No Pledgor shall establish a new location for such offices until (i) it shall have given to the Collateral Agent not less than 30 days' prior written notice of its intention so to do, clearly describing such new location and providing such other information in connection therewith as the Collateral Agent may reasonably request and (ii) with respect to such new location, it shall have taken all action, satisfactory to the Collateral Agent, to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect. Promptly after establishing a new location for such offices in accordance with the immediately preceding sentence, the respective Pledgor shall deliver to the Pledgee a supplement to Annex F hereto so as to cause such Annex F hereto to be complete and accurate.

17. PLEDGORS' OBLIGATIONS ABSOLUTE, ETC. The obligations of each Pledgor under this Agreement shall be absolute and unconditional and shall remain in full force and effect without regard to, and shall not be released, suspended, discharged, terminated or otherwise affected by, any circumstance or occurrence whatsoever (other than termination of this Agreement pursuant to Section 19 hereof), including, without limitation:

(i) any renewal, extension, amendment or modification of, or addition or supplement to or deletion from any Secured Debt Agreement (other than this Agreement in accordance with its terms), or any other instrument or agreement referred to therein, or any assignment or transfer of any thereof;

(ii) any waiver, consent, extension, indulgence or other action or inaction under or in respect of any such agreement or instrument or this Agreement (other than a waiver, consent or extension with respect to this Agreement in accordance with its terms);

(iii) any furnishing of any additional security to the Pledgee or its assignee or any acceptance thereof or any release of any security by the Pledgee or its assignee;

(iv) any limitation on any party's liability or obligations under any such instrument or agreement or any invalidity or unenforceability, in whole or in part, of any such instrument or agreement or any term thereof; or

(v) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to any Pledgor or any Subsidiary of any Pledgor, or any action taken with respect to this Agreement by any trustee or receiver, or by any court, in any such proceeding, whether or not such Pledgor shall have notice or knowledge of any of the foregoing.

18. SALE OF COLLATERAL WITHOUT REGISTRATION. If at any time when the Pledgee shall determine to exercise its right to sell all or any part of the Collateral consisting of Securities, Limited Liability Company Interests or Partnership Interests pursuant to Section 7, and such Collateral or the part thereof to be sold shall not, for any reason whatsoever, be effectively registered under the Securities Act of 1933, as then in effect, the Pledgee may, in its sole and absolute discretion, sell such Collateral or part thereof by private sale in such manner and under such circumstances as the Pledgee may deem necessary or advisable in order that such sale may legally be effected without such registration. Without limiting the generality of the foregoing, in any such event the Pledgee, in its sole and absolute discretion: (i) may proceed to make such private sale notwithstanding that a registration statement for the purpose of registering such Collateral or part thereof shall have been filed under such Securities Act; (ii) may approach and negotiate with a single possible purchaser to effect such sale; and (iii) may restrict such sale to a purchaser who will represent and agree that such purchaser is purchasing for its own account, for investment, and not with a view to the distribution or sale of such Collateral or part thereof. In the event of any such sale, the Pledgee shall incur no responsibility or liability for selling all or any part of the Collateral at a price which the Pledgee, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might be realized if the sale were deferred until the registration as aforesaid.

19. TERMINATION; RELEASE. (a) On the Termination Date (as defined below), this Agreement shall terminate (provided that all indemnities set forth herein including, without limitation, in Section 11 hereof shall survive any such termination) and the Pledgee, at the request and expense of the respective Pledgor, will execute and deliver to such Pledgor a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement (including, without limitation, UCC termination statements and instruments of satisfaction, discharge and/or reconveyance), and will duly assign, transfer and deliver to such Pledgor (without recourse and without any representation or warranty) such of the Collateral as may be in the possession of the Pledgee and as has not theretofore been sold or otherwise applied or released pursuant to this Agreement, together with any moneys at the time held by the Pledgee or any of its sub-agents hereunder and, with respect to any Collateral consisting of an Uncertificated Security (other than an Uncertificated Security credited on the books of a Clearing

Corporation), a Partnership Interest or a Limited Liability Company Interest, a termination of the agreement relating thereto executed and delivered by the issuer of such Uncertificated Security pursuant to Section 3.2(a)(ii) or by the respective partnership or limited liability company pursuant to Section 3.2(a)(iv). As used in this Agreement, "TERMINATION DATE" shall mean the date upon which the Total Commitments and all Interest Rate Protection Agreements and Other Hedging Agreements have been terminated, no Letter of Credit or Note is outstanding (and all Loans have been paid in full), all Letters of Credit have been terminated, and all other Obligations then due and payable have been paid in full (other than any indemnity, not then due and payable, which by its terms shall survive such termination and payment).

(b) In the event that any part of the Collateral is sold or otherwise disposed of (to a Person other than a Credit Party) (x) at any time prior to the time at which all Credit Document Obligations have been paid in full and all Commitments and Letters of Credit under the Credit Agreement have been terminated, in connection with a sale or disposition permitted by Section 9.02 of the Credit Agreement or is otherwise released at the direction of the Required Lenders (or all the Lenders if required by Section 13.12 of the Credit Agreement) or (y) at any time thereafter, to the extent permitted by the other Secured Debt Agreements, and in the case of clauses (x) and (y), the proceeds of such sale or disposition (or from such release) are applied in accordance with the terms of the Credit Agreement or such other Secured Debt Agreement, as the case may be, to the extent required to be so applied, the Pledgee, at the request and expense of such Pledgor, will duly assign, transfer and deliver to such Pledgor (without recourse and without any representation or warranty) such of the Collateral as is then being (or has been) so sold or released and as may be in possession of the Pledgee and has not theretofore been released pursuant to this Agreement.

(c) At any time that any Pledgor desires that Collateral be released as provided in the foregoing Section 19(a) or (b), it shall deliver to the Pledgee a certificate signed by a principal executive officer of such Pledgor stating that the release of the respective Collateral is permitted pursuant to Section 19(a) or (b). If reasonably requested by the Pledgee (although the Pledgee shall have no obligation to make any such request), the relevant Pledgor shall furnish appropriate legal opinions (from counsel reasonably acceptable to the Pledgee) to the effect set forth in the immediately preceding sentence. The Pledgee shall have no liability whatsoever to any Secured Creditor as the result of any release of Collateral by it as permitted by this Section 19.

20. NOTICES, ETC. All notices and other communications hereunder shall be in writing and shall be delivered or mailed by first class mail, postage prepaid, addressed:

(i) if to any Pledgor, at:

Packaging Corporation of America
1900 West Field Court
Lake Forest, IL 60045
Attention: Paul T. Stecko

Tel: (847) 482-2000
Fax: (847) 482-4738

(ii) if to the Pledgee, at:

Morgan Guaranty Trust Company of New York
c/o J.P. Morgan Services, Inc.
500 Stanton Christiana Road
Newark, Delaware
Attention: Nicole Pedicone
Tel: (302) 634-1912
Fax: (302) 634-4300

(iii) if to any Lender (other than the Pledgee), at such address as such Lender shall have specified in the Credit Agreement;

(iv) if to any Other Creditor, at such address as such Other Creditor shall have specified in writing to the Borrower and the Pledgee;

or at such address as shall have been furnished in writing by any Person described above to the party required to give notice hereunder.

21. THE PLEDGEE. (a)The Pledgee will hold, directly or indirectly in accordance with this Agreement, all items of the Collateral at any time received by it under this Agreement. It is expressly understood and agreed that the obligations of the Pledgee with respect to the Collateral, interests therein and the disposition thereof, and otherwise under this Agreement, are only those expressly set forth in the UCC and this Agreement.

22. WAIVER; AMENDMENT. Except as contemplated in Section 25 hereof, none of the terms and conditions of this Agreement may be changed, waived, discharged or terminated in any manner whatsoever unless such change, waiver, discharge or termination is in writing duly signed by each Pledgor directly and adversely affected thereby and the Collateral Agent (with the consent of (x) the Required Lenders (or, to the extent required by Section 13.12 of the Credit Agreement, all of the Lenders) at all time prior to the time in which all Credit Document Obligations (other than those arising from indemnities for which no request has been made) have been paid in full and all Commitments and Letters of Credit under the Credit Agreement had been terminated or (y) the holders of at least a majority of the outstanding Other Obligations at all times after the time on which all Credit Document Obligations (other than those arising from indemnities for which no request has been made) have been paid in full and all Commitments and Letters of Credit under the Credit Agreement had been terminated, PROVIDED, HOWEVER, that no such change, waiver, modification or variance shall be made to Section 11 hereof or this Section 22 without the consent of each Secured Creditor adversely affected thereby, PROVIDED FURTHER that any change, waiver, modification or variance affecting the rights and benefits of a single Class (as defined below) of Secured Creditors (and not all Secured Creditors in a like or similar manner) shall require the written consent of the Requisite Creditors (as defined below) of such Class of Secured Creditors. For the purpose of this Agreement, the

term "CLASS" shall mean each class of Secured Creditors, I.E., whether (x) the Lender Creditors as holders of the Credit Document Obligations or (y) the Other Creditors as holders of the Other Obligations. For the purpose of this Agreement, the term "REQUISITE CREDITORS" of any Class shall mean each of (x) with respect to each of the Credit Document Obligations, the Required Lenders and (y) with respect to the Other Obligations, the holders of more than 50% of all obligations outstanding from time to time under the Interest Rate Protection Agreements and Other Hedging Agreements.

23. MISCELLANEOUS. This Agreement shall create a continuing security interest in the Collateral and shall (i) remain in full force and effect, subject to release and/or termination as set forth in Section 19, (ii) be binding upon each Pledgor, its successors and assigns; PROVIDED, HOWEVER, that no Pledgor shall assign any of its rights or obligations hereunder without the prior written consent of the Pledgee (with the prior written consent of the Required Lenders or to the extent required by Section 13.12 of the Credit Agreement, all of the Lenders), and (iii) inure, together with the rights and remedies of the Pledgee hereunder, to the benefit of the Pledgee, the other Secured Parties and their respective successors, transferees and assigns. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK. The headings of the several sections and subsections in this Agreement are for purposes of reference only and shall not limit or define the meaning hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. In the event that any provision of this Agreement shall prove to be invalid or unenforceable, such provision shall be deemed to be severable from the other provisions of this Agreement which shall remain binding on all parties hereto.

24. WAIVER OF JURY TRIAL. Each Pledgor hereby irrevocably waives all right to a trial by jury in any action, proceeding or counterclaim arising out of or relating to this Agreement or the transactions contemplated hereby.

25. ADDITIONAL PLEDGORS. It is understood and agreed that any Subsidiary of the Borrower that is required to execute a counterpart of this Agreement after the date hereof pursuant to the Credit Agreement shall automatically become a Pledgor hereunder by executing a counterpart hereof and delivering the same to the Pledgee.

26. RECOURSE. This Agreement is made with full recourse to the Pledgors and pursuant to and upon all the representations, warranties, covenants and agreements on the part of the Pledgors contained herein and in the other Secured Debt Agreements and otherwise in writing in connection herewith or therewith.

27. LIMITED OBLIGATIONS. It is the desire and intent of each Pledgor and the Secured Parties that this Agreement shall be enforced against each Pledgor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Notwithstanding anything to the contrary contained herein, in furtherance

of the foregoing, it is noted that the obligations of each Pledgor constituting a Subsidiary Guarantor have been limited as provided in the Subsidiaries Guaranty.

28. PLEDGEE NOT A PARTNER OR LIMITED LIABILITY COMPANY MEMBER. (a) Nothing herein shall be construed to make the Pledgee or any other Secured Creditor liable as a member of any limited liability company or partnership and neither the Pledgee nor any other Secured Creditor by virtue of this Agreement or otherwise (except as referred to in the following sentence) shall have any of the duties, obligations or liabilities of a member of any limited liability company or partnership. The parties hereto expressly agree that, unless the Pledgee shall become the absolute owner of Collateral consisting of a Limited Liability Company Interest or Partnership Interest pursuant hereto, this Agreement shall not be construed as creating a partnership or joint venture among the Pledgee, any other Secured Creditor and/or any Pledgor.

(b) Except as provided in the last sentence of paragraph (a) of this Section 28, the Pledgee, by accepting this Agreement, did not intend to become a member of any limited liability company or partnership or otherwise be deemed to be a co-venturer with respect to any Pledgor or any limited liability company or partnership either before or after an Event of Default shall have occurred. The Pledgee shall have only those powers set forth herein and the Secured Creditors shall assume none of the duties, obligations or liabilities of a member of any limited liability company or partnership or any Pledgor except as provided in the last sentence of paragraph (a) of this Section 28.

(c) The Pledgee and the other Secured Creditors shall not be obligated to perform or discharge any obligation of any Pledgor as a result of the pledge hereby effected.

(d) The acceptance by the Pledgee of this Agreement, with all the rights, powers, privileges and authority so created, shall not at any time or in any event obligate the Pledgee or any other Secured Creditor to appear in or defend any action or proceeding relating to the Collateral to which it is not a party, or to take any action hereunder or thereunder, or to expend any money or incur any expenses or perform or discharge any obligation, duty or liability under the Collateral.

29. EFFECTIVENESS. This Agreement shall become effective when (i) the Contribution Effective Time shall have occurred and (ii) the Pledgee, PCA and each Subsidiary of PCA whose name appears on the signature pages hereto shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of facsimile transmission) the same to the Administrative Agent at its Notice Office or the offices of its counsel.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each Pledgor and the Pledgee have caused this Agreement to be executed by their duly elected officers duly authorized as of the date first above written.

PACKAGING CORPORATION OF AMERICA,
as a Pledgor

By /s/ Paul T. Stecko

Title: Chairman of the Board and
Chief Executive Officer

DAHLONEGA PACKAGING CORPORATION,
as a Pledgor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

DIXIE CONTAINER CORPORATION,
as a Pledgor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

PCA HYDRO, INC., as a Pledgor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

PCA TOMAHAWK CORPORATION,
as a Pledgor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

PCA VALDOSTA CORPORATION,
as a Pledgor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK, as Pledgee

By /s/ Unn Boucher

Title: Vice President

EXHIBIT 10.5

TPI SECURITY AGREEMENT

SECURITY AGREEMENT dated as of April 12, 1999 (as amended, modified or supplemented from time to time, this "Agreement"), between TENNECO PACKING, INC., a Delaware corporation (the "ASSIGNOR") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Collateral Agent (the "COLLATERAL AGENT"), for the benefit of the Lender Creditors (as defined below). Except as otherwise defined, terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H :

WHEREAS, Assignor, various financial institutions from time party thereto (the "LENDERS"), J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated, as Co-Lead Arrangers (the "CO-LEAD ARRANGERS"), Bankers Trust Company, as Syndication Agent (the "SYNDICATION AGENT"), and Morgan Guaranty Trust Company of New York, as Administrative Agent (the "ADMINISTRATIVE AGENT", and together with the Lenders, the Co-Lead Arrangers, the Syndication Agent, each Issuing Bank, the Pledgee and the Collateral Agent, the "LENDER CREDITORS") have entered into the Credit Agreement (the "Credit Agreement"), providing for the making of Term Loans to TPI as contemplated therein;

WHEREAS, it is a condition precedent to the making of Term Loans to the Assignor that the Assignor shall have executed and delivered to the Collateral Agent this Agreement; and

WHEREAS, the Assignor will obtain benefits from the incurrence of Term Loans and, accordingly, desires to execute this Agreement in order to satisfy the conditions precedent described in the preceding paragraph and to induce the Lenders to make Loans to TPI;

NOW, THEREFORE, in consideration of the benefits accruing to the Assignor, the receipt and sufficiency of which are hereby acknowledged, the Assignor hereby makes the following representations and warranties to the Collateral Agent and hereby covenants and agrees with the Collateral Agent as follows:

SECTION 1. SECURITY INTERESTS.

1.01 GRANT OF SECURITY INTERESTS. As security for the prompt and complete payment and performance when due of all of the Obligations (as defined below), the Assignor does hereby assign and transfer unto the Collateral Agent, and does hereby pledge and grant to the Collateral Agent for the benefit of the Lender Creditors, a continuing security interest of first

priority in, all of the right, title and interest of such Assignor in, to and under all of the following, whether now existing or hereafter from time to time acquired:

(i) each and every Specified Mortgaged Property (as defined below);

(ii) a continuing possessory lien and security interest in all of the Assignor's right, title and interest in and to the Restricted Account (as hereinafter defined) together with all deposits made from time to time therein and all investments from time to time therein and/or made with the funds therein and all cash and non-cash proceeds of any of the foregoing, from the date this Agreement until the termination thereof pursuant to the terms hereof (the "CASH COLLATERAL"); and

(iii) all Proceeds and products of any and all of the foregoing (all of the above, collectively, the "COLLATERAL").

SECTION 2. ESTABLISHMENT OF RESTRICTED ACCOUNT; ETC.

2.01 ESTABLISHMENT. The Assignor has established with the Collateral Agent a non-interest bearing account (Ref. TPI Restricted Account) (the "RESTRICTED ACCOUNT"). Only Cash Collateral will be deposited and shall remain in the Restricted Account until such Cash Collateral is released from the Restricted Account in accordance with this Agreement. The Restricted Account shall be under the sole dominion and control of the Collateral Agent, with the Collateral Agent having the right to make withdrawals from the balance of the Restricted Account from time to time therein in accordance with the terms of this Agreement. All Cash Collateral delivered to or held by or on behalf of the Collateral Agent pursuant hereto shall be held in the Restricted Account in accordance with the provisions hereof.

2.02 DEPOSITS TO RESTRICTED ACCOUNT; ETC. (a) As provided in Section 1.04 of the Credit Agreement, the Administrative Agent shall deposit the proceeds of the Term Loans in the Restricted Account. The Collateral Agent shall hold such cash deposited in the Restricted Account and apply any such amounts as provided in clauses (b) or (c) below, as applicable.

(b) Upon the receipt by the Collateral Agent of an officer's certificate of the Assignor stating that the Contribution Effective Time has occurred or will occur contemporaneously with the application of the Cash Collateral as provided in this clause (b) the amount on deposit in the Restricted Account will be released and disbursed as indicated below in the order indicated:

(i) to the persons listed on Annex A hereto in the amounts listed for each such Person; and

(ii) after the application pursuant to clause (i) above, the balance of the Cash Collateral shall be released and paid to the Assignor free and clear of the Lien created by this Agreement.

Notwithstanding the foregoing, in no event will Cash Collateral be released pursuant to this clause (b) until all amounts in the Sub Debt Restricted Account have been released and applied to the repayment of the Indebtedness to be Refinanced and any balance remaining thereafter shall have been released and paid to the Assignor.

(c) In the event that (x) the certificate referred to in clause (b) is not received by 5:00 p.m. (New York time) on the Initial Borrowing Date or (y) an Event of Default occurs prior to the Contribution Effective Time, all Cash Collateral will be withdrawn from the Restricted Account and applied to the repayment of the Obligations.

2.03 INVESTMENT OF FUNDS DEPOSITED IN THE RESTRICTED ACCOUNT. Amounts on deposit in the Restricted Account will not be invested or otherwise bear interest.

SECTION 3. FURTHER ASSURANCES.

(a) The Assignor will, at any time and from time to time, at its own expense, if the Obligations are not paid in full on the Initial Borrowing Date promptly execute and deliver all further agreements, instruments and other documents and take all further action that may be necessary or that the Collateral Agent may reasonably request in order to perfect and protect the security interest purported to be created hereby or otherwise to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder.

(b) In furtherance and not in limitation of the foregoing, in the event that (x) the Contribution Effective Time does not occur by 5:00 P.M. (New York time) on the Initial Borrowing Date and (y) the Obligations are not paid in full at such time, the Assignor shall execute and deliver mortgages or deeds of trust (collectively, the "SPECIFIED MORTGAGES"), covering the Specified Mortgaged Property such Specified Mortgages to be substantially in the form of the Mortgages prepared in connection with the Credit Agreement. The Specified Mortgages or instruments related thereto shall be duly recorded or filed in such manner and in such places as are required by law to establish, perfect, preserve and protect the Liens in favor of the Collateral Agent required to be granted pursuant to the Specified Mortgages and all taxes, fees and other charges payable in connection therewith shall be paid in full by the Assignor. All such action shall be completed within 10 days of the Initial Borrowing Date.

SECTION 4. TRANSFERS AND OTHER LIENS.

The Assignor will not, without the written consent of the Collateral Agent, (i) sell, assign (by operation of law or otherwise) or otherwise dispose of any interest in the Collateral (except as pursuant to the Contribution Agreement) or (ii) create or suffer to exist any Lien, security interest or other charge or encumbrance upon or with respect to any Collateral except for the security interest purported to be created hereby.

SECTION 5. ATTORNEY-IN-FACT.

The Assignor hereby appoints the Collateral Agent attorney-in-fact, with full authority in the place and stead of the Assignor and in the name of the Assignor or otherwise,

from time to time if the Obligations are not paid in full on the Initial Borrowing Date in the Collateral Agent's discretion to execute any instrument and to take any other action which the Collateral Agent may in good faith reasonably deem necessary or advisable to accomplish the purposes of this Agreement or to facilitate the assignment or other transfer by the Collateral Agent of any or all of its rights hereunder. Such appointment of the Collateral Agent as attorney-in-fact is irrevocable and coupled with an interest and shall terminate on the Termination Date.

SECTION 6. PERFORMANCE BY THE COLLATERAL AGENT.

If the Assignor fails to perform any agreement or obligation contained herein, the Collateral Agent itself may perform or cause performance of such agreement or obligation, and the reasonable expenses of the Collateral Agent incurred in connection therewith shall be payable by the Assignor.

SECTION 7. RESPONSIBILITY OF THE SECURED CREDITOR.

Other than the exercise of reasonable care to assure the safe custody of the Collateral while held hereunder, the Collateral Agent shall have no duty or liability to preserve rights pertaining thereto and shall be relieved of all responsibility for the Collateral upon surrendering it or tendering surrender of it to the Assignor. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if the Collateral is accorded treatment substantially equal to that which the Collateral Agent accords its own property. Without limiting the generality of the foregoing, neither the Collateral Agent nor any of its directors, officers, agents or employees shall be liable (i) for any failure to invest or reinvest any cash in the Restricted Account or (ii) for any action taken or omitted to be taken by the Collateral Agent (x) in good faith in accordance with the advice of counsel with respect to any question as to the construction of any provision hereof or any action to be taken by the Collateral Agent hereunder or (y) in accordance with any instructions or other notice which the Collateral Agent believes in good faith to be properly given by the Assignor hereunder.

SECTION 8. REMEDIES UPON DEFAULT.

If any Event of Default shall occur and be continuing:

(a) The Collateral Agent may (i) exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a secured party on default under the Uniform Commercial Code then in effect in the State of New York, (ii) withdraw any funds, if any, from the Restricted Account, and (iii) without notice except as specified below, sell any or all of the Collateral in one or more parcels at any public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable. The Assignor agrees that, to the extent notice of sale shall be required by law, at least 10 Business Days' notice to the Assignor of the time and place of any public sale or the time after which any private sale or other disposition is to be made shall constitute reasonable notification. The

Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time (by announcement, in the case of any public sale, at the time and place fixed therefor), and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) Notwithstanding the foregoing provisions of this Section 8, the Collateral Agent may elect, by notice to the Assignor, to retain any and all of the Collateral, to collect or cause the collection of the proceeds thereof and to hold any and all of such Collateral as continuing collateral for, and to apply at such times and in such manner as the Collateral Agent may elect any and all of such Collateral to pay the Obligations; provided that the Collateral is valued at fair market value for purposes of determining the amount by which the Obligations shall be reduced in consideration of the retention of such Collateral. The Assignor hereby waives, to the fullest extent permitted by law, any and all rights it may have to require the Collateral Agent to sell or otherwise dispose of any or all of the Collateral.

SECTION 9. APPLICATION OF PROCEEDS.

(a) All moneys collected by the Collateral Agent upon any sale or other disposition of any Collateral after the occurrence of an Event of Default, together with all other moneys received by the Collateral Agent hereunder, shall be applied as follows:

(i) first, to the payment of all amounts owing the Collateral Agent of the type described in clauses (ii) and (iii) of the definition of Obligations.

(ii) second, to the extent moneys remain after the application pursuant to the preceding clause (i), an amount equal to the outstanding Obligations shall be paid to the Collateral Agent on account of such Obligations on a pro rata basis; and

(iii) third, to the extent moneys remain after the application pursuant to the preceding clauses (i) and (ii), and following the termination of this Agreement pursuant to Section 12, any surplus then remaining shall be paid to the Assignor, subject, however, to the rights of the holder of any then existing Lien of which the Collateral Agent has actual notice (without investigation).

(b) For purposes of applying payments received in accordance with this Section 9, the Collateral Agent shall be entitled to make a good faith determination of the outstanding Obligations owed to the Collateral Agent, PROVIDED that the Obligations paid on or prior to the Termination Time shall include only principal and any interest on the Term Loans and not any costs, premiums or penalties except as expressly provided herein and in the TPI Guaranty.

SECTION 10. REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ASSIGNOR.

The Assignor represents and warrants that on the date of the deposit by the Assignor of any Collateral in the Restricted Account, it will be the legal, record and beneficial owner of, and will have good and marketable title to, the Collateral, subject to no Lien, other than the Lien created by this Agreement. The Assignor covenants and agrees that it will defend the Collateral Agent's right, title and security interest in and to the Collateral and the proceeds thereof against the claims and demands of all other Persons whomsoever; and the Assignor covenants and agrees that it will have like title to and right to pledge any other property at any time hereafter pledged to the Collateral Agent as Collateral hereunder and will likewise defend the right thereto and security interest therein of the Collateral Agent.

SECTION 11. INDEMNITY.

11.01 INDEMNITY. (a) The Assignor agrees to indemnify, reimburse and hold the Secured Creditor and its successors, assigns, employees, agents and servants (hereinafter in this Section 11.1 referred to individually as "INDEMNITEE," and collectively as "INDEMNITEES") harmless from any and all liabilities, obligations, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs and expenses (including reasonable attorneys' fees and expenses) (for the purposes of this Section 11.1 the foregoing are collectively called "EXPENSES") of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of the security interests credited in the Specified Properties in any way relating to or arising out of this Agreement or the enforcement, or the preservation of any rights with respect thereto; PROVIDED that no Indemnitee shall be indemnified pursuant to this Section 11.1(a) for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of such Indemnitee. The Assignor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, damage, injury, penalty, claim, demand, action, judgment or suit, the Assignor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify the Assignor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 11.1(a), if the Obligations are not paid in full on the Initial Borrowing Date the Assignor agrees to pay, or reimburse the Collateral Agent for any and all fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Collateral Agent's Liens on, and security interest in, the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Collateral Agent's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

(c) If and to the extent that the obligations of the Assignor under this Section 11.1 are unenforceable for any reason, the Assignor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

11.02 INDEMNITY OBLIGATIONS SECURED BY COLLATERAL. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Obligations secured by the Collateral.

SECTION 12. DEFINITIONS.

The following terms shall have the meanings herein specified. Such definitions shall be equally applicable to the singular and plural forms of the terms defined.

"ADMINISTRATIVE AGENT" shall have the meaning provided in the recitals hereto.

"AGREEMENT" shall have the meaning provided in the preamble to this Agreement.

"ASSIGNOR" shall have the meaning provided in the preamble to this Agreement.

"CASH COLLATERAL" shall have the meaning provided in Section 1.01(ii).

"COLLATERAL" shall have the meaning provided in Section 1.01 of this Agreement.

"COLLATERAL AGENT" shall have the meaning provided in the preamble to this Agreement.

"CONTRIBUTION AGREEMENT" shall have the meaning provided in the Credit Agreement.

"CONTRIBUTION EFFECTIVE TIME" shall have the meaning provided in the Credit Agreement.

"CREDIT AGREEMENT" shall have the meaning provided in the recitals to this Agreement.

"EVENT OF DEFAULT" shall mean any Event of Default under, and as defined in, the Credit Agreement.

"INDEMNITEE" shall have the meaning provided in Section 11.01 of this Agreement.

"LENDER CREDITORS" shall have the meaning provided in the recitals to this Agreement.

"LENDERS" shall have the meaning provided in the recitals to this Agreement.

"LIENS" shall mean any security interest, mortgage, pledge, lien, claim, charge, encumbrance, title retention agreement, lessor's interest in a financing lease or analogous instrument, in, of, or on the Assignor's property other than, in the case of the Specified Properties, "Permitted Encumbrances "as defined in, or disclosed under, the Contribution Agreement.

"OBLIGATIONS" shall mean (i) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon) of the Assignor owing to the Lender Creditors, now existing or hereafter incurred under, arising out of or in connection with any Credit Document to which the Assignor is a party and the due performance and compliance by the Assignor with the terms, conditions and agreements of each such Credit Document; (ii) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations including any and all sums advanced by the Collateral Agent in order to preserve the Collateral or preserve its security interest in the Collateral; (iii) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of the Assignor referred to in clauses (i) and (ii) after an Event of Default shall have occurred and be continuing, the reasonable expenses of re-taking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by the Collateral Agent of its rights hereunder, together with reasonable attorneys' fees and court costs; and (iv) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement under Section 11.01 of this Agreement.

"PROCEEDS" shall have the meaning provided in the Uniform Commercial Code as in effect in the State of New York on the date hereof or under other relevant law and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Collateral Agent or the Assignor from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to the Assignor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any person acting under color of governmental authority) and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"RESTRICTED ACCOUNT" shall have the meaning provided in Section 2.01.

"SPECIFIED MORTGAGE" shall have the meaning provided in Section 3(b).

"SPECIFIED MORTGAGED PROPERTY" shall mean the real property interests listed on Annex B hereto.

"SUB DEBT RESTRICTED ACCOUNT" shall have the meaning provided in the Credit Agreement.

"TERMINATION DATE" shall have the meaning provided in Section 13 of this Agreement.

SECTION 13. TERMINATION; RELEASE; PARTIAL RELEASE.

(a) On the earlier to occur of (x) the Contribution Effective Time and (y) that date upon which all Term Loans advanced to the Assignor have been repaid in full together with all interest thereon but not including any costs, premiums or penalties (such earlier time, the "TERMINATION TIME"), this Agreement shall automatically terminate and be released without further action by any party and there shall be no further liability of Assignor hereunder, and the Collateral Agent, at the request and expense of the Assignor, will execute and deliver to the Assignor a proper instrument or instruments acknowledging the satisfaction and termination of this Agreement, and will duly assign, transfer and deliver to the Assignor (without recourse and without any representation or warranty) such of the Collateral as may remain in the possession of the Collateral Agent held by the Collateral Agent pursuant to this Agreement.

(b) Collateral shall be released from the Restricted Account from time to time in accordance with the provisions of Section 2.02(b).

SECTION 14. NOTICES, ETC.

Except as otherwise expressly provided herein, all notices and other communications provided for hereunder shall be delivered and become effective in accordance with Section 13.03 of the Credit Agreement.

SECTION 15. MISCELLANEOUS.

This Agreement shall be binding upon the Assignor and its successors and assigns (although the Assignor may not assign its rights or obligations under this Agreement) and shall inure to the benefit of and be enforceable by the Collateral Agent and its successors and assigns. The headings in this Agreement are for reference only and shall not limit or define the meaning hereof. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which shall constitute one instrument. This Agreement shall become effective on the date on which each of the parties shall have executed and delivered a copy hereof. In the event that any provision of this Agreement shall prove to be invalid or unenforceable, such provision shall be deemed to be severable from the other provisions of this Agreement which shall remain binding on all parties hereto.

SECTION 16. WAIVER; AMENDMENT.

None of the terms and conditions of this Agreement may be changed, waived, modified or varied in any manner whatsoever unless in writing duly signed by the Assignor and the Collateral Agent (with the consent of the Required Lenders (or all the Lenders if required by Section 13.12 of the Credit Agreement)).

* * * *

IN WITNESS WHEREOF, the Assignor and the Collateral Agent have caused this Agreement to be executed by their duly elected officers duly authorized as of the date first above written.

TENNECO PACKAGING, INC.

By /s/ James V. Faulkner, Jr.

Title: Vice President and Assistant Secretary

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK, as Collateral Agent

By /s/ Unn Boucher

Title: Vice President

EXHIBIT 10.6

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PCA SECURITY AGREEMENT

among

PACKAGING CORPORATION OF AMERICA,

VARIOUS SUBSIDIARIES OF
PACKAGING CORPORATION OF AMERICA

and

MORGAN GUARANTY TRUST COMPANY OF NEW YORK,
as Collateral Agent

Dated as of April 12, 1999

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TABLE OF CONTENTS

PCA SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of April 12, 1999 (as amended, restated, modified and/or supplemented from time to time in accordance with the terms hereof, this "AGREEMENT"), among each of the undersigned (each, an "ASSIGNOR" and, together with each other entity which becomes a party hereto pursuant to Section 10.13, collectively, the "ASSIGNORS") and MORGAN GUARANTY TRUST COMPANY OF NEW YORK, as Collateral Agent (the "COLLATERAL AGENT"), for the benefit of the Secured Creditors (as defined below). Except as otherwise defined in Article IX hereof, terms used herein and defined in the Credit Agreement (as defined below) shall be used herein as therein defined.

W I T N E S S E T H :

WHEREAS, Tenneco Packaging, Inc. ("TPI"), various financial institutions from time to time party thereto (the "LENDERS"), J.P. Morgan Securities Inc. and BT Alex. Brown Incorporated, as Co-Lead Arrangers (the "CO-LEAD ARRANGERS"), Bankers Trust Company, as Syndication Agent (the "SYNDICATION AGENT"), and Morgan Guaranty Trust Company of New York, as Administrative Agent (the "ADMINISTRATIVE AGENT", and together with the Lenders, the Co-Lead Arrangers, the Syndication Agent, each Issuing Bank, the Pledgee and the Collateral Agent, the "LENDER CREDITORS") have entered into the Credit Agreement, providing for the making of Term Loans to TPI as contemplated therein;

WHEREAS, TPI and Packaging Corporation of America ("PCA") have entered into (i) the Contribution Agreement pursuant to which (x) TPI will contribute the Containerboard Business to PCA and (y) PCA will acquire the Containerboard Business and (ii) the Bank Credit Agreement Assignment and Assumption Agreement pursuant to which (x) TPI will assign (without recourse, representation or warranty) all of its rights, interests and obligations under the Credit Agreement and the Notes to PCA and (y) PCA will assume all of the rights, interests and obligations of TPI under the Credit Agreement and the Notes, all as contemplated therein;

WHEREAS, upon the Contribution Effective Time, PCA will become the "Borrower" for all purposes of the Credit Agreement, this Agreement and the other Credit Documents;

WHEREAS, PCA may from time to time enter into one or more (i) interest rate protection agreements (including, without limitation, interest rate swaps, caps, floors, collars and similar agreements), (ii) foreign exchange contracts, currency swap agreements, commodity agreements or other similar agreements or arrangements designed to protect against the fluctuations in currency values and/or (iii) other types of hedging agreements from time to time (each such agreement or arrangement with an Other Creditor (as hereinafter defined), an "INTEREST RATE PROTECTION AGREEMENT OR OTHER HEDGING AGREEMENT"), with Morgan Guaranty Trust Company of New York in its individual capacity ("MORGAN GUARANTY"), any Lender or a syndicate of financial institutions organized by Morgan Guaranty or any such Lender, or an affiliate of Morgan Guaranty or any such Lender (Morgan Guaranty, any such Lender or Lenders

or affiliate or affiliates of Morgan Guaranty or such Lender or Lenders (even if Morgan Guaranty or any such Lender ceases to be a Lender under the Credit Agreement for any reason) and any such institution that participates in such Interest Rate Protection Agreements or Other Hedging Agreements, and in each case their subsequent successors and assigns, collectively, the "OTHER CREDITORS", and together with the Lender Creditors, the "SECURED CREDITORS");

WHEREAS, pursuant to a Subsidiaries Guaranty, dated as of April 12, 1999 (as amended, restated, modified and/or supplemented from time to time, the "SUBSIDIARIES GUARANTY"), each Assignor (other than PCA) has, on and after the Contribution Effective Time, jointly and severally guaranteed to the Secured Creditors the payment when due of all obligations and liabilities of PCA under or with respect to the Credit Documents and each Interest Rate Protection Agreement and Other Hedging Agreement;

WHEREAS, it is a condition precedent to the making of Loans to TPI and PCA and the issuance of, and participation in, Letters of Credit for the account of PCA under the Credit Agreement and to the Other Creditors entering into Interest Rate Protection Agreements and Other Hedging Agreements that each Assignor shall have executed and delivered to the Collateral Agent this Agreement; and

WHEREAS, each Assignor will obtain benefits from the incurrence and/or assumption of Loans by PCA and the issuance of Letters of Credit for the account of PCA under the Credit Agreement and PCA's entering into Interest Rate Protection Agreements or Other Hedging Agreements and, accordingly, desires to execute this Agreement in order to satisfy the conditions precedent described in the preceding paragraph and to induce the Lenders to make Loans to TPI and PCA and to issue, and participate in, Letters of Credit for the account of PCA, and to induce the Other Creditors to enter into Interest Rate Protection Agreements and Other Hedging Agreements with PCA;

NOW, THEREFORE, in consideration of the benefits accruing to each Assignor, the receipt and sufficiency of which are hereby acknowledged, each Assignor hereby makes the following representations and warranties to the Collateral Agent and hereby covenants and agrees with the Collateral Agent as follows:

ARTICLE I

SECURITY INTERESTS

1.1. GRANT OF SECURITY INTERESTS. (a) As security for the prompt and complete payment and performance when due of all of its Obligations, each Assignor does hereby assign and transfer unto the Collateral Agent, and does hereby pledge and grant to the Collateral Agent for the benefit of the Secured Creditors, a continuing security interest of first priority (subject to Permitted Liens) in, all of the right, title and interest of such Assignor in, to and under all of the following, whether now existing or hereafter from time to time acquired:

(i) each and every Receivable;

(ii) all Contracts, together with all Contract Rights arising thereunder (including, without limitation, the Contribution Agreement);

(iii) all Inventory;

(iv) the Cash Collateral Account and any other cash collateral account established for such Assignor for the benefit of the Secured Creditors and all moneys, securities and instruments deposited or required to be deposited in such Cash Collateral Account;

(v) all Equipment;

(vi) all Marks, together with the registrations and right to all renewals thereof, and the goodwill of the business of such Assignor symbolized by the Marks;

(vii) all Patents and Copyrights and all reissues, renewals and extensions thereof;

(viii) all computer programs of such Assignor and all intellectual property rights therein and all other proprietary information of such Assignor, including, but not limited to, Trade Secrets and Trade Secret Rights;

(ix) all insurance policies;

(x) all other Goods (including, without limitation, Standing Timber), General Intangibles, Chattel Paper, Documents and Instruments of such Assignor (other than the Pledged Securities);

(xi) all Permits; and

(xii) all Proceeds and products of any and all of the foregoing (all of the above, collectively, the "COLLATERAL").

(b) The security interest of the Collateral Agent under this Agreement extends to all Collateral of the kind which is the subject of this Agreement which any Assignor may acquire at any time during the continuation of this Agreement.

(c) Notwithstanding anything to the contrary contained in clauses (a) and (b) above, the security interest created by this Agreement shall not extend to, and the term "Collateral" shall not include any Equipment subject to a purchase money Lien permitted under Section 9.01(iii), (vii) or (xvi) of the Credit Agreement or a Lien securing Capital Lease Obligations permitted under Section 9.01(xv) of the Credit Agreement, in each case to the extent, and only to the extent, that the instrument evidencing the purchase money Indebtedness or Capitalized Lease Obligations, as the case may be, secured by such Lien expressly prohibits any other Lien on such Equipment and only for so long as such purchase money Indebtedness or Capitalized Lease Obligations, as the case may be, remains or remain outstanding and upon the earlier of the termination of such prohibition or the satisfaction of such Indebtedness, such

Equipment shall be included in the term "Collateral" without any further action on the part of any Assignor, the Collateral Agent or any other Secured Creditor.

(d) Notwithstanding anything to the contrary contained in clauses (a) and (b) above, the security interest created by this Agreement shall not extend to, and the term "Collateral" shall not include (i) any permit, lease or license held by any Assignor that is subject to any agreement which validly prohibits the creation by such Assignor of a security interest in such permit, lease or license, and (ii) any permit, lease or license to the extent that any valid enforceable law or regulation applicable to such permit, lease or license prohibits the creation of a security interest therein; PROVIDED, HOWEVER, that (A) to the extent permitted under applicable law, the right to receive payments of money under such permits, leases or licenses described in the preceding clauses (i) and (ii) above shall not be excluded from the security interest created hereunder and (B) such rights and property described in the preceding clauses (i) and (ii) above shall be excluded from the Collateral only to the extent and for so long as such agreement (in the case of clause (i)) or such law (in the case of clause (ii)) continues validly to prohibit the creation of such security interest, and upon the expiration of such prohibition, the permits, leases and licenses as to which such prohibition previously applied shall automatically be included in the Collateral, without further action on the part of each Assignor.

(e) Notwithstanding anything to the contrary contained in clauses (a) and (b) above, it is acknowledged and agreed that the security interest created hereby shall not extend to any Marks, patents or copyrights owned by a third Person in which any Assignor has rights of usage thereof to the extent (and only to the extent) the granting of a security interest therein is expressly prohibited by an agreement relating thereto to which such Assignor is a party PROVIDED, HOWEVER, that such Marks, patents or copyrights, as the case may be, shall be excluded from the Collateral only to the extent and only for so long as the relevant agreement continues validly to prohibit the creation of such security interest, and upon the expiration of such prohibition, all Marks, patents or copyrights, as the case may be, as to which such prohibition previously applied shall automatically be included in the Collateral, without any further action on the part of any Assignor, the Collateral Agent, or any other Secured Creditor.

1.2. POWER OF ATTORNEY. Each Assignor hereby appoints the Collateral Agent its true and lawful attorney, irrevocably, with full power after the occurrence of and during the continuance of an Event of Default (in the name of such Assignor or otherwise) to act, require, demand, receive, compound and give acquittance for any and all monies and claims for monies due or to become due to such Assignor under or arising out of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Collateral Agent may deem to be necessary or advisable to accomplish the purposes of this Agreement, which appointment as attorney is coupled with an interest.

ARTICLE II

GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS

Each Assignor represents, warrants and covenants, which representations, warranties and covenants shall survive execution and delivery of this Agreement, as follows:

2.1. NECESSARY FILINGS. (i) All filings, registrations and recordings necessary or appropriate to create, preserve, protect and perfect the security interest granted by such Assignor to the Collateral Agent hereby in respect of the Collateral have been accomplished (or, in the case of Collateral for which it is necessary to file a UCC-1 financing statement or the filing of the Grants of Security Interests set forth in Annexes G and H in order to perfect a security interest in such Collateral, such filings will be accomplished within 10 days following the Initial Borrowing Date (or to the extent such Collateral is acquired after the Initial Borrowing Date, within 10 days following the date of the acquisition of such Collateral)), and (ii) the security interest granted to the Collateral Agent pursuant to this Agreement in and to the Collateral constitutes (or, in the case of Collateral referred to in the parenthetical in clause (i) above, upon compliance with the requirements of such parenthetical, will constitute) a perfected security interest therein prior to the rights of all other Persons therein and subject to no other Liens (other than Permitted Liens) and is entitled to all the rights, priorities and benefits afforded by the Uniform Commercial Code or other relevant law as enacted in any relevant jurisdiction to perfected security interests.

2.2. NO LIENS. Such Assignor is, and as to Collateral acquired by it from time to time after the date hereof such Assignor will be, the owner of, or has rights in, all Collateral free from any Lien, security interest, encumbrance or other right, title or interest of any Person (other than Permitted Liens and Liens created under this Agreement), and such Assignor shall defend the Collateral against all claims and demands of all Persons at any time claiming the same or any interest therein adverse to the Collateral Agent.

2.3. OTHER FINANCING STATEMENTS. There is no financing statement evidencing a valid security interest against the Borrower or any of its Subsidiaries (or similar statement or instrument of registration under the law of any jurisdiction) covering or purporting to cover any interest of any kind in the Collateral (other than (x) as may be filed in connection with Liens permitted pursuant to Section 9.01 of the Credit Agreement and (y) those with respect to which appropriate termination statements executed by the secured lender thereunder have been delivered to the Administrative Agent pursuant to the terms of the Credit Agreement), and so long as the Total Commitments have not been terminated or any Note or Letter of Credit remains outstanding or any of the Obligations (other than arising from indemnities for which no request has been made) remain unpaid or any Interest Rate Protection Agreement or Other Hedging Agreement remains in effect or any Obligations are owed with respect thereto, such Assignor will not execute or authorize to be filed in any public office any financing statement (or similar statement or instrument of registration under the law of any jurisdiction) or statements relating to the Collateral, except financing statements filed or to be filed in respect of and covering the security interests granted hereby by such Assignor or as permitted by the Credit Agreement.

2.4. CHIEF EXECUTIVE OFFICE; RECORDS. The chief executive office of such Assignor is located at the address or addresses indicated on Annex A hereto. Such Assignor will not move its chief executive office except to such new location as such Assignor may establish in accordance with the last sentence of this Section 2.4. The originals of all documents evidencing all Receivables, Contract Rights and Trade Secret Rights of such Assignor and the only original books of account and records of such Assignor relating thereto are, and will continue to be, kept at such chief executive office or at such new locations as such Assignor may establish in accordance with the last sentence of this Section 2.4. All Receivables, Contract Rights and Trade Secret Rights of such Assignor are, and will continue to be, maintained at, and controlled and directed (including, without limitation, for general accounting purposes) from, the office locations described above or such new location established in accordance with the last sentence of this Section 2.4. Such Assignor shall not establish new locations for such offices until (i) it shall have given to the Collateral Agent not less than 30 days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Collateral Agent may reasonably request, (ii) with respect to such new location, it shall have taken all action, satisfactory to the Collateral Agent, to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect, (iii) at the reasonable request of the Collateral Agent, it shall have furnished an opinion of counsel reasonably acceptable to the Collateral Agent to the effect that all financing or continuation statements and amendments or supplements thereto have been filed in the appropriate filing office or offices, and (iv) the Collateral Agent shall have received reasonable evidence that all other actions (including, without limitation, the payment of all filing fees and taxes, if any, payable in connection with such filings) have been taken, in order to perfect (and maintain the perfection and priority of) the security interest granted hereby.

2.5. LOCATION OF INVENTORY AND EQUIPMENT. All Inventory and Equipment held on the date hereof by such Assignor is located at one of the locations shown on Annex B hereto. Such Assignor agrees that all Inventory and Equipment now held or subsequently acquired by it shall be kept at (or shall be in transport to) any one of the locations shown on Annex B hereto, or such new location as such Assignor may establish in accordance with the last sentence of this Section 2.5. Such Assignor may establish a new location for Inventory and Equipment only if (i) it shall have given to the Collateral Agent not less than 30 days' prior written notice of its intention to do so, clearly describing such new location and providing such other information in connection therewith as the Collateral Agent may reasonably request, (ii) with respect to such new location, it shall take all action as the Collateral Agent may reasonably request to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect, (iii) at the reasonable request of the Collateral Agent, it shall have furnished an opinion of counsel reasonably acceptable to the Collateral Agent to the effect that all financing or continuation statements and amendments or supplements thereto have been filed in the appropriate filing office or offices, and (iv) the Collateral Agent shall have received reasonable evidence that all other actions (including, without limitation, the payment of all filing fees and taxes, if any, payable in connection with such filings) have been taken, in order to perfect (and maintain the perfection and priority of) the security interest granted hereby.

2.6. RECOURSE. This Agreement is made with full recourse to such Assignor and pursuant to and upon all the warranties, representations, covenants and agreements on the part of such Assignor contained herein, in the other Credit Documents, in the Interest Rate Protection Agreements or Other Hedging Agreements and otherwise in writing in connection herewith or therewith.

2.7. TRADE NAMES; CHANGE OF NAME. Such Assignor does not have or operate in any jurisdiction under, or within the five year period preceding the date of this Agreement previously has not had or has not operated in any jurisdiction under, any trade names, fictitious names or other names (including any names of divisions or operations) except its legal name and such other trade or fictitious names as are listed on Annex C hereto. Such Assignor shall not change its legal name or assume or operate in any jurisdiction under any trade, fictitious or other name except those names listed on Annex C hereto in the jurisdictions listed with respect to such names and new names (including, without limitation, any names of divisions or operations) and/or jurisdictions established in accordance with the last sentence of this Section 2.7. Such Assignor shall not assume or operate in any jurisdiction under any new trade, fictitious or other name or operate under any existing name in any additional jurisdiction until (i) it shall have given to the Collateral Agent not less than 30 days' prior written notice of its intention so to do, clearly describing such new name and/or jurisdiction and, in the case of a new name, the jurisdictions in which such new name shall be used and providing such other information in connection therewith as the Collateral Agent may reasonably request, (ii) with respect to such new name and/or jurisdiction, it shall have taken all action to maintain the security interest of the Collateral Agent in the Collateral intended to be granted hereby at all times fully perfected and in full force and effect, (iii) at the reasonable request of the Collateral Agent, it shall have furnished an opinion of counsel reasonably acceptable to the Collateral Agent to the effect that all financing or continuation statements and amendments or supplements thereto have been filed in the appropriate filing office or offices, and (iv) the Collateral Agent shall have received reasonable evidence that all other actions (including, without limitation, the payment of all filing fees and taxes, if any, payable in connection with such filings) have been taken, in order to perfect (and maintain the perfection and priority of) the security interest granted hereby.

2.8. LOCATION OF STANDING TIMBER. All Standing Timber held on the date hereof by such Assignor is located at one of the locations shown on Annex I hereto, which Annex includes a description of the land concerned. Within 30 days following the end of each fiscal quarter of the Borrower and at any other time if requested by the Collateral Agent each Assignor shall deliver to the Collateral Agent an updated Annex I (as of the end of such fiscal quarter or such date as shall be specified by the Collateral Agent, as the case may be) and at such Assignor's expense, it shall file UCC financing statements and take all such other action as the Collateral Agent may reasonably request to maintain the security interest of the Collateral Agent in such Standing Timber intended to be granted hereby at all times fully protected and in full force and effect.

ARTICLE III

SPECIAL PROVISIONS CONCERNING
RECEIVABLES; CONTRACT RIGHTS; INSTRUMENTS

3.1. ADDITIONAL REPRESENTATIONS AND WARRANTIES. As of the time when each of its Receivables arises, each Assignor shall be deemed to have represented and warranted that such Receivable, and all records, papers and documents relating thereto (if any) are genuine and in all material respects what they purport to be, and that all papers and documents (if any) relating thereto (i) will represent the genuine legal, valid and binding (except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or law) obligation of the account debtor evidencing indebtedness unpaid and owed by the respective account debtor arising out of the performance of labor or services or the sale or lease and delivery of the inventory, materials, equipment or merchandise listed therein, or both, (ii) will be the only original writings evidencing and embodying such obligation of the account debtor named therein (other than copies created for general accounting purposes), (iii) will evidence true, legal and valid obligations, enforceable in accordance with their respective terms (except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or law)) and (iv) will be in compliance and will conform in all material respects with all applicable federal, state and local laws and applicable laws of any relevant foreign jurisdiction.

3.2. MAINTENANCE OF RECORDS. Each Assignor will keep and maintain at its own cost and expense satisfactory and complete records of its Receivables and Contracts, including, but not limited to, originals of all documentation (including each Contract) with respect thereto, records of all payments received, all credits granted thereon, all merchandise returned and all other dealings therewith, and such Assignor will make the same available on such Assignor's premises to the Collateral Agent for inspection, at such Assignor's own cost and expense, at any and all reasonable times and intervals as the Collateral Agent may request. Upon the occurrence and during the continuance of an Event of Default and at the request of the Collateral Agent, such Assignor shall, at its own cost and expense, deliver all tangible evidence of its Receivables and Contract Rights (including, without limitation, all documents evidencing the Receivables and all Contracts) and such books and records to the Collateral Agent or to its representatives (copies of which evidence and books and records may be retained by such Assignor). If the Collateral Agent so directs, such Assignor shall legend, in form and manner reasonably satisfactory to the Collateral Agent, the Receivables and the Contracts, as well as books, records and documents of such Assignor evidencing or pertaining to such Receivables and Contracts with an appropriate reference to the fact that such Receivables and Contracts have been assigned to the Collateral Agent and that the Collateral Agent has a security interest therein.

3.3. DIRECTION TO ACCOUNT DEBTORS; CONTRACTING PARTIES; ETC. Upon the occurrence and during the continuance of an Event of Default, and if the Collateral Agent so directs any

Assignor, such Assignor agrees (x) to cause all payments on account of the Receivables and Contracts to be made directly to the Cash Collateral Account, (y) that the Collateral Agent may, at its option, directly notify the obligors with respect to any Receivables and/or under any Contracts to make payments with respect thereto as provided in preceding clause (x), and (z) that the Collateral Agent may enforce collection of any such Receivables or Contracts and may adjust, settle or compromise the amount of payment thereof, in the same manner and to the same extent as such Assignor. Upon the occurrence and during the continuance of an Event of Default, without notice to or assent by any Assignor, the Collateral Agent may apply any or all amounts then in, or thereafter deposited in, the Cash Collateral Account in the manner provided in Section 7.4 of this Agreement. The costs and expenses (including attorneys' fees) of collection, whether incurred by any Assignor or the Collateral Agent, shall be borne by such Assignor.

3.4. MODIFICATION OF TERMS; ETC. No Assignor shall rescind or cancel any indebtedness evidenced by any Receivable, or modify any term thereof or make any adjustment with respect thereto, or extend or renew the same, or compromise or settle any material dispute, claim, suit or legal proceeding relating thereto, or sell any Receivable, or interest therein, without the prior written consent of the Collateral Agent, except as permitted by Section 3.5. No Assignor shall rescind or cancel any indebtedness evidenced by any Contract, or modify any term thereof or make any adjustment with respect thereto, or extend or renew the same, or compromise or settle any material dispute, claim, suit or legal proceeding relating thereto, or sell any Contract, or interest therein, without the prior written consent of the Collateral Agent, except (i) as permitted by Section 3.5 and (ii) so long as no Default or Event of Default is then in existence, to the extent that the aggregate cost to such Assignor resulting from any such recission, cancellation, modification, adjustment, extension, compromise, settlement or sale is not material to such Assignor. Each Assignor will duly fulfill all material obligations on its part to be fulfilled under or in connection with the Receivables and Contracts and will do nothing to impair the rights of the Collateral Agent in the Receivables or the Contracts, except as permitted by this Section 3.4 and Section 3.5.

3.5. COLLECTION. Each Assignor shall use reasonable efforts to endeavor to cause to be collected from the account debtor named in each of its Receivables or obligor under any Contract, as and when due (including, without limitation, amounts, services or products which are delinquent, such amounts, services or products to be collected in accordance with generally accepted lawful collection procedures) any and all amounts, services or products owing under or on account of such Receivable or Contract, and apply forthwith upon receipt thereof all such amounts, services or products as are so collected to the outstanding balance of such Receivable or under such Contract, except that, prior to the occurrence of an Event of Default, any Assignor may allow in the ordinary course of business as adjustments to amounts, services or products owing under its Receivables and Contracts (i) an extension or renewal of the time or times of payment or exchange, or settlement for less than the total unpaid balance, which such Assignor finds appropriate in accordance with reasonable business judgment and (ii) a refund or credit due as a result of returned or damaged merchandise or improperly performed services. The costs and expenses (including, without limitation, attorneys' fees) of collection, whether incurred by an Assignor or the Collateral Agent, shall be borne by the relevant Assignor.

3.6. INSTRUMENTS. If any Assignor owns or acquires any Instrument constituting Collateral, such Assignor will within 10 days notify the Collateral Agent thereof and, upon request by the Collateral Agent, promptly deliver such Instrument to the Collateral Agent appropriately endorsed to the order of the Collateral Agent as further security hereunder.

3.7. FURTHER ACTIONS. Each Assignor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Collateral Agent from time to time such vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to its Receivables, Contracts, Instruments and other property or rights covered by the security interest hereby granted, as the Collateral Agent may reasonably request to preserve and protect its security interest in the Collateral.

ARTICLE IV

SPECIAL PROVISIONS CONCERNING TRADEMARKS

4.1. ADDITIONAL REPRESENTATIONS AND WARRANTIES. Each Assignor represents and warrants that it is the true, lawful, sole and exclusive owner of or otherwise has the right to use the Marks listed in Annex D hereto and that said listed Marks constitute all the Marks that such Assignor presently owns or uses in connection with its business (other than immaterial unregistered Marks) and include all Marks registered in the United States Patent and Trademark Office or the equivalent thereof in any foreign country and all unregistered Marks (other than immaterial unregistered Marks) that such Assignor now owns, licenses or uses for products developed by such Assignor in connection with its business. Each Assignor further warrants that it has no knowledge of any material third party claim that any aspect of such Assignor's present or contemplated business operations infringes or will infringe any rights in any trademark, service mark or trade name. Each Assignor represents and warrants that it is the beneficial and record owner of all trademark registrations and applications listed in Annex D hereto and designated as "owned" thereon and that said registrations are valid, subsisting and have not been canceled and that such Assignor is not aware of any material third-party claim that any of said registrations is invalid or unenforceable, or that there is any reason that any of said applications will not pass to registration. Each Assignor represents and warrants that upon the recordation of a Grant of Security Interest in United States Trademarks and Patents in the form of Annex G hereto in the United States Patent and Trademark Office, together with filings on Form UCC-1 pursuant to this Agreement, all filings, registrations and recordings necessary or appropriate to perfect the security interest granted to the Collateral Agent in the registered United States Marks covered by this Agreement under federal law will have been accomplished. Each Assignor agrees to execute such a Grant of Security Interest in United States Trademark and Patents covering all right, title and interest in each registered United States Mark, and the associated goodwill, of such Assignor, and to record the same. Each Assignor hereby grants to the Collateral Agent an absolute power of attorney to sign, upon the occurrence and during the continuance of an Event of Default, any document which may be required by the United States Patent and Trademark Office or secretary of state or equivalent governmental agency of any State

of the United States or any foreign jurisdiction in order to effect an absolute assignment of all right, title and interest in each Mark, and record the same.

4.2. LICENSES AND ASSIGNMENTS. Each Assignor hereby agrees not to divest itself of any right under any Mark that is material to the business of such Assignor absent prior written approval of the Collateral Agent, except as otherwise permitted by this Agreement or the Credit Agreement.

4.3. INFRINGEMENTS. Each Assignor agrees, promptly upon learning thereof, to notify the Collateral Agent in writing of the name and address of, and to furnish such pertinent information that may be available with respect to, (i) any party who such Assignor believes is infringing or diluting or otherwise violating in any material respect any of such Assignor's rights in and to any material Mark, or (ii) with respect to any party claiming that such Assignor's use of any material Mark violates in any material respect any property right of that party. Each Assignor further agrees, unless otherwise agreed by the Collateral Agent, to prosecute, in accordance with reasonable business practices, any Person infringing any material Mark owned by such Assignor.

4.4. PRESERVATION OF MARKS. Each Assignor agrees to use its Marks in interstate or foreign commerce, as the case may be, during the time in which this Agreement is in effect, sufficiently to preserve such Marks as valid and subsisting trademarks or service marks under the laws of the United States or the relevant foreign jurisdiction; PROVIDED that no Assignor shall be obligated to preserve any Mark to the extent the Assignor determines, in its reasonable business judgment, that the preservation of such Mark is no longer desirable in the conduct of its business.

4.5. MAINTENANCE OF REGISTRATION. Each Assignor shall, at its own expense and in accordance with reasonable business practices, process all documents required by the Trademark Act of 1946, as amended, 15 U. S. C. Sections 1051 ET SEQ. and any foreign equivalent thereof to maintain trademark registrations, including but not limited to affidavits of continued use and applications for renewals of registration in the United States Patent and Trademark Office or equivalent governmental agency in any foreign jurisdiction for all of its registered Marks pursuant to 15 U. S. C. Sections 1058(a), 1059 and 1065 or any foreign equivalent thereof, as applicable, and shall pay all fees and disbursements in connection therewith and shall not abandon any such filing of affidavit of use or any such application of renewal prior to the exhaustion of all administrative and judicial remedies without prior written consent of the Collateral Agent; PROVIDED that no Assignor shall be obligated to maintain any Mark to the extent such Assignor determines, in its reasonable business judgment, that the maintenance of such Mark is no longer necessary or desirable in the conduct of its business.

4.6. FUTURE REGISTERED MARKS. Within 30 days following the end of each fiscal quarter of the Borrower, Assignors shall deliver to the Collateral Agent, an updated Annex D listing (as of the end of such fiscal quarter) any and all newly issued Marks (other than immaterial unregistered Marks) not previously listed on such Annex D or any such update. Upon the Collateral Agent's request, the relevant Assignor shall, at such Assignor's expense, deliver to the Collateral Agent an assignment for security in any such newly issued Mark, the form of such

assignment for security to be substantially the same as the form hereof or in such other form as may be reasonably satisfactory to the Collateral Agent.

4.7. REMEDIES. If an Event of Default shall occur and be continuing, the Collateral Agent may, by written notice to the relevant Assignor, take any or all of the following actions: (i) declare the entire right, title and interest of such Assignor in and to each of the Marks, together with all trademark rights and rights of protection to the same and the goodwill of such Assignor's business symbolized by said Marks and the right to recover for past infringements thereof, vested in the Collateral Agent for the benefit of the Secured Creditors, in which event such rights, title and interest shall immediately vest, in the Collateral Agent for the benefit of the Secured Creditors, and the Collateral Agent shall be entitled to exercise the power of attorney referred to in Section 4.1 to execute, cause to be acknowledged and notarized and to record an absolute assignment with the applicable agency; (ii) take and use or sell the Marks and the goodwill of such Assignor's business symbolized by the Marks and the right to carry on the business and use the assets of such Assignor in connection with which the Marks have been used; and (iii) direct such Assignor to refrain, in which event such Assignor shall refrain, from using the Marks in any manner whatsoever, directly or indirectly, and, if requested by the Collateral Agent, change such Assignor's corporate name to eliminate therefrom any use of any Mark and execute such other and further documents that the Collateral Agent may request to further confirm this and to transfer ownership of the Marks and registrations and any pending trademark applications therefor in the United States Patent and Trademark Office or any equivalent government agency or office in any foreign jurisdiction to the Collateral Agent.

ARTICLE V

SPECIAL PROVISIONS CONCERNING PATENTS, COPYRIGHTS AND TRADE SECRETS

5.1. ADDITIONAL REPRESENTATIONS AND WARRANTIES. Each Assignor represents and warrants that it is the true and lawful exclusive owner of or otherwise has the right to use all (i) Trade Secret Rights of such Assignor, (ii) rights in the Patents of such Assignor listed in Annex E hereto and that said Patents constitute all the patents and applications for patents that such Assignor now owns or that are otherwise used, pursuant to a license or sublicense, in the conduct of the business of such Assignor and (iii) rights in the Copyrights of such Assignor listed in Annex F hereto, and that such Copyrights constitute all registrations of copyrights and applications for copyright registrations that the Assignor now owns or that are otherwise used, pursuant to a license or sublicense, in the conduct of the business of such Assignor. Each Assignor further represents and warrants that it has the exclusive right (or, in the case of any Patents or Copyrights subject to an agreement which provides such right is non-exclusive, non-exclusive rights) to use and practice under all Patents and Copyrights that it owns, uses, pursuant to a license or sublicense, or under which it practices and has the exclusive right (or, in the case of Patent subject to an agreement which provides such right is non-exclusive, non-exclusive right) to exclude others from using or practicing under any Patents it owns, uses, pursuant to a license or sublicense, or under which it practices. Each Assignor further warrants that it has no

knowledge of any material third party claim that any aspect of such Assignor's present or contemplated business operations infringes or will infringe any rights in any Patent or Copyright or that such Assignor has misappropriated any Trade Secrets, Trade Secret Rights or other proprietary information. Each Assignor represents and warrants that upon the recordation of a Grant of Security Interest in United States Trademarks and Patents in the form of Annex G hereto in the United States Patent and Trademark Office and the recordation of a Grant of Security Interest in United States Copyrights in the form of Annex H hereto in the United States Copyright Office, together with filings on Form UCC-1 pursuant to this Agreement, all filings, registrations and recordings necessary or appropriate to perfect the security interest granted to the Collateral Agent in the registered United States Patents and registered United States Copyrights covered by this Agreement under federal law will have been accomplished. Each Assignor agrees to execute a Grant of Security Interest in registered United States Trademarks and Patents covering all right, title and interest in each registered United States Patent of such Assignor and to record the same, and to execute such a Grant of Security Interest in registered United States Copyrights covering all right, title and interest in each registered United States Copyright of such Assignor and to record the same. Each Assignor hereby grants to the Collateral Agent an absolute power of attorney to sign, upon the occurrence and during the continuance of any Event of Default, any document which may be required by the United States Patent and Trademark Office or equivalent governmental agency in any foreign jurisdiction or the United States Copyright Office or equivalent governmental agency in any foreign jurisdiction in order to effect an absolute assignment of all right, title and interest in each registered Patent and registered Copyright of such Assignor, as the case may be, and to record the same.

5.2. LICENSES AND ASSIGNMENTS. Each Assignor hereby agrees not to divest itself of any right under any Patent or Copyright that is material to the business of such Assignor absent prior written approval of the Collateral Agent, except as otherwise permitted by this Agreement or the Credit Agreement.

5.3. INFRINGEMENTS. Each Assignor agrees, promptly upon learning thereof, to furnish the Collateral Agent in writing with all pertinent information available to such Assignor with respect to any infringement, contributing infringement or active inducement to infringe any of such Assignor's rights in any material Patent or material Copyright or to any claim that the practice of any material Patent or the use of any material Copyright of such Assignor violates any property right of a third party, or with respect to any misappropriation of any material Trade Secret Right of such Assignor or any claim that practice of any material Trade Secret Right of such Assignor violates any property right of a third party. Each Assignor further agrees, absent direction of the Collateral Agent to the contrary, diligently to prosecute, in accordance with reasonable business practices, any Person infringing any material Patent or material Copyright of such Assignor or any Person misappropriating any material Trade Secret Right of such Assignor.

5.4. MAINTENANCE OF PATENTS AND COPYRIGHTS. At its own expense, each Assignor shall make timely payment of all post-issuance fees required pursuant to 35 U. S. C. Section 41 and any foreign equivalent thereof to maintain in force rights under each of its Patents, and to apply as permitted pursuant to applicable law for any renewal of each of its Copyrights, in any case absent prior written consent of the Collateral Agent; PROVIDED, that, no Assignor shall be obligated to

pay any such fees or apply for any such renewal to the extent that such Assignor determines, in its reasonable business judgment, that the maintenance of such Patent or Copyright is no longer necessary or desirable in the conduct of its business.

5.5. PROSECUTION OF PATENT OR COPYRIGHT APPLICATIONS. At its own expense, each Assignor shall diligently prosecute, in accordance with reasonable business practices, all of its applications for Patents listed in Annex E hereto and for Copyrights listed in Annex F hereto and shall not abandon any such application prior to exhaustion of all administrative and judicial remedies, absent written consent of the Collateral Agent, PROVIDED that no Assignor shall be obligated to prosecute such application for any such Patent or Copyright to the extent that such Assignor determines, in its reasonable business judgment, that the prosecution of such application for any such Patent or Copyright is no longer necessary or desirable in the conduct of its business.

5.6. OTHER PATENTS AND COPYRIGHTS. Within 30 days following the end of each fiscal quarter of the Borrower, Assignors shall deliver to the Collateral Agent updated Annexes E and F listing, as of the end of such fiscal quarter, any and all newly issued or acquired United States Patent or Copyright registrations and any and all newly filed applications for United States Patent or Copyright registrations. Upon the Collateral Agent's reasonable request, the relevant Assignor shall, at such Assignor's expense, deliver to the Collateral Agent an assignment for security as to any such newly issued or acquired Patent or Copyright (or newly filed application therefor), the form of such assignment for security to be substantially the same as the form hereof or in such other form as may be reasonably satisfactory to the Collateral Agent.

5.7. REMEDIES. If an Event of Default shall occur and be continuing, the Collateral Agent may by written notice to the relevant Assignor, take any or all of the following actions: (i) declare the entire right, title, and interest of such Assignor in each of the Patents and Copyrights vested in the Collateral Agent for the benefit of the Secured Creditors, in which event such right, title, and interest shall immediately vest in the Collateral Agent for the benefit of the Secured Creditors, and the Collateral Agent shall be entitled to exercise the power of attorney referred to in Section 5.1 to execute, cause to be acknowledged and notarized and to record an absolute assignment with the applicable agency; (ii) take and use, practice or sell the Patents, Copyrights and Trade Secret Rights; and (iii) direct such Assignor to refrain, in which event such Assignor shall refrain, from practicing the Patents and using the Copyrights and/or Trade Secret Rights directly or indirectly, and such Assignor shall execute such other and further documents as the Collateral Agent may request further to confirm this and to transfer ownership of the Patents, Copyrights and Trade Secret Rights to the Collateral Agent for the benefit of the Secured Creditors.

ARTICLE VI

PROVISIONS CONCERNING ALL COLLATERAL

6.1. PROTECTION OF COLLATERAL AGENT'S SECURITY. Each Assignor will do nothing to impair the rights of the Collateral Agent in the Collateral. Each Assignor will at all times keep

its Inventory and Equipment insured in favor of the Collateral Agent, at such Assignor's own expense to the extent and in the manner provided in the Credit Agreement and the other Credit Documents. All policies or certificates with respect to such insurance (and any other insurance maintained by such Assignor) (i) shall be endorsed to the Collateral Agent's reasonable satisfaction for the benefit of the Collateral Agent (including, without limitation, by naming the Collateral Agent as loss payee and naming each of the Lenders, the Administrative Agent and the Collateral Agent as additional insureds); (ii) shall state that such insurance policies shall not be canceled or revised without 30 days' (or at least 10 days' in the case of nonpayment of any premium) prior written notice thereof by the insurer to the Collateral Agent; and (iii) certified copies of such policies or certificates shall be deposited with the Collateral Agent to the extent, at the times and in the manner specified in the Credit Agreement. If any Assignor shall fail to insure its Inventory and Equipment in accordance with the preceding sentence, or if any Assignor shall fail to so endorse and deposit all policies or certificates with respect thereto, the Collateral Agent shall have the right (but shall be under no obligation) to procure such insurance and such Assignor agrees to promptly reimburse the Collateral Agent for all costs and expenses of procuring such insurance. Except as otherwise permitted to be retained or expended by the relevant Assignor pursuant to the Credit Agreement, the Collateral Agent shall, at the time such proceeds of such insurance are distributed to the Secured Creditors, apply such proceeds in accordance with the Credit Agreement, or after the Obligations have been accelerated or otherwise become due and payable, in accordance with Section 7.4. Each Assignor assumes all liability and responsibility in connection with the Collateral acquired by it and the liability of such Assignor to pay the Obligations shall in no way be affected or diminished by reason of the fact that such Collateral may be lost, destroyed, stolen, damaged or for any reason whatsoever unavailable to such Assignor.

6.2. WAREHOUSE RECEIPTS NON-NEGOTIABLE. Each Assignor agrees that if any warehouse receipt or receipt in the nature of a warehouse receipt is issued with respect to any of its Inventory, such warehouse receipt or receipt in the nature thereof shall not be "negotiable" (as such term is used in Section 7-104 of the Uniform Commercial Code as in effect in any relevant jurisdiction or under other relevant law).

6.3. FURTHER ACTIONS. Each Assignor will, at its own expense, make, execute, endorse, acknowledge, file and/or deliver to the Collateral Agent from time to time such lists, descriptions and designations of its Collateral, warehouse receipts, receipts in the nature of warehouse receipts, bills of lading, documents of title, vouchers, invoices, schedules, confirmatory assignments, conveyances, financing statements, transfer endorsements, powers of attorney, certificates, reports and other assurances or instruments and take such further steps relating to the Collateral and other property or rights covered by the security interest hereby granted, which the Collateral Agent deems reasonably appropriate or advisable to perfect, preserve or protect its security interest in the Collateral.

6.4. FINANCING STATEMENTS. Each Assignor agrees to execute and deliver to the Collateral Agent such financing statements, in form acceptable to the Collateral Agent, as the Collateral Agent may from time to time reasonably request or as are reasonably necessary or desirable in the opinion of the Collateral Agent to establish and maintain a valid, enforceable,

first priority (subject to Permitted Liens) perfected security interest in the Collateral as provided herein and the other rights and security contemplated hereby all in accordance with the Uniform Commercial Code as enacted in any and all relevant jurisdictions or any other relevant law. Each Assignor will pay any applicable filing fees, recordation taxes and related expenses relating to its Collateral. Each Assignor hereby authorizes the Collateral Agent to file any such financing statements without the signature of such Assignor where permitted by law.

ARTICLE VII

REMEDIES UPON OCCURRENCE OF EVENT OF DEFAULT

7.1. REMEDIES; OBTAINING THE COLLATERAL UPON DEFAULT. Each Assignor agrees that, if any Event of Default shall have occurred and be continuing, then and in every such case, the Collateral Agent, in addition to any rights now or hereafter existing under applicable law, shall have all rights as a secured creditor under the Uniform Commercial Code in all relevant jurisdictions and may also:

(i) personally, or by agents or attorneys, immediately take possession of the Collateral or any part thereof, from such Assignor or any other Person who then has possession of any part thereof with or without notice or process of law, and for that purpose may enter upon such Assignor's premises where any of the Collateral is located and remove the same and use in connection with such removal any and all services, supplies, aids and other facilities of such Assignor;

(ii) instruct the obligor or obligors on any agreement, instrument or other obligation (including, without limitation, the Receivables and the Contracts) constituting the Collateral to make any payment required by the terms of such agreement, instrument or other obligation directly to the Collateral Agent;

(iii) withdraw all monies, securities and instruments in the Cash Collateral Account for application to the Obligations in accordance with Section 7.4;

(iv) sell, assign or otherwise liquidate, or direct such Assignor to sell, assign or otherwise liquidate, any or all of the Collateral or any part thereof in accordance with Section 7.2, or direct the relevant Assignor to sell, assign or otherwise liquidate any or all of the Collateral or any part thereof, and, in each case, take possession of the proceeds of any such sale or liquidation;

(v) take possession of the Collateral or any part thereof, by directing the relevant Assignor in writing to deliver the same to the Collateral Agent at any place or places designated by the Collateral Agent, in which event such Assignor shall at its own expense:

(x) forthwith cause the same to be moved to the place or places so reasonably designated by the Collateral Agent and there delivered to the Collateral Agent;

(y) store and keep any Collateral so delivered to the Collateral Agent at such place or places pending further action by the Collateral Agent as provided in Section 7.2; and

(z) while the Collateral shall be so stored and kept, provide such guards and maintenance services as shall be necessary to protect the same and to preserve and maintain them in good condition; and

(vi) license or sublicense, whether on an exclusive or nonexclusive basis, any Marks, Patents or Copyrights included in the Collateral for such term and on such conditions and in such manner as the Collateral Agent shall in its sole judgment determine;

it being understood that each Assignor's obligation so to deliver the Collateral is of the essence of this Agreement and that, accordingly, upon application to a court of equity having jurisdiction, the Collateral Agent shall be entitled to a decree requiring specific performance by such Assignor of said obligation. The Secured Creditors agree that this Agreement may be enforced only by the action of the Administrative Agent or the Collateral Agent, in each case acting upon the instructions of the Required Lenders (or, after the date on which all Credit Document Obligations have been paid in full, the holders of at least the majority of the outstanding Other Obligations) and that no other Secured Creditor shall have any right individually to seek to enforce or to enforce this Agreement or to realize upon the security to be granted hereby, it being understood and agreed that such rights and remedies may be exercised by the Administrative Agent or the Collateral Agent or the holders of at least a majority of the outstanding Other Obligations, as the case may be, for the benefit of the Secured Creditors upon the terms of this Agreement.

7.2. REMEDIES; DISPOSITION OF THE COLLATERAL. Any Collateral repossessed by the Collateral Agent under or pursuant to Section 7.1 and any other Collateral whether or not so repossessed by the Collateral Agent, may be sold, assigned, leased or otherwise disposed of under one or more contracts or as an entirety, and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner, at such time or times, at such place or places and on such terms as the Collateral Agent may, in compliance with any mandatory requirements of applicable law, determine to be commercially reasonable. Any of the Collateral may be sold, leased or otherwise disposed of, in the condition in which the same existed when taken by the Collateral Agent or after any overhaul or repair at the expense of the relevant Assignor which the Collateral Agent shall determine to be commercially reasonable. Any such disposition which shall be a private sale or other private proceedings permitted by such requirements shall be made upon not less than 10 days' written notice to the relevant Assignor specifying the time at which such disposition is to be made and the intended sale price or other consideration therefor, and shall be subject, for the 10 days after the giving of such notice, to the right of the relevant Assignor or any nominee of such Assignor to acquire the Collateral involved

at a price or for such other consideration at least equal to the intended sale price or other consideration so specified. Any such disposition which shall be a public sale permitted by such requirements shall be made upon not less than 10 days' written notice to the relevant Assignor specifying the time and place of such sale and, in the absence of applicable requirements of law, shall be by public auction (which may, at the Collateral Agent's option, be subject to reserve), after publication of notice of such auction not less than 10 days prior thereto in two newspapers in general circulation to be selected by the Collateral Agent. To the extent permitted by any such requirement of law, the Collateral Agent on behalf of the Secured Creditors (or certain of them) may bid for and become the purchaser of the Collateral or any item thereof, offered for sale in accordance with this Section without accountability to the relevant Assignor. If, under mandatory requirements of applicable law, the Collateral Agent shall be required to make a disposition of the Collateral within a period of time which does not permit the giving of notice to the relevant Assignor as hereinabove specified, the Collateral Agent need give such Assignor only such notice of disposition as shall be reasonably practicable in view of such mandatory requirements of applicable law. Each Assignor agrees to do or cause to be done all such other acts and things as may be reasonably necessary to make such sale or sales of all or any portion of the Collateral of such Assignor valid and binding and in compliance with any and all applicable laws, regulations, orders, writs, injunctions, decrees or awards of any and all courts, arbitrations or governmental instrumentalities, domestic or foreign, having jurisdiction over any such sale or sales, all at such Assignor's expense.

7.3. WAIVER OF CLAIMS. Except as otherwise provided in this Agreement, EACH ASSIGNOR HEREBY WAIVES, TO THE EXTENT PERMITTED BY APPLICABLE LAW, NOTICE AND JUDICIAL HEARING IN CONNECTION WITH THE COLLATERAL AGENT'S TAKING POSSESSION OR THE COLLATERAL AGENT'S DISPOSITION OF ANY OF THE COLLATERAL, INCLUDING, WITHOUT LIMITATION, ANY AND ALL PRIOR NOTICE AND HEARING FOR ANY PREJUDGMENT REMEDY OR REMEDIES AND ANY SUCH RIGHT WHICH SUCH ASSIGNOR WOULD OTHERWISE HAVE UNDER THE CONSTITUTION OR ANY STATUTE OF THE UNITED STATES OR OF ANY STATE, and such Assignor hereby further waives, to the extent permitted by law:

(i) all damages occasioned by such taking of possession except any damages which are the direct result of the Collateral Agent's gross negligence or willful misconduct;

(ii) all other requirements as to the time, place and terms of sale or other requirements with respect to the enforcement of the Collateral Agent's rights hereunder; and

(iii) all rights of redemption, appraisement, valuation, stay, extension or moratorium now or hereafter in force under any applicable law in order to prevent or delay the enforcement of this Agreement or the absolute sale of the Collateral or any portion thereof, and each Assignor, for itself and all who may claim under it, insofar as it or they now or hereafter lawfully may, hereby waives the benefit of all such laws.

Any sale of, or the grant of options to purchase, or any other realization upon, any Collateral shall, to the fullest extent permitted under applicable law, operate to divest all right, title, interest, claim and demand, either at law or in equity, of the relevant Assignor therein and thereto and shall be a perpetual bar both at law and in equity against such Assignor and against any and all Persons claiming or attempting to claim the Collateral so sold, optioned or realized upon, or any part thereof, from, through and under such Assignor.

7.4. APPLICATION OF PROCEEDS. (a) All moneys collected by the Collateral Agent upon any sale or other disposition of the Collateral (or, to the extent the Pledge Agreement, any Mortgage or any other Security Document requires proceeds of collateral thereunder to be applied in accordance with the provisions of this Agreement, the Pledgee under the Pledge Agreement, the mortgagee under such Mortgage or the collateral agent under such other Security Document), together with all other moneys received by the Collateral Agent hereunder, shall be applied as follows:

(i) first, to the payment of all Obligations owing to the Pledgee or the Collateral Agent of the type described in clauses (iii) and (iv) of the definition of "Obligations";

(ii) second, to the extent proceeds remain after the application pursuant to the preceding clause (i), an amount equal to the outstanding Primary Obligations shall be paid to the Secured Creditors as provided in Section 7.4(e), with each Secured Creditor receiving an amount equal to its outstanding Primary Obligations or, if the proceeds are insufficient to pay in full all such Primary Obligations, its PRO RATA Share of the amount remaining to be distributed;

(iii) third, to the extent proceeds remain after the application pursuant to the preceding clauses (i) and (ii), an amount equal to the outstanding Secondary Obligations shall be paid to the Secured Creditors as provided in Section 7.4(e), with each Secured Creditor receiving an amount equal to its outstanding Secondary Obligations or, if the proceeds are insufficient to pay in full all such Secondary Obligations, its PRO RATA Share of the amount remaining to be distributed; and

(iv) fourth, to the extent proceeds remain after the application pursuant to the preceding clauses (i) through (iii), inclusive, and following the termination of this Agreement pursuant to Section 10.8(a) hereof, to the relevant Assignor or to whomever may be lawfully entitled to receive such surplus.

(b) For purposes of this Agreement (x) "PRO RATA SHARE" shall mean, when calculating a Secured Creditor's portion of any distribution or amount, that amount (expressed as a percentage) equal to a fraction the numerator of which is the then unpaid amount of such Secured Creditor's Primary Obligations or Secondary Obligations, as the case may be, and the denominator of which is the then outstanding amount of all Primary Obligations or Secondary Obligations, as the case may be, (y) "PRIMARY OBLIGATIONS" shall mean (i) in the case of the Credit Document Obligations, all principal of, and interest on, all Loans under the Credit Agreement, all Unpaid Drawings theretofore made (together with all interest accrued thereon), the aggregate Stated Amounts of all Letters of Credit issued (or deemed issued) under the Credit

Agreement, and all Fees and (ii) in the case of the Other Obligations, all amounts due under the Interest Rate Protection Agreements or Other Hedging Agreements (other than indemnities, fees (including, without limitation, attorneys' fees) and similar obligations and liabilities) and (z) "SECONDARY OBLIGATIONS" shall mean all Obligations other than Primary Obligations.

(c) When payments to Secured Creditors are based upon their respective PRO RATA Shares, the amounts received by such Secured Creditors hereunder shall be applied (for purposes of making determinations under this Section 7.4 only) (i) first, to their Primary Obligations and (ii) second, to their Secondary Obligations. If any payment to any Secured Creditor of its PRO RATA Share of any distribution would result in overpayment to such Secured Creditor, such excess amount shall instead be distributed in respect of the unpaid Primary Obligations or Secondary Obligations, as the case may be, of the other Secured Creditors, with each Secured Creditor whose Primary Obligations or Secondary Obligations, as the case may be, have not been paid in full to receive an amount equal to such excess amount multiplied by a fraction the numerator of which is the unpaid Primary Obligations or Secondary Obligations, as the case may be, of such Secured Creditor and the denominator of which is the unpaid Primary Obligations or Secondary Obligations, as the case may be, of all Secured Creditors entitled to such distribution.

(d) Each of the Secured Creditors agrees and acknowledges that if the Lender Creditors are to receive a distribution on account of undrawn amounts with respect to Letters of Credit issued (or deemed issued) under the Credit Agreement (which shall only occur after all outstanding Loans and Unpaid Drawings with respect to such Letters of Credit have been paid in full), such amounts shall be paid to the Administrative Agent under the Credit Agreement and held by it, for the equal and ratable benefit of the Lender Creditors, as cash security for the repayment of Obligations owing to the Lender Creditors as such. If any amounts are held as cash security pursuant to the immediately preceding sentence, then upon the termination of all outstanding Letters of Credit, and after the application of all such cash security to the repayment of all Obligations owing to the Lender Creditors after giving effect to the termination of all such Letters of Credit, if there remains any excess cash, such excess cash shall be returned by the Agent to the Collateral Agent for distribution in accordance with Section 7.4(a) hereof.

(e) Except as set forth in Section 7.4(d), all payments required to be made hereunder shall be made (x) if to the Lender Creditors, to the Administrative Agent under the Credit Agreement for the account of the Lender Creditors, and (y) if to the Other Creditors, to the trustee, paying agent or other similar representative (each, a "REPRESENTATIVE") for the Other Creditors or, in the absence of such a Representative, directly to the Other Creditors.

(f) For purposes of applying payments received in accordance with this Section 7.4, the Collateral Agent shall be entitled to rely upon (i) the Administrative Agent under the Credit Agreement and (ii) the Representative for the Other Creditors or, in the absence of such a Representative, upon the Other Creditors for a determination (which the Administrative Agent, each Representative for any Secured Creditors and the Secured Creditors agree (or shall agree) to provide upon request of the Collateral Agent) of the outstanding Primary Obligations and Secondary Obligations owed to the Lender Creditors or the Other Creditors, as the case may be. Unless it has actual knowledge (including by way of written notice from a Lender Creditor or an

Other Creditor) to the contrary, the Administrative Agent and each Representative, in furnishing information pursuant to the preceding sentence, and the Collateral Agent, in acting hereunder, shall be entitled to assume that no Secondary Obligations are outstanding. Unless it has actual knowledge (including by way of written notice from an Other Creditor) to the contrary, the Collateral Agent, in acting hereunder, shall be entitled to assume that no Interest Rate Protection Agreements or Other Hedging Agreements are in existence.

(g) It is understood and agreed that each Assignor shall remain liable to the extent of any deficiency between the amount of the proceeds of the Collateral in which it has granted a security interest hereunder and the aggregate amount of its Obligations.

7.5. REMEDIES CUMULATIVE. Each and every right, power and remedy hereby specifically given to the Collateral Agent shall be in addition to every other right, power and remedy specifically given under this Agreement, the Interest Rate Protection Agreements or Other Hedging Agreements or the other Credit Documents or now or hereafter existing at law, in equity or by statute and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by the Collateral Agent. All such rights, powers and remedies shall be cumulative and the exercise or the beginning of the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Collateral Agent in the exercise of any such right, power or remedy and no renewal or extension of any of the Obligations shall impair any such right, power or remedy or shall be construed to be a waiver of any Default or Event of Default or an acquiescence therein. No notice to or demand on any Assignor in any case shall entitle it to any other or further notice or demand in similar or other circumstances or constitute a waiver of any of the rights of the Collateral Agent to any other or further action in any circumstances without notice or demand. In the event that the Collateral Agent shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Collateral Agent may recover expenses, including reasonable attorneys' fees, and the amounts thereof shall be included in such judgment.

7.6. DISCONTINUANCE OF PROCEEDINGS. In case the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, sale, entry or otherwise, and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the relevant Assignor, the Collateral Agent and each holder of any of the Obligations shall be restored to their former positions and rights hereunder with respect to the Collateral subject to the security interest created under this Agreement, and all rights, remedies and powers of the Collateral Agent shall continue as if no such proceeding had been instituted.

ARTICLE VIII

INDEMNITY

8.1. INDEMNITY. (a) Each Assignor jointly and severally agrees to indemnify, reimburse and hold the Collateral Agent, each other Secured Creditor and their respective

successors, assigns, employees, agents and servants (hereinafter in this Section 8.1 referred to individually as an "INDEMNITEE," and, collectively, as "INDEMNITEES") harmless from any and all liabilities, obligations, losses, damages, injuries, penalties, claims, demands, actions, suits, judgments and any and all costs, expenses or disbursements (including attorneys' fees and expenses) (for the purposes of this Section 8.1, the foregoing are collectively called "EXPENSES") of whatsoever kind and nature imposed on, asserted against or incurred by any of the Indemnitees in any way relating to or arising out of this Agreement, any Interest Rate Protection Agreement or Other Hedging Agreement, any other Credit Document or any other document executed in connection herewith or therewith or in any other way connected with the administration of the transactions contemplated hereby or thereby or the enforcement of any of the terms of, or the preservation of any rights under any thereof, or in any way relating to or arising out of the manufacture, ownership, ordering, purchase, delivery, control, acceptance, lease, financing, possession, operation, condition, sale, return or other disposition, or use of the Collateral (including, without limitation, latent or other defects, whether or not discoverable), the violation of the laws of any country, state or other governmental body or unit, any tort (including, without limitation, claims arising or imposed under the doctrine of strict liability, or for or on account of injury to or the death of any Person (including any Indemnitee), or property damage), or contract claim; PROVIDED that no Indemnitee shall be indemnified pursuant to this Section 8.1(a) for losses, damages or liabilities to the extent caused by the gross negligence or willful misconduct of such Indemnitee. Each Assignor agrees that upon written notice by any Indemnitee of the assertion of such a liability, obligation, loss, damage, injury, penalty, claim, demand, action, suit or judgment, the relevant Assignor shall assume full responsibility for the defense thereof. Each Indemnitee agrees to use its best efforts to promptly notify the relevant Assignor of any such assertion of which such Indemnitee has knowledge.

(b) Without limiting the application of Section 8.1(a), each Assignor agrees, jointly and severally, to pay, or reimburse the Collateral Agent for any and all fees, costs and expenses of whatever kind or nature incurred in connection with the creation, preservation or protection of the Collateral Agent's Liens on, and security interest in, the Collateral, including, without limitation, all fees and taxes in connection with the recording or filing of instruments and documents in public offices, payment or discharge of any taxes or Liens upon or in respect of the Collateral, premiums for insurance with respect to the Collateral and all other fees, costs and expenses in connection with protecting, maintaining or preserving the Collateral and the Collateral Agent's interest therein, whether through judicial proceedings or otherwise, or in defending or prosecuting any actions, suits or proceedings arising out of or relating to the Collateral.

(c) Without limiting the application of Section 8.1(a) or (b), each Assignor agrees, jointly and severally, to pay, indemnify and hold each Indemnitee harmless from and against any loss, costs, damages and expenses which such Indemnitee may suffer, expend or incur in consequence of or growing out of any misrepresentation by any Assignor in this Agreement, any Interest Rate Protection Agreement or Other Hedging Agreement, any other Credit Document or in any writing contemplated by or made or delivered pursuant to or in connection with this Agreement, any Interest Rate Protection Agreement or Other Hedging Agreement or any other Credit Document.

(d) If and to the extent that the obligations of any Assignor under this Section 8.1 are unenforceable for any reason, such Assignor hereby agrees to make the maximum contribution to the payment and satisfaction of such obligations which is permissible under applicable law.

8.2. INDEMNITY OBLIGATIONS SECURED BY COLLATERAL; SURVIVAL. Any amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement shall constitute Obligations secured by the Collateral. The indemnity obligations of each Assignor contained in this Article VIII shall continue in full force and effect notwithstanding the full payment of all the Notes issued under the Credit Agreement, the termination of all Interest Rate Protection Agreements or Other Hedging Agreements and Letters of Credit, and the payment of all other Obligations and notwithstanding the discharge thereof.

ARTICLE IX

DEFINITIONS

The following terms shall have the meanings herein specified. Such definitions shall be equally applicable to the singular and plural forms of the terms defined.

"ADMINISTRATIVE AGENT" shall have the meaning provided in the recitals hereto.

"AGREEMENT" shall have the meaning provided in the preamble to this Agreement.

"ASSIGNOR" shall have the meaning provided in the preamble to this Agreement.

"BANK CREDIT AGREEMENT ASSIGNMENT AND ASSUMPTION AGREEMENT" shall have the meaning provided in the Credit Agreement.

"BORROWER" shall mean (i) at any time prior to the Contribution Effective Time, TPI and (ii) at any time after the Contribution Effective Time, PCA.

"CASH COLLATERAL ACCOUNT" shall mean a non-interest bearing cash collateral account maintained with, and in the sole dominion and control of, the Collateral Agent for the benefit of the Secured Creditors.

"CHATTEL PAPER" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"CLASS" shall have the meaning provided in Section 10.2 of this Agreement.

"CO-LEAD ARRANGERS" shall have the meaning provided in the recitals hereto.

"COLLATERAL" shall have the meaning provided in Section 1.1(a) of this Agreement.

"COLLATERAL AGENT" shall have the meaning provided in the preamble to this Agreement.

"CONTRACT RIGHTS" shall mean (i) all rights of an Assignor (including, without limitation, all rights to payment) under each Contract and (ii) any Receivable or any money(ies) due or to become due under any Excluded Contract.

"CONTRACTS" shall mean all contracts between any Assignor and one or more additional parties (including, without limitation, any Interest Rate Protection Agreement or Other Hedging Agreement) to the extent the grant by an Assignor of a security interest pursuant to this Agreement in its right, title and interest in any such contract is not prohibited by such contract (or, if prohibited, the consent of each other party to such grant of a security interest is obtained) and would not give any other party to such contract the right to terminate, or automatically result in the termination of, such other party's obligations thereunder or the Assignor's rights thereunder (those contracts where such grant is so prohibited (and consent not obtained) or resulting in such a right of, or automatic, termination are referred to herein as "EXCLUDED CONTRACTS").

"CONTAINERBOARD BUSINESS" shall have the meaning provided in the Credit Agreement.

"CONTRIBUTION AGREEMENT" shall have the meaning provided in the Credit Agreement.

"CONTRIBUTION EFFECTIVE TIME" shall have the meaning provided in the Credit Agreement.

"COPYRIGHTS" shall mean any United States or foreign copyright owned by any Assignor, including any registrations of any Copyright in the United States Copyright Office or the equivalent thereof in any foreign country, other than any country outside the United States where the grant of a security interest would violate such Copyrights, as well as any application for a United States or foreign copyright registration now or hereafter made with the United States Copyright Office or the equivalent thereof in any foreign jurisdiction by any Assignor.

"CREDIT AGREEMENT" shall mean the Credit Agreement , dated as of April 12, 1999, among the Borrower, the Lenders, the Co-Lead Arrangers, the Syndication Agent and the Administrative Agent, providing for the making of Loans to the Borrower and, after the Contribution Effective Time, the issuance of, and participation in, Letters of Credit for the account of the Borrower as contemplated therein, as the same may be amended, restated, modified, extended, renewed, replaced, supplemented, restructured and/or refinanced from time to time, and including any agreement extending the maturity of, refinancing or restructuring (including, but not limited to, the inclusion of additional borrowers thereunder that are Subsidiaries of the Borrower and whose obligations are guaranteed by the Borrower and/or the Subsidiary Guarantors thereunder or any increase in the amount borrowed) all, or any portion of, the Indebtedness under such agreement or any successor agreements; PROVIDED, that with respect to any agreement providing for the refinancing of Indebtedness under the Credit Agreement, such agreement shall only be treated as, or as part of, the Credit Agreement hereunder if (i) either (A)

all obligations under the Credit Agreement being refinanced shall be paid in full at the time of such refinancing, and all commitments under the refinanced Credit Agreement shall have terminated in accordance with their terms or (B) the Required Lenders shall have consented in writing to the refinancing Indebtedness being treated, along with their Indebtedness, as Indebtedness pursuant to the Credit Agreement, (ii) the refinancing Indebtedness shall be permitted to be incurred under the Credit Agreement being refinanced (if such Credit Agreement is to remain outstanding) and (iii) a notice to the effect that the refinancing Indebtedness shall be treated as issued under the Credit Agreement shall be delivered by the Borrower to the Collateral Agent).

"CREDIT DOCUMENT OBLIGATIONS" shall have the meaning provided in the definition of "Obligations" in this Article IX.

"DEFAULT" shall mean any event which, with notice or lapse of time, or both, would constitute an Event of Default.

"DOCUMENTS" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"EQUIPMENT" shall mean any "equipment," as such term is defined in the Uniform Commercial Code as in effect on the date hereof in the State of New York, now or hereafter owned by any Assignor and, in any event, shall include, but shall not be limited to, all machinery, equipment, furnishings, movable trade fixtures and vehicles now or hereafter owned by any Assignor and any and all additions, substitutions and replacements of any of the foregoing, wherever located, together with all attachments, components, parts, equipment and accessories installed thereon or affixed thereto.

"EVENT OF DEFAULT" shall mean any Event of Default under, and as defined in, the Credit Agreement or any payment default under any Interest Rate Protection Agreement or Other Hedging Agreement and shall in any event, without limitation, include any payment default on any of the Obligations after the expiration of any applicable grace period.

"EXCLUDED CONTRACTS" shall have the meaning provided in the definition of Contracts.

"GENERAL INTANGIBLES" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York, but excluding those General Intangibles constituting Excluded Contracts (other than any Receivable or any money(ies) due or to become due under any such Excluded Contract).

"GOODS" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"INDEMNITEE" shall have the meaning provided in Section 8.1 of this Agreement.

"INSTRUMENT" shall have the meaning provided in the Uniform Commercial Code as in effect on the date hereof in the State of New York.

"INTEREST RATE PROTECTION AGREEMENT OR OTHER HEDGING AGREEMENT" shall have the meaning provided in the recitals to this Agreement.

"INVENTORY" shall mean merchandise, inventory and goods, and all additions, substitutions and replacements thereof, wherever located, together with all goods, supplies, incidentals, packaging materials, labels, materials and any other items used or usable in manufacturing, processing, packaging or shipping same; in all stages of production -- from raw materials through work-in-process to finished goods -- and all products and proceeds of whatever sort and wherever located and any portion thereof which may be returned, rejected, reclaimed or repossessed by the Collateral Agent from any Assignor's customers, and shall specifically include all "inventory" as such term is defined in the Uniform Commercial Code as in effect on the date hereof in the State of New York, now or hereafter owned by any Assignor.

"LENDER CREDITORS" shall have the meaning provided in the recitals to this Agreement.

"LENDERS" shall have the meaning provided in the recitals to this Agreement.

"LIENS" shall mean any security interest, mortgage, pledge, lien, claim, charge, encumbrance, title retention agreement, lessor's interest in a financing lease or analogous instrument, in, of, or on any Assignor's property.

"MARKS" shall mean all right, title and interest in and to any United States or foreign trademarks, service marks and trade names now held or hereafter acquired by any Assignor, including any registration or application for registration of any trademarks and service marks in the United States Patent and Trademark Office, or the equivalent thereof in any State of the United States or in any foreign country, other than any country outside the United States where the grant of a security interest would violate such Marks and any trade dress including logos, designs, trade names, company names, business names, fictitious business names and other business identifiers used by any Assignor in the United States or any foreign country.

"OBLIGATIONS" shall mean (i) the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon) of each Assignor owing to the Lender Creditors, now existing or hereafter incurred under, arising out of or in connection with any Credit Document to which such Assignor is a party (including all such obligations and indebtedness under any Subsidiaries Guaranty to which such Assignor is a party) and the due performance and compliance by each Assignor with the terms, conditions and agreements of each such Credit Document (all such obligations and liabilities under this clause (i), except to the extent consisting of obligations or indebtedness with respect to Interest Rate Protection Agreements or Other Hedging Agreements, being herein collectively called the "CREDIT DOCUMENT OBLIGATIONS"); (ii) the full and prompt payment when due (whether at the

stated maturity, by acceleration or otherwise) of all obligations (including obligations which, but for the automatic stay under Section 362(a) of the Bankruptcy Code, would become due) and liabilities (including, without limitation, indemnities, fees and interest thereon) of each Assignor owing to the Other Creditors, now existing or hereafter incurred under, arising out of or in connection with any Interest Rate Protection Agreement or Other Hedging Agreement, whether such Interest Rate Protection Agreement or Other Hedging Agreement is now in existence or hereafter arising, including, in the case of each Subsidiary Guarantor, all obligations under the Subsidiaries Guaranty in respect of Interest Rate Protection Agreements or Other Hedging Agreements, and the due performance and compliance by each Assignor with all of the terms, conditions and agreements contained in any such Interest Rate Protection Agreement or Other Hedging Agreement (all such obligations and indebtedness under this clause (ii) being herein collectively called the "OTHER OBLIGATIONS"); (iii) any and all sums advanced by the Collateral Agent or the Pledgee in order to preserve the Collateral or preserve its security interest in the Collateral; (iv) in the event of any proceeding for the collection or enforcement of any indebtedness, obligations, or liabilities of each Assignor referred to in clauses (i), (ii) and (iii) after an Event of Default shall have occurred and be continuing, the reasonable expenses of re-taking, holding, preparing for sale or lease, selling or otherwise disposing of or realizing on the Collateral, or of any exercise by the Collateral Agent or the Pledgee of its rights hereunder, together with reasonable attorneys' fees and court costs; and (v) all amounts paid by any Indemnitee as to which such Indemnitee has the right to reimbursement under Section 8.1 of this Agreement. It is acknowledged and agreed that the "Obligations" shall include extensions of credit of the types described above, whether outstanding on the date of this Agreement or extended from time to time after the date of this Agreement.

"OTHER CREDITORS" shall have the meaning provided in the recitals to this Agreement.

"OTHER OBLIGATIONS" shall have the meaning provided in the definition of "Obligations" in this Article IX.

"PATENTS" shall mean any United States or foreign patent to which any Assignor now or hereafter has title and any divisions or continuations thereof, as well as any application for a United States or foreign patent now or hereafter made by any Assignor, except as to patents or patent applications in any country where the granting of a security interest therein is not permissible under the laws of such country.

"PERMITS" shall mean, to the extent permitted to be assigned by the terms thereof or by applicable law, all licenses, permits, rights, orders, variances, franchises or authorizations (including certificates of need) of or from any governmental authority or agency.

"PLEDGE AGREEMENT" shall have the meaning provided in the Credit Agreement.

"PLEDGED SECURITIES" shall mean all Securities under, and as defined in, the Pledge Agreement, which have been pledged by the Assignors pursuant thereto.

"PLEDGEE" shall have the meaning provided in the Pledge Agreement.

"PRIMARY OBLIGATIONS" shall have the meaning provided in Section 7.4(b) of this Agreement.

"PROCEEDS" shall have the meaning provided in the Uniform Commercial Code as in effect in the State of New York on the date hereof or under other relevant law and, in any event, shall include, but not be limited to, (i) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to the Collateral Agent or any Assignor from time to time with respect to any of the Collateral, (ii) any and all payments (in any form whatsoever) made or due and payable to any Assignor from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority (or any person acting under color of governmental authority) and (iii) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

"PRO RATA SHARE" shall have the meaning provided in Section 7.4(b) of this Agreement.

"RECEIVABLES" shall mean any "account" as such term is defined in the Uniform Commercial Code as in effect on the date hereof in the State of New York, now or hereafter owned by any Assignor and, in any event, shall include, but shall not be limited to, all of such Assignor's rights to payment for, or exchange of, goods sold or leased or services performed or product exchanged by such Assignor, whether now in existence or arising from time to time hereafter, including, without limitation, rights evidenced by an account, note, contract, barter arrangement, security agreement, chattel paper, or other evidence of indebtedness or security, together with (a) all security pledged, assigned, hypothecated or granted to or held by such Assignor to secure the foregoing, (b) all of any Assignor's right, title and interest in and to any goods or services, the sale or exchange of which gave rise thereto, (c) all guarantees, endorsements and indemnifications on, or of, any of the foregoing, (d) all powers of attorney for the execution of any evidence of indebtedness or security or other writing in connection therewith, (e) all books, records, ledger cards, and invoices relating thereto, (f) all evidences of the filing of financing statements and other statements and the registration of other instruments in connection therewith and amendments thereto, notices to other creditors or secured parties, and certificates from filing or other registration officers, (g) all credit information, reports and memoranda relating thereto and (h) all other writings related in any way to the foregoing.

"REPRESENTATIVE" shall have the meaning provided in Section 7.4(e) of this Agreement.

"REQUISITE CREDITORS" shall have the meaning provided in Section 10.2 of this Agreement.

"SECONDARY OBLIGATIONS" shall have the meaning provided in Section 7.4(b) of this Agreement.

"SECURED CREDITORS" shall have the meaning provided in the recitals to this Agreement.

"STANDING TIMBER" shall mean standing timber which is to be cut and removed under a conveyance or contract for sale.

"SUBSIDIARIES GUARANTY" shall have the meaning provided in the recitals to this Agreement.

"SYNDICATION AGENT" shall have the meaning provided in the recitals to this Agreement.

"TERMINATION DATE" shall have the meaning provided in Section 10.8 of this Agreement.

"TRADE SECRET RIGHTS" shall mean the rights of an Assignor in any Trade Secrets it holds or owns.

"TRADE SECRETS" means any secretly held existing engineering and other data, information, production procedures and other know-how relating to the design, manufacture, assembly, installation, use, operation, marketing, sale and servicing of any products or business of an Assignor worldwide, whether written or not written.

ARTICLE X

MISCELLANEOUS

10.1. NOTICES. Except as otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be deemed to have been duly given or made when delivered to the party to which such notice, request, demand or other communication is required or permitted to be given or made under this Agreement, addressed:

(a) if to any Assignor, at:

c/o Packaging Corporation of America
1900 West Field Court
Lake Forest, IL 60045
Attention: Paul T. Stecko
Tel: (847) 482-2000
Fax: (847) 482-4738

(b) if to the Collateral Agent:

Morgan Guaranty Trust Company of New York
c/o J.P. Morgan Services, Inc.
500 Stanton Christiana Road
Newark, Delaware
Attention: Nicole Pedicone
Telephone No.: (302) 634-1912
Facsimile No.: (302) 634-4300

(c) if to any Lender Creditor (other than the Collateral Agent), at such address as such Lender Creditor shall have specified in the Credit Agreement; and

(d) if to any Other Creditor, at such address as such Other Creditor shall have specified in writing to each Assignor and the Collateral Agent;

or at such other address as shall have been furnished in writing by any Person described above to the party required to give notice hereunder.

10.2. WAIVER; AMENDMENT. None of the terms and conditions of this Agreement may be changed, waived, modified or varied in any manner whatsoever unless in writing duly signed by each Assignor directly and adversely affected thereby and the Collateral Agent (with the consent of (x) the Required Lenders (or all the Lenders if required by Section 13.12 of the Credit Agreement) at all times prior to the time at which all Credit Document Obligations (other than those arising from indemnities for which no request has been made) have been paid in full and all Commitments and Letters of Credit under the Credit Agreement have been terminated or (y) the holders of at least a majority of the outstanding Other Obligations at all times after the time on which all Credit Document Obligations have been paid in full and all Commitments and Letters of Credit under the Credit Agreement have been terminated); PROVIDED, HOWEVER, that no such change, waiver, modification or variance shall be made to Section 8 hereof or this Section 10.2 without the consent of each Secured Creditor adversely affected thereby, PROVIDED FURTHER, that any change, waiver, modification or variance affecting the rights and benefits of a single Class (as defined below) of Secured Creditors (and not all Secured Creditors in a like or similar manner) shall require the written consent of the Requisite Creditors (as defined below) of such Class of Secured Creditors. For the purpose of this Agreement, the term "CLASS" shall mean each class of Secured Creditors, I.E., whether (x) the Lender Creditors as holders of the Credit Document Obligations or (y) the Other Creditors as the holders of the Other Obligations. For the purpose of this Agreement, the term "REQUISITE CREDITORS" of any Class shall mean each of (x) with respect to the Credit Document Obligations, the Required Lenders and (y) with respect to the Other Obligations, the holders of at least a majority of all obligations outstanding from time to time under the Interest Rate Protection Agreements and Other Hedging Agreements.

10.3. OBLIGATIONS ABSOLUTE. The obligations of each Assignor hereunder shall remain in full force and effect without regard to, and shall not be impaired by, (a) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or the like of such Assignor; (b) any exercise or non-exercise, or any waiver of, any right, remedy, power or privilege under or in respect of this Agreement, any other Credit Document or any

Interest Rate Protection Agreement or Other Hedging Agreement; or (c) any renewal, extension, amendment or modification of or addition or supplement to or deletion from any Credit Document or any Interest Rate Protection Agreement or Other Hedging Agreement or any security for any of the Obligations; (d) any waiver, consent, extension, indulgence or other action or inaction under or in respect of any such agreement or instrument including, without limitation, this Agreement; (e) any furnishing of any additional security to the Collateral Agent or its assignee or any acceptance thereof or any release of any security by the Collateral Agent or its assignee; or (f) any limitation on any party's liability or obligations under any such instrument or agreement or any invalidity or unenforceability, in whole or in part, of any such instrument or agreement or any term thereof; whether or not any Assignor shall have notice or knowledge of any of the foregoing. The rights and remedies of the Collateral Agent herein provided are cumulative and not exclusive of any rights or remedies which the Collateral Agent would otherwise have.

10.4. SUCCESSORS AND ASSIGNS. This Agreement shall be binding upon each Assignor and its successors and assigns and shall inure to the benefit of the Collateral Agent and its successors and assigns; PROVIDED, that no Assignor may transfer or assign any or all of its rights or obligations hereunder without the prior written consent of the Collateral Agent. All agreements, statements, representations and warranties made by each Assignor herein or in any certificate or other instrument delivered by such Assignor or on its behalf under this Agreement shall be considered to have been relied upon by the Secured Creditors and shall survive the execution and delivery of this Agreement, the other Credit Documents and the Interest Rate Protection Agreements or Other Hedging Agreements regardless of any investigation made by the Secured Creditors or on their behalf.

10.5. HEADINGS DESCRIPTIVE. The headings of the several sections of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

10.6. GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

10.7. ASSIGNORS' DUTIES. It is expressly agreed, anything herein contained to the contrary notwithstanding, that each Assignor shall remain liable to perform all of the obligations, if any, assumed by it with respect to the Collateral and the Collateral Agent shall not have any obligations or liabilities with respect to any Collateral by reason of or arising out of this Agreement, nor shall the Collateral Agent be required or obligated in any manner to perform or fulfill any of the obligations of any Assignor under or with respect to any Collateral.

10.8. TERMINATION; RELEASE. (a) After the Termination Date (as defined below), this Agreement shall terminate (provided that all indemnities set forth herein including, without limitation, in Section 8.1 hereof shall survive such termination) and the Collateral Agent, at the request and expense of the relevant Assignor, will execute and deliver to such Assignor a proper

instrument or instruments (including, without limitation, Uniform Commercial Code termination statements on form UCC-3) acknowledging the satisfaction and termination of this Agreement, and will duly assign, transfer and deliver to such Assignor (without recourse and without any representation or warranty) such of the Collateral as may be in the possession of the Collateral Agent and as has not theretofore been sold or otherwise applied or released pursuant to this Agreement. As used in this Agreement, "TERMINATION DATE" shall mean the date upon which the Total Commitments and all Interest Rate Protection Agreements or Other Hedging Agreements have been terminated, no Note is outstanding (and all Loans have been paid in full), all Letters of Credit have been terminated and all other Obligations (other than those arising from indemnities for which no request has been made) then owing have been paid in full.

(b) In the event that any part of the Collateral is sold or otherwise disposed of (to a Person other than the Borrower or a Subsidiary thereof) (x) at any time prior to the time at which all Credit Document Obligations have been paid in full and all Commitments under the Credit Agreement have been terminated, in connection with a sale or other disposition (including the sale of the capital stock or other equity interests of an Assignor) permitted by Section 9.02 of the Credit Agreement or is otherwise released at the direction of the Required Lenders (or all the Lenders if required by Section 13.12 of the Credit Agreement) or (y) at any time thereafter, in accordance with the terms of the Interest Rate Protection Agreements or Other Hedging Agreements, and the proceeds of any such sale or disposition are applied in accordance with the terms of the Credit Agreement or such Interest Rate Protection Agreements or Other Hedging Agreements, as the case may be, to the extent required to be so applied, the Collateral Agent, at the request and expense of such Assignor, will (i) duly assign, transfer and deliver to such Assignor (without recourse and without any representation or warranty) such of the Collateral as is then being (or has been) so sold, disposed of or released and as may be in the possession of the Collateral Agent and has not theretofore been released pursuant to this Agreement and/or (ii) execute such releases and discharges in respect of such Collateral as is then being (or has been) so sold, disposed of or released as such Assignor may reasonably request.

(c) At any time that the respective Assignor desires that Collateral be released as provided in the foregoing Section 10.8(a) or (b), it shall deliver to the Collateral Agent a certificate signed by an Authorized Officer stating that the release of the respective Collateral is permitted pursuant to Section 10.8(a) or (b). If requested by the Collateral Agent (although the Collateral Agent shall have no obligation to make any such request), the relevant Assignor shall furnish appropriate legal opinions (from counsel, which may be in-house counsel, reasonably acceptable to the Collateral Agent) to the effect set forth in the immediately preceding sentence. The Collateral Agent shall have no liability whatsoever to any Secured Creditor as the result of any release of Collateral by it as permitted (or which the Collateral Agent in the absence of gross negligence or willful misconduct believes to be permitted) by this Section 10.8.

10.9. COUNTERPARTS. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Collateral Agent.

10.10. THE COLLATERAL AGENT. The Collateral Agent will hold in accordance with this Agreement all items of the Collateral at any time received under this Agreement. It is expressly understood and agreed that the obligations of the Collateral Agent as holder of the Collateral and interests therein and with respect to the disposition thereof, and otherwise under this Agreement, are only those expressly set forth in this Agreement. The Collateral Agent shall act hereunder on the terms and conditions set forth in Section 12 of the Credit Agreement.

10.11. SEVERABILITY. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.12. LIMITED OBLIGATIONS. It is the desire and intent of each Assignor and the Secured Creditors that this Agreement shall be enforced against each Assignor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. Notwithstanding anything to the contrary contained herein, in furtherance of the foregoing, it is noted that, on and after the execution and delivery of the Subsidiaries Guaranty, the obligations of each Subsidiary Guarantor constituting an Assignor have been limited as provided in the Subsidiaries Guaranty.

10.13. ADDITIONAL ASSIGNORS. It is understood and agreed that any Subsidiary of the Borrower that is required to execute a counterpart of this Agreement after the date hereof pursuant to Section 8.11, 8.13 or 9.14 of the Credit Agreement shall automatically become an Assignor hereunder by executing a counterpart hereof and delivering the same to the Collateral Agent.

10.14. EFFECTIVENESS. This Agreement shall become effective when (i) the Contribution Effective Time shall have occurred and (ii) the Collateral Agent, PCA and each Subsidiary of PCA whose name appears on the signature pages hereto shall have signed a counterpart hereof (whether the same or different counterparts) and shall have delivered (including by way of facsimile transmission) the same to the Administrative Agent at its Notice Office or the offices of its counsel.

* * *

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their duly authorized officers as of the date first above written.

PACKAGING CORPORATION OF AMERICA,
as an Assignor

By: /s/ Paul T. Stecko

Title: Chairman of the Board and Chief Executive Officer

DAHLANEGA PACKAGING CORPORATION,
as an Assignor

By: /s/ Paul T. Stecko

Title: Chief Executive Officer

DIXIE CONTAINER CORPORATION,
as an Assignor

By /s/ Paul T. Stecko

Title: Chief Executive Officer

PCA HYDRO, INC.,
as an Assignor

By: /s/ Paul T. Stecko

Title: Chief Executive Officer

PCA TOMAHAWK CORPORATION,
as an Assignor

By: /s/ Paul T. Stecko

Title: Chief Executive Officer

PCA VALDOSTA CORPORATION,
as an Assignor

By: /s/ Paul T. Stecko

Title: Chief Executive Officer

Accepted and Agreed to:

MORGAN GUARANTY TRUST
COMPANY OF NEW YORK,
as Collateral Agent, as Assignee

By /s/ Unn Boucher

Title: Vice President

EXHIBIT 10.7

STOCKHOLDERS AGREEMENT

by and among

TENNECO PACKAGING INC.,

PCA HOLDINGS LLC

and

PACKAGING CORPORATION OF AMERICA

April 12, 1999

STOCKHOLDERS AGREEMENT

THIS STOCKHOLDERS AGREEMENT (this "Agreement") is made and entered into as of the 12th day of April, 1999, by and among TENNECO PACKAGING INC., a Delaware corporation ("TPI"), PCA HOLDINGS LLC, a Delaware limited liability company ("PCA"), and PACKAGING CORPORATION OF AMERICA, a Delaware corporation ("Newco").

RECITALS

WHEREAS, TPI, PCA and Newco are parties to that certain Contribution Agreement, dated as of January 25, 1999, as amended (the "Contribution Agreement");

WHEREAS, pursuant to and subject to the terms and conditions of the Contribution Agreement, each of TPI and PCA will contribute certain assets to Newco or a Subsidiary of Newco in exchange for shares of the common stock, $.01 par value per share (the "Common Stock"), of Newco;

WHEREAS, PCA recognizes that TPI has substantial experience and expertise in the ownership, management and operation of the Containerboard Business (as such term and each other capitalized term used but not otherwise defined herein is defined in the Contribution Agreement);

WHEREAS, TPI, PCA and Newco desire to enter into this Agreement to set forth certain arrangements with respect to the ownership, operation and management of Newco and its Subsidiaries; and

WHEREAS, the execution and delivery of this Agreement is a condition to each of TPI's and PCA's respective obligation to effect the Closing.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND TERMS

1.1 Certain Definitions. As used herein, the following terms shall have the meanings set forth or as referenced below:

"Affiliate" shall mean, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such first Person as of the date on which, or at any time during the period for which, the determination of affiliation is being made. For the purpose of this definition, "control" means (i) the ownership or control of 50% or more of the equity interest in any Person, or (ii) the ability to direct or cause the direction of the management

or affairs of a Person, whether through the direct or indirect ownership of voting interests, by contract or otherwise.

"Agreement" shall mean this Agreement, including the exhibits hereto, as the same may be amended or supplemented from time to time in accordance with the terms hereof.

"Board" shall mean the Board of Directors of Newco.

"Business Day" shall mean any day other than a Saturday, a Sunday or a day on which banks in Chicago, Illinois are authorized or obligated by Law or executive order to close.

"Commission" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"Common Stock" shall have the meaning set forth in the Recitals hereto.

"Contribution Agreement" shall have the meaning set forth in the Recitals hereto.

"CPA Firm" shall mean the independent public auditor selected pursuant to Section 4.3, or any subsequent independent public auditor of the books and records of Newco appointed by the Board in accordance with the terms of this Agreement.

"Demand Registration" shall have the meaning set forth in the Registration Rights Agreement.

"DGCL" shall mean the General Corporation Law of the State of Delaware.

"Encumbrances" shall mean liens, charges, encumbrances, mortgages, pledges, security interests, options or any other restrictions or third-party rights.

"Exempt Sale" shall mean: (i) any Transfer of Shares to an Affiliate of the selling party; (ii) any distribution of securities by a Person to its direct or indirect equity owners; (iii) an assignment or pledge of Shares in connection with the incurrence, maintenance or renewal of indebtedness of Newco or its Subsidiaries; (iv) any Transfer of Shares pursuant to a Public Sale; and (v) any Transfer of Shares to directors, officers, or employees of Newco or its Subsidiaries.

"GAAP" shall mean United States generally accepted accounting principles, consistently applied.

"Independent Third Party" means any Person who, immediately prior to the contemplated transaction, is not the owner of in excess of 5% of any class or series of Newco's common equity on a fully-diluted basis (a "5% Owner") and who is not an Affiliate of any such 5% Owner.

"Junior Preferred Stock" shall mean the one hundred (100) authorized, issued and outstanding shares of Junior Preferred Stock entitled to elect the CEO Director, with TPI holding 45 shares and PCA holding 55 shares, respectively, of such Junior Preferred Stock.

"Law" shall mean any federal, state, foreign or local law, constitutional provision, code, statute, ordinance, rule, regulation, order, judgment or decree of any governmental authority.

"Management Buy-In" shall mean the purchase of Management Stock as contemplated by the Contribution Agreement.

"Newco" shall mean Packaging Corporation of America, a Delaware Corporation.

"New Securities" shall mean any shares of capital stock or other equity securities (or debt securities convertible into such equity securities) of Newco, whether now authorized or not, and rights, options or warrants to purchase said shares of capital stock and securities of any type whatsoever that are, or may become, convertible into shares of Newco capital stock or other Newco equity securities; provided, however, that the term "New Securities" shall not include: (i) securities issued in connection with any stock split, stock dividend, reclassification or recapitalization of Newco; (ii) shares of Common Stock issued to employees, consultants, officers or directors of Newco or its Subsidiaries pursuant to: (A) the exercise of any stock option, stock purchase or stock bonus plan, agreement or arrangement for the primary purpose of soliciting or retaining the services of such Persons and which is hereafter approved by the Board; or (B) the exercise of any stock option issued pursuant to the Share Performance Plan; (iii) securities issued in a Public Offering; (iv) securities issued in connection with the acquisition of any business, assets or securities of another Person in compliance with Section 3.6 hereof; and (v) securities issued to any lender of Newco or one of its Subsidiaries in compliance with Section 3.6 hereof.

"PCA" shall mean PCA Holdings LLC, a Delaware limited liability company.

"PCA Holders" shall collectively refer to PCA together with any other Stockholders who directly or indirectly acquire any Shares from: (i) PCA; or (ii) TPI pursuant to an Initial Period Pro-Rata Tag-Along as provided in subsection 6.3(b)(ii) below.

"Permitted Encumbrances" shall mean liens for taxes, assessments and other governmental charges not yet due and payable or due but not delinquent or being contested in good faith by appropriate proceedings.

"Person" shall mean an individual, a corporation, a partnership, an association, a trust, a limited liability company or any other entity or organization.

"Pro Rata Portion" shall mean, with respect to each Stockholder, that number of shares of New Securities as is equal to the product of (i) the total number of New Securities proposed to be issued or otherwise transferred multiplied by (ii) a fraction, the numerator of which is the number of shares of Common Stock (including any common equity issued or issuable in respect of such Common Stock) held by such Stockholder immediately prior to such issuance or transfer, and

the denominator of which is the total number of shares of Common Stock (including any such common equity issued or issuable in respect of such Common Stock) which are held by all Stockholders.

"Public Offering" shall mean an underwritten public offering pursuant to an effective registration statement under the Securities Act (or any comparable form under any similar statute then in force), covering the offer and sale of Common Stock.

"Public Sale" means: (i) any sale of Common Stock pursuant to a Public Offering; or (ii) any Spin-Off.

"Registration Rights Agreement" shall have the meaning set forth in the Contribution Agreement.

"Securities Act" means the Securities Act of 1933, as amended, or any similar federal statute, and the rules and regulations of the Commission thereunder, as shall be in effect at the time.

"Share Performance Plan" shall mean the equity incentive plan for directors, officers and employees of Newco and its Subsidiaries.

"Share Performance Plan Amount" means the number of shares of Common Stock equal to (i) 9.8% of the fully diluted Common Stock of Newco at Closing, less (ii) the aggregate percentage of Common Stock sold pursuant to the Management Buy-In.

"Shares" shall mean any Common Stock held by any Stockholder (including any equity securities issued or issuable in respect of such Common Stock pursuant to a stock split, stock dividend, reclassification, combination, merger, consolidation, recapitalization or other reorganization) and any other capital stock of any class or series of Newco held by any Stockholder. As to any particular Shares, such shares shall cease to be Shares for all purposes of this Agreement when they have been sold or transferred pursuant to a Public Sale, and the transferee of any Shares pursuant to a Public Sale shall not be considered a Stockholder for purposes of this Agreement by virtue of the ownership of Shares transferred pursuant to such Public Sale.

"Spin-Off" shall mean any distribution by TPI or one of its Affiliates of all of its Shares of any class or series to its public stockholders, if any.

"Stockholders" means TPI, PCA and each Person other than Newco who is or becomes bound by this Agreement; provided, however, that anything contained in this Agreement to the contrary notwithstanding, directors, officers and employees who directly or indirectly acquire Shares from TPI and PCA pursuant to the Management Buy-In shall not be Stockholders for purposes of this Agreement or bound by the terms hereof. Stockholders are sometimes individually referred to herein as a "Stockholder".

"Subsidiary" shall mean, with respect to any Person, any corporation, limited liability company, partnership, joint venture or other legal entity of which such Person, either

directly or through or together with any other Subsidiary of such Person, owns 50% or more of the equity interests.

"Subsidiary Board" has the meaning set forth in Section 3.3.

"TPI" shall mean Tenneco Packaging Inc., a Delaware corporation.

"TPI Holders" shall collectively refer to: (i) TPI; and (ii) any other Stockholders who directly or indirectly acquire any Shares from TPI except for Stockholders who directly or indirectly acquire Shares from TPI pursuant to an Initial Period Pro-Rata Tag-Along as provided in subsection 6.3(b)(ii) below.

"TPI Registrable Securities" shall have the meaning set forth in the Registration Rights Agreement.

"Voting Stock" shall mean securities of Newco of any class or series the holders of which are entitled to vote generally in the election of directors of Newco.

1.2 Other Definitional Provisions.

(a) The words "hereof", "herein", and "hereunder", and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(b) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) The terms "dollars" and "$" shall mean United States dollars.

(d) The term "including" shall be deemed to mean "including without limitation."

(e) Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Contribution Agreement.

ARTICLE II
BUSINESS AND OPERATIONS OF NEWCO

2.1 Purposes and Business. Except as otherwise approved pursuant to Section 3.6(i)(c), the sole and exclusive purpose of Newco and its Subsidiaries shall be to engage in the business of producing and selling containerboard and corrugated packaging products (other than folding carton, molded fiber and honeycomb paperboard-type products), including without limitation, the Containerboard Business (the "Business Scope"). Newco shall not and shall not permit any of its Subsidiaries to (and PCA shall not cause or, to the extent reasonably within PCA's control, permit Newco or any of its Subsidiaries to) engage in any other activity or business except to the extent approved by the Board in accordance with the terms and conditions hereof.

2.2 Principal Executive Offices. The principal executive offices of Newco shall be located at 1900 West Field Court, Lake Forest, Illinois or such other location as determined by the Board.

2.3 Annual Business Plan.

(a) Preparation. No later than 90 days prior to the expiration of any fiscal year of Newco, the Board shall discuss and approve (in the manner set forth in Section 3.6 hereof) an annual business plan and budget for Newco and its Subsidiaries (the "Annual Business Plan") for the next succeeding fiscal year, which plan shall address, among other things:

(i) The general business direction, policies and programs for Newco and its Subsidiaries during such period;

(ii) A budget for Newco and its Subsidiaries for such period, setting forth projected revenues, costs and expenses (including capital expenditures);

(iii) The extent to which Newco and/or its Subsidiaries will make any expenditures in connection with business acquisitions; and

(iv) Information, plans, budgets, forecasts and projections of the nature included in the annual business plan for 1999 set forth as Exhibit 2.3(a), which shall be the initial Annual Business Plan.

The Board is expressly empowered to delegate to the management of Newco the responsibility for the initial preparation of each Annual Business Plan, subject to the final approval of each such plan by the Board as provided herein.

(b) Effect of Annual Business Plan. The parties agree that the business and operations of Newco and its Subsidiaries will be conducted in accordance with the applicable Annual Business Plan in all material respects and in compliance with Section 3.6 hereof.

ARTICLE III
BOARD OF DIRECTORS

3.1 General. From and after the Closing, each Stockholder will vote all of its respective Shares and any other Voting Stock over which it possesses direct or indirect voting power and will take all other necessary or desirable actions within its direct or indirect control (whether in its capacity as a stockholder of Newco or otherwise), and Newco will take all necessary and desirable actions within its control, in order to give effect to the provisions of this Article III. By way of example and without limiting the generality of the foregoing, TPI and PCA shall amend the Certificate of Incorporation or By-laws or both, as applicable, of Newco and each Subsidiary to incorporate and effectuate the provisions in this Article III and to authorize and designate the Junior Preferred Stock for the purpose of implementing the provisions relating to the CEO Director as

provided herein. With respect to the enumeration of the matters in Section 3.6 below, such matters shall be set forth in the By-laws (and not the Certificate of Incorporation) except with respect to the establishment of committees of the Board and each Subsidiary Board and the dissolution of Newco, which matters shall be set forth in the Certificate of Incorporation.

3.2 Powers. Subject to the provisions of the DGCL, the Certificate of Incorporation of Newco, the By-laws of Newco and this Agreement, the business and affairs of Newco shall be managed by or under the direction of the Board.

3.3 Size and Composition. The Board shall consist of six individuals as follows: (i) two directors shall be designated in writing by TPI; (ii) three directors shall be designated in writing by PCA; and (iii) the remaining director shall be the Chief Executive Officer of Newco (the "CEO Director"). The directors in the preceding clause (i) (the "TPI Directors") and in the preceding clause (ii) (the "the PCA Directors") are sometimes collectively referred to as the "TPI/PCA Directors." TPI and PCA, as the holders of the Junior Preferred Stock and thus entitled to elect the CEO Director, shall: (x) at each election of directors (or filling of a vacancy with respect to the CEO Director), elect the individual then serving as the Chief Executive Officer of Newco as the CEO Director; and (y) remove the CEO Director if the CEO Director ceases to serve as the Chief Executive Officer of the Company. The size and composition of the board of directors or similar governing body of each Subsidiary of Newco (each, a "Subsidiary Board") and the manner in which the initial members and any subsequent members (including any subsequent member selected or appointed to fill a vacancy) of any such Subsidiary Board will be the same as that of the Board. Anything to the contrary contained herein notwithstanding, the rights of each of TPI and PCA to designate directors as provided herein shall not be assignable (by operation of law, the transfer of Shares or otherwise) without the prior written consent of the other; provided, however, that each of TPI and PCA shall be entitled to assign its rights to designate directors as provided herein to one of its Affiliates that is (or becomes) a Stockholder without the prior written consent of the other. If directed by PCA, a representative of J.P. Morgan & Co. shall be entitled to attend meetings of (and receive information provided to the directors of) the Board and each Subsidiary Board; provided, however, that such representative shall not be or have any rights of a director of the Board or any Subsidiary Board.

3.4 Term; Removal; Vacancies. The members of the Board or any Subsidiary Board other than the CEO Director shall hold office at the pleasure of the Stockholder which designated them. Any such Stockholder may at any time, by written notice to the other Stockholder and Newco, remove (with or without cause) any member of the Board or any Subsidiary Board designated by such Stockholder other than the CEO Director. Subject to applicable Law, no member of the Board or any Subsidiary Board may be removed except by written request by the Stockholder that designated the same. In the event a vacancy occurs on the Board (or a Subsidiary Board) for any reason, the vacancy will be filled by the written designation of the Stockholder entitled to designate the director creating the vacancy.

3.5 Notice; Quorum. Meetings of the Board and any Subsidiary Board may be called upon three days' prior written notice to all directors stating the purpose or purposes thereof. Such notice shall be effective upon receipt, in the case of personal delivery or facsimile transmission,

and five Business Days after deposit with the U.S. Postal Service, postage prepaid, if mailed. The presence in person of three of the five TPI/PCA Directors shall constitute a quorum for the transaction of business at any special, annual or regular meeting of the Board or any Subsidiary Board. Each Stockholder shall use its reasonable efforts to ensure that a quorum is present at any duly convened meeting of the Board or any Subsidiary Board and each of TPI and PCA may designate by written notice to the other an alternate representative to act in the absence of any of its designates at any such meeting. If at any meeting of the Board or any Subsidiary Board a quorum is not present, a majority of the directors present may, without further notice, adjourn the meeting from time to time until a quorum is obtained.

3.6 Voting. Each member of the Board and each Subsidiary Board shall be entitled to cast one vote on each matter considered by such Board and Subsidiary Board, respectively; provided, however, that in the event that a vote would result in a 3-3 tie with respect to a matter, the CEO Director shall not be entitled to vote with respect to such matter (the Board and each Subsidiary Board shall poll its members prior to any vote to effectuate the purposes of this sentence). Except as otherwise expressly provided by this Agreement, the act of a majority of the members of the Board and each Subsidiary Board present at any meeting at which a quorum is present shall constitute an act of the Board or Subsidiary Board, as applicable. Notwithstanding anything to the contrary contained herein: (i) the following matters shall require, in addition to any other vote required by applicable law, the affirmative vote of at least four of the five TPI/PCA Directors; (ii) Newco shall not directly or indirectly take, and shall not permit any of its Subsidiaries to directly or indirectly take, any of the following actions without first obtaining such approval; and (iii) PCA shall not cause or, to the extent reasonably within PCA's control, permit Newco or any of its Subsidiaries to take any of the following actions without first obtaining such approval:

(i) (a) the approval of any Annual Business Plan, (b) any material change to an approved Annual Business Plan, and (c) engaging in or the ownership or operation of any activities or business by Newco and/or any of its Subsidiaries which are not within the Business Scope;

(ii) subject to applicable Law, any dissolution or liquidation of Newco;

(iii) (a) during the 12-month period beginning on the Closing Date, any amendment of the certificate of incorporation, articles of incorporation, by-laws or other governing documents of Newco or any of its Subsidiaries (other than such amendment which may be necessary in connection with other actions (or inactions) which would be permissible under this Agreement but for this clause (a)); and (b) from and after such 12-month period, any amendment of the certificate of incorporation, articles of incorporation, by-laws or other governing documents of Newco or any of its Subsidiaries which would: (1) treat any TPI Holder disproportionately vis-a-vis any PCA Holder; (2) place any restriction or limitation on the ability of any TPI Holder to Transfer all or any portion of its Shares or reduce the consideration received or to be received by such TPI Holder in connection with such Transfer; or (3) cause such governing documents, taken as a whole, to be less favorable to a stockholder than the typical governing documents of a publicly traded company engaged in a business within the Business Scope;

(iv) any merger, consolidation, reorganization (except as provided in ss.253 of the DGCL and except for a merger, consolidation or reorganization in which the consideration to be received by TPI is cash, publicly traded securities or a combination thereof, and TPI Holders are not treated disproportionately or differently than PCA Holders) or the issuance of capital stock or other securities of Newco or any of its Subsidiaries (other than: (a) the formation of or issuance of securities of a wholly-owned Subsidiary, (b) the issuance of up to the number of shares of Common Stock equal to the Share Performance Plan Amount pursuant to the Share Performance Plan, (c) issuances of a number of shares of Common Stock which, on a cumulative basis from and after the Closing, does not exceed 5% of the number of shares of Common Stock outstanding as of the Closing, and (d) issuances pursuant to the Management Buy-In);

(v) the sale, transfer, exchange, license, assignment or other disposition by Newco and/or any of its Subsidiaries of assets having a fair market value exceeding $32.5 million in any transaction or series of related transactions (excluding sales of inventory and other assets in the ordinary course of business and timberlands sales pursuant to Section 5.2 hereof), except in each case for Permitted Encumbrances;

(vi) the acquisition of assets (tangible or intangible) by Newco and/or any of its Subsidiaries (including any capital expenditure not included in the approved Annual Business Plan) for an acquisition price exceeding $32.5 million in value in any transaction or series of related transactions (excluding acquisitions of inventory and other assets in the ordinary course of business);

(vii) the acquisition of another Person or an existing business from another Person in any transaction or series of related transactions or the entry into any partnership or formal joint venture or similar arrangement involving an acquisition price or investment exceeding $32.5 million in value;

(viii) the refinancing of existing indebtedness, amendment of any existing loan or financing arrangement or incurrence of any new indebtedness by Newco and/or any of its Subsidiaries on terms which either: (a) are, taken as a whole, less favorable to Newco and its Subsidiaries than the terms then reasonably available in the financial markets to similarly situated borrowers; (b) place any restriction or limitation on the ability of any TPI Holder to Transfer all or any portion of its Shares; or (c) include any event of default or other materially adverse consequence to Newco and/or any of its Subsidiaries (including, for example, an increase in the interest rate) as a result of a sale of all or a portion of any Stockholder's Shares;

(ix) the making or guarantee by Newco or any of its Subsidiaries of any loan or advance to any Person except: (a) in the ordinary course of business; (b) to a wholly owned Subsidiary; (c) for advances to employees in amounts not to exceed $500,000 to any one individual and $5 million in the aggregate; (d) for loans or advances made in connection with any acquisition of the business, capital stock or assets or any other Person that is otherwise permitted or approved as provided by this Section 3.6; and (e) guarantees, loans and

advances in connection with the Management Buy-In and Share Performance Plan, not to exceed $15 million in the aggregate;

(x) the entry into, or amendment of, contracts or other transactions between Newco and/or any of its Subsidiaries, on the one hand, and a Stockholder or any Affiliate thereof, on the other hand except for: (a) the execution and delivery of the Contribution Agreement, Ancillary Agreements and other documents and agreements to be delivered by Newco at Closing pursuant to the Contribution Agreement; and (b) contracts, amendments and transactions which are no less favorable to Newco and its Subsidiaries than could be obtained from TPI or its Affiliates or Independent Third Parties negotiated on an arms-length basis;

(xi) the direct or indirect redemption, retirement, purchase or other acquisition of any equity securities of Newco or any of its Subsidiaries (other than securities of its wholly owned Subsidiary) except for pro rata redemptions with respect to the proceeds received from the disposition of the timberlands or any of the assets or operations related thereto or located thereon or pursuant to the provisions of agreements with employees of the Corporation or its Subsidiaries under which such equity securities were originally issued to such employees;

(xii) the appointment of the members of any committee of the Board or any Subsidiary Board, unless at least one member of such committee is a director who was designated by TPI;

(xiii) (a) the creation of any Subsidiary, unless: (1) all of the equity interests of such Subsidiary are owned by Newco, or by another Subsidiary in which all the equity interests of such other Subsidiary are owned directly or indirectly by Newco; and (2) the by-laws or similar governing documents of each such Subsidiary contain provisions regarding the size, composition, quorum requirements and voting of the board of directors equivalent to those provided for herein with respect to Newco; and (b) the Transfer of any equity interest in a Subsidiary other than to Newco or another Subsidiary in which all the equity interests of such other Subsidiary are owned by Newco.

(xiv) removal of the independent public auditors of Newco or a Subsidiary of Newco or appointment of any public auditors which are not one of the Big Five accounting firms; and

(xv) delegation of any of the matters covered by any of clauses (i) through (xiv) above to any committee of the Board or committee of any Subsidiary Board.

Notwithstanding the foregoing: (i) the approvals required by this Section 3.6 with respect to any of the matters in subsections (ii) through (xv) above shall not apply to any matter included in an Annual Business Plan which has been approved pursuant to this Section 3.6; (ii) nothing in this Section 3.6 shall restrict the sale of the timberlands or any of the assets or operations related thereto or located thereon; and (iii) nothing in this Section 5 shall restrict the

issuances of management equity (representing in the aggregate up to 9.8% of Newco's outstanding Common Stock) and the related distribution of proceeds from such issuance and the repurchase of the corresponding number of outstanding shares for such issuances as contemplated in the Contribution Agreement.

TPI hereby covenants and agrees, as more fully described in this paragraph, that it shall use its reasonable good faith efforts to not cause or, to the extent reasonably within its control, permit any member of the Board or Subsidiary Board designated by TPI to withhold approval of a matter recommended for approval by management of Newco and presented to the Board or Subsidiary Board for consideration which requires the affirmative vote of four of the five TPI/PCA Directors pursuant to this Section 3.6. TPI's covenant and agreement in the preceding sentence: (i) shall relate only to matters, the approval of which TPI determines in good faith are in the best interests of TPI and its stockholders and Affiliates; and (ii) is exclusive to TPI and shall not be binding upon any direct or indirect transferee of TPI's Shares.

3.7 Telephonic Meetings; Written Consents. Except as may otherwise be provided by applicable Law, any action required or permitted to be taken at any meeting of the Board or any committee thereof may be taken without a meeting pursuant to a written consent, in compliance with the DGCL and Section 3.6 hereof and such written consent is filed with the minutes of the proceedings of the Board or such committee. Any meeting of the Board or any committee thereof may be held by conference telephone or similar communication equipment, so long as all Board or committee members participating in the meeting can hear one another clearly, and participation in a meeting by use of conference telephone or similar communication equipment shall constitute presence in person at such meeting.

3.8 Initial Directors. TPI and PCA shall make their designations pursuant to Section 3.3 on or prior to the Closing Date.

3.9 Recapitalization of Newco Under Certain Circumstances. For any Public Offering or Spin-Off prior to the time Newco becomes subject to the Exchange Act with respect to Shares: (i) Newco shall use commercially reasonable efforts to effect a stock split, stock dividend or stock combination which, in the opinion of the managing underwriter for the Public Offering or TPI's financial advisor in connection with a Spin-Off, is desirable for the sale, marketing or distribution of the Shares to the public; and (ii) each Stockholder agrees to vote all of its respective Shares and any other Voting Stock over which it posses direct or indirect voting power in order to cause such stock split, dividend or combination to be effected consistent with the provisions of this Section 3.9.

ARTICLE IV
ACCOUNTING, BOOKS AND RECORDS

4.1 Fiscal Year. The fiscal year of Newco shall be the period commencing January 1 in any year and ending December 31 of that year, except that the first fiscal year of Newco shall commence on the Closing Date and end on December 31 of the year in which the Closing Date occurs.

4.2 Books and Records. Newco shall keep at its principal executive offices books and records typically maintained by Persons engaged in similar businesses and which set forth a true, accurate and complete account of the business and affairs of Newco and its Subsidiaries, including a fair presentation of all income, expenditures, assets and liabilities thereof. Such books and records shall include all information reasonably necessary to permit the preparation of financial statements required by applicable Law in accordance with GAAP. Each Stockholder who, together with its Affiliates, owns 17-1/2% or more of the outstanding common equity of Newco (a "17-1/2% Stockholder") and its respective authorized representatives shall have the right, at all reasonable times and upon reasonable advance written notice to Newco, to have access to, inspect, audit and copy the original books, records, files, securities, vouchers, canceled checks, employment records, bank statements, bank deposit slips, bank reconciliations, cash receipts and disbursement records, and other documents of Newco and its Subsidiaries.

4.3 Auditors. Newco shall engage one of the Big Five accounting firms as the initial independent public auditors of Newco and its Subsidiaries.

4.4 Reporting. Newco shall use its reasonable best efforts to deliver to each Stockholder unaudited consolidated interim financial statements for Newco and its Subsidiaries for such fiscal quarter (including a balance sheet as of the end of such period and statements of income, stockholders' equity and cash flows for such period within 30 days after the close of each fiscal quarter. Newco will use its reasonable best efforts to deliver to each Stockholder within 60 days after the close of each fiscal year of Newco consolidated annual financial statements for Newco and its Subsidiaries for such fiscal year (including a balance sheet as of the end of such fiscal year and statements of income, stockholders' equity and cash flows for such fiscal year), in each case audited and certified by the CPA Firm. Such annual and interim financial statements shall contain such statements and schedules, prepared in accordance with the requirements of the Stockholders, as may be requested in writing by any of the 17-1/2% Stockholders. Newco shall bear the cost of providing financial and accounting information reasonably required by any of the 17-1/2% Stockholders in the preparation of such 17-1/2% Stockholder's own financial statements. Such annual and interim financial statements shall be prepared in accordance with GAAP, shall be true and accurate in all material respects and shall present fairly the financial position and results of operations of Newco.

4.5 Stockholder's Audit. Upon reasonable advance written notice to Newco, any Stockholder may request an audit of the books and records of Newco and its Subsidiaries (a "Stockholder's Audit") by an independent auditor of its selection, other than the CPA Firm. Any Stockholder's Audit shall be at the expense of the requesting 17-1/2% Stockholder unless material error or fraud is found, in which case such audit shall be at the expense of Newco. All information obtained by any 17-1/2% Stockholder in any such audit shall be treated as confidential.

4.6 Consent of Newco Auditors. Upon request from time to time by TPI, Newco shall use its commercially reasonable efforts to obtain the written agreements of Newco's auditors to permit the use of Newco's Audited Financial Statements in connection with TPI's and/or its Affiliates filings made with the Securities and Exchange Commission and, subject to such auditor's normal procedures, in private or public offerings of securities of TPI and/or its Affiliates as may be

reasonably requested by TPI. In addition, Newco will use commercially reasonable efforts to cause Newco's auditors to provide a comfort letter in accordance with SAS 72 for any such offering.

ARTICLE V
CERTAIN MATTERS REGARDING STOCKHOLDERS AND NEWCO

5.1 Transactions Between Stockholders and Newco. The Stockholders hereby approve on behalf of Newco the Contribution Agreement and each of the Ancillary Agreements and other documents and agreements to be delivered by Newco at the Closing pursuant to the Contribution Agreement, and the transactions contemplated thereby.

5.2 Sale of Timberlands. Newco, TPI and PCA hereby acknowledge that it is their mutual intention to effect a sale for cash of the timberlands (and the assets and operations related thereto and located thereon) included in the Contributed Assets and to distribute the net proceeds from any such sale as soon as practicable following the Closing Date. If and to the extent the net proceeds from any such sale are distributed to the holders of the Common Stock, such distribution shall be on a pro-rata basis among such holders.

ARTICLE VI
TRANSFER OF SHARES

6.1 General. No Stockholder will directly or indirectly sell, assign, pledge, encumber, hypothecate, dispose of or otherwise transfer ("Transfer") any Shares or interest in any Shares, agree to any such Transfer or permit any such interest to be subject to Transfer, directly or indirectly, by merger or other operation of law, agreement or otherwise, except pursuant to and in compliance with the provisions of this Article VI. Any purported Transfer in any other manner, unless otherwise expressly permitted by this Article VI, shall be null and void, and shall not be recognized or given effect by Newco or any Stockholder. Any other provision of this Agreement, including, without limitation, in this Article VI, to the contrary notwithstanding (except pursuant to Section 8.1), neither TPI nor PCA shall Transfer any Shares of the Junior Preferred Stock prior to the termination of this Agreement.

6.2 Transfers by TPI Holders.

(a) Permitted Transfers. A TPI Holder may at any time, without the consent of any other Stockholder, Transfer any or all of its Shares or interests in Shares to any Affiliate or third Person or Persons or pursuant to a Public Sale, subject to the remaining provisions of this Section 6.2; provided, however, that, except in the case of a Public Sale, TPI shall not Transfer any Shares to any other Person then engaged, directly or indirectly, in a business within the Business Scope with annual revenues from such business in excess of $100 million without PCA's prior written consent. The foregoing consent right shall not be assignable by PCA or inure to the benefit of any transferee, successor or assign of PCA, except for an Affiliate of PCA who is (or becomes) a Stockholder. Notwithstanding the foregoing and except in the case of a Public Sale or sale to directors, officers or employees of Newco pursuant to the Management Buy-In, any Transfer of Shares by a TPI Holder shall be null and void and Newco shall refuse to recognize such Transfer

unless the transferee executes and delivers to each party hereto an agreement (a "TPI Joinder Agreement"): (i) acknowledging that all Shares or interests in any Shares so transferred are and shall remain subject to this Agreement; and (ii) agreeing to be bound hereby. Upon execution of a TPI Joinder Agreement, except as otherwise expressly provided herein and except for any right hereunder to consent to any action or proposed action (including, without limitation, any proposed Transfer of Shares), the rights of the transferring TPI Holder hereunder with respect to the Shares transferred shall be assigned to such transferree. Any TPI Holder shall notify the other parties of any intended Transfer of Shares or interests in Shares pursuant to this Section 6.2 (other than pursuant to an Exempt Sale), giving the name and address of the intended transferee; provided, however, that no otherwise valid Transfer shall be rendered invalid solely as a result of a failure to give notice hereunder. Transferees of a TPI Holder shall assume all obligations of the transferring TPI Holder hereunder, but, except with respect to an Affiliate of TPI, shall not be entitled to any rights of a TPI Holder.

6.3 Transfers by PCA Holders.

(a) Permitted Transfers. A PCA Holder may at any time, without the consent of any other Stockholder, (i) Transfer any or all of its Shares to an Affiliate of PCA, (ii) Transfer any or all its Shares pursuant to an Exempt Sale, or (iii) sell any or all of its Shares to any other third Person or Persons or pursuant to a Public Sale or otherwise Transfer Shares, subject to the remaining provisions of this Section 6.3. The foregoing consent right shall not be assignable by TPI or inure to the benefit of any transferee, successor or assign of TPI, except for an Affiliate of TPI who is (or becomes) a Stockholder. Notwithstanding the foregoing and except in the case of a Public Sale or sale to directors, officers or employees of Newco pursuant to the Management Buy-In, any Transfer of Shares by an PCA Holder shall be null and void and Newco shall refuse to recognize such Transfer unless the transferee executes and delivers to each party hereto an agreement (an "PCA Joinder Agreement"): (i) acknowledging that all Shares or interests in any Shares so transferred are and shall remain subject to this Agreement; and (ii) agreeing to be bound hereby. Upon execution of an PCA Joinder Agreement, except as otherwise expressly provided herein and except for any right hereunder to consent to any action or proposed action (including, without limitation, any proposed Transfer of Shares), the rights of the transferring PCA Holder hereunder with respect to the Shares transferred shall be assigned to such transferee. Any PCA Holder shall notify the other parties of any intended Transfer of Shares or interests in Shares pursuant to this Section 6.3 (other than an Exempt Sale), giving the name and address of the intended transferee; provided, however, that no otherwise valid Transfer shall be rendered invalid solely as a result of a failure to give notice hereunder.

(b) Tag-Along Rights. TPI and its Affiliates shall have tag-along rights as provided in this Section 6.3(b):

(i) In the event any PCA Holder desires to sell all or any part of any class or series of its Shares to a third Person (other than pursuant to an Exempt Sale), it shall provide prior written notice (the "Sale Notice") to TPI setting forth in reasonable detail the terms and conditions on which the proposed sale is to be made and identifying the proposed purchaser. TPI shall have the option (the "Tag-Along Option") to sell any or all of its Shares of the same class and series to

the proposed purchaser on the terms and conditions set forth in such Sale Notice subject to the provisions set forth in this Section 6.3(b). TPI shall exercise its Tag-Along Option by giving written notice to PCA within ten Business Days following its receipt of the Sale Notice, which notice shall specify the number of Shares of the same class and series as to which TPI is exercising its Tag-Along Right (the "Specified Shares"). In the event TPI exercises its Tag-Along Option with respect to any Sale Notice: (A) if such exercise is within 14 months after the Closing Date, the PCA Holder shall not be entitled to sell any of its Shares unless and until the prospective purchasers or PCA has purchased all of the Specified Shares; and (B) if such exercise is more than 14 months after the Closing Date, TPI shall be entitled to sell its pro rata share (based on the number of Shares proposed to be sold by the PCA Holder and TPI, respectively) of the Shares proposed to be sold by the PCA Holder in the Sale Notice, in each case on terms and conditions no less favorable than specified in the Sale Notice or otherwise applicable to the sale to such prospective purchasers by the PCA Holder. In the event TPI does not exercise its Tag-Along Option with respect to any Sale Notice, the PCA Holder shall be entitled to sell all or any part of its Shares as specified in the Sale Notice to the prospective purchaser specified in the Sale Notice on the terms and conditions set forth in the Sale Notice (subject to the provisions of the third sentence of Section 6.3(a) hereof).

(ii) Notwithstanding subsection 6.3(b)(i) above, with respect to sales by a PCA Holder of any part of any class or series of its Shares to a third Person (other than pursuant to an Exempt Sale) prior to the expiration of the six-month period beginning on the Closing Date at a per share price which does not exceed the per share price paid (excluding any interest for the carrying cost of such Share) by such PCA Holder for such Shares pursuant to the Contribution Agreement:

(A) TPI and its Affiliates shall not have a Tag-Along Option during such six-month period for (i) sales of Shares (other than PIK Preferred) in the aggregate amount of $40 million; and (ii) the sale of 9.3% of the number of Shares of PIK Preferred issued at Closing ("Excluded Tag-Along Sales); and

(B) TPI shall have a Tag-Along Option on a pro-rata basis (i.e., on the same basis applicable 14 months after the Closing Date as provided in subsection 6.3(b)(i) above) with respect to such sales of Shares by PCA Holders during such six-month period in excess of the Excluded Tag Along Sales up to an aggregate amount of consideration for such additional sales of $100 million (the "Initial Period Pro-Rata Tag -Along").

The provisions of this subsection 6.3(b)(ii) shall terminate upon the expiration of the six-month period beginning on the Closing Date.

(iii) Notwithstanding anything in this Agreement to the contrary, the rights under this Section 6.3(b) shall be exclusive to TPI and its Affiliates and shall not be assignable to or inure to the benefit of any transferee of TPI or any successors or assigns of TPI, other than Affiliates of TPI.

6.4 Drag-Along Rights.

(a) Drag-Along Sale. If a sale of all or substantially all of Newco's assets determined on a consolidated basis or a sale of all or substantially all of Newco's outstanding capital stock (whether by merger, recapitalization, consolidation, reorganization, combination or otherwise) to any Independent Third Party or group of Independent Third Parties is approved by the Board or the holders of a majority of the Shares of Common Stock held by the PCA Holders (a "Drag-Along Sale"), each Stockholder will consent to raise no objections against such Drag-Along Sale on the terms and subject to the conditions set forth in the remaining provisions of this Section 6.4.

(b) Drag-Along Notice. A notice regarding any Drag-Along Sale (a "Drag-Along Notice") shall be delivered within two Business Days following approval of any Drag-Along Sale by Newco or the PCA Holders to each Stockholder. The Drag-Along Notice shall include a copy of a bona fide offer from the intended buyer, which shall set forth the principal terms of the Drag-Along Sale, including the name and address of the intended buyer.

(c) Drag-Along Sale Obligations. In connection with any Drag-Along Sale, the Stockholders shall, and shall elect directors who shall, take all necessary or desirable actions in connection with the consummation of the Drag-Along Sale. If the Drag-Along Sale is structured as: (i) a merger or consolidation, each Stockholder shall waive any dissenters rights, appraisal rights or similar rights in connection with such merger or consolidation; (ii) a sale of stock, each Stockholder shall agree to sell all of its Shares and rights to acquire Shares on the terms and conditions so approved; or (iii) a sale or assets, each Stockholder shall vote in favor of such sale and any subsequent liquidation of Newco or other distribution of the proceeds therefrom. Each Stockholder shall take all necessary or desirable actions in connection with the consummation of the Drag-Along Sale reasonably requested by PCA or Newco, and each Stockholder shall be obligated to agree on a pro rata, several (and not joint) basis (based on the share of the aggregate proceeds paid in such Drag-Along Sale) to any indemnification obligations that the PCA Holders agree to provide in connection with such Drag-Along Sale (other than any such obligations that relate specifically to a particular holder of Shares such as indemnification with respect to representations and warranties given by a holder regarding such holder's title to and ownership of Shares).

(d) Conditions to Drag-Along Sale Obligations. The obligations of each Stockholder with respect to a Drag-Along Sale are subject to the satisfaction of the following conditions: (i) the consideration to be received by the Stockholders with respect to the Drag-Along Sale shall consist only of cash, publicly-traded securities, or a combination of cash and publicly-traded Securities; (ii) if any holders of a class or series of Shares are given an option as to the form and amount of consideration to be received, each holder of such class or series of Shares will be given the same option; (iii) each holder of then currently exercisable rights to acquire shares of a class or series of Shares will be given an opportunity to exercise such rights prior to the consummation of the Drag-Along Sale and participate in such sale as holders of such class or series of Shares; and (iv) each Stockholder shall be entitled to receive consideration per each Share in connection with the Drag-Along Sale at least equivalent to the consideration received per each Share of the same class and series by any PCA Holder in connection with the Drag-Along Sale.

(e) Expenses. Each Stockholder will bear its pro-rata share (based on the share

of the aggregate proceeds paid in such Drag-Along Sale) of the costs of any sale of Shares pursuant to a Drag-Along Sale to the extent such costs are incurred for the benefit of all holders of Common Stock and are not otherwise paid by Newco or the acquiring party. For purposes of this Section 6.4(e), costs incurred in exercising reasonable efforts to take all necessary actions in connection with the consummation of a Drag-Along Sale in accordance with this Section 6.4 shall be deemed to be for the benefit of all holders of Common Stock. Costs incurred by Stockholders on their own behalf will not be considered costs of the transaction hereunder.

(f) Exception to Drag-Along. Notwithstanding anything to the contrary contained in this Section 6.4, no Stockholder shall have any obligation under this Section 6.4 with respect to a Drag-Along Sale if the Drag-Along Notice with respect to the Drag-Along Sale is received by TPI after the holders of TPI Registrable Securities have requested a Demand Registration and for a period thereafter ending on the date following consummation of the sale of all Shares subject to such Demand Registration unless, in the opinion of the managing underwriter for such Demand Registration, the per Share consideration payable pursuant to the Drag-Along Sale exceeds the net proceeds per Share expected to be received by selling stockholders pursuant to the Demand Registration.

6.5 Indirect Transfers of Interests. Any Transfer of equity securities of PCA which results in the group of Persons holding such equity securities immediately following the transactions contemplated in the Contribution Agreement from ceasing to beneficially own, as a group, directly or indirectly, 50.1% or more of the equity securities of PCA or enough voting equity of PCA to be able to cause a majority of the board of managers (or equivalent governing body or members) to be elected shall be deemed to be a Transfer of Shares hereunder and any such Transfer shall be subject to the provisions of this Article VI as if PCA had directly transferred Shares.

6.6 Legends. A copy of this Agreement shall be filed with the Secretary of Newco and kept with the records of Newco. Each of the Stockholders hereby agrees that each outstanding certificate representing Shares shall bear a conspicuous legend reading substantially as follows:

> "The securities represented by this Certificate have not been registered under the Securities Act of 1933 or the applicable state and other securities laws and may not be sold, pledged, hypothecated, encumbered, disposed of or otherwise transferred without compliance with the Securities Act of 1933 or any exemption thereunder and applicable state and other securities laws. The securities represented by this Certificate are subject to the restrictions on transfer and other provisions of a Stockholders Agreement dated as of April 12, 1999, (as amended from time to time, the "Agreement") by and among Packing Corporation of America (the "Company") and certain of its stockholders, and may not be sold, pledged, hypothecated, encumbered, disposed of or otherwise transferred except in accordance therewith. A copy of the Agreement is on file at the principal executive offices of the Company.

ARTICLE VII
RIGHTS ON NEW SECURITY ISSUANCE

7.1 Preemptive Rights. Newco hereby grants to each Stockholder the irrevocable and exclusive first option (the "First Option") to purchase all or part of its Pro Rata Portion of any New Securities which Newco may, from time to time after the date of this Agreement, propose to issue and sell or otherwise transfer.

7.2 Notices With Respect to Proposed Issuance of New Securities. In the event Newco proposes to undertake an issuance or other transfer of New Securities, it shall give each Stockholder entitled to a First Option pursuant to this Article VII written notice (the "Company Notice") of its intention, describing in detail the type of New Securities, the price and the terms upon which Newco proposes to issue or otherwise transfer such New Securities. Each such Stockholder shall have 10 Business Days from the date of receipt of any such Company Notice to agree to purchase, pursuant to the exercise of the First Option, up to such Stockholder's Pro Rata Portion of each type and class and series of such New Securities (i.e., the same strips) for the price and upon the terms and conditions specified in the Company Notice by giving written notice to Newco and stating therein the quantity of New Securities to be purchased.

7.3 Company's Right to Complete Proposed Sale of New Securities to the Extent Preemptive Rights are Not Exercised. In the event the Stockholders fail to exercise a preemptive right with respect to any New Securities within the periods specified in Section 7.2, Newco shall have 90 days thereafter to sell or enter into an agreement (pursuant to which the sale of such New Securities shall be closed, if at all, within 45 days from the date of said agreement) to sell the New Securities not elected to be purchased by the Stockholders at the price and upon terms not substantially more favorable to the prospective purchasers of such securities than those specified in Newco Notice. In the event Newco has not sold the New Securities or entered into an agreement to sell the New Securities within said 90-day period. Newco shall not thereafter issue or sell or otherwise transfer such New Securities without first offering such securities to the Stockholders in the manner provided in this Article VII.

7.4 Closing of Purchase. If a Stockholder elects to purchase up to its Pro Rata Portion of any New Securities set forth in any Company Notice, such purchase shall be consummated at such time and at such location selected by Newco upon reasonable advance notice. At the consummation of any purchase and sale of New Securities pursuant to this Article VII: (i) Newco shall issue or otherwise transfer to the Stockholder the certificates evidencing the New Securities being purchased, together with such other documents or instruments reasonably required by counsel for the Stockholder to consummate such purchase and sale; (ii) the Stockholder will deliver the cash consideration payable by wire transfer of immediately available funds to an account or accounts designated in writing by Newco (such designation to be made no later than two Business Days prior to the date of such consummation); (iii) Newco shall deliver to the Stockholder a written representation that the New Securities are being purchased and sold free and clear of any and all Encumbrances; and (iv) the Stockholder shall deliver to Newco such written investment representations as may reasonably be required by counsel to Newco for securities Laws purposes and

all other applicable representations and warranties as other purchasers of New Securities. Notwithstanding the foregoing, any purchase of New Securities pursuant to this Article VII shall be on the same terms and conditions as set forth in the Company Notice.

ARTICLE VIII
TERM

8.1 Term. Subject to the next sentence, unless earlier terminated by mutual agreement of TPI and PCA, this Agreement shall terminate upon the earliest to occur of: (i) the complete liquidation or dissolution of Newco or its Subsidiaries; (ii) a Public Offering; (iii) such date as TPI and its Affiliates first hold less than 17-1/2% of Newco's outstanding Common Stock or; (iv) the acquisition of all or substantially all of the stock or assets of TPI (whether by stock sale, asset sale, merger, consolidation, combination or otherwise) by a Person engaged, directly or indirectly, in a business within the Business Scope with annual revenues from such business in excess of $100 million; provided; however, that in the case of termination pursuant to clause (iv), TPI (or its successor in interest) shall (unless or until this Agreement is terminated pursuant to clauses (i)-(iii)) have the right at each election of directors to designate as the two TPI Directors of Newco and each Subsidiary who are not directors, officers, employees or affiliates of such Person and are approved by PCA, such approval not to be unreasonably withheld; provided, further, that in case of any termination pursuant to this Section 8.1, unless otherwise determined by PCA, this Agreement shall nevertheless remain in full force and effect with respect to the drag-along provisions set forth in Section 6.4 and all related definitions and provisions to the extent necessary or desirable to give full force and effect to Section 6.4. The rights of each of TPI and PCA to terminate this Agreement by mutual agreement and the right of PCA to terminate this Agreement with respect to the drag-along provisions of Section 6.4 are not assignable by TPI or PCA, and shall not inure to the benefit of any transferee, successor or assign of TPI or TPI, other than to an Affiliate of such party who is (or becomes) a Stockholder, without the prior written consent of the other. Upon the termination of this Agreement pursuant to clauses (i)-(iv) (regardless of whether certain provisions of this Agreement survive such termination), TPI shall sell the 45 shares of Junior Preferred Stock held by it to PCA for the fair market value thereof, as determined by the auditors of Newco.

ARTICLE IX
MISCELLANEOUS

9.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been given if: (i) delivered in person (to the individual whose attention

is specified below) or via facsimile (followed immediately with a copy in the manner specified in clause (ii) hereof); (ii) sent by prepaid first-class registered or certified mail, return receipt requested; or (iii) sent by recognized overnight courier service, as follows:

to Newco:

Packaging Corporation of America
1900 West Field Court
Lake Forest, IL 60045
Attention: Chief Executive Officer

to TPI:

Tenneco Packaging Inc.
1900 West Field Court
Lake Forest, IL 60045
Attention: President
Facsimile: (847) 482-4589

with a copy to:

Tenneco Packaging Inc.
1900 West Field Court
Lake Forest, IL 60045
Attention: General Counsel
Facsimile: (847) 482-4589

with a copy to:

Jenner & Block
One IBM Plaza
Chicago, Illinois 60611
Attention: Timothy R. Donovan
Facsimile: (312) 840-7271

to PCA:

PCA Packaging LLC
c/o Madison Dearborn Partners, Inc.
Three First National Plaza
Suite 3800
Chicago, IL 60602
Attention: Samuel M. Mencoff
Justin S. Huscher
Facsimile: (312) 895-1056

with a copy to:

Kirkland & Ellis
200 E. Randolph Drive
Chicago, IL 60601
Attention: William S. Kirsch, P.C.
Facsimile: (312) 861-2200

to other Stockholders:

To the address which appears
on the books and records
of Newco

or to such other address as any party hereto may, from time to time, designate in a written notice given in like manner. All notices and other communications hereunder shall be effective: (i) the day of delivery when delivered by hand, facsimile or overnight courier; and (ii) three Business Days from the date deposited in the mail in the manner specified above.

9.2 Amendment; Waiver. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed: (i) in the case of an amendment, by: (A) Newco; (B) Stockholders holding a majority of the Shares of Common Stock held by the TPI Holders; (C) Stockholders holding a majority of the Shares of Common Stock held by PCA Holders; and (D) by each of PCA and TPI (in each case only so long as such Person or any of its Affiliates is a Stockholder); or (ii) in the case of a waiver, by the party against whom the waiver is to be effective. The rights of TPI and PCA to consent to a amendment to this Agreement shall not be assignable by TPI or PCA and shall not inure to the benefit of any transferee, successor or assign of TPI or PCA, other than to an Affiliate of such party who is a (or in connection therewith, becomes) Stockholder, without the prior written consent of the other. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as otherwise provided herein, the rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

9.3 Assignment. Except as otherwise expressly provided herein, no party to this Agreement may assign any of its rights or obligations under this Agreement without the prior written consent of the other parties hereto.

9.4 Entire Agreement. This Agreement (including the exhibits hereto), contains the entire agreement among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral or written, with respect to such matters.

9.5 Public Disclosure. Each of the parties hereby agrees that, except as may be required to comply with the requirements of any applicable Laws or the rules and regulations of any stock exchange upon which its securities (or the securities of one of its Affiliates) are traded, it shall

not make or permit to be made any press release or similar public announcement or communication concerning the execution or performance of this Agreement unless specifically approved in advance by all parties hereto. In the event, however, that legal counsel for any party is of the opinion that a press release or similar public announcement or communication is required by Law or by the rules and regulations of any stock exchange on which such party's securities (or the securities of one of such party's Affiliates) are traded, then such party may issue a public announcement limited solely to that which legal counsel for such party advises is required under such Law or such rules and regulations (and the party making any such announcement shall provide a copy thereof to the other party for review before issuing such announcement).

9.6 Parties in Interest. This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns. Nothing in this Agreement, express or implied, is intended to confer upon any Person other than Newco, TPI, PCA or their respective successors or permitted assigns, any rights or remedies under or by reason of this Agreement.

9.7 GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Delaware, without giving effect to its principles of conflicts of laws. Each party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this agreement or the transactions contained in or contemplated by this agreement, whether in tort or contract or at law or in equity, exclusively in any United States federal court or any state court located in the State of Illinois (the "Chosen Courts") and: (i) irrevocably submits to the exclusive jurisdiction of the Chosen Courts; (ii) waives any objection to laying venue in any such action or proceeding in the Chosen Courts; (iii) waives any objection that the Chosen Courts are an inconvenient forum or do not have jurisdiction over any party hereto; and (iv) agrees that service of process upon such party in any such action or proceeding shall be effective if notice is given in accordance with Section 9.1 of this Agreement.

9.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.

9.9 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof or thereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable: (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision; and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

9.10 Headings. The heading references and the table of contents herein are for convenience purposes only, do not constitute a part of this Agreement and shall not be deemed to limit or affect any of the provisions hereof.

9.11 Equitable Relief. Each party acknowledges that money damages would be inadequate to protect against any actual or threatened breach of this Agreement by any party and that each party shall be entitled to equitable relief, including specific performance and/or injunction, without posting bond or other security in order to enforce or prevent any violations of the provisions of this Agreement.

9.12 No Partnership. This Agreement shall not constitute an appointment of any party as the agent of any other party, nor shall any party have any right or authority to assume, create or incur in any manner any obligation or other liability of any kind, express or implied, against, in the name or on behalf of, any other party. Nothing herein or in the transactions contemplated by this Agreement shall be construed as, or deemed to be, the formation of a partnership by or among the parties hereto.

* * * *

IN WITNESS WHEREOF, the parties have executed or caused this Agreement to be executed as of the date first written above.

TENNECO PACKAGING INC.

By: /s/ James V. Faulkner, Jr.

Name: James V. Faulkner, Jr.
Title: Vice President

PCA HOLDINGS LLC

By: /s/ Samuel M. Mencoff

Name: Samuel M. Mencoff
Title: Managing Director

PACKAGING CORPORATION OF AMERICA

By: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

EXHIBIT 10.8

Registration Rights Agreement

This Registration Rights Agreement ("Agreement") is made as of this 12th day of April, 1999 by and among Tenneco Packaging Inc., a Delaware corporation ("TPI"), PCA Holdings LLC, a Delaware limited liability company ("PCA"), and Packaging Corporation of America, a Delaware corporation ("Newco").

Preliminary Recitals

1. TPI, PCA and Newco are parties to that certain Contribution Agreement, dated as of January 25, 1999, as amended (the "Contribution Agreement"), relating to the organization, ownership and management of Newco and certain other matters.

2. As an inducement to TPI and PCA to enter into and consummate the transactions contemplated by the Contribution Agreement, Newco has agreed to provide certain registration rights to TPI and PCA and transferees (to the extent provided herein) of their equity securities of Newco as provided herein.

NOW, THEREFORE, the parties hereto AGREE as follows:

1. Certain Definitions.

"Common Stock" means the common stock, par value $.01 per share, of Newco.

"Person" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, a limited liability company or other unincorporated organization, and a governmental entity or any department, agency or political subdivision thereof.

"PIK Securities" means the preferred stock of Newco with a pay-in-kind feature, as described in the Commitment Letters (as such term is defined in the Contribution Agreement).

"Registrable Securities" means, as of any date: (i) Common Stock and PIK Securities issued pursuant to the Contribution Agreement to TPI, PCA or any of their respective Affiliates on the date hereof; and (ii) any Common Stock or PIK Securities issued or issuable with respect to the Common Stock or PIK Securities in the preceding clause (i) by way of or in connection with a stock dividend, stock split, combination of shares, share subdivision, share exchange, recapitalization, merger, consolidation or other reorganization or transaction (including without limitation any PIK Securities issued pursuant to the terms of PIK Securities). As of any date, Registrable Securities owned by TPI or any of its Affiliates are sometimes referred to herein as "TPI Registrable Securities." As of any date, Registrable Securities owned by PCA, by its members which are members of PCA as of the date hereof or by any of their Affiliates are sometimes referred to herein as "PCA Registrable Securities." As of any date, Registrable Securities owned by any direct or indirect transferee of TPI (other than an Affiliate of TPI) or by any direct or indirect transferee of PCA (other than an Affiliate of PCA or member of PCA as of the date hereof) are sometimes referred to herein as "Transferee Registrable Securities." As to any particular

Registrable Securities, such securities will cease to be Registrable Securities when they have been distributed to the public pursuant to a offering registered under the Securities Act of 1933, as amended from time to time (the "Securities Act"), or distributed to the public in compliance with Rule 144 under the Securities Act. For purposes of this Agreement, a Person will be deemed to be a holder of Registrable Securities whenever such Person has the right to acquire directly or indirectly such Registrable Securities (upon conversion or exercise in connection with a transfer of securities or otherwise, but disregarding any restrictions or limitations upon the exercise of such right), whether or not such acquisition has actually been effected.

"Registration Expenses" means any and all expenses incident to performance of, or compliance with any registration of securities pursuant to, this Agreement, including, without limitation: (i) the fees, disbursements and expenses of Newco's counsel and accountants; (ii) the fees, disbursements and expenses of one or more firms, as applicable pursuant to the terms of this Agreement, selected as counsel for the holders of the Registrable Securities in connection with the registration of the securities to be disposed of; (iii) all expenses, including registration and filing fees, in connection with the preparation, printing, filing and distribution of the registration statement, any preliminary prospectus or final prospectus, term sheets and any other offering documents, and amendments and supplements thereto, and the mailing and delivering of copies thereof to any underwriters and dealers; (iv) the cost of printing or producing any underwriting agreements and blue sky or legal investment memoranda, and any other documents in connection with the offering, sale or delivery of the securities to be disposed of; (v) all expenses in connection with the qualification of the securities to be disposed of for offering and sale under state securities laws, including the fees, disbursements and expenses of counsel for the underwriters or the holders of the Registrable Securities in connection with such qualification and in connection with any blue sky and legal investment surveys; (vi) the filing fees incident to securing any required review by the National Association of Securities Dealers, Inc. of the terms of the sale of the securities to be disposed of; (vii) transfer agents' and registrars' fees and expenses and the fees and expenses of any other agent or trustee appointed in connection with such offering; (viii) all security engraving and security printing expenses; (ix) all fees, disbursements and expenses payable in connection with the listing of the securities on any securities exchange or automated interdealer quotation system and the rating of such securities; (x) any other fees, disbursements and expenses of underwriters customarily paid by the sellers of securities (excluding underwriting discounts and commissions); (xi) all liability insurance expense; and (xii) other out-of-pocket expenses of the holders of the Registrable Securities participating in such registration. Notwithstanding the foregoing, each holder of the Registrable Securities and Newco shall be responsible for its own internal administrative and similar costs.

2. Demand Registrations.

(a) General. At any time and from time to time, upon written notice from either the holders of at least 75% of the TPI Registrable Securities or the holders of at least 75% of the PCA Registrable Securities requesting that Newco effect the registration under the Securities Act of any or all the TPI Registrable Securities or the PCA Registrable Securities, respectively, Newco shall effect the registration (under the Securities Act and applicable state securities laws) of such securities (and other Registrable Securities subject to Sections 2(c) and 2(d) below) in accordance with such notice, Section 5 below and the other provisions of this Agreement. The notice shall

specify the approximate number of Registrable Securities to be registered and the expected per share price range for the offering. A registration pursuant to this Section 2 is sometimes referred to herein as a "Demand Registration."

(b) Limitations on Demand Registrations; Demand Registration Forms and Expenses. The holders of the TPI Registrable Securities, on the one hand, and the holders of the PCA Registrable Securities, on the other hand, each shall be entitled to separately request pursuant to this Section 2:

(i) three (3) effected registrations on Form S-1 or any similar or successor long form registration including, without limitation, Form A contemplated by the Securities and Exchange Commission ("SEC") in Release No. 33-7606 dated October 15, 1998 (the "Aircraft Carrier Release") ("Long-Form Registrations") in which Newco shall pay all Registration Expenses;

(ii) an unlimited number of registrations on Form S-2 or S-3 or any similar or successor short form registration including, without limitation, Form B contemplated by the SEC in the Aircraft Carrier Release ("Short-Form Registrations") in which Newco shall pay all Registration Expenses; and

(iii) an unlimited number of Long-Form Registrations in which the holders of the Registrable Securities participating in such registration shall pay all Registration Expenses.

For purposes of clause (iii) above, each holder of securities included in accordance with this Agreement in any registration pursuant to clause (iii) shall pay those Registration Expenses allocable to the registration of such holder's securities so included, and any Registration Expenses not so allocable will be borne by all sellers of securities included in such registration in proportion to the aggregate selling price of the securities to be so registered. Newco shall pay and be solely responsible for Registration Expenses with respect to registrations effected under clause (i) and (ii) above.

After Newco has become subject to the Securities Exchange Act of 1934, as amended from time to time ("Exchange Act"), Newco will use its reasonable best efforts to make Short-Form Registrations available for the sale of Registrable Securities. Demand Registrations will be Short- Form Registrations whenever Newco is permitted to use any applicable short form; provided, however, that Newco shall nevertheless use a Long-Form Registration Statement in the event that both: (i) the use of a Short-Form Registration Statement would limit the offering to existing security holders, qualified institutional buyers or other classes of offerees or would otherwise, in the opinion of the managing underwriters, have an adverse effect on the offering under the Securities Act and regulations thereunder as then in effect; and (ii) the holders of 90% of the TPI Registrable Securities or PCA Registrable Securities, as the case may be, initially requesting the Demand Registration direct in such request that Newco utilize a Long-Form Registration Statement.

Notwithstanding any other provision of this Agreement to the contrary, a registration requested hereunder shall not be deemed to have been effected: (i) unless it has become and remains effective for the period specified in Section 5(b); (ii) if after it has become effective such registration is interfered with by any stop order, injunction or other order or requirement of the Securities and Exchange Commission ("SEC") or other governmental agency or court for any reason other than due solely to the fault of the holders of the Registrable Securities participating therein and, as a result thereof, the Registrable Securities requested to be registered cannot be completely distributed in accordance with the plan of distribution set forth in the registration statement; or (iii) if the conditions to closing specified in any purchase agreement or underwriting agreement entered into in connection with any such registration are not satisfied or waived other than due solely to the fault of the holders of the Registrable Securities participating therein. In addition, a Demand Registration initially requested by the holders of the TPI Registrable Securities shall not be deemed to have been effected if the holders of the TPI Registrable Securities are unable, as a result of the priority provisions in Section 2(d) below, to sell at least 90% of the TPI Registrable Securities initially requested to be included in such registration. Similarly, a Demand Registration initially requested by the holders of the PCA Registrable Securities shall not be deemed to have been effected if the holders of the PCA Registrable Securities are unable, as a result of the priority provisions in Section 2(d) below, to sell at least 90% of the PCA Registrable Securities initially requested to be included in such registration.

(c) Notice to Other Holders; Selection of Underwriter and Holder's Counsel. Within five (5) days after receipt of a request for a Demand Registration, Newco will give prompt written notice (in any event within five (5) days after its receipt of notice of any exercise of Demand Registration rights under this Agreement) of such request to all other holders of Registrable Securities, and subject to Section 2(d) below, will include within such registration all Registrable Securities with respect to which Newco has received written requests for inclusion therein within fifteen (15) days after receipt of Newco's notice. The holders of a majority of the TPI Registrable Securities or PCA Registrable Securities, as applicable, submitting the initial request (i.e. excluding the holders submitting requests after Newco's notice) shall have the right to select the investment bankers and managers for the offering, subject to the approval of the other holders of the TPI Registrable Securities and PCA Registerable Securities, if any, participating in such registration pursuant to this Agreement, which approval shall not be unreasonably withheld.

Counsel for all holders of Registrable Securities in connection with such registration shall be selected: (i) by the holders of a majority of the TPI Registrable Securities, if holders of the TPI Registrable Securities make the initial registration request; or (ii) by the holders of a majority of the PCA Registrable Securities, if the holders of the PCA Registrable Securities make the initial registration request; provided, however, if the holders of a majority of the PCA Registrable Securities, on the one hand, and a majority of the TPI Registrable Securities, on the other hand, reasonably conclude, after consultation with the other, that such representation is likely to result in a conflict of interest or materially adversely affect either group's rights in connection with such registration, then the holders of a majority of the PCA Registrable Securities and the holders of a majority of the TPI Registrable Securities, respectively, shall each be entitled to select a separate firm to represent them as counsel in connection with such registration. The fees and expenses of such firm or firms acting as counsel for the holders of the Registrable Securities shall be paid by

Newco.

(d) Priority on Demand Registrations. Newco shall not include in any Demand Registration any securities which are not Registrable Securities without the prior written consent of the holders of at least 90% of the Registrable Securities included in such registration. If a Demand Registration is an underwritten offering and the managing underwriters advise Newco in writing that in their opinion the number of Registrable Securities and, if permitted hereunder, other securities requested to be included in such offering exceeds the number of Registrable Securities and other securities, if any, which can be sold in an orderly manner in such offering within a price range acceptable to the holders of a majority of the TPI Registrable Securities or PCA Registrable Securities, as applicable, initially requesting registration, Newco will include in such registration:

(A) if requested by the holders of the TPI Registrable Securities or by the holders of the PCA Registrable Securities at any time during the 14-month period commencing on the date hereof (the "Special Priority Period"), only the number of Registrable Securities which such underwriters advise in writing can be sold in such manner and within such price range in the following order of priority:

(i) first, the TPI Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such TPI Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(ii) second, the PCA Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such PCA Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(iii) third, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(iv) fourth, any other securities requested to be included in such registration; and

(B) if requested by the holders of the TPI Registrable Securities or by the holders of the PCA Registrable Securities at any time after the Special Priority Period, only the number of Registrable Securities which such underwriters advise in writing can be sold in such manner and within such price range in the following order of priority:

(i) first, the TPI Registrable Securities and the PCA Registrable Securities requested to be included therein, pro-rata among the holders of such Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(ii) second, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(iii) third, any other securities requested to be included in such registration.

(e) Restrictions on Demand Registrations. Newco will not be obligated to effect any Demand Registration within 90 days after the effective date of a previous Demand Registration or previous registration in which holders of Registrable Securities were given piggyback rights pursuant to Section 3 at an offering price acceptable to the holders of the Registrable Securities and in which there was no reduction in the number of Registrable Securities requested to be included. Additionally, Newco may postpone for up to 90 days (on not more than one occasion during any 12-month period) the filing or the effectiveness of a registration statement for a Demand Registration if, based on the advice of counsel, Newco reasonably determines that such Demand Registration would likely have an adverse effect on any proposal or plan by Newco to engage in any acquisition of assets (other than in the ordinary course of business) or any merger, consolidation, tender offer or similar transaction; provided, however, that in such event, the holders of Registrable Securities initially requesting such Demand Registration will be entitled to withdraw such request and, if such request is withdrawn, such Demand Registration will not count as one of the permitted Demand Registrations hereunder and Newco will pay all Registration Expenses in connection with such registration.

(f) Other Registration Rights. Newco will not register for the benefit of any Person other than TPI, PCA or their respective direct or indirect transferees, or grant to any such other Person the right to request Newco to register or to participate in Piggyback Registrations with respect to, any equity securities of Newco, or any securities convertible or exchangeable into or exercisable for such securities, without the prior written consent of both (i) TPI, as long as it or any of its Affiliates owns any TPI Registrable Securities and (ii) PCA, as long as it or any of its Affiliates owns any PCA Registrable Securities.

3. Piggyback Registrations.

(a) General; Notice to Holders. In addition to the registration rights in Section 2 above, whenever Newco proposes to register any of its securities under the Securities Act (other than pursuant to a Demand Registration hereunder) and the registration form to be used may be used for the registration of Registrable Securities, Newco will give prompt written notice (in any event within five (5) days after its receipt of notice of any exercise of demand registration rights other than under this Agreement) to all holders of Registrable Securities of its intention to effect such a registra-

tion. Subject to Sections 3(c) and 3(d) below, Newco shall include in such registration all Registrable Securities with respect to which Newco has received written requests for inclusion therein within fifteen (15) days after the receipt of Newco's notice. Registrations under this Section 3 are sometimes referred to herein as "Piggyback Registrations."

(b) Number of Piggyback Registrations; Piggyback Registration Expenses. The holders of the Registrable Securities shall be entitled to participate in an unlimited number of Piggyback Registrations. The Registration Expenses of the holders of Registrable Securities will be paid by Newco in all Piggyback Registrations.

(c) Priority on Primary Piggyback Registrations. Subject to Section 3(f) below, if a Piggyback Registration is an underwritten primary registration on behalf of Newco, and the managing underwriters advise Newco in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to Newco, Newco will include in such registration:

(A) in the case of a registration with respect to which Newco has provided notice under Section 3(a) above at any time during the Special Priority Period, only the number of securities (including Registrable Securities) which such underwriters advise in writing can be sold in such manner and within such price range in the following order of priority:

(i) first, the securities Newco proposes to sell;

(ii) second, the TPI Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such TPI Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(iii) third, the PCA Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such PCA Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(iv) fourth, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(v) fifth, any other securities requested to be included in such registration; and

(B) in the case of a registration with respect to which Newco has provided notice under Section 3(a) above at any time after the Special Priority Period, only the

number of securities (including Registrable Securities) which such underwriters advise in writing can be sold in such manner and within such price range in the following order of priority:

(i) first, the securities Newco proposes to sell;

(ii) second, the TPI Registrable Securities and the PCA Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(iii) third, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(iv) fourth, any other securities requested to be included in such registration.

(d) Priority on Secondary Piggyback Registrations. Subject to Section 3(f) below, if a Piggyback Registration is an underwritten secondary registration on behalf of holders of Newco's securities, and the managing underwriters advise Newco in writing that in their opinion the number of securities requested to be included in such registration exceeds the number which can be sold in an orderly manner in such offering within a price range acceptable to the holders initially requesting such registration, Newco will include in such registration:

(A) in the case of a registration with respect to which Newco has provided notice under Section 3(a) above at any time during the Special Priority Period, only the number of securities (including Registrable Securities) which can be sold in such manner and within such price range in the following order of priority:

(i) first, the securities requested to be included therein by the holders requesting such registration and the TPI Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such securities (including Registrable Securities) on the basis of the number of shares requested to be included by each such holder;

(ii) second, the PCA Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such PCA Registrable Securities on the basis of the number of shares requested to be included by each such holder;

(iii) third, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested

to be included by each such holder; and

(iv) fourth, any other securities requested to be included in such registration; and

(B) in the case of a registration with respect to which Newco has provided notice under Section 3(a) above at any time after the Special Priority Period, only the number of securities (including Registrable Securities) which can be sold in such manner and within such price range in the following order of priority:

(i) first, the securities requested to be included therein by the holders requesting such registration, the TPI Registrable Securities, if any, requested to be included therein, and the PCA Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such securities (including Registrable Securities) on the basis of the number of shares requested to be included by each such holder;

(ii) second, the Transferee Registrable Securities, if any, requested to be included therein, pro-rata among the holders of such Transferee Registrable Securities on the basis of the number of shares requested to be included by each such holder; and

(iii) third, any other securities requested to be included in such registration.

(e) Selection of Underwriter and Holder's Counsel. If any Piggyback Registration is an underwritten offering, the selection of investment bankers and managers for the offering must be approved by the holders of a majority of the Registrable Securities included in such Piggyback Registration. Such approval will not be unreasonably withheld. The holders of the TPI Registrable Securities and the PCA Registrable Securities shall have the right to select one or two firms as counsel as provided in Section 2(c) above, the fees and expenses of which shall be paid by Newco.

(f) Other Registrations. If Newco has been requested by the holders of Registrable Securities to file a registration statement pursuant to Section 2 above or if it has filed a Registration Statement pursuant to this Section 3, and if such previous request or registration has not been withdrawn or abandoned, Newco will not file or cause to be effected any other registration of any of its equity securities or securities convertible or exchangeable into or exercisable for its equity securities under the Securities Act (except on Form S-8 or any successor form), whether on its own behalf or at the request of any holder or holders of such securities, until the expiration of the effectiveness period required under Section 5(b) below.

4. Holdback Agreements.

(a) Agreement by Holders. Each holder of Registrable Securities agrees not to effect any public sale or distribution (including sales pursuant to Rule 144 under the Securities Act) of equity securities of Newco, or any securities convertible into or exchangeable or exercisable for such securities, during the seven days prior to and the 180-day period beginning on the effective date of any underwritten Demand Registration or any underwritten Piggyback Registration in which Registrable Securities are included (except as part of such underwritten registration), unless the underwriters managing the registered public offering otherwise agree.

(b) Agreements by Newco. Newco agrees: (i) not to effect or facilitate any public sale or distribution of its equity securities, or any securities convertible into or exchangeable or exercisable for such securities, during the thirty days prior to and during the 180-day period beginning on the effective date of any underwritten Demand Registration or Piggyback Registration (except as part of such underwritten Piggyback Registration or pursuant to registrations on Form S-8 or any successor form), unless the underwriters managing the registered public offering (and in the case of a Demand Registration, the holders of a majority of the Registrable Securities included therein) otherwise agree; and (ii) to cause Newco's directors, officers and affiliates not to effect or facilitate any public sale or distribution (including sales pursuant to Rule 144 under the Securities Act) of any equity securities, or any securities convertible into or exchangeable or exercisable for such securities during such period (except as part of such underwritten registration, if otherwise permitted), unless the underwriters managing the registered public offering, the holders of a majority of the TPI Registrable Securities participating in such registration and the holders of a majority of the PCA Registrable Securities participating in such registration otherwise agree.

5. Registration and Qualification. If and whenever Newco is required to effect the registration of any Registrable Securities, Newco shall as promptly as possible:

(a) prepare, file and use its reasonable best efforts to cause to become effective a registration statement under the Securities Act relating to the Registrable Securities to be offered and effect the sale of such Registrable Securities, in each case in accordance with the intended method of disposition thereof (Newco shall cause such registration statement to be effective as promptly as possible but in any event within 120 days of the request);

(b) prepare and file with the SEC such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective and to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities included therein until the earlier of: (i) such time as all of such Registrable Securities included therein have been disposed of in accordance with the intended methods of disposition; and (ii) the expiration of 180 days after such registration statement becomes effective; provided, that such 180-day period shall be extended for such number of days that equals the number of days elapsing from (x) the date the written notice contemplated by paragraph 5(g) below is given by Newco to (y) the date on which Newco delivers to the holders of the Registrable Securities included in such registration statement the supplement or amendment contemplated by paragraph 5(g) below;

(c) provide copies of all registration statements, prospectus and amendments and supplements to each firm selected by the holders of the Registrable Securities in accordance with this Agreement at least ten days prior to the filing thereof (if practicable, at least one day in the case of an amendment or supplement prepared pursuant to Section 5(g) below), with such counsel being provided with the opportunity (but not the obligation) to review and comment on such documents;

(d) furnish to the holders of the Registrable Securities included in such registration statement and to any underwriter of such Registrable Securities such number of conformed copies of such registration statement and of each such amendment and supplement thereto (in each case including all exhibits), such number of copies of the prospectus included in such registration statement (including each preliminary prospectus and any summary prospectus) in conformity with the requirements of the Securities Act, such documents incorporated by reference in such registration statement or prospectus, such number of other offering documents, copies of any and all transmittal letters or other correspondence to or received from, the SEC or any other governmental agency or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to such offering, and such other documents, as the holders of such Registrable Securities or such underwriter may reasonably request;

(e) use its reasonable best efforts to register or qualify all Registrable Securities covered by such registration statement under the securities or blue sky laws of such jurisdictions as the holders of the Registrable Securities included in such registration statement or any underwriter of such Registrable Securities shall request, and use its reasonable best efforts to obtain all appropriate registrations, permits and consents in connection therewith, and do any and all other acts and things which may be necessary or advisable to enable such holders of such Registrable Securities or any such underwriter to consummate the disposition in such jurisdictions of its Registrable Securities covered by such registration statement;

(f) furnish to the holders of the Registrable Securities included in such registration statement and to any underwriter of such Registrable Securities: (i) an opinion of counsel for Newco addressed to the holders of such Registrable Securities and dated the date of the closing under the underwriting agreement (if any) (or if such offering is not underwritten, dated the effective date of the registration statement); and (ii) a "cold comfort" letter addressed to the holders of such Registrable Securities and signed by the independent public accountants who have audited the financial statements of Newco included in such registration statement, in each such case covering substantially the same matters with respect to such registration statement (and the prospectus included therein) as are customarily covered in opinions of issuer's counsel and in accountants' letters delivered to underwriters in underwritten public offerings of securities and such other matters as the holders of such Securities may reasonably request and, in the case of such accountants' letter, with respect to events subsequent to the date of such financial statements;

(g) as promptly as practicable, notify the holders of the Registrable Securities included in such registration statement in writing: (i) at any time when a prospectus relating to a registration statement hereunder is required to be delivered under the Securities Act, of the happening of any event as a result of which the prospectus included in such registration statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact

required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and (ii) of any request by the SEC or any other regulatory body or other body having jurisdiction for any amendment of or supplement to any registration statement or other document relating to such offering, and in either such case, prepare and furnish to the holders of such Registrable Securities a reasonable number of copies of a supplement to or an amendment of such prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading;

(h) cause all such Registrable Securities included in such registration statement to be listed on each securities exchange on which similar securities issued by Newco are then listed and, if not so listed, to be listed on the New York Stock Exchange;

(i) furnish for delivery in connection with the closing of any offering of Registrable Securities pursuant to a registration hereunder unlegended certificates representing ownership of the Registrable Securities being sold in such denominations as shall be requested by the holders of the Registrable Securities or the underwriters;

(j) provide a transfer agent and registrar for all such Registrable Securities not later than the effective date of such registration statement;

(k) enter into such customary agreements and take all such other actions as the holders of a majority of the Registrable Securities being sold or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities (including effecting a stock split or a combination of shares);

(l) otherwise use its best efforts to comply with all applicable rules and regulations of the SEC, and make available to its security holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve months beginning with the first day of Newco's first full calendar quarter after the effective date of the registration statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(m) permit any holder of Registrable Securities which holder, in its sole and exclusive judgment, might be deemed to be an underwriter or a controlling person of Newco, to participate in the preparation of such registration statement and to require the insertion therein of material, furnished to Newco in writing, which in the reasonable judgment of such holder and its counsel should be included; and

(n) in the event of the issuance of any stop order suspending the effectiveness of a registration statement, or of any order suspending or preventing the use of any related prospectus or suspending the qualification of any Common Stock included in such registration statement for sale in any jurisdiction, Newco will use its reasonable best efforts promptly to obtain the withdrawal of

such order.

If any such registration or comparable statement refers to any holder of Registrable Securities by name or otherwise as the holder of any securities of Newco and if in its sole and exclusive judgment, such holder is or might be deemed to be a controlling person of Newco, such holder will have the right to require: (i) the insertion therein of language, in form and substance satisfactory to such holder and presented to Newco in writing, to the effect that the holding by such holder of such securities is not to be construed as a recommendation by such holder of the investment quality of Newco's securities covered thereby and that such holding does not imply that such holder will assist in meeting any future financial requirements of Newco; or (ii) in the event that such reference to such holder by name or otherwise is not required by the Securities Act or any similar federal statute then in force, the deletion of the reference to such holder; provided that with respect to this clause (ii) such holder will furnish to Newco an opinion of counsel to such effect.

6. Recapitalization; Underwriting; Due Diligence.

(a) For any Piggyback Registration or Demand Registration prior to the time Newco becomes subject to the Exchange Act with respect to Registrable Securities, Newco shall effect a stock split, stock dividend or stock combination which in the opinion of the underwriters is desirable for the sale and marketing of the Registrable Securities to the public.

(b) If requested by the underwriters for any underwritten offering of Registrable Securities pursuant to a registration requested under this Agreement, Newco shall enter into an underwriting agreement with such underwriters for such offering, which agreement will contain such representations and warranties by Newco and such other terms and provisions as are customarily contained in underwriting agreements of Newco to the extent relevant and as are customarily contained in underwriting agreements generally with respect to secondary distributions to the extent relevant, including, without limitation, indemnification and contribution provisions substantially to the effect and to the extent provided in Section 7(a), and agreements as to the provision of opinions of counsel and accountants' letters to the effect and to the extent provided in Section 5(f). Subject to Section 9 below, the holders of the Registrable Securities included in such registration shall be parties to any such underwriting agreement and the representations and warranties by, and the other agreements on the part of, Newco to and for the benefit of such underwriters, shall also be made to and for the benefit of the holders of such Registrable Securities.

(c) In connection with the preparation and filing of each registration statement registering Registrable Securities under the Securities Act pursuant to this Agreement, Newco shall give the holders of the Registrable Securities included in such registration and the underwriters, if any, and their respective counsel, accountants and agents, the opportunity (but such persons shall not have the obligation) to review the books and records of Newco and to discuss the business of Newco with its officers and the independent public accountants who have certified the financial statements of Newco as shall be necessary, in the opinion of the holders of such Registrable Securities and such underwriters or their respective counsel, to conduct a reasonable investigation within the meaning of the Securities Act.

7. Indemnification.

(a) Newco Indemnification. Newco agrees to indemnify, to the extent permitted by law, each holder of Registrable Securities, its officers and directors and each Person who controls such holder (within the meaning of the Securities Act) and the officers, directors, affiliates, employees and agents of each of the foregoing (whether or not any litigation is commenced or threatened and whether or not such indemnified Persons are parties to any litigation commenced or threatened), against all losses, claims, damages, liabilities and expenses including, without limitation, attorneys' fees, expert fees and amounts paid in settlement, resulting from or arising out of any untrue or alleged untrue statement of material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in any information furnished in writing to Newco by such holder expressly for use therein or by such holder's failure to deliver a copy of the registration statement or prospectus or any amendments or supplements thereto after Newco has furnished such holder with a sufficient number of copies of the same. In connection with an underwritten offering, Newco will indemnify such underwriters, their officers and directors and each Person who controls such underwriters (within the meaning of the Securities Act) to the same extent as provided above with respect to the indemnification of the holders of Registrable Securities. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the holders of the Registrable Securities or any underwriter and shall survive the transfer of such securities. The foregoing indemnity agreement is in addition to any liability that Newco may otherwise have to the holders of the Registrable Securities or any underwriter of the Registrable Securities or any controlling Person of the foregoing and the officers, directors, affiliates, employees and agents of each of the foregoing.

(b) Holder Indemnification. In connection with any registration statement in which a holder of Registrable Securities is participating, each such holder agrees to indemnify, to the extent permitted by law, Newco, its directors and officers and each Person who controls Newco (within the meaning of the Securities Act) and the officers, directors, affiliates, employees and agents of each of the foregoing (whether or not any litigation is commenced or threatened and whether or not such indemnified Persons are parties to any litigation commenced or threatened), against any losses, claims, damages, liabilities and expenses including, without limitation, attorneys' fees, expert fees and amounts paid in settlement, resulting from or arising out of any untrue or alleged untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information furnished in writing to Newco by such holder expressly for use in such registration statement; provided, however, that the obligation to indemnify will be individual to each such holder and will be limited to the net amount of proceeds received by such holder from the sale of Registrable Securities pursuant to such registration statement.

(c) Resolution of Claims. Any Person entitled to indemnification hereunder will: (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks

indemnification hereunder; and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim will not be obligated to pay the fees and expenses of more than one counsel for all parties indemnified by such indemnifying party with respect to such claim, unless in the reasonable judgment of any indemnified party a conflict of interest may exist between such indemnified party and any other of such indemnified parties with respect to such claim.

(d) Contribution. If the indemnification provided for in this Section 7 shall for any reason be unavailable (other than in accordance with its terms) to an indemnified party in respect of any loss, claim, damage, liability or expense referred to therein, then each indemnifying party shall, in lieu of indemnifying such indemnified party, contribute to the amount paid or payable by such indemnified party as a result of such loss, claim, damage, liability or expense in such proportion as shall be appropriate to reflect the relative fault of the indemnifying party on the one hand and the indemnified party on the other with respect to the statements or omissions which resulted in such loss, claim, damage, liability or expense as well as any other relevant equitable considerations. The relative fault shall be determined by reference to whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the indemnifying party on the one hand or the indemnified party on the other. The amount paid or payable by an indemnified party as a result of the loss, cost, claim, damage, liability or expense, or action in respect thereof, referred to above in this Section 7(d) shall be deemed to include, for purposes of this Section 7(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. In any event, a holder's obligation to provide contribution pursuant to this Section 7(d) shall be limited to the net amount of proceeds received by such holder from the sale of Registrable Securities pursuant to such registration statement.

(e) State Securities Laws. Indemnification and contribution similar to that specified in the preceding paragraphs of this Section 7 (with appropriate modifications) shall be given by Newco, the holders of the Registrable Securities and underwriters with respect to any required registration or other qualification of securities under any state law or regulation or governmental authority.

(f) Other Rights. The obligations of the parties under this Section 7 shall be in addition to any liability which any party may otherwise have to any other party.

8. Rule 144. Newco shall use its reasonable best efforts to ensure that the conditions to the availability of Rule 144 set forth in paragraph (c) thereof shall be satisfied. Upon the request of the holders of a majority of the TPI Registrable Securities or the holders of a majority of the PCA Registrable Securities, Newco will deliver to such holders a written statement as to whether it has complied with such requirements.

9. Participation in Underwritten Registrations. No holder of Registrable Securities may participate in any registration hereunder which is underwritten unless such holder: (a) agrees to sell such holder's securities on the basis provided in any underwriting arrangements contemplated by such offering; and (b) completes and executes all questionnaires, powers of attorney, indemnities, underwriting agreements and other documents required under the terms of such underwriting arrangements; provided, however, that no holder of Registrable Securities included in any underwritten registration will be required to make: (i) any representations or warranties to Newco, the underwriters or other Persons other than representations and warranties regarding such holder and such holder's intended method of distribution; or (ii) any indemnities to Newco, the underwriter or other Persons on terms which are not substantially identical to the provisions in Section 7(b) above.

10. Miscellaneous.

(a) No Inconsistent Agreements. Newco represents and warrants to the holders of the Registrable Securities that it has not entered into, and agrees with the holders of the Registrable Securities that it will not hereafter enter into, any agreement with respect to its securities which is inconsistent or conflicts with, or violates the rights granted to the holders of Registrable Securities in, this Agreement.

(b) Adjustments Affecting Registrable Securities. In addition to Newco's obligations under Section 6(a) above, Newco will not take any action, or permit any change to occur, with respect to its securities which would adversely affect the ability of the holders of Registrable Securities to include such Registrable Securities in a registration undertaken pursuant to this Agree ment or which would adversely affect the marketability of such Registrable Securities in any such registration (including effecting a stock split or a combination of shares).

(c) Remedies. Each holder of Registrable Securities will have all rights and remedies set forth in this Agreement, Newco's Certificate of Incorporation and all rights and remedies which such holders have been granted at any time under any other agreement and all of the rights which such holders have under any law. Any Person having any rights under any provision of this Agreement will be entitled to enforce such rights specifically, without posting a bond or other security, to recover damages by reason of any breach of any provision of this Agreement and to exercise all other rights granted by law.

(d) Amendments; Waiver. Except as otherwise expressly provided herein, the provisions of this Agreement may be amended and Newco may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if Newco has obtained the written consent of both: (i) TPI, as long as it or any of its Affiliates owns any TPI Registrable Securities; and (ii) PCA, as long as it or any of its Affiliates owns any PCA Registrable Securities. No other course of dealing between Newco and the holder of any Registrable Securities or any delay in exercising any rights hereunder or under the Certificate of Incorporation will operate as a waiver of any rights of any such holders. For purposes of this Agreement, shares held by Newco or any of its Subsidiaries will not be deemed to be Registrable Securities. If Newco pays any consideration to any holder of Registrable Securities for such holder's consent to any amendment, modification or waiver hereunder, Newco will also pay each other holder granting its consent hereunder equivalent consideration computed on a pro rata basis.

In the event that the Securities Act, Exchange Act and/or regulations thereunder, respectively, are amended in a material respect and one or more of such amendments reduce or diminish the benefits hereunder to the holders of the Registrable Securities, including, without limitation, amendments which may be adopted in connection with the Aircraft Carrier Release (any such reducing or diminishing amendments being referred to herein as "Securities Law Amendments"), Newco shall, upon the written request of both (i) TPI, as long as it or any of its Affiliates owns any TPI Registrable Securities, and (ii) PCA, as long as it or any of its Affiliates owns any PCA Registrable Securities, amend this Agreement to provide the holders of the Registrable Securities with benefits which, after giving effect to such Securities Law Amendments, are equivalent to the benefits hereunder absent such Securities Law Amendments.

(e) Headings. The headings in this Agreement are inserted for convenience only and shall not be deemed to define or limit the scope of any section or subsection.

(f) Notices. All requests, notices, demands or other communications shall be in writing and will be deemed to have been given when delivered to the recipient, when received by facsimile, one (1) business day after the date when sent to the recipient by overnight courier service or five (5) business days after the date when mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid. Such requests, notices, demands and other communications will be sent to TPI, PCA and to Newco at the addresses indicated below:

If to TPI:

Tenneco Packaging Inc.
1900 West Field Court
Lake Forest, Illinois 60045
Attn: General Counsel
Telecopy: 847/482-4589

With a copy to:

Jenner & Block
One IBM Plaza
Chicago, Illinois 60611
Attn: Timothy R. Donovan, Esq.
Telecopy: 312/840-7271

If to PCA:

PCA Holdings, LLC
c/o Madison Dearborn Partners, Inc.
Three First National Plaza
Suite 3800
Chicago, Illinois 60602
Attn: Samuel M. Mencoff
Justin S. Huscher
Telecopy: (312) 895-1056

With a copy to:

Kirkland & Ellis
200 East Randolph Drive
Chicago, Illinois 60601
Attn: William S. Kirsh, P.C.
Telecopy: 312/861-2200

If to Newco:

Packaging Corporation of America
1900 West Field Court
Lake Forest, Illinois 60045
Attn: Chief Executive Officer
Telecopy: 847/482-2446

or to such other address or to the attention of such other Person as the recipient party has specified by prior written notice in accordance with the procedures provided above. Notices to any other holders of Registrable Securities shall be sent to the address specified by prior written notice to Newco, TPI and PCA in accordance with the procedures provided above.

(g) No Third-Party Beneficiaries. Subject to Section 10(k), this Agreement will not confer any rights or remedies upon any Person other than Newco, TPI and PCA and their respective successors.

(h) Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement among the parties and supersedes any prior understandings, agreements, or representations by or among the parties, written or oral, that may have related in any way to the subject matter hereof.

(i) Governing Law. The corporate law of the State of Delaware will govern all issues concerning the relative rights of Newco and its stockholders. All other questions concerning the construction, validity and interpretation of this Agreement will be governed by the internal law, and not the law of conflicts, of the State of Illinois.

(j) Severability. In the event any provision in this Agreement is held to be invalid as applied to any fact or circumstance, it shall be ineffective only to the extent of such invalidity, and such invalidity shall not affect the other provisions of this Agreement or the same provision as applied to any other fact or circumstance.

(k) Successors and Assigns. This Agreement shall be binding upon the parties hereto and their respective successors and any Person who becomes a holder of Registrable Securities. This Agreement shall inure to the benefit of and be enforceable by the parties hereto and their respective successors and any Person who becomes a holder of Registrable Securities (to the extent provided herein with respect to Registrable Securities of the type held by such holder).

(l) Counterparts. This Agreement may be executed in counterparts.

(m) Termination. The rights of all holders of TPI Registrable Securities under this Agreement shall terminate as of the date when TPI, together with its Affiliates, holds Registrable Securities with a fair market value of less than $500,000.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

NEWCO:

Packaging Corporation of America

By /s/ Richard B. West

Its Secretary

TPI:

Tenneco Packaging Inc.

By /s/ James V. Faulkner, Jr.

Its Vice President

PCA:

PCA Holdings, LLC

By /s/ Samuel M. Mencoff

Its Managing Director

EXHIBIT 10.9

FINAL

HOLDING COMPANY SUPPORT AGREEMENT

THIS HOLDING COMPANY SUPPORT AGREEMENT (this "Agreement"), dated as of April 12, 1999, is made by and between PCA Holdings LLC, a Delaware limited liability company ("Holdings"), and Packaging Corporation of America, a Delaware corporation (the "Company").

WHEREAS, Holdings, the Company and Tenneco Packaging Inc. ("TPI") are parties to that certain Contribution Agreement, dated January 25, 1999, as amended by that letter agreement dated April 12, 1999 among the Company, TPI and Holdings (the "Contribution Agreement"), pursuant to which Holdings has agreed to contribute cash and become a stockholder in the Company (the "Holdings Investment") and TPI has agreed to contribute substantially all of the assets of its Containerboard Business (as defined in the Contribution Agreement) to the Company in exchange for outstanding common stock of the Company, in each case pursuant to the terms and subject to the conditions set forth therein;

WHEREAS, Holdings was organized for the purpose of making the Holdings Investment and upon consummation of the transactions contemplated in the Contribution Agreement (the "Closing") and immediately prior to and on the Closing Holdings will not own any securities and will not be engaged in any business activities or operations (other than with respect to the Holdings Investment and in connection with the transactions contemplated by the Contribution Agreement); and

WHEREAS, the Company desires to reimburse Holdings for certain fees, costs and expenses incurred, directly or indirectly, by Holdings as a result of the Holdings Investment.

NOW, THEREFORE, in consideration of the foregoing premises and the respective agreements hereinafter set forth and the mutual benefits to be derived herefrom, Holdings and the Company hereby agree as follows:

1. Reimbursement. The Company shall promptly reimburse Holdings for all fees, costs and expenses as may be incurred or become payable (whether prior to, upon or following the Closing) by Holdings or its members, affiliates, officers and employees arising out of, in connection with, or relating to the Holdings Investment (the "Holdings Investment Expenses"), which shall include, but not be limited to, Holdings' operating expenses, franchise taxes and other taxes imposed on Holdings, and expenses of Holdings associated with Holdings' financial or other reporting obligations.

2. Term. This Agreement shall continue until the consummation of the complete sale, transfer or other disposition of all of the Holdings Investment to any Person or group of Persons (other than to Madison Dearborn Capital Partners III, L.P. ("MDP") or any of its direct or indirect members or any of its or their affiliates). Except as consented to by Holdings, no termination of this Agreement whether pursuant to this Section 2 or otherwise, shall affect the Company's reimbursement obligations hereunder with respect to the fees, costs, expenses and Losses (as defined below) incurred by Holdings or other Holdings Parties (as defined below) and not reimbursed by the Company as of the effective date of such termination.

3. Liability. None of Holdings, any of its affiliates, or any of their respective direct or indirect officers, directors, managers, members, partners, equity owners, employees, agents, representatives, successors or assigns (collectively, "Holdings Parties") shall be liable to the Company, any of its subsidiaries or affiliates or any of their respective direct or indirect stockholders, equity owners, employees, agents, representatives, successors or assigns, for any loss, liability, damage or expense arising out of or in connection with the any services performed to or for the Company.

4. Indemnification. The Company agrees to defend, indemnify and hold harmless each of the Holdings Parties from and against, and to reimburse each of the Holdings Parties for, all out-of-pocket, legal and other costs and expenses incurred by it in connection with or relating to investigating, preparing to defend, or defending any actions, claims or other proceedings (including any investigation or inquiry) arising in any manner out of or in connection with this Agreement (whether or not such indemnified person is a named party in such proceeding); provided that, the foregoing notwithstanding, the Company's obligations under this Section shall be subject to the dollar limitation set forth below in Section 5.

5. Covenants. Each of Holdings and the Company covenants and agrees that, except as may otherwise be agreed to in writing in advance by TPI, during the period from the Closing Date until such time when TPI no longer holds any of (x) the equity securities of the Company issued to TPI on the Closing Date (as defined in the Contribution Agreement) or (y) any securities issued with respect to the securities referred to in the foregoing clause (x) by way of a stock dividend, stock split or in connection with a recapitalization or subsidiary merger (the period from the date hereof until such time being herein referred to as the "TPI Holding Period"):

a. neither the Company, any of its subsidiaries or any of their respective successors or assigns shall, directly or indirectly, pay or become obligated to pay (or accrue or become obligated to accrue for) any fees or other compensation for services rendered to Holdings, MDP or their respective members or affiliates, and neither Holdings nor any of its members will charge or seek payment of any such amounts other than expense

reimbursement as contemplated by Section 1 above but subject to paragraph (b); and

b. the Company's payment obligations under this Agreement shall be limited to payments pursuant to Section 4 and to Holdings Investment Expenses (as defined herein as of the date hereof) and shall not exceed $250,000 in the aggregate per annum.

6. Notices. Any notice, report or payment required or permitted to be given or made under this Agreement by one party to the other shall be deemed to have been duly given or made if personally delivered, if mailed by registered or certified mail, postage prepaid, or if sent by facsimile transmission and the facsimile transmission is promptly confirmed by telephone confirmation thereof, to the other party at the following addresses and facsimile numbers (or at such other address or facsimile number as shall be given in writing by one party to the other):

If to Holdings:

PCA Holdings LLC
c/o Madison Dearborn Partners, LLC
Three First National Plaza, Suite 3800
Chicago, IL 60602
Fax: (312) 895-1056
Attn: Samuel M. Mencoff
Justin S. Huscher

with a copy to:

Kirkland & Ellis
200 East Randolph Drive
Chicago, IL 60601
Fax: (312) 861-2200
Attn: William S. Kirsch, P.C.

If to the Company:

Packaging Corporation of America
1900 West Field Court
Lake Forest, IL 60045
Fax: (847) 482-4589
Attn: Paul T. Stecko

7. Entire Agreement; Modification. This Agreement supersedes all prior and contemporaneous understandings, conditions and agreements, oral or written, express or implied, concerning the reimbursement of Holdings' expenses in the manner described herein, but shall not be construed to limit any payments to which Holdings may be entitled under the Contribution Agreement or any of the Ancillary Agreements or any other agreement entered into in connection with the Closing relating to fees and/or expense reimbursement obligations of the Company to Holdings (so long as the Company's obligations under any such agreement are, together with the Company's obligations hereunder, subject to the limitations set forth in Section 5 hereof). This Agreement may not be modified except by an instrument in writing executed by each of Holdings and the Company and, in the case of Sections 2, 5 and 7 of this Agreement, during the TPI Holding Period, by TPI (who, during the TPI Holding Period, is a third party beneficiary of Sections 2,5 and 7).

8. Waiver of Breach. The waiver by either party of a breach of any provision of this Agreement by the other party shall not operate or be construed as a waiver of any subsequent breach of that provision or any other provision hereof.

9. Assignment. Neither Holdings nor the Company may assign its rights or obligations under this Agreement without the express written consent of the other.

10. Choice of Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Illinois, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of Illinois or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Illinois.

* * * * *

IN WITNESS WHEREOF, Holdings and the Company have executed this Holding Company Support Agreement as of the date and year first above written.

PCA HOLDINGS LLC

By: /s/ Samuel M. Mencoff

Name: Samuel M. Mencoff
Title: Managing Director

PACKAGING CORPORATION OF AMERICA

By: /s/ Richard B. West

Name: Richard B. West
Title: Secretary

ACKNOWLEDGED AND AGREED BY:

TENNECO PACKAGING INC.

By: /s/ James V. Faulkner, Jr.

Name: James V. Faulkner, Jr.
Title: Vice President

EXHIBIT 10.10

FACILITY USE AGREEMENT

BETWEEN

TENNECO PACKAGING INC.

as Landlord

AND

PACKAGING CORPORATION OF AMERICA

as Tenant

Facility Address:

1900 West Field Court
Lake Forest, Illinois 60045

Dated: As of April 12, 1999

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FACILITY USE AGREEMENT

This Facility Use Agreement (this "Lease") is entered into as of April 12, 1999, by and between TENNECO PACKAGING INC., a Delaware corporation, with offices at 1900 West Field Court, Lake Forest, Illinois 60045 ("Landlord"), and PACKAGING CORPORATION OF AMERICA, a Delaware corporation, with offices at 1900 West Field Court, Lake Forest, Illinois 60045 ("Tenant").

INTRODUCTORY STATEMENTS

A. Pursuant to a Contribution Agreement dated as of January 25, 1999 (the "Contribution Agreement") between Landlord, PCA HOLDINGS LLC, a Delaware limited liability company ("PCA Holdings"), and Tenant, Landlord and PCA Holdings have organized Tenant to acquire and operate the Containerboard Business (as such term is defined in the Contribution Agreement), and Landlord has contributed to Tenant substantially all of the assets and certain liabilities of Landlord's Containerboard Business.

B. In connection with the acquisition and operation of substantially all of the assets and liabilities of the Containerboard Business, Tenant has determined that it is in its best interest to be located in the space which is the subject of this Lease, for the term herein provided.

C. Landlord is the lessee of the building located in Conway Park at Lake Forest Office Park and commonly known as 1900 West Field Court, Lake Forest, Illinois (the "Building") and the land on which the Building is located (the "Land") and all appurtenances belonging to or appertaining to the Land pursuant to that certain Lake Forest Lease dated as of December 17, 1997 (the "Prime Lease"), between Credit Suisse Leasing 92A, L.P., a Delaware limited partnership ("Prime Landlord"), as lessor, and Landlord, as lessee. The Building and the Land together are sometimes referred to herein collectively as the "Property".

D. Tenant desires to lease from Landlord and Landlord desires to lease to Tenant office space in certain portions of the Building, as more particularly set forth in the Lease, and allow Tenant to use, in common with Landlord's employees, guests and invitees, various common areas and amenities of the Building.

E. The parties desire to enter into this Lease defining their respective rights, duties, obligations and liabilities relating to the Premises.

WITNESSETH

NOW THEREFORE, Landlord and Tenant, in consideration of the mutual promises and covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and each with intent to be legally bound, for themselves and their respective successors and assigns, agree as follows:

1. Recitals; Defined Terms. The foregoing recitals are acknowledged to be accurate and are incorporated herein by reference. Capitalized terms used but not otherwise defined herein shall have the meanings given to such terms in the Contribution Agreement.

2. Prime Lease. Tenant acknowledges having received a copy of the Prime Lease, and Tenant and Landlord agree that this Lease is and shall be subject to and subordinate to the Prime Lease in all respects. Tenant is not hereby assuming any of the obligations of Landlord to Prime Landlord under the Prime Lease, and Landlord shall remain liable to Prime Landlord thereunder.

3. Premises Demised.

a. Landlord leases and demises to Tenant and Tenant accepts from Landlord those portions of the Building presently used by the employees of the Containerboard Business for office space as of the Commencement Date (as hereinafter defined), subject to relocation to the first floor of the Building (excluding the portions of the first floor occupied by the computer and telephone equipment room and the main lobby of the Building), as provided in Section 4 hereof (such portions of the Building presently used by the employees of the Containerboard Business for office space, and following such relocation to the first floor of the Building, the first floor of the Building (excluding the portions of the first floor occupied by the computer and telephone equipment room and the main lobby of the Building), is referred to herein as the "Premises"), together with the non-exclusive right to use portions of the parking facility adjacent to the Building for parking passenger automobiles and the non-exclusive right to use from time to time those portions of the Building and the Land which Landlord designates as common areas, it being the intent of the parties that stairways, halls, entrances, rest rooms on the lower level of the building, the cafeteria, the exercise facilities in the Wellness Center, and other facilities used in common by employees of Landlord and the Containerboard Business immediately prior to the date of Closing of the transactions contemplated by the Contribution Agreement will be designated and remain as common areas, subject to the terms of Section 5 and Section 24 herein, provided, however, that following the relocation of Tenant to the first floor of the Building (as set forth in Section 5 hereof), Tenant shall not have the right to use any portions of the second, third or fourth floors of the Building, except to the extent permitted by, and subject to the conditions set forth in, the last sentence of Section 5 hereof. Landlord agrees not to segregate or restrict portions of the parking facility for its own use, or to designate for use by Tenant segregated or specified portions of the parking facility, except to the extent mandated by Legal Requirements.

b. Tenant acknowledges that Landlord has made and is making no representations or warranties with respect to the Property, the Building or the Premises or any personal property of Landlord included with the Premises except to the extent expressly set forth herein and in the Contribution Agreement, and subject to such representations and warranties, if any, made herein and in the Contribution Agreement, Tenant accepts the Premises and any such personal property of Landlord in its existing "AS IS", "WHERE IS" condition and "WITH ALL FAULTS".

4. Relocation of Tenant to First Floor of Building.

a. As of the Commencement Date, Tenant's Premises consists of office space located in various portions of the Building which the Containerboard Employees currently occupy. Landlord and Tenant acknowledge that it is in their best interest to consolidate Tenant to a single contiguous area of the Building as soon as practicable after the Commencement Date. Accordingly, Tenant agrees to relocate all Containerboard Employees to the first floor of the Building (excluding the computer room and the main lobby of the Building presently located on the first floor) promptly following completion of the reconfiguration of the first floor office space.

b. Landlord and Tenant agree to the reconfiguration of certain portions of the first floor space as set forth on the conceptual space plan for the first floor attached hereto as Exhibit "A" (the "First Floor Space Plan"). As soon as practicable following the Commencement Date, Landlord shall cause the construction and installation of demising walls and/or alterations to the first floor space as shown on the First Floor Space Plan (the "Initial Tenant Improvements"). The cost of moving the Containerboard Employees from other areas of the Building to the first floor of the Building shall be borne by Tenant. The cost of moving Landlord's employees out of the first floor of the Building to other areas of the Building shall be borne by Landlord. The cost and expense associated with the design and engineering (including the design and engineering of the First Floor Space Plan), the preparation of plans and specifications and working drawings, and the construction and installation of (i) the Initial Tenant Improvements, (ii) demising walls and/or alterations to segregate Landlord's and Tenant's portions of the computer room on the first floor of the Building, and (iii) entry door security to restrict access to the portions of the first floor of the Building to be occupied exclusively by Tenant shall be shared equally between Landlord and Tenant.

c. Landlord and Tenant acknowledge and agree that the computer and telephone equipment room located on the first floor of the building is and shall remain a common area of the Building. Landlord's and Tenant's authorized employees each shall have the right of access to the computer and telephone equipment room on the first floor of the Building. Landlord and Tenant shall institute reasonable security measures to restrict access to the computer room only to authorized representatives and employees of Landlord and Tenant.

d. The parties may, by mutual agreement in writing, increase or decrease the amount of office space or reconfigure the office space which is leased to Tenant and, if necessary, in such event, the rent, taxes, other charges, and the Tenant's Proportionate Share (defined below) will be equitably adjusted. Notwithstanding the foregoing, in the event Tenant desires to vacate part of the

Premises (the "Vacated Space"), Tenant shall notify Landlord in writing at least thirty (30) days prior to the date Tenant expects to vacate the Vacated Space, and Landlord shall have the right, but not the obligation, to recover the Vacated Space, upon thirty (30) days' written notice to Tenant of Landlord's exercise of its right of recovery. In such event the rent, taxes and other charges and Tenant's Proportionate Share will be reduced in the same proportion that the Vacated Space bears to the Premises. The terms of this Section 4(d) shall not give Tenant the right or option to surrender or return any Vacated Space to Landlord prior to the expiration or earlier termination of this Lease.

4.1 Option to Relocate Tenant to TA Building. Tenneco Automotive Inc. ("TAI"), an Affiliate of Landlord, is the present tenant under a lease (the "Prime Lease") of the three-story office building located in Conway Park at Lake Forest office park and commonly known as 500 North Field Drive, Lake Forest, Illinois (the "New Building"). In connection with a transaction under consideration by TAI, a portion of the New Building may become available for occupancy by Tenant. Tenant agrees that Landlord shall have the right, subject to the terms and conditions set forth below (the "Relocation Option"), to relocate Tenant from the Building to the New Building. Landlord shall have the right to exercise the Relocation Option any time during the first twelve (12) months of the Term of this Agreement by giving written notice thereof to Tenant.

(a) Upon exercise by Landlord of the Relocation Option, each of Landlord and Tenant will enter into a new facility use agreement for the New Building ("New Building Sublease"), which shall contain the terms and conditions set forth below, and such other terms and conditions which are no less favorable (but shall not be required to be more favorable) than the terms and conditions set forth in this Agreement (the "Other Terms"), and other mutually acceptable changes to the extent required to reflect differences between the New Building and the Building:

(1) Landlord will provide building services and amenities in the New Building at least equivalent in quantity and quality to the building services and amenities provided to Tenant in the Building immediately prior to relocation to the New Building, provided that Tenant shall have the right to direct the provision of reasonable building services for the New Building or decline services offered by Landlord for the New Building and, in such case, Landlord shall be released from its obligation to provide such services declined by Tenant and Tenant shall be permitted to obtain any such services for its own account, except to the extent such services relate to the maintenance and/or repair of the New Building or are otherwise required to satisfy the obligations of the tenant under the Prime Lease. Landlord will not be obligated to provide a Wellness Center in the New Building, but employees of the Containerboard Business located in the New Building will have the right to use the Wellness Center in the Building.

(2) Landlord will convey or cause Tenneco Automotive to convey to Tenant, by bill of sale in customary form, the owned furniture and office equipment in the New Building, and Landlord will provide any leased office equipment in the New Building, in each case at least equivalent in quality and quantity to the office furniture and equipment owned and used by Tenant in the Building, and Tenant will convey to Landlord, by bill of

sale in customary form, all furniture and office equipment owned by Tenant in the Building and Tenant will leave all owned furniture and office equipment and leased office equipment in the Building upon relocation to the New Building.

(3) Tenant will occupy the second and third floors of the New Building (consisting of approximately 61,000 sq. ft.), to accommodate Tenant's required 200 work stations and offices. Landlord will be responsible for all out-of-pocket costs to move Tenant into the New Building and to deliver premises in the New Building at least equivalent in quality to the Premises. Tenant agrees to vacate the Premises and relocate to the New Building as soon as practicable following completion (i.e., subject only to completion of minor punchlist items) of the reconfiguration of the premises to be occupied by Tenant in the New Building, provided, however, that such relocation shall occur during a weekend. In no event shall Landlord be responsible for any consequential, indirect or business interruption costs paid, incurred or suffered by Tenant occasioned by or arising out of the relocation to the New Building. Landlord also shall be responsible for and shall pay the cost of all alterations necessary to convert the common areas of the New Building to a configuration suitable for multi-tenant occupancy. All determinations with respect to (i) whether the Other Terms to be contained in the New Building Sublease are no less favorable (but shall not be required to be more favorable) than those set forth in this Agreement, and (ii) whether (x) the quantity and quality of building services and amenities, (y) the quantity and quality of furniture and office equipment, and (z) the quality of the premises to be occupied by Tenant in the New Building are "at least equivalent" with those required by the terms of this Section 4.1(a) (the matters referred to in the foregoing clauses (i) and (ii) are referred to herein collectively as the "Equivalency Determinations") shall be made jointly between the Chief Executive Officer of Tenant on the one hand, and Theodore R. Tetzlaff (so long as he is one of the TPI/PCA Directors (as such term is defined in the Stockholders Agreement), and if Theodore R. Tetzlaff is not one of the TPI/PCA Directors, such other one of the TPI/PCA Directors designated by Landlord), on the other hand. The obligation of Landlord and Tenant to enter into the New Building Sublease shall be subject to the joint agreement of the Chief Executive Officer of Tenant and Theodore R. Tetzlaff (or if Theodore R. Tetzlaff is not one of the TPI/PCA Directors, such other one of the TPI/PCA Directors designated by Landlord), acting reasonably and in good faith, with respect to the Equivalency Determinations.

(4) The initial term of the New Building Sublease will expire on the Expiration Date of this Agreement (i.e., January 31, 2003). The rent and occupancy costs which Tenant shall pay under the New Building Sublease shall be the same rent and occupancy costs as Tenant would have paid under this Agreement had Tenant remained in occupancy of the first floor of the Building, adjusted as may be necessary to reflect any increases or decreases in building services by Tenant as set forth in Subsection 4.1(a)(1) above. The rent and occupancy costs for calendar year 1999 shall be subject to the BOC 1999 Cap, as set forth in Section 7(i) of this Agreement. Tenant shall have the right to terminate the New Building Sublease in the event total annual Building Occupancy Costs for

the Building for any calendar year exceed the BOC Threshold Amount, as set forth in Section 6(b) of this Agreement.

(5) Provided that Tenant is not in default under the New Building Sublease, Tenant shall have the right to extend the term of the New Building Sublease for one additional period of four (4) years (the "Extension Period") following the expiration of the initial term ("Extension Option"). Tenant shall give Landlord written notice of its exercise of the Extension Option not less than twelve (12) months prior to the expiration of the initial term of the New Building Sublease. If Tenant shall fail to exercise its Extension Option on or before the expiration of such 12-month period, the Extension Option shall terminate and shall be null and void. If Tenant shall exercise the Extension Option, the base rent for the Extension Period shall be equal to the Tenant's proportionate share of the contract rent payable under the Prime Lease of the New Building, together with Tenant's proportionate share of all Building Occupancy Costs (as defined in Section 7(a) of this Agreement) paid or incurred by Landlord with respect to the New Building, adjusted as may be necessary to reflect any increases or decreases in building services by Tenant as set forth in Subsection 4.1(a)(1) above.

(6) Upon the execution and delivery of the New Building Sublease, this Agreement will terminate, except with respect to each party's indemnification obligations under Section 20 of this Agreement.

(b) Tenant agrees to keep the terms of this Relocation Option confidential and agrees not to disclose to any person: (i) any non-public information disclosed by Landlord or any of its Affiliates to Tenant regarding the fact that discussions or negotiations are taking place concerning a possible transaction with Tenneco Automotive, (ii) the terms of this Relocation Option, or (iii) the fact that this Relocation Option exists, provided, however, that Tenant may disclose the terms of this Relocation Option to its officers, directors, shareholders, lenders and their respective outside legal counsel and other professional advisors ("Tenant's Representatives") who shall be informed of the confidential nature of the matters set forth in clauses (i), (ii) and (iii) of this paragraph. The confidentiality requirements of this paragraph shall not apply to any information (1) which is or becomes generally available to the public (other than as a result of an unauthorized disclosure by Tenant or any of Tenant's Representatives), or (2) which is required to be disclosed by applicable law, regulation or court order.

5. Common Areas and Access. Subject to the terms of the last three sentences of this Section 5, Tenant shall have full and unimpaired access to the Building and the Premises at all times, and Tenant shall have the nonexclusive right to use the private driveways on the Property which provide access to the public road now known as "Field Court" for ingress and egress to the Building and the Premises. Tenant shall have the nonexclusive right to use the truck delivery docks, stairways, halls, entrances, rest rooms on the lower level, cafeteria, exercise facilities, services and programs offered in the Wellness Center, training rooms on the lower level and other facilities in and about the Property (which are designated by Landlord as common areas) in common with Landlord

6. and any parties using the Property by, through or under Landlord, subject to Landlord's Rules and Regulations which may be changed from time to time in accordance with the terms of Section 24 hereof, and, in the case of the training rooms, further subject to availability and reasonable advance scheduling with Landlord on the same basis as Landlord's employees. Landlord reserves the right to change, increase, reduce, restrict, limit or eliminate, from time to time: the number, composition, dimensions or location of any parking areas as long as same is in compliance with Legal Requirements; signs; the Building name; the Building address; service areas; cafeteria; patio; exercise facilities, services and programs offered in the Wellness Center; training rooms on the lower level; walkways; roadways; or other common areas or make alterations or additions to the Building, in its sole discretion, provided, however, that Tenant's access to and use and enjoyment of the Premises shall not be materially and adversely impacted by any of the foregoing. Notwithstanding anything to the contrary contained in this Section 5, but subject to the terms of Section 8(b) hereof, Landlord shall have the right to impose reasonable restrictions on Tenant's access to certain common areas of the Building for health and safety reasons (such as delivery areas, kitchen, mechanical rooms, telephone rooms and electrical closets), and other portions of the Building used and occupied principally by Landlord. Upon the relocation of Tenant to the first floor of the Building, Tenant shall not be permitted to have access to or the right to use any common areas, conference rooms, board room, training rooms or video conference rooms on the second, third and fourth floors of the Building, except that Tenant shall have the right from time to time to use the board room on the fourth floor of the Building and the video conference rooms on the second and fourth floors of the Building, subject in each case to availability and reasonable advance scheduling with Landlord, and further subject, in the case of the video conference rooms, to payment to Landlord of the use charge set forth herein. Landlord agrees that Tenant shall be entitled to reserve the training rooms on the lower level, the video conference rooms and the board room on the same basis as Landlord's employees.

7. Term.

a. The term of this Lease (the "Term") shall commence on the date of Closing of the transactions contemplated by the Contribution Agreement (the "Commencement Date") and shall end on January 31, 2003 (the "Expiration Date"), unless sooner terminated as provided herein.

b. Notwithstanding the Term of this Lease, Tenant shall have the right to terminate this Lease, in the manner provided below, in the event the total Building Occupancy Costs (as hereinafter defined) with respect to any calendar year after calendar year 1999, as set forth in Landlord's Annual Statement, exceed the aggregate sum of Fourteen Million Dollars ($14,000,000) (the "BOC Threshold Amount") with respect to such calendar year. Tenant shall exercise its right of termination by giving written notice thereof to Landlord (an "Early Termination Notice") on or before the forty-fifth (45th) day following the date on which Landlord renders a Landlord's Annual Statement reflecting total Building Occupancy Costs in excess of the BOC Threshold Amount. The Early Termination Notice delivered by Tenant shall designate the effective date of the termination, which date shall be: (i) on the last day of a month, and (ii) at least six (6) but not more than nine (9) months after the date of such termination notice (such nine month period is referred to herein as the

"Stub Period"). For purposes of determining whether the total Building Occupancy Costs with respect to any calendar year after calendar year 1999 exceed the BOC Threshold Amount, the BOC Threshold amount shall be adjusted (up or down, as applicable) to reflect: (i) increases in Service Costs (as hereinafter defined) resulting from utilization by Tenant of the services giving rise thereto in amounts materially greater than Tenant's historical use of such services; and (ii) decreases in Service Costs resulting from the termination by Tenant of the utilization of such services (or part thereof) pursuant to Section 7(b) hereof. In the event Tenant shall exercise its termination right, Tenant shall be obligated to pay Rent (as hereinafter defined) during the entire Stub Period, including, without limitation, Basic Rent (as hereinafter defined), except that Tenant shall not be obligated to pay Rent on the amount by which total Building Occupancy Costs exceed the BOC Threshold Amount during the first six (6) months of the Stub Period.

8. Rent.

a. The basic rent (the "Basic Rent") during the Term shall be equal to Tenant's Proportionate Share (as hereinafter defined), except to the extent that certain expense items described below shall be billed to Tenant on the basis of Tenant's actual use thereof, of all actual costs and expenses paid or incurred by Landlord from time to time relating to the leasing (or if Landlord shall become the owner of fee title to the Property, the ownership), use, management, occupancy, operation, maintenance and repair of and necessary replacements for the Property (referred to herein collectively as the "Building Occupancy Costs"), including, without limitation, the following items:

(i) the Fixed Rent (as defined in the Prime Lease) and any other amounts that Landlord is or may be required to pay to the Prime Landlord pursuant to the Prime Lease (or any fixed rent and other amounts that may be paid by Landlord under any lease that may replace the Prime Lease, or in the event Landlord shall acquire fee title to the Property, the cost of capital charged at Landlord's internal cost of funds applied to the purchase price paid for the Property);

(ii) Taxes (as hereinafter defined);

(iii) insurance premiums;

(iv) Conway Park at Lake Forest Owner's Association dues and assessments (special or otherwise);

(v) fuel costs and utility charges for electricity, heating, ventilating and air conditioning;

(vi) the salaries, wages and benefits (including the amount of any social security taxes, unemployment insurance contributions, union benefits and other "fringe benefits") of the following individuals employed from time to time by Landlord or an Affiliate of Landlord:

(1) maintenance engineers to operate, maintain and repair the Building systems, but not more than the pro-rata portion of such maintenance engineers' time utilized for operating, maintaining and repairing the Building;

(2) facility management personnel to operate and manage the Property, the Building, and to arrange for and monitor the performance of the services performed by vendors and contractors providing services to the Property and the Building, but not more than the pro-rata portion of such individuals' time devoted to the operation and management of the Building;

(3) administrators and trainers to operate and manage the Wellness Center, but not more than the pro-rata portion of such individuals' time devoted to the operation and management of the Wellness Center;

(4) receptionists and switchboard operators to operate and manage the telephone switchboard presently located in the main lobby of the Building, and to receive guests and visitors, and issue visitor passes, but not more than the pro-rata portion of such individuals' time devoted to such activities;

(vii) the cost of all service contracts of vendors providing services to the Property and the Building, including, without limitation, property management, janitorial, maintenance, landscaping, window washing, scavenger service, security, mailroom, photocopy service providers, food and beverage services, HVAC maintenance services, etc.;

(viii) the cost of all leased machinery and equipment, including, without limitation, leased office equipment, photocopiers, fax machines and telephones;

(ix) the cost of any repairs, replacements, upgrades, alterations or improvements made by Landlord to the Property or the Building which Landlord reasonably believes are necessary and appropriate, provided, however, that if the cost of any such repair, replacement, upgrade, alteration or improvement is classified by Landlord for tax accounting purposes as capital in nature, the cost shall be amortized over the useful life of the asset in the manner determined by Landlord; and

(x) a replacement capital reserve relating to the estimated cost to replace certain wearing components of the Building (such as roof, mechanical components of the Building, chillers, and primary systems of the heating, ventilating and cooling, the parking structure and electrical switch gear serving the Building), provided, however, that the estimated cost to replace such capital items shall be amortized over the expected useful life of the asset in the manner determined by Landlord.

The categories of Building Occupancy Costs presently paid or incurred or anticipated to be paid or

incurred by Landlord relating to the Property are set forth on Exhibit "B" attached hereto and made a part hereof. The Building Occupancy Costs which are included in Basic Rent shall be those costs and expenses reasonably necessary to lease (or to own, if Landlord shall become the owner of fee title to the Property) manage, operate, maintain and repair the Property in a manner consistent with first-class corporate headquarters office buildings in the Conway Park at Lake Forest office park, and shall include, without limitation, all costs and expenses necessary to comply with Legal Requirements (as hereinafter defined).

b. Notwithstanding the foregoing, Landlord shall bill to Tenant the actual cost utilized by Tenant with respect to the categories of expense items set forth on Exhibit "C", together with a pro-rata allocation the fixed costs paid or incurred by Landlord (collectively, the "Service Costs") with respect to the administration and operation of the service (referred to herein individually as a "Business Service" and collectively as "Business Services") to which such expense item relates, which allocation shall be based upon the actual use of such Business Services by each party, or such other basis of allocation as may be set forth on Exhibit "C". Subject to the terms of Section 8(b) hereof with respect to contractual arrangements with third-party service providers or vendors for such Business Services, Tenant shall have the right to not utilize any Business Service in its sole discretion and contract separately for such Business Service. In such event, Tenant shall not be required to pay that portion of the Service Costs associated with Business Services so separately obtained by Tenant. To the extent Landlord does not have in place on the Commencement Date the appropriate means to accurately record each parties' actual use of the expense items to be billed based upon actual usage, Landlord shall use reasonable commercial efforts to institute appropriate means of recording each parties' actual use of these expense items, and Tenant agrees to cooperate with Landlord's efforts. Until such time as Landlord has instituted appropriate means to record the cost of the parties' actual use of these expense items, Tenant shall pay Tenant's Proportionate Share with respect to such expense items.

c. Basic Rent shall be payable in monthly installments in advance on the first day of each calendar month during the Term in lawful money of the United States of America. During the first and last months of the Term of this Lease, if the Term commences on a date other than the first day of the month or ends on a date other than the last day of a month, the Rent (as defined below) shall be prorated based upon the actual number of days in such month.

d. In addition to the Basic Rent, Tenant shall pay Landlord, as additional rent ("Additional Rent"), any and all other charges which Tenant is obligated to pay to Landlord under the terms of this Lease, including but not limited to any Additional Charges (as hereinafter defined). Additional Rent will be paid on a one-twelfth (1/12) charge basis in advance with the monthly Basic Rent on the first day of each calendar month during the Term. The charges for any Additional Rent which are not included in the monthly rent shall be billed by Landlord to Tenant and Tenant shall pay bills within thirty (30) days after the date they are billed.

e. The terms "Basic Rent" and "Additional Rent" are sometimes collectively referred to herein as "Rent" and shall include any and all sums due from Tenant to Landlord under the terms

of this Lease. All Rent shall be payable at the office of Landlord at 1900 West Field Court, Lake Forest, Illinois 60045, or at such other address as directed by notice from Landlord to Tenant. All Rent shall be due and payable without notice, demand, abatement, offset, or right of recoupment, unless otherwise specifically provided for in this Lease. If and to the extent Tenant is obligated to pay any charge or expense item as Rent hereunder, and the same charge or expense item also is included as an obligation of Tenant under the Transition Services Agreement, Tenant shall pay such duplicate charge or expense item as Rent under this Lease and not under the Transition Services Agreement, unless the parties shall otherwise mutually agree. For administrative convenience of Landlord and Tenant, Landlord may invoice Tenant for Rent using a monthly rent invoice, provided, however, that the failure of Landlord to render a rent invoice to Tenant shall not relieve Tenant of its obligation to pay Rent on the first day of each month during the Term hereof.

f. As used in this Lease, the term "Tenant's Proportionate Share" shall mean twenty-three and 85/100 percent (23.85%), which is approximately the number of rentable square feet in the first floor of the Premises (excluding the computer and telephone equipment room and the main lobby common areas), divided by the number of total rentable square feet in the Building (excluding common areas). The calculation of the Tenant's Proportionate Share is set forth in Exhibit "E" attached hereto.

g. If the amount of any component of Basic Rent for a particular period is not known, Landlord shall have the right to make reasonable estimates, forecasts or projections of such amount for the purpose of determining the amount to include with monthly Basic Rent. When the actual amount of the estimated item is known, an adjustment will be made and Landlord shall refund any overpayment to Tenant and Tenant shall pay any underpayment to Landlord, in the manner set forth in Subparagraph 7(h) hereof. Landlord shall have the right from time to time, but not more than four (4) times in any twelve (12) month period, to change the amount of Basic Rent, and upon receipt by Tenant of written notice of the change in the amount of Basic Rent, which notice shall identify the reason for such change. Tenant shall commence paying, on the date of monthly Basic Rent next due following Landlord's notice, the new amount of monthly Basic Rent. Upon request by Tenant, Landlord shall provide Tenant with reasonably detailed documentation supporting the change in Basic Rent, provided, however, that Tenant's satisfaction or dissatisfaction with either (i) the reason for such change in Basic Rent set forth in Landlord's notice, or (ii) Landlord's documentation supporting such change in Basic Rent shall not limit or affect Tenant's obligation to commence paying, on the date of monthly Basic Rent next due following Landlord's notice, the new amount of monthly Basic Rent.

h. As soon as practicable after December 31 for the calendar year in which the Lease commences, and for each calendar year thereafter (including the calendar year following the year in which this Lease expires or is terminated), Landlord shall deliver to Tenant a written statement setting forth in reasonable detail the actual amount of Basic Rent during the immediately preceding year (each such statement is referred to herein as a "Landlord's Annual Statement"). The form of the Landlord's Annual Statement shall be in substantially the form of Exhibit "B" attached hereto. Within thirty (30) days after the delivery of Landlord's Annual Statement to Tenant, Tenant

shall pay to Landlord as Additional Rent the amount by which (i) the actual amount of Basic Rent set forth in Landlord's Annual Statement for the preceding year exceeds (ii) the aggregate of the monthly installments paid by Tenant on account of Basic Rent for the immediately preceding year. In the event the aggregate amount of the monthly installments paid by Tenant on account of Basic Rent for such immediately preceding year exceeds the actual amount of Basic Rent set forth in Landlord's Annual Statement for the immediately preceding year, Landlord shall pay to Tenant the excess amount, without interest, within thirty (30) days after delivery of the Landlord's Annual Statement. If the Term ends other than on the last day of a calendar year, Tenant's Additional Rent as shown on the Landlord's Annual Statement delivered after the end of the Term shall be reduced proportionately and the payment due from Landlord or Tenant also shall be apportioned and paid as aforesaid.

i. Notwithstanding anything to the contrary set forth in this Section 7, for the calendar year ending on December 31, 1999, Tenant shall not be obligated to pay Basic Rent on the amount by which the total Building Occupancy Costs paid or incurred by Landlord for calendar year 1999 relating to the leasing (or if Landlord shall become the owner of fee title to the Property, the ownership), use, management, occupancy, operation, maintenance and repair of and necessary replacements for the Property exceed the aggregate sum of Ten Million Dollars ($10,000,000) (the "BOC 1999 Cap"). For purposes of the foregoing determination, the BOC 1999 Cap shall be adjusted (up or down, as applicable) to reflect: (i) increases in Service Costs resulting from utilization by Tenant of Business Services in amounts materially greater than Tenant's historical use of such Services (including Tenant's historical use of such Services when the Containerboard Business was operated as a division of Landlord); and (ii) decreases in Service Costs resulting from the Termination by Tenant of the utilization of such Services (or part thereof) pursuant to Section 7(b) hereof.

"Taxes" shall mean:

(1) All real estate taxes, assessments (special or otherwise), sewer and water rents, rates and charges, and any other governmental levies, impositions, rent tax, sales tax on rent, and charges of a similar nature ("Impositions"), which may be levied, assessed or imposed on or in respect of all or any part of the Property and/or the Rent payable hereunder, whether or not the Property constitutes one or more tax lots. If, however, by law, any assessment may be divided and paid in annual installments, then, for the purposes of this definition, such assessment shall be deemed to have been so divided and to be payable in the maximum number of annual installments permitted by law, together with interest payable during such year on such annual installment and on all installments thereafter becoming due as provided by law, all as if such assessment had been so divided.

(2) Any reasonable and appropriate expenses incurred by Landlord in contesting any of the foregoing or the assessed valuation of all or any part of the Property.

(3) If at any time during the Term the methods of taxation prevailing at the date hereof shall be altered so that in lieu of or as a substitute for the whole or any part of the Impositions now levied, assessed or imposed on all or any part of the Property, there shall be levied, assessed or imposed (i) an Imposition based on the income or Rents received therefrom whether or not wholly or partially as a capital levy or otherwise, or (ii) an Imposition measured by or based in whole or in part upon all or any part of the Property and imposed on Landlord, then all such Impositions shall be deemed to be Taxes.

"Taxes" shall not include: (i) Impositions upon, or arising from, improvements or alterations outside of the Premises or to the Property or Building made by Landlord or other tenants after the Commencement Date, and any expenses in contesting such Impositions; (ii) penalties or interest paid by Landlord on account of taxes; or (iii) income, gross profit, franchise or similar taxes.

If, as a result of any application or proceeding brought by Landlord for a reduction in the assessed valuation of the Property affecting any tax year commencing after the Lease Commencement Date, there shall be a decrease in Taxes for any such tax year, Landlord shall promptly refund to Tenant, Tenant's Proportionate Share of the refund of the Taxes received by Landlord, including refunds received after the expiration date of this Lease for periods during the Term. Landlord may deduct from such refund Tenant's Proportionate Share of all costs and expenses, including reasonable counsel fees, incurred by Landlord in connection with the application or proceeding to reduce the Taxes.

9. Services Provided By Landlord.

a. Subject to the terms of Section 21 hereof, Landlord will provide Tenant with substantially the same services that Landlord provides to other occupants of the Building ("Services"). Services to be provided by Landlord may, at Landlord's sole discretion, be provided, in whole or in part, by affiliates, subsidiaries, contractors or vendors of Landlord. If Services are currently provided by employees of Landlord, then Landlord shall not be obligated to hire additional employees to perform the Services. Tenant agrees that all third parties which currently provide any Services are acceptable. Landlord shall provide Services to the extent, quantity, and quality that it provides such services as of the Commencement Date of this Lease and shall not be required to provide a level of Services which is greater than that provided immediately prior to the Commencement Date of this Lease. Landlord shall not be required to provide any Services to the extent that, in the Landlord's reasonable judgment, (i) the performance of such services becomes unnecessary for Landlord's business operations at the Building and the cessation of such service would not materially diminish Tenant's use and enjoyment of the Premises; (ii) the performance of such Services becomes commercially impractical as a result of a cause or causes outside the reasonable control of Landlord; or (iii) to the extent the performance of such Services would require Landlord to violate any Legal Requirements. Landlord shall not be liable for any delay or failure of performance to the extent such delay or failure is caused by circumstances beyond its reasonable control, provided that Landlord uses commercially reasonable efforts to overcome such

circumstances. LANDLORD MAKES NO REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, AND LANDLORD SPECIFICALLY DISCLAIMS ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE WITH RESPECT TO THE SERVICES TO BE PROVIDED HEREUNDER.

b. Landlord shall give Tenant written notice (a "Vendor Contract Notice") before entering into any new contracts with service providers or vendors, or renewing or extending existing contractual arrangements with existing service providers or vendors for Business Services. Tenant shall have the right, at that time, to elect not to utilize the Business Services which are the subject of Landlord's Vendor Contract Notice, provided that if Tenant does not so elect by delivery of written notice to Landlord on or before the fifteenth (15th) business day following receipt of a Vendor Contract Notice, Tenant may not exercise its right to terminate such Business Service pursuant to Section 7(b) hereof until such time as Tenant shall receive a subsequent Vendor Contract Notice with respect thereto. Landlord shall endeavor to give Tenant as much notice as reasonably possible before entering into new contracts with service providers or vendors, or renewing or extending existing contractual arrangements with existing service providers or vendors for Business Services, but in any event not less than fifteen (15) business days. If Tenant fails to respond to Landlord's Vendor Contract Notice, Tenant shall be deemed to have waived its election not to utilize the Business Service which is the subject of the Vendor Contract Notice for the term of the contract with such service provider or vendor. If Tenant shall exercise its right not to utilize any Business Service, Tenant shall have the right to procure such Business Services for itself, and Landlord shall use commercially reasonable efforts to facilitate Tenant's use of third party service providers and vendors (referred to herein as "Tenant's Vendors"), subject to the following conditions:

(i) Landlord shall have the right to impose on Tenant's Vendors reasonable restrictions and scheduling requirements with respect to access to the building, use of the Building (including, without limitation, use of driveways, loading dock, freight elevator, use common areas, storage rooms and corridors), and scheduling of deliveries and pick-ups; and

(ii) Tenant shall be solely responsible for Tenant's Vendors, including, without limitation, any bodily injury or property damage caused by or arising out of Tenant's Vendors use of the Building.

c. Subject to the terms of Subsection 8(a) hereof, Landlord shall not be required to provide to Tenant (i) any services which Landlord does not provide to other occupants of the Building, or (ii) services to the extent that the cost of providing such services exceeds in the future the cost of providing such services as of the Commencement Date as the result of, and only to the extent caused by, an organizational or operational change by Tenant (such services described in clauses (i) and (ii) are referred to herein collectively as "Additional Services"). Additional Services also shall include, without limitation, the items set forth in Exhibit "F" attached hereto. Upon written request by Tenant, Landlord shall have the right, but not the obligation, to provide the requested Additional Services at the rate which reasonably reflects the expense to Landlord to

provide such Additional Services, and in the case of Additional Services under clause (ii) of the preceding sentence, continue to provide the service but at an increased rate which reasonably reflects the increased cost to Landlord of providing such service (the cost and expense associated with such Additional Services are referred to herein collectively as "Additional Charges"). If Landlord elects not to provide the Additional Services requested by Tenant, Tenant shall have the right to procure the Additional Services for itself, subject to the terms and conditions set forth in clause (i) and clause (ii) of Subsection 8(b) above. Additional Charges shall constitute Additional Rent under this Lease. In the event Landlord elects to provide any Additional Services, Landlord shall issue to Tenant a service work order, and Landlord shall separately identify Additional Charges on the monthly invoice for Rent.

d. Tenant shall provide to Landlord on a timely basis any and all information which may be necessary for Landlord to provide the Services. Tenant shall be solely responsible for the timely delivery of such information, and the accuracy and completeness thereof.

e. The charges for any Services which are not included in the monthly Rent on a one-twelfth (1/12) annual charge basis will be billed by Landlord to Tenant not more often than monthly and Tenant shall pay bills within thirty (30) days after the date they are billed.

f. Any sales, value added, or similar taxes imposed on the Service (including, without limitation, any telephone surcharge or tax imposed by the City of Lake Forest with respect to telephone usage) shall be paid by Tenant to Landlord in addition to the charges for the services.

g. Notwithstanding any other provision of this Lease to the contrary, the parties may, by mutual agreement in writing, increase or decrease the charges for the Services and, may add, delete, or modify the Services.

10. Use. Tenant shall have the right to use and occupy the Premises for general office use and any other use consistent with (a) the current use of the Premises by the Containerboard Business as of the Commencement Date, (b) applicable Legal Requirements (as defined in Section 10 below), (c) the nature of and the character of the Building, and (d) the uses of the Building by Landlord. Tenant shall not have the right to use the roof or any portion thereof for any purpose whatsoever, including the installation or use of any microwave dishes or other communications radio antenna or other transmission or reception equipment, except to the extent, if any, the roof of the Building is utilized by the Containerboard Business as of the Commencement Date hereof.

11. Compliance with Legal Requirements. Tenant shall comply with all applicable Legal Requirements insofar as they pertain to Tenant's use of the Premises, including cases where Legal Requirements mandate repairs, alterations, changes or additions to the Premises caused by Tenant's use of the Premises during the Term. Landlord shall comply with Legal Requirements in every other case. In the event Tenant's obligation to comply with Legal Requirements requires any "Alterations" (defined in Section 14), then such Alterations shall be made in accordance with the provisions of Section 14 of this Lease. Landlord shall be responsible to make any Alterations

resulting from the Premises' failure to comply with any Legal Requirements up to and including the Commencement Date. "Legal Requirements" shall mean the requirements of (a) all applicable laws, statutes, ordinances, codes, rules, orders and regulations of all federal, state, county, and municipal governments, and any and all of their departments, bureaus and agencies, including without limitation all "Environmental Laws" (defined in Section 11 hereof) and the Americans with Disabilities Act, (b) all rules, regulations and restrictions from time to time established by the Conway Park at Lake Forest Owners' Association, (c) any covenants, conditions and restrictions affecting the Property, such as those contained in the Declaration recorded as Document No. 2552398, as amended by First Amendment to Annexation Agreement, recorded August 9, 1996 as Document No. 3860724, and as further amended by the First Amendment to Declaration of Easements and Protective Covenants, Conditions and Restrictions for Conway Park at Lake Forest, recorded September 24, 1997 as Document No. 4024067, and (d) all rules, orders and regulations of the Board of Fire Underwriters or equivalent association for the prevention of fires.

12. Environmental Compliance.

a. Tenant accepts, assumes and agrees to pay, perform or otherwise discharge all liabilities and obligations arising after the Commencement Date, under any "Environmental Laws" ("Assumed Environmental Liabilities") with respect to conditions, events, occurrences, practices, releases of Hazardous Substances or other acts or omissions after the Commencement Date and through the Term hereunder relating directly to the use of the Premises and operations conducted by Tenant and its employees, guests, invitees, contractors, vendors, agents and representatives at the Premises. Assumed Environmental Liabilities means all liabilities and obligations arising after the Commencement Date under any Environmental Law with respect to conditions, events, occurrences, practices, "Releases" of "Hazardous Substances" or other acts or omissions after the Commencement Date relating directly to the operations conducted by Tenant and its employees, guests, invitees, contractors, vendors, agents and representatives at the Premises.

b. Tenant agrees to comply in all material respects with all applicable "Environmental Laws" with respect to conditions, events, occurrences, practices, "Releases" of "Hazardous Substances" or other acts or omissions as they pertain to the manner in which Tenant uses the Premises during the Term hereunder. "Environmental Laws" means CERCLA, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended, and any similar local, county, state and/or federal law or regulation relating to or addressing the environment, health or safety, in each case as in effect on or after the Commencement Date. "Governmental Authority" means any federal state, local, foreign or international court, government, department, commission, board, bureau, agency, official or other regulatory, administrative or governmental authority. "Hazardous Substance(s)" means any substance that is regulated under any Environmental Law or is deemed by any Environmental Law to be hazardous, toxic, a contaminant, waste, a source of contamination or pollutant. In the event Tenant's obligation to comply with Environmental Laws requires any "Alterations" (defined in Section 14), then such Alterations shall be made in accordance with the provisions of Section 14 of this Lease provided, however, that Tenant shall not be required to make Alterations that are required as a result of

Landlord's use or ownership of the Property. Upon expiration or earlier termination of the Lease, Tenant shall provide proof reasonably satisfactory to Landlord of compliance with all Governmental Authority and Environmental Laws.

c. Tenant shall not generate, store, transport, treat, dispose of or use on the Property Hazardous Substances, except Tenant's use in the Building of cleaning supplies, copying fluids, other office and maintenance supplies and other substances normally and customarily used by tenants of office space shall not be deemed a violation of this Subsection 11(c) if such use is in compliance with all Legal Requirements.

d. Landlord agrees to comply in all material respects with all applicable Environmental Laws insofar as they pertain to Landlord's use or ownership of the Property, unless said ownership compliance is due to a failure of the Containerboard Business or Tenant to fulfill its obligations under Subsections (a), (b) or (c) above.

e. Landlord and Tenant shall each defend, indemnify and save the other harmless from any claims, fines, penalties, liabilities, losses, damages, costs and expenses (including reasonable attorney's fees, expert witness fees and other costs of defense) which arise from its breach of its respective agreements contained in this Section 11. Landlord and Tenant expressly waive, release and agree not to make any claim against the other or their Affiliates, except for indemnification claims made pursuant to this Section 11, for the recovery of any cost or damages, whether directly or by way of contribution, or for any other relief whatsoever for environmental matters under Environmental Laws, whether known or unknown, foreseen or unforeseen, now existing or applicable or hereinafter enacted or applicable, providing for any right of recovery relating to or arising out of the Premises, the operation or conduct of the Containerboard Business and Tenant, or the "Release", threat of "Release" or presence of Hazardous Substances. "Release" means any releasing, spilling, leaking, discharging, disposing of, pumping, pouring, emitting, emptying, injecting, leaching, dumping or allowing to escape. The procedures for Landlord's and Tenant's indemnification hereunder shall be governed by Section 7.4 of the Contribution Agreement

f. Landlord's and Tenant's obligations under this Section 11 shall survive the expiration or earlier termination of this Lease.

13. Repairs and Maintenance.

a. During the Term, Landlord shall, subject to the terms of Section 21 hereof, perform diligently, promptly and in a good and workmanlike manner all maintenance, repairs and replacements to: the structural components of the Building, including without limitation the roof, roofing system, exterior walls, bearing walls, support beams, foundations, columns, exterior doors and windows, and lateral support to the Building; (ii) assure water tightness of the Building and the Premises (including caulking of the flashings) and repairs to the roof, roofing system, curtain walls and windows, if required to assure watertightness; (iii) the plumbing; lawn and fire sprinklers; heating, ventilation and air conditioning systems; electrical and mechanical lines, equipment and

systems, including without limitation elevators; (iv) the parking facility, common areas of the Property and Building, including their lighting systems; (v) exterior improvements to the Building, including walkways, shrubbery and landscaping; (vi) the glass including cleaning and replacements; and (vii) normal routine maintenance, cleaning, and janitorial services.

b. Tenant shall maintain the Premises and the fixtures and appurtenances therein in good repair at all times, except to the extent such maintenance is the responsibility of the Landlord pursuant to Section 12(a) above. During the Term, Tenant shall not cause or perform any redecorating of the interior of the Premises without the written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

c. Landlord, at Tenant's sole cost and expense, unless covered by any insurance policy maintained by Landlord, shall make all repairs to the Building (excluding the Premises) caused by the negligence or misconduct of Tenant, its agents, independent contractors, representatives, or employers, and Tenant shall promptly reimburse Landlord for the reasonable costs and expenses for such work.

14. Utilities. Landlord shall, subject to the terms of Section 21 hereof, provide all utilities for the Premises consistent with the utilities provided at the Commencement Date.

15. Alterations; Liens.

a. Tenant shall not make any alterations, improvements or installations including placement of any signs (collectively, "Alterations") in or to the Premises without the prior written consent of Landlord, which consent shall not be unreasonably withheld, except that Landlord's consent may be withheld in Landlord's sole and absolute discretion with respect to any proposed Alterations affecting: (i) the structural components of the Building; (ii) the roof or roofing system; (iii) exterior walls, bearing walls, support beams, foundations, columns, exterior doors and windows, and lateral support to the Building; (iv) curtain walls and windows; (v) the base building plumbing supply system and fire/life safety systems (but relocation of sprinkler heads will be permitted subject to Landlord's consent, which consent will not be unreasonably withheld); (vi) the base building heating, ventilation and air conditioning systems (but relocation of ductwork and ceiling vents will be permitted subject to Landlord's consent, which consent will not be unreasonably withheld); (vii) base building electrical and mechanical lines, equipment and systems, including, without limitation, elevators; (viii) the parking facility, (ix) common areas of the Property and Building, including their lighting systems; (x) exterior improvements to the Building, including walkways, shrubbery, lawn and landscaping; and (xi) the glass. In addition, Landlord shall have the right to withhold consent, in Landlord's sole and absolute discretion, with respect to any proposed Alterations to the interior of the Premises which would be visible from outside the Building or which would diminish the design uniformity of the Building.

b. Any Alterations consented to by Landlord shall be made by Landlord or Landlord's contractors, at the sole cost and expense of Tenant, unless Landlord shall elect, at Landlord's option, to permit Tenant itself to arrange and contract for the Alterations, each as hereinafter provided.

c. In the event that Landlord shall elect to permit Tenant to arrange and contract for the Alterations, then Tenant shall, before permitting commencement of the Alterations, furnish to Landlord for Landlord's review and approval all necessary plans and specifications in reasonable detail, names and addresses of proposed contractors, copies of contracts, and shall furnish necessary permits and indemnification in form and amount reasonably satisfactory to Landlord, against any and all claims, costs, damages, liabilities and expenses which may arise in connection with the Alterations, and certificates of insurance in form and amount reasonably satisfactory to Landlord from all contractors performing labor or providing materials, insuring Landlord against any and all liabilities which may arise out of or be connected in any way with the Alterations. Tenant shall pay all costs and expenses relative to the Alterations. Tenant shall permit Landlord to monitor the construction operations in connection with the Alterations and to restrict, as may reasonably be required, the passage of manpower and materials and the conducting of construction activity in order to avoid unreasonable disruption to Landlord or to other tenants of the Building or damage to the Property or the Premises. Tenant shall pay to Landlord, for Landlord's overhead in connection with monitoring the Alterations, a sum equal to five percent (5%) of Tenant's costs for the Alterations. Promptly following completion of the Alterations, Tenant shall furnish to Landlord contractors' affidavits, full and final waivers of lien and receipted bills covering all labor and materials expended and used in connection with the Alterations. Whether or not Tenant shall furnish Landlord with all the foregoing, Tenant hereby agrees to indemnify Landlord and hold Landlord harmless from any and all liabilities of any kind and description which may arise out of or be connected in any way with any Alterations. Any Alterations performed by Tenant shall comply with all Landlord's insurance requirements and with all applicable laws, ordinances and regulations. Landlord's approval of plans and specifications or supervision of construction operations, if any, shall not imply Landlord's acknowledgment, opinion or belief that the Alterations complies with any such applicable laws, ordinances or regulations, nor relieve Tenant from any responsibility hereinabove imposed. Following the completion of the Alterations, Tenant shall also provide Landlord with "as-built" drawings showing in detail the full extent and nature of the Alterations.

d. In the event that Landlord shall elect to directly arrange and contract for the Alterations on behalf of Tenant, Landlord shall assume full responsibility for the preparation of plans and specifications for the Alterations for the Tenant's approval, the contracting for all labor and materials required by the Alterations, compliance of the Alterations with all applicable laws, ordinances, regulations, insurance and other requirements, and monitoring of the Alterations. Prior to contracting for any Alterations on behalf of Tenant, Landlord shall prepare for Tenant's approval a budget of the anticipated cost of the Alterations, and Landlord shall not contract for any Alterations until Tenant has approved the proposed budget. Tenant shall pay to Landlord the costs of the Alterations including, without limitation, the cost of preparing the plans and specifications, the cost of permits, fees, labor and materials required to complete the Alterations, and the cost, if any, to

repair and/or redecorate the Premises as may be necessitated by the Alterations (collectively, "Costs"). Landlord's charge to Tenant for Landlord's overhead in connection with Landlord's performance of the Alterations shall be computed at five percent (5%) of the total substantiated Costs. The Costs payable by Tenant to Landlord and Landlord's charge therefor shall be deemed to be Additional Rent and shall be paid by Tenant as the Alterations are performed, upon being billed by Landlord.

e. Tenant, promptly following receipt of notice thereof, shall remove any lien or claim of lien filed against the Property or any part thereof for materials or labor performed by any contractors, subcontractors, workmen, or suppliers engaged directly or indirectly by Tenant and Tenant hereby indemnifies and holds Landlord harmless from and against any and all losses, costs, damages, expenses, or liabilities including, but not limited to, reasonable attorneys' fees and other costs incurred by Landlord as a result of or in any way related to such claims or liens, or Tenant's failure to promptly remove any such claims or liens.

16. Assignment and Subleasing.

a. Except as provided in Subsections 15(b) and 15(e) below, Tenant shall not, without the prior written consent of Landlord, which consent may be withheld in Landlord's sole and absolute discretion, (i) assign, convey or transfer this Lease or any interest under it; (ii) allow any transfer thereof or any lien upon Tenant's interest by operation of law; (iii) sublet or license the Premises, in whole or in part, or grant any party the right to occupy the Premises or any part thereof; or (iv) permit the occupancy of the Premises or any part thereof by anyone other than Tenant. The consent by Landlord to any particular assignment, subletting or mortgaging shall not in any way be considered a consent by Landlord to any other or further assignment, subletting or mortgaging.

b. Tenant shall not, without the prior written consent of Landlord, which consent shall not be unreasonably withheld, assign this Lease or permit any transfer to (i) any corporation resulting from a merger or consolidation of Tenant or (ii) a wholly-owned subsidiary of Tenant. In making its determination as to whether to consent to any proposed assignment resulting from a merger or consolidation of Tenant or to a wholly-owned subsidiary of Tenant, Landlord may consider, among other things, the creditworthiness and business reputation of the proposed assignee. Landlord shall be entitled to withhold its consent to any proposed assignment if, at the time of the proposed assignment, the proposed assignee or any of its Affiliates manufactures or produces products which

compete with any products manufactured or produced by Landlord or any of its Affiliates. Tenant's remedy, in the event that Landlord shall unreasonably withhold its consent to an assignment shall be limited to injunctive relief or declaratory judgment and in no event shall Landlord be liable for damages resulting therefrom. For purposes hereof, a proposed assignee shall not be deemed to compete with Landlord or its Affiliates by virtue of: (i) ownership of less than 5% of the outstanding stock of any publicly-traded corporation, (ii) the sale of competing products if such sales are not such proposed assignee's primary business and such sales are less than $100 million per year, and (iii) sales of products and services made in the Containerboard Business as of the Closing Date (each as defined in the Contribution Agreement).

c. If Landlord consents to an assignment of this Lease, then the assignee shall furnish to Landlord an assumption instrument pursuant to which such assignee assumes all of Tenant's obligations hereunder accruing as of the effective date of the assignment. Notwithstanding any assignment or transfer of this Lease, and notwithstanding the acceptance of Rent by Landlord from an assignee, transferee, or any other party, Tenant shall remain fully liable for the payment of Rent and for the performance and observance of all other obligations of this Lease on the part of Tenant to be performed or observed. Tenant's liability shall be joint and several with any immediate and remote successors in interest of Tenant, and such joint and several liability in respect of Tenant's obligations under this Lease shall not be discharged, released or impaired in any respect by any agreement or stipulation made by Landlord extending the time of, or modifying any of the obligations of, this Lease, or by any waiver or failure of Landlord to enforce any of the obligations of this Lease.

d. Tenant shall not mortgage, pledge, assign or otherwise encumber its interest in and to this Lease or the Rent payable hereunder without the prior written consent of Landlord and Prime Landlord, which consent may be withheld in the sole and absolute discretion of Landlord or Prime Landlord, as the case may be, and any mortgage, pledge or assignment of the Tenant's interest hereunder made without the prior written consent of the Landlord and Prime Landlord shall be null and void and of no force or effect.

e. Notwithstanding the restrictions on assignment of this Lease set forth in Subsection 15(a) above, but subject to any applicable restrictions set forth in the Prime Lease, and provided that no Event of Default has occurred and is continuing, and no event has occurred which, with the passage of time or giving of notice or both, would constitute an Event of Default hereunder, Tenant shall have the right to assign its interest as tenant under this Lease, in whole but not in part, without the prior written consent of Landlord, in the event of a sale of substantially all of the assets and business of Tenant, provided that such sale transaction has been approved by 4 of the 5 TPI/PCA Directors (as such terms is defined in the Stockholders Agreement) as set forth in the Stockholders Agreement.

17. Damage or Destruction.

a. If the Premises or the Building shall be so damaged by fire, other casualty, acts of God or the elements (a "Casualty") so that it cannot, in Landlord's good faith business judgment, be restored or made suitable for Tenant's business needs within one hundred eighty (180) days after the date of the Casualty, or if Prime Landlord exercises any right granted to it pursuant to the Prime Lease to terminate the Prime Lease by reason of such Casualty, then either Landlord or Tenant (as its sole remedy) may terminate this Lease by written notice given to the other party within thirty (30) days after the date of the Casualty. Any such termination of this Lease shall be effective as of the date of the Casualty and the Rent shall abate from that date, and any Rent paid for any period beyond such date shall be refunded to Tenant.

b. If this Lease is not terminated as provided in Subsection (a), then Landlord shall, at its sole cost and expense, restore the Premises and/or the Building as soon as reasonably practicable (and in all events within the time periods set forth in Subparagraph (c) below) to the condition existing prior to the Casualty (to the extent practicable), including without limitation any tenant improvements other than those improvements constructed for Tenant after the Commencement Date. During the restoration period, the Rent shall abate for the period during which the Premises are not suitable for Tenant's business needs. If only a portion of the Premises is damaged, the Rent shall abate proportionately based upon the portion of the Premises that are not suitable for Tenant's business needs and not used by Tenant.

c. If Landlord, subject to delays occasioned by the occurrence of events of force majeure, does not restore the Premises and/or the Building as required in Subparagraph (b) within the one hundred eighty (180) day period after the date of the Casualty, Tenant may, as its sole remedy, terminate this Lease without incurring any liability to Landlord subsequent to the Casualty, provided (i) Tenant gives Landlord not less than thirty (30) days prior written notice after the expiration of the applicable one hundred eighty (180) day period, and (ii) Landlord does not complete the restoration during such thirty (30) day period.

18. Eminent Domain.

a. If there is a taking of the Property or the Premises by right or threat of eminent domain (a "Taking") which results in the remainder of the Premises being unable to be restored, in Landlord's good faith business judgment, to a complete architectural unit within one hundred twenty (120) days from the date of the Taking ("Substantial Taking"), or if Prime Landlord exercises any right granted to it pursuant to the Prime Lease to terminate the Prime Lease by reason of such Taking, then either Landlord or Tenant (as its sole remedy) may terminate this Lease by written notice given to the other party within thirty (30) days after the date of the Taking. Any such termination of this Lease shall be effective as of the date of the Taking and the Rent shall abate from that date, and any Rent paid for any period beyond such date shall be refunded to Tenant.

b. If there shall be a Taking which does not constitute a Substantial Taking, this Lease shall not terminate but Landlord shall, at its sole cost and expense, with due diligence, restore the Premises as soon as reasonably practicable to its condition before the Taking (to the extent practicable) but excluding any improvements made for Tenant after the Commencement Date of this Lease. During the restoration period, the Rent shall abate for the period during which the Premises are not suitable for Tenant's business needs. If only a portion of the Premises is taken, the Rent shall abate proportionately based upon the portion of the Premises that are not suitable for Tenant's business needs and not used by Tenant.

c. Tenant shall not be entitled to any part of the payment or award for a Taking, provided that Tenant may file a claim, separate from Landlord's claim, for any loss of Tenant's property, moving expenses, or for damages for cessation or interruption of Tenant's Containerboard Business, provided such claim is not for the value of the Leasehold and does not reduce Landlord's award therefor.

19. Insurance.

a. Landlord shall maintain, at its expense, during the Term, fire insurance, with standard "all risk" coverage for the Building. Such coverage shall equal one hundred percent (100%) of the replacement cost of the Building and any parking facility, exclusive of excavation, footings and foundations.

b. Landlord shall maintain, at its expense, during the Term, comprehensive general liability insurance covering injuries occurring on the Property, which shall provide for a combined coverage for bodily injury and property damage in an amount not less than Three Million Dollars ($3,000,000).

c. Tenant shall maintain, at its expense, during the Term, with insurance companies reasonably acceptable to Landlord, comprehensive general liability insurance for the Premises in a combined coverage for bodily injury and property damage in an amount not less than Three Million Dollars ($3,000,000). Tenant shall name Landlord, Prime Landlord, Existing Mortgagee (defined below) and any mortgagee of the Property of which Landlord has advised Tenant in writing, as additional insureds under such policy.

d. Tenant shall maintain, at its expense, during the Term, property insurance on all personal property located in the Premises from damage or other loss caused by fire or other casualty, including but not limited to, vandalism and malicious mischief, perils covered by extended coverage, theft, sprinkler leakage, water damage (however caused), explosion, malfunction or failure of heating and cooling or other apparatus, and other similar risks in amounts not less than the full insurable replacement value of such property.

e. Tenant shall maintain such worker's compensation insurance as is required by applicable law.

f. The policy or policies evidencing such insurance for Subsections (a), (b), (c), and (d) shall provide that they may not be canceled or amended without thirty (30) days' prior written notice being given to the party for whose benefit such insurance has been obtained. Prior to the Commencement Date, each party shall submit to the other insurance certificates demonstrating the required policies are in effect.

g. Notwithstanding the foregoing, Landlord may self-insure provided Landlord provides evidence reasonably satisfactory to Tenant that Landlord has the financial ability to self-insure such obligation and the self-insurance program must meet the requirements of any applicable laws pertaining to such self-insurance programs and must meet any and all requirements and approvals of any insurance commission of the state in which the Property is located and where the subject matter of said self-insurance program is to be applicable.

20. Subrogation and Waiver.

The parties release each other and their respective authorized representatives from any claims for injury to any person or damage to the Property that are caused by or result from risks required to be insured against under any all risk or fire insurance policies carried by either of the parties. Each party to the extent possible shall obtain, for each policy of insurance, provisions permitting waiver of any claim against the other party for loss or damage within the scope of the insurance and each party to the extent permitted, for itself and its insurer, waives all such insured claims against the other party. If such waiver or agreement shall not be obtainable, or shall cease to be obtainable without additional charge, the insured party shall so notify the other party promptly after notice thereof. If the other party shall agree in writing to pay the insurer's additional charge therefor, such waiver or agreement shall (if obtainable) be included in the policy.

21. Indemnification.

a. Except as specifically provided to the contrary elsewhere in this Lease and in addition to the indemnities provided for in the Contribution Agreement, Tenant shall defend, indemnify and save harmless Landlord, its Affiliates, subsidiaries, and any officers, directors, against all claims, liabilities, losses, fines, penalties, damages, costs and expenses (including reasonable attorneys' fees and other costs of litigation) because of injury, including death, to any person, or damage or loss of any kind to any property caused by any negligent action or omission of Tenant or Tenant's Vendors, or any failure on the part of Tenant to perform all of its liabilities and obligations under this Lease.

b. Except as specifically provided to the contrary elsewhere in this Lease and in addition to the indemnities provided for in the Contribution Agreement, Landlord shall defend, indemnify and save harmless Tenant, its Affiliates, and any officers, directors, against all claims, liabilities, losses, fines, penalties, damages, costs and expenses (including reasonable attorneys' fees and other

costs of litigation) because of injury, including death, to any person, or damage or loss of any kind to any property caused by any negligent action or omission of Landlord, or any failure on the part of Landlord, to perform its obligations under this Lease.

c. Landlord's and Tenant's indemnification obligations under this Section 20 shall survive the expiration or earlier termination of this Lease.

22. Interruption of Services. Landlord shall not be liable to Tenant for any damages, nor shall Tenant be entitled to any abatement of Rent due to any interruption or failure to furnish or delay in furnishing any utilities or Services, or for any diminution in the quality or quantity thereof, when such delay, failure or diminution is occasioned, in whole or in part, by repairs, renewals or improvements, by any strike, lockout or other labor trouble, failure of any vendor, contractor or service provider to perform, by inability to secure fuel or supplies for the Building, provided that Landlord uses commercially reasonable efforts to overcome such circumstances, by any accident or casualty whatsoever, by the act, omission, or default of Tenant, or any other cause or circumstance beyond Landlord's reasonable control, and such failures or delays or diminution shall never be deemed to constitute an eviction or disturbance of the Tenant's use and possession of the Premises or relieve Tenant from paying Rent or performing any of its obligations under this Lease. Notwithstanding the foregoing, if the Premises are rendered untenantable as the result of any such interruption or failure to furnish utilities or Services, and such untenantability continues for a period of five (5) consecutive Business Days (and provided that Tenant does not, in fact, use or occupy the Premises during the period of such untenantability), then, commencing with the sixth such day and continuing until such untenantability has been remedied, Basic Rent shall be abated in proportion to the portion of the Premises so rendered untenantable. In the Premises are rendered untenantable as the result of any such interruption or failure to furnish utilities or Services, and such interruption of failure continues for a period of thirty (30) or more consecutive days (a "Prolonged Interruption"), and such Prolonged Interruption actually prevents the Tenant from using and occupying the entire Premises or so much of the Premises that Tenant is unable to conduct any of its business operations therein, then Tenant shall have the right, after thirty (30) consecutive days of Prolonged Interruption, to terminate this Lease by giving not less than ten (10) Business Days advance written notice to Landlord, provided, however, that if Landlord shall cause such utility or Service to be restored before the expiration of such ten (10) Business Day period, this Lease shall not terminate.

23. Subordination and Nondisturbance. Tenant's interest in this Lease shall be subject and subordinate in all respects to any fee owner, ground or prime lease or the lien of any mortgage or deed of trust which may now or hereafter be placed on the Property, including without limitation, (i) that certain Lake Forest Lease dated as of December 17, 1997 between Credit Suisse Leasing 92A, L.P. and Tenneco Packaging Inc. a Memorandum of which was recorded in the Office of the Recorder of Deeds for Lake County, Illinois on February 10, 1998 as Document No. 4084981, and (ii) that certain Mortgage, Assignment of Leases and Rents, Security Agreement and Financing Statement made by Credit Suisse Leasing 92A, L.P. to State Street Bank and Trust Company, as Collateral Agent ("Existing Mortgagee"), dated February 4, 1998 and recorded in the Office of the

Recorder of Deeds for Lake County, Illinois on February 10, 1998 as Document No. 4084980. Landlord shall request any present or future mortgagee, trustee, fee owner, ground or prime lessor, or any person having an interest in the Premises superior to this Lease (a "Superior Interest") to provide a written subordination and nondisturbance agreement in recordable form, providing that so long as Tenant performs all of the terms, covenants and conditions of this Lease and agrees to attorn to the mortgagee, beneficiary of the deed of trust, purchaser at a foreclosure sale, ground or prime lessor or fee owner, Tenant's rights under this Lease shall not be disturbed and shall remain in full force and effect for the Term, and Tenant shall not be joined by the holder of any mortgage or deed of trust in any action or proceeding to foreclose thereunder, unless such joinder is required for jurisdictional purposes. Landlord shall not have any liability to Tenant if it is not able to obtain such subordination and nondisturbance agreement.

24. Landlord's Right of Entry.

a. Landlord has the right to enter the Premises at any reasonable time upon (i) twenty-four (24) hours' prior notice to Tenant, (ii) without notice in case of emergency, for the purpose of performing maintenance, repairs, and replacements to the Premises as are permitted or required under this Lease, and (iii) without notice for entry for the purpose of performing routine services which Landlord is required to provide under this Lease.

b. Upon reasonable advance notice to Tenant, Landlord may, during the Term, show the Premises to prospective purchasers, mortgagees and tenants.

c. In exercising its rights under this Section, Landlord shall not materially interfere with or disrupt the normal operation of Tenant's Containerboard Business. Landlord, and any third parties entering the Premises at Landlord's invitation or request shall at all times strictly observe Tenant's rules relating to security on the Premises. Tenant shall have the right, in its sole discretion, to designate a representative to accompany Landlord, or any third parties, while they are on the Premises.

25. Rules and Regulations. Tenant agrees to comply with all reasonable written rules and regulations which Landlord may establish for the protection and welfare of Tenant, the Building and all the other tenants and occupants of the Building, provided that all such rules and regulations (i) shall be applied uniformly to all occupants of the Building, (ii) do not discriminate against Tenant, and (iii) do not unreasonably interfere with Tenant's use of the Premises. A copy of the current rules and regulations is attached as Exhibit "G" hereto and by this reference made a part hereof. Tenant shall be given a copy of any changes to the rules and regulations at least ten (10) days before they become effective. In the event of a conflict between the rules and regulations, and the provisions of this Lease, the provisions of this Lease shall prevail.

26. Tenant's Default; Rights and Remedies.

a. The occurrence of any one or more of the following matters constitutes an "Event of Default" by Tenant under this Lease:

(i) failure by Tenant to pay Basic Rent within five (5) Business Days after receipt of written notice from landlord to Tenant;

(ii) failure by Tenant to pay any Additional Rent within five (5) Business Days after receipt of written notice from Landlord to Tenant;

(iii) failure by Tenant to observe or perform any other covenant, agreement, condition or provision of this Lease, if such failure continues for thirty (30) days after receipt of written notice from Landlord to Tenant, except that if the default cannot be cured within the thirty (30) day period, it shall not be considered an Event of Default if Tenant commences to cure such default within such thirty (30) day period and thereafter proceeds diligently and continuously to effect such cure;

(iv) the making of any assignment by Tenant for the benefit of creditors;

(v) the filing by or against Tenant of a petition to have Tenant adjudged a bankrupt or a petition of reorganization or arrangement under any law relating to bankruptcy (unless, in the case of a petition filed against Tenant, the petition is dismissed within sixty (60) days of the date filed);

(vi) the appointment of a trustee or receiver to take possession of substantially all of Tenant's assets; and

(vii) the attachment, execution or other judicial seizure of substantially all of Tenant's assets;

(viii) an assignment or subletting by Tenant in violation of Section 15 hereof.

b. If an Event of Default by Tenant occurs,

(i) Landlord may terminate this Lease, by giving Tenant not less than ten (10) Business Days' written notice of Landlord's election to do so, in which event the Term shall end, and all right, title and interest of Tenant hereunder shall expire, on the date stated in such notice; or

(ii) Landlord may terminate the right of Tenant to possession of the Premises without terminating the Lease by giving not less than ten (10) Business Days' written notice to Tenant.

c. If this Lease and the Term and estate hereby granted shall terminate for an Event of Default as provided in Subsection (b), then

(i) Landlord and Landlord's agents may thereupon re-enter the Premises or any part thereof by summary proceedings or by any other applicable legal proceeding and may repossess the Premises and dispossess Tenant and any other persons therefrom and remove any and all of its or their property and effects from the Premises, and

(ii) Landlord, at its option, may relet the whole or any part of the Premises from time to time, either in the name of Landlord or otherwise, to such tenant(s), for such term(s) ending before, on or after the Expiration Date, at such rental(s) and upon such other conditions, which may include concessions and free rent periods, as Landlord may reasonably determine to be necessary. Landlord, at Tenant's sole cost and expense, may make such reasonable repairs, improvements, alterations, additions, decorations and other physical changes in and to the Premises as Landlord, in its reasonable discretion, considers advisable or necessary in connection with any such reletting or proposed reletting, without relieving Tenant of any liability under this Lease or otherwise affecting any such liability.

d. Should this Lease be terminated as provided in Subsection (b), or by or under any other proceeding, or if Landlord shall re-enter the Premises, Landlord shall be entitled to recover, and Tenant shall pay, in addition to any damages or amounts provided for elsewhere in this Section 25 or under any other provisions of this Lease, the then cost of:

(i) restoring the Premises to the same condition as that in which Tenant has agreed to surrender them to Landlord on the Expiration Date; and

(ii) completing in accordance with this Lease any improvements to the Premises that have been actually commenced as of the date of the Event of Default, or for repairing any part thereof.

e. If an Event of Default by Tenant or any person claiming through or under Tenant should occur, Landlord shall be entitled to seek to enjoin such default and shall have the right to invoke any right allowed at law or in equity, by statute or otherwise, as if re-entry, summary proceedings or other specific remedies were not provided for in this Lease.

f. Should this Lease be terminated by Landlord as provided herein,

(i) Tenant shall pay to Landlord all Rent through the date upon which this Lease was terminated for Tenant's Event of Default pursuant to Subsection (b)(i) hereof, and

(ii) Tenant shall be liable for and shall pay to Landlord, as damages, any deficiency between (A) the rent that would have been payable hereunder for the period which

otherwise would have constituted the unexpired portion of the Term and (B) the net amount, if any, of rents ("Net Rent") collected under any reletting effected pursuant to the provisions of this Section for any part of such period (first deducting from the rents collected under any such reletting all of Landlord's expenses in connection with the termination of this Lease or Landlord's re-entry, including all repossession costs, brokerage commissions, legal expenses, alteration costs and other expenses of preparing the Premises for such reletting). Such deficiency shall be paid in monthly installments by Tenant on the days specified in this Lease for the payment of installments of Basic Rent. Landlord shall be entitled to recover from Tenant each monthly deficiency as the same shall arise and no suit to collect the amount of the deficiency for any month shall prejudice Landlord's right to collect the deficiency for any prior or subsequent month by a similar proceeding or otherwise. A suit or suits for the recovery of such deficiencies may be brought by Landlord from time to time at its election.

g. Landlord shall be entitled to recover from Tenant, and Tenant shall pay Landlord, on demand, as liquidated damages and not as a penalty, a sum equal to the amount by which (A) the Basic Rent and Additional Rent payable hereunder (reduced by any amounts collected by Landlord on account of monthly deficiencies as provided in Subsection (f)(ii) above) for the period ending on the Expiration Date and beginning on the latest of the date of termination of this Lease, the date of re-entry by Landlord or the date through which monthly deficiencies shall have been paid in full, exceeds (B) an amount equal to the then fair and reasonable rental value of the Premises for the same period, both amounts discounted to present value at the Interest Rate as defined below. If, before presentation of proof of such liquidated damages to any court, commission or tribunal, the Premises or any part thereof shall have been relet by Landlord for the period which otherwise would have constituted all or any part of the unexpired portion of the Term, the amount of rent upon such reletting shall be deemed, prima facie, to be the fair and reasonable rental value for the part or the whole of the Premises (as the case may be) so relet during the term of such reletting. As used herein, "Interest Rate" shall mean an annual rate equal to the Prime Rate as set forth in The Wall Street Journal on the date of the default or, if The Wall Street Journal is not published that day, the first date of publication thereafter.

h. In no event shall Tenant be entitled (A) to receive any excess of any Net Rent under Subsection (f) over the sums payable by Tenant to Landlord hereunder or (B) in any suit for the collection of damages pursuant to this Section to a credit in respect of any Net Rent from a reletting except to the extent that such Net Rent is actually received by Landlord. Should the Premises or any part thereof be relet in combination with other space, then proper apportionment on a square foot area basis shall be made of the rent received from such reletting and the expenses of reletting.

i. If Landlord spends any money to cure such Event of Default by Tenant, then Landlord shall also be entitled to interest on such expenditure at the Interest Rate.

j. Nothing contained herein shall be construed as limiting or precluding the recovery by Landlord from Tenant of any sums or damages to which, in addition to the damages particularly provided above, Landlord may lawfully be entitled by reason of any default hereunder on the part of Tenant.

27. Holding Over. Should Tenant remain in possession of the Premises after the expiration of this Lease, Tenant shall be a tenant from month-to-month of the Premises under all the terms and conditions of this Lease, except that Rent shall be at a rate one hundred fifty percent (150%) of the then applicable Rent, prorated on a daily basis, provided, however, that if Tenant shall remain in possession of the Premises after the expiration of the Stub Period, the applicable Rent for the period of such hold-over shall not be limited by the BOC Threshold Amount. If the Premises are not surrendered upon the termination date or prior expiration of the Term, in addition to the use and occupancy charge set forth above, Tenant shall indemnify and hold harmless Landlord against any and all actual and direct damages suffered by Landlord resulting therefrom. Nothing contained in this lease shall be construed as a consent by Landlord to the occupancy or possession by Tenant of the Premises beyond the termination date or prior expiration of the Term, and Landlord, upon said termination date or prior expiration of the Term, or at any time thereafter (and notwithstanding that Landlord may accept from Tenant one or more payments called for herein), shall be entitled to the benefit of all legal remedies that now may be in force or may be hereafter enacted relating to the immediate repossession of the Premises. The provisions of this Section shall survive the expiration date or earlier termination of the Term.

28. Quiet Enjoyment. Subject to Section 22 hereof, Landlord covenants that if and for so long as Tenant pays the Rent and performs the covenants and conditions hereof, Tenant shall peaceably and quietly have, hold and enjoy the Premises for the Term, without interference by Landlord or anyone claiming by, through or under landlord, or by anyone claiming superior title to Landlord. Landlord agrees that it shall observe and comply in all material respects with all of the terms, provisions, conditions, covenants and agreements to be observed and performed by it under the Prime Lease, provided, however, that nothing in this sentence shall prohibit, limit, diminish or otherwise affect the right of the Landlord (i) to exercise any right provided under the Prime Lease, (ii) acquire the Property, (iii) refinance the Prime Lease with another financing lease, or (iv) effect a sale and lease-back transaction with respect to the Property with any other party.

29. Mutual Representation of Authority.

a. Landlord and Tenant represent and warrant to each other that they have full right, power and authority to enter into this Lease without the consent or approval of any other entity or person and each party makes these representations knowing that the other party will rely thereon.

b. The signatories on behalf of Landlord and Tenant further represent and warrant that each has full right, power and authority to act for and on behalf of Landlord and Tenant in entering into this Lease.

c. Each party agrees that they will not raise or assert as a defense to any obligation under this Lease or make any claim that this Lease is invalid or unenforceable due to any failure of this document to comply with ministerial requirements, including but not limited to requirements for corporate seals, attestations, witnesses, notarization, or other similar requirements, and each party hereby waives the right to assert any such defense or make any claim of invalidity or unenforceability due to any of the foregoing.

30. Real Estate Brokers. The parties warrant that they have had no dealings with any real estate broker or agent in connection with this Lease. Each party covenants to pay, hold harmless, and indemnify the other from and against any and all costs, expenses, or liabilities for any compensation, commissions, and charges claimed by any broker or agent with respect to this Lease or the negotiation thereof, based upon alleged dealings with the indemnifying party.

31. Business Hours - Holidays.

a. As used in this Lease, "Business Hours" shall mean the hours of 7 a.m. through 6 p.m., Monday through Friday except Holidays, and "Holidays" shall mean New Years Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the Day after Thanksgiving, and Christmas. (Holidays may be added or deleted by mutual agreement of Landlord and Tenant.)

b. During Business Hours, Tenant shall have access to the Premises, and Landlord shall furnish, without extra charge, all services and utilities required under this Lease. After Business Hours, Tenant shall have access to the Premises, provided Tenant complies with Landlord's normal security procedures, and Tenant pays Landlord a charge as established by Landlord for the use of electricity and other services during non-Business Hours. Landlord may establish and advise Tenant of any reasonable requirements for prior notification to Landlord for Tenant's use of the Premises during non-Business Hours.

32. Estoppel Certificate.

a. Tenant agrees, upon not less than fifteen (15) days' prior written request by Landlord, to deliver to Landlord a statement in writing signed by Tenant certifying (i) that this Lease is unmodified and in full force and effect (or if there have been modifications, identifying the modifications); (ii) the date upon which Tenant began paying Rent and the date(s) to which the Rent has been paid; (iii) that, to the best of Tenant's knowledge, Landlord is not in default under any provision of this Lease, or, if in default, the nature thereof; and (iv) that there has been no prepayment of Rent except as provided for in this Lease.

b. Landlord, upon not less than fifteen (15) days' prior written request from Tenant, shall furnish a statement in writing to Tenant covering the matters set forth in Subsection (a), to the extent applicable to Landlord.

33. No Recording. Landlord and Tenant agree not to record this Lease or any memorandum of this Lease.

34. Late Payments. If either party fails to make a payment to the other when due under the terms of this Lease, interest shall be added to the payment at an annual rate equal to the Prime Rate (as set forth in The Wall Street Journal from time to time) plus two percent (2%). In any case where payment is required under this Lease and a specific time period is not set forth for making such payment, the payment shall be due within thirty (30) days of the date a bill is rendered for such payment, or for situations where a bill is not rendered (e.g., a refund of an overpayment) the payment will be due thirty (30) days from (a) the date that the precise amount of the payment can reasonably be determined and (b) the party obligated to make the payment becomes aware of the obligation to make the payment.

35. Surrender; Restoration.

a. At the expiration or earlier termination of this Lease, whether by forfeiture, lapse of time or otherwise, or upon termination of Tenant's right to possession of the Premises, Tenant will surrender and deliver up the Premises to Landlord, in good condition and repair, reasonable wear and tear and loss by fire or other casualty excepted. Tenant will vacate the Premises and leave it in neat and clean condition and free of any Hazardous Substances brought onto the Property by Tenant or its affiliates, subsidiaries, contractors, subcontractors, employees, guests, or invitees after the Commencement Date of this Lease. In addition to the provisions of Subsection (b) below, Landlord may require the removal and restoration of (i) any special improvements in the Premises which are solely for the benefit of Tenant or the Premises such as interfloor stairways, supplemental air-conditioning, generators or raised flooring which were constructed by or at the request of Tenant after the Commencement Date of this Lease (other than the Initial Tenant Improvements), and (ii) any improvements made by or for Tenant after the Commencement Date of the Lease. Any such removal and restoration required by Landlord will be performed by Landlord or its contractors at Tenant's cost and expense.

b. Tenant, at its sole cost and expense, shall remove any personal property, furniture, and trade fixtures which it owns or leases from third parties. Tenant shall pay Landlord for the cost to restore any damage caused by such removal. Tenant shall verify the ownership of any such items before removing them from the Premises. Any personal property, furniture, and trade fixtures used by Tenant but which are owned by Landlord or leased by Landlord from third parties shall not be removed by Tenant. Tenant shall leave the Premises in a neat and clean condition.

36. Waiver. No consent or waiver, express or implied, by either party to or of any breach or default by the other party in the performance by such other party of its obligations under or in

connection with this Lease shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such party. Failure on the part of any party to complain of any act or failure to act of the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

37. Governing Law. This Lease shall be construed and interpreted in accordance with the laws of the State of Illinois.

38. Notices. All notices given pursuant to the provisions of this Lease shall be in writing, addressed to the party to whom notice is given and hand delivered or sent registered or certified mail, return receipt requested, in a postpaid envelope or by nationally recognized overnight delivery service to the addresses set forth below. All notices shall be deemed given upon receipt or rejection. Either party by notice to the other may change or add persons and places where notices are to be sent or delivered.

Notice Addresses: If to Landlord:

Tenneco Packaging Inc.
1900 West Field Court
Lake Forest, Illinois 60045
Attention: President
Facsimile No.: (847) 482-4589

With a copy to:

Tenneco Packaging Inc.
1900 West Field Court
Lake Forest, Illinois 60045
Attention: General Counsel
Facsimile No.: (847) 482-4589

If to Tenant:

Packaging Corporation of America
1900 West Field Court
Lake Forest, Illinois 60045
Attention: President
Facsimile No.: (847) 482-_____

With a copy to:

PCA Holdings LLC
c/o Madison Dearborn Partners, Inc.
Three First National Plaza
Suite 3800
Chicago, Illinois 60602
Attention: Samuel M. Mencoff
and Justin S. Huscher
Facsimile No.: (312) 895-1056

39. Table of Contents - Captions. The Table of Contents and the captions appearing in this Lease and its Exhibits are inserted only as a matter of convenience and do not define, limit, construe or describe the scope or intent of the sections of this Lease or its Exhibits nor in any way affect this Lease or its Exhibits.

40. Dispute Resolution.

a. Prior to commencing any action, suit or proceeding in connection with this Lease, the parties shall first in good faith consult among appropriate officers of Landlord and Tenant, which shall begin promptly after one party has delivered to the other a written request for consultation. At any time thereafter, either party may request in writing that the dispute be referred to appropriate senior executives of Landlord and Tenant. Within ten (10) Business Days after such request, the senior executives (and not their designees) shall meet and attempt in good faith to resolve the dispute.

b. Neither party shall file any action, suit or proceeding in connection with this Agreement until twenty (20) Business Days after a request is made for a senior executive meeting as provided for in Subsection (a).

41. Counterparts. This Lease may be executed in one or more counterparts, each of which shall be deemed an original but all of which, when taken together, shall constitute one and the same instrument.

42. Audit. Landlord shall maintain reasonably complete records of all costs and expenses which comprise the Rent payable hereunder by Tenant to Landlord. Tenant shall have the right, through itself or its representatives, at Tenant's sole cost and expense, to examine, copy and audit such records at all reasonable times at Landlord's office during business hours. Landlord's calculation of Basic Rent as set forth on any Landlord's Annual Statement shall be conclusive and binding upon Tenant unless, within forty-five (45) days after the date Landlord renders the Landlord's Annual Statement, Tenant shall notify Landlord that it disputes the correctness of any

charge set forth on Landlord's Annual Statement. Tenant shall have a period of sixty (60) days to complete any audit it desires to undertake. If the result of the audit conducted by Tenant or its representative determines that Landlord has overcharged Tenant, Landlord shall promptly refund to Tenant any overpayment, together with interest at the rate set forth in the "Late Payments" section of this Lease. Tenant shall promptly pay Landlord if the audit determines that there has been any undercharge.

43. Signs. In the event Landlord, in its sole discretion, shall institute the use of a directory in the main lobby of the Building (but without any obligation to do so), Landlord shall place the Tenant's name and location on the directory in the Building, and afford Tenant, without charge, the placing of the customary number of names in the Building directory. Tenant shall not be permitted to erect, install, affix or exhibit any other signage in the Building, the Premises or on the Property without the express written consent of Landlord, which consent may be withheld by Landlord in its sole discretion.

44. Entire Agreement. This Lease (which includes each of the Exhibits attached hereto) contains the entire agreement between the parties with respect to the subject matter hereof, and all prior negotiations and agreements are merged into this Lease. This Lease may not be changed, modified, terminated or discharged, in whole or in part, nor any of its provisions waived except by a written instrument which (a) shall expressly refer to this Lease and (b) shall be executed by the party against whom enforcement of the change, modification, termination, discharge or waiver shall be sought.

45. Release. Tenant, on behalf of itself and its officers, directors, employees, agents, representatives, guests and invitees, and its and their respective heirs, legal representatives, successors and assigns, hereby remise, and release and forever discharge Landlord, its officers, directors, employees, affiliates, agents, representatives and independent contractors, and its and their respective heirs, legal representatives, successors and assigns, of and from any and all manner of actions, cause and causes of actions, lawsuits, claims, demands and liability, in law or in equity, arising out of or relating to the use by Tenant and its officers, directors, employees, agents, representatives, guests and invitees of the Wellness Center in the Building, except to the extent caused by the gross negligence of Landlord.

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is intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have duly executed this Facility Use Agreement as of the day and year first above written.

LANDLORD:

TENNECO PACKAGING INC.,
a Delaware corporation

By: /s/ James V. Faulkner, Jr.

Its: Vice President

TENANT:

PACKAGING CORPORATION OF
AMERICA, a Delaware corporation

By: /s/ Richard B. West

Its: Vice President

EXHIBIT 10.11

HUMAN RESOURCES AGREEMENT

Tenneco Inc., a Delaware corporation; ("Tenneco"), Tenneco Packaging Inc., a wholly-owned subsidiary of Tenneco ("TPI") and Packaging Corporation of America, a Delaware corporation ("Newco"), hereby agree to the terms and conditions hereof regarding certain labor, employment, compensation and benefit matters occasioned by the transactions described in that certain Contribution Agreement dated as of January 25, 1999, by, between and among TPI, PCA Holdings LLC, a Delaware limited liability company ("PCA") and Newco (the "Transaction").

1. Definitions

The following term, when capitalized herein, shall have the meaning set forth in this Section 1. All other capitalized terms contained but not otherwise defined herein shall have the meaning ascribed to them in the Contribution Agreement.

"Newco Employees" shall mean the active employees of the Containerboard Business on the Closing Date who become employees of Newco or one of its subsidiaries immediately following the Transaction.

2. General Employment Matters

2.1 Contemporaneously with the contribution of the Containerboard Business to Newco (the "Closing Date"), TPI shall cause the employment of all active employees of the Containerboard Business (including those considered active despite being absent on that date for reasons such as short-term illness or vacation) to be transferred to Newco. The Schedule entitled "Schedule 1 to Human Resources Agreement", sets forth a list of certain employees of the Containerboard Business who it is anticipated will be Newco Employees; and beginning with the list, the parties will finalize the personnel to be transferred to Newco prior to the Closing Date. Except as otherwise specifically provided herein or in the Contribution Agreement, Newco shall assume and thereafter pay, perform and discharge any and all employment, compensation and benefit liabilities incurred or accrued after the Closing Date, with respect to all Newco Employees and their dependents. The responsibility for all employment, compensation and benefit liabilities incurred or accrued on or before the Closing Date shall be as provided in the Contribution Agreement. Notwithstanding anything else herein, Newco shall recognize the vacation accrual of the Newco Employees as of the Closing Date provided the amount of such obligation is accrued in the Final Working Capital Statement. Any employee of the Containerboard Business who is absent from active service on the Closing Date by reason of such employee's entitlement to short-term disability, long-term disability or workers' compensation

benefits shall be afforded employment by Newco effective upon his or her availability to return to active service under the terms and conditions of employment applicable to comparably situated employees on the date of his or her return; provided, that, for the period prior to such return to active service, such person shall remain covered under the TPI benefit plans as such person was covered as of the Closing Date and TPI shall remain responsible for all employee benefit obligations accrued or incurred by or payable to such person during such period, and the rights of any such person and his or her dependents with respect to employment, compensation and benefits shall be determined by the terms and conditions of employment applicable immediately prior to the Closing Date (as they may be amended from time to time by Tenneco or TPI) and nothing herein shall be construed to require that such person receive any right greater than that applicable to any comparably situated person who is an active employee of the Containerboard Business on the Closing Date. TPI shall be responsible for all obligations related to or arising from any person who is not employed by Newco as of the Closing Date, including any person who has retired or terminated employment on or prior to the Closing Date and TPI shall indemnify Newco from and against any and all such obligations.

2.2 The initial compensation (base salary or wage level) of each Newco Employee shall be the same as his/her compensation (base salary or wage level) immediately prior to the Closing Date. Nothing in this Agreement shall give any Newco Employee any right to continued employment with Newco beyond the Closing Date.

2.3 Except as specifically provided herein, Newco shall cause to be provided employee compensation and benefit plans and programs to the Newco Employees by having such persons continue to participate in the TPI and Tenneco plans during the applicable transition period as provided herein. At the Closing Date, or conclusion of the transition period, if applicable, Newco shall adopt such plans which will give effect to the following:

(i) effective immediately after the Hourly Plan Transition Date, a defined benefit pension plan covering hourly Newco Employees substantially equivalent to the defined benefit plans covering the hourly Newco Employees immediately prior to the Hourly Plan Transition Date, but counting pre-Hourly Plan Transition Date service and participation to the extent counted by Tenneco and TPI plans prior to the Hourly Plan Transition Date for all purposes, including without limitation benefit accrual; provided that such Newco Plan may offset benefits by benefits actually provided under Tenneco and TPI plans;

(ii) effective immediately after the DC Plan Transition Date, the Newco DC Plan, as defined in section 4.4 hereof, provided, that pre-DC Plan Transition Date service and participation shall be counted for all purposes and provided further that matching contributions shall not be made in Tenneco stock;

(iii) immediately after the Salaried Plan Transition Date, a structure substantially equivalent to the Tenneco Supplemental Executive Retirement Plan (the "SERP"), including any and all special appendices and other documents providing special benefits for individual Newco Employees (the "Special Benefits");

(iv) structures substantially equivalent to the Tenneco Inc. Executive Incentive Compensation Plan and the Tenneco Inc. Deferred Compensation Plan;

(v) severance benefits under which Newco shall provide Newco Employees who are separated from service within one year of the Closing Date, severance benefits in circumstances, of a type and amount and subject to rules equivalent to those applicable to similarly-situated employees of TPI immediately prior to the Closing Date; and

(vi) effective as of the Closing Date, except as otherwise provided herein, other welfare plans (including retiree medical and life benefits for those employees not covered by Section 6.1(b)) and compensation and benefits which are substantially equivalent to those covering the Newco Employees immediately prior to the Closing Date.

Except as specifically provided herein, such Newco Plans shall be continued without material modification or amendment until at least December 31, 1999; provided, that no modification or amendment may be made without the written consent of the affected employee to any Special Benefit under the SERP at any time after the Closing Date which could not have been made prior thereto, and, provided further, that at all times such Special Benefits shall be binding upon any successor to Newco. Newco and Newco Plans shall, in addition to the specific requirements stated above, count service and participation to the extent counted by Tenneco, TPI and plans maintained by either for all compensation and benefit purposes, to the extent such service recognition does not result in a duplication of benefits.

3. Collective Bargaining

3.1 Newco shall assume all collective bargaining agreements covering employees of the Containerboard Business as of the Closing Date, but only to the extent that such collective bargaining agreements cover Newco Employees. This assumption shall not restrict any right Newco may have to renegotiate, reopen or otherwise seek changes in any of such agreements.

3.2 Upon the Closing Date, Newco shall recognize all incumbent labor organizations which, as of that date, have established collective bargaining relationships

covering employees in the Containerboard Business, but only to the extent that such collective bargaining relationships cover Newco Employees.

3.3 Without limiting the generality of Newco's obligations under Sections 3.1 and 3.2, Newco shall provide Newco Employees the terms and conditions of whose employment is subject to collective bargaining agreements and/or established by collective bargaining relationships, with the wages, benefits, and terms and conditions of employment required by such agreements including contributions to multi employer pension plans, except that: (i) participation in the Tenneco Inc. Employee Stock Purchase Plan will cease as of the Closing Date; (ii) no additional amounts may be invested in Tenneco stock in any defined contribution plan maintained by Newco after the Closing Date; and (iii) except as specifically provided herein, participation in any and all Tenneco sponsored employee benefits plans shall cease as of the Closing Date, but Newco shall afford Newco Employees covered by Sections 3.1 and 3.2 benefits identical to the benefits provided under such plans prior to the Closing Date, except as provided in items (i) and (ii) of this sentence.

4. Pension Benefits

4.1 (a) Tenneco shall cause the Tenneco Retirement Plan to provide continued coverage for salaried Newco Employees until the earlier of (i) five years from the Closing Date, or (ii) the date specified in the notice provided to Tenneco by Newco that such arrangement will terminate (the "Salaried Plan Transition Date"). The Tenneco Retirement Plan shall not be required to permit persons who become employed by Newco after the Closing Date (and who are not already a participant) to participate. Newco shall use its best efforts to design a qualified plan structure that will succeed the Tenneco Retirement Plan for such salaried Newco Employees. The Tenneco Retirement Plan shall be amended to provide that the salaried Newco Employees' service and compensation earned with Newco (or an affiliate in the Containerboard Business) shall be considered under such plan as if it were earned with TPI. The Tenneco Retirement Plan shall retain all of the benefits accrued as of the Salaried Plan Transition Date with respect to each Newco Employee that has participated therein. In addition, the Tenneco Retirement Plan shall be amended to provide that service with Newco after the Salaried Plan Transition Date will be recognized as service under such plan for purposes of determining such person's eligibility for benefits thereunder (but not for purposes of determining additional retirement benefit accruals beyond that accrued as of the Salaried Plan Transition Date).

(b) Newco shall pay an amount in cash, as Tenneco shall direct, for the continued coverage of the salaried Newco Employees in the Tenneco Retirement Plan. The amount of such payment with respect to each 12 month period following the Closing Date shall be the dollar amount as set forth in the following chart; provided, if there is a material increase in the pension costs with respect to the salaried employees of

Newco participating therein as a result of salary increases which exceed in the aggregate the assumed salary increase applicable to the plan, the parties shall negotiate in good faith an appropriate adjustment in such amount.

Year of Coverage	Dollar Amount (millions)
First	4
Second	4
Third	6
Fourth	8
Fifth	10

The amount payable to Tenneco shall be prorated for any partial year of participation.

4.2 (a) TPI shall cause its defined benefit pension plan covering hourly employees (the "TPI Hourly Plan") to provide continued coverage for current and future hourly employees of Newco that are currently participants therein or would be eligible for participation under the terms of said plan until the earlier of (i) December 31, 2000 or (ii) the date specified in the notice provided to TPI by Newco that such arrangement will terminate (the "Hourly Plan Transition Date"). The TPI Hourly Plan shall be amended to provide that service and compensation (if applicable) earned with Newco (or an affiliate in the Containerboard Business) by such hourly employees shall be considered under the TPI Hourly Plan as if it were earned with TPI. The TPI Hourly Plan shall retain all of the benefits accrued as of the Hourly Plan Transition Date with respect to each Newco Employee that has participated therein. In addition, the TPI Hourly Plan shall be amended to provide that service with Newco after the Hourly Plan Transition Date will be recognized as service under such plan for purposes of determining such person's eligibility for benefits thereunder (but not for purposes of determining additional retirement benefit accruals beyond that accrued as of the Hourly Plan Transition Date).

(b) Newco shall pay an amount in cash, as Tenneco shall direct, for the continued coverage of the hourly Newco employees in the TPI Hourly Plan. The annual amount of such payment shall be $1.2 million; provided, that in the event that there is a material increase in pension costs with respect to the hourly Newco Employees because of an increase in the size of the hourly workforce or because increased benefits are negotiated with one or more unions or otherwise, the parties hereto shall negotiate in good faith an appropriate increase in the amount to be paid by Newco for such continued coverage. This payment shall be prorated for any partial year of participation.

(c) Newco shall not assume any obligation accrued under the Tenneco Retirement Plan or the TPI Hourly Plan, and no assets shall be transferred from any such plan to Newco. Tenneco and TPI shall indemnify and save Newco harmless from and against any and all obligations and liabilities, of whatever nature, arising from or related to the Tenneco Retirement Plan and the TPI Hourly Plan.

4.3 (a) Tenneco shall amend, or cause to be amended, the qualified defined benefit pension plans to provide that all benefits accrued as of the applicable transition date by Newco employees that participate therein will be fully vested and non-forfeitable. Tenneco shall inform the Newco employees of their accrued benefits within a reasonable time after the transition date.

(b) Tenneco shall amend, or cause to be amended, the qualified defined benefit pension plans to provide that service with Newco will be used to determine whether Newco Employees who are participants in such plans attain eligibility for subsidized early retirement benefits. Newco shall provide to Tenneco such information as it shall request in order to determine service with Newco and its subsidiaries for purposes of applying this Section 4.3.

(c) Under Tenneco's qualified defined benefit pension plans, the Transaction will not be treated as a separation from service for purposes of entitling Newco Employees to commence receiving benefits until they attain normal retirement age under the terms of such plans. Tenneco's qualified defined benefit pension plans will count separation from service with Newco as such a separation from service as to Newco Employees.

Notwithstanding any other provision hereof, if Tenneco determines that the present value of the accrued benefit of any Newco Employee under Tenneco's qualified defined benefit pension plans as of the applicable transition date is not greater than $5,000 or such other amount permitted by law, such Newco Employee's accrued benefit may, at Tenneco's discretion, be paid to him or her in a lump sum, and he or she shall have no further interest in or claim against Tenneco qualified defined benefit pension plans.

(d) Tenneco's qualified defined benefit pension plans shall not be required to count service with Newco and its subsidiaries after the applicable transition date for the purpose of benefit accrual or to adjust benefits pursuant to any future collective bargaining agreement entered into by Newco.

4.4 The participation of Newco Employees in Tenneco's qualified defined contribution plans shall cease as of December 31, 1999 (or such earlier date as determined by Newco, the "DC Plan Transition Date"). Upon cessation of participation in the Tenneco DC Plan, Newco shall extend coverage under one or more defined contribution plans established by Newco (the "Newco DC Plan"), and Tenneco's

qualified defined contribution plans shall transfer the account balances of all Newco Employees to the Newco DC Plan. Such transfer shall be in cash, except that the Newco DC Plan will accept Tenneco stock for the Tenneco stock fund portion of such account balances, and participant promissory notes for the outstanding participant loans. The Newco DC Plan shall not offer Tenneco stock as an investment option for contributions or transfers made on or after the Closing Date.

5. Executive Compensation

5.1 Participation by Newco Employees in future benefit accruals under the Tenneco Supplemental Executive Retirement Plan shall cease as of the Salaried Plan Transition Date; however, those plans shall continue to cover the Newco Employees who have accrued benefits under that plan on the Salaried Plan Transition Date. Rules similar to the rules of Section 4 hereof shall apply to that plan. Tenneco shall not charge Newco for any payments made to Newco Employees under that plan.

5.2 The participation of Newco Employees in the Tenneco Inc. Deferred Compensation Plan (the "DC Plan") shall cease as of the Closing Date. As of the Closing Date, Newco shall assume the liability for the accounts of Newco Employees in the DC Plan. Tenneco shall transfer to Newco all amounts credited to Newco Employees under the DC Plan along with cash equal to such accounts and the total of each Newco Employee's accounts in the DC Plan as of the Closing Date shall become the opening balance of his account in the Newco Non-qualified Deferred Compensation Plan as of the Closing Date.

6. Welfare Benefits

6.1 (a) The Newco Employees and their dependents shall continue to participate in all Tenneco welfare benefit plans for the period commencing with the Closing Date and ending on December 31, 1999 (or such earlier date as determined by Newco). Newco shall reimburse Tenneco for all direct benefit costs incurred by Newco Employees and their dependents under such plans during such period in a manner consistent with past practice together with a reasonable administrative fee. Newco may substitute a plan of its own sponsorship providing equivalent benefits for any such benefit.

(b) Newco Employees shall not be deemed to have retired or otherwise separated from service solely on account of the Transaction for purposes of entitling them to elect retiree medical and life benefits. Newco Employees who are eligible to retire and receive retiree medical and life benefits under the Tenneco and TPI plans on or before the Closing Date, or who attain eligibility counting service with Newco and age attained within two years of the Closing Date, may upon separation from service with Newco elect to receive such benefits in accordance with the rules of the applicable

Tenneco and TPI plans as then in effect including, without limitation, the requirement that an eligible employee who does not elect coverage upon initial eligibility may not, at a later date, elect such coverage. No other Newco Employee may elect to receive such benefits. If a Newco Employee once elects such coverage and then elects not to continue it, he or she may not again elect such coverage.

7. General

7.1 The parties hereto agree to administer all plans consistently herewith and to the extent necessary to amend plans accordingly.

7.2 This agreement shall not confer third-party beneficiary rights upon any Newco Employee or any other person or entity.

7.3 Each party shall bear all costs and expenses, including but not limited to legal and actuarial fees, incurred in the design, drafting and implementation of its plans and compensation structures and the amendment of its existing plans or compensation structures.

7.4 All or a portion of any or all of the powers, rights, duties and obligations of Tenneco or TPI hereunder may be assigned to any current or future parent, subsidiary, affiliate (including, without limitation, Tenneco Management Corporation and Tenneco Business Services, Inc. or successor to all or any material portion of the business of Tenneco or TPI. For purposes hereof, it is specifically provided that each of specialty packaging and automotive is a material portion of the business of Tenneco. Such assignment may be made to such permitted assignees and in such form and manner as TPI and Tenneco shall determine in their discretion.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the 12th day of April 1999.

TENNECO INC.

By /s/ Paul T. Stecko

TENNECO PACKAGING INC.

By: /s/ James V. Faulkner, Jr.

PACKAGING CORPORATION OF AMERICA

By: /s/ Richard B. West

EXHIBIT 10.12

FINAL -SPECIALTY

PURCHASE/SUPPLY AGREEMENT
(Corrugated Products and Containerboard)

PURCHASE/SUPPLY AGREEMENT dated as of April 12, 1999, between PACKAGING CORPORATION OF AMERICA, a Delaware corporation ("Seller"), and TENNECO PACKAGING SPECIALTY AND CONSUMER PRODUCTS INC., a Delaware corporation ("Buyer").

PRELIMINARY STATEMENT

A. Seller and Tenneco Packaging, Inc. ("TPI"), an affiliate of Buyer, each are party to that Contribution Agreement, dated January 25, 1999 (the "Contribution Agreement"), pursuant to which Seller has agreed to acquire the Containerboard Business (as defined therein) of TPI, upon the terms and subject to the conditions set forth in the Contribution Agreement, for $2.2 billion in cash, securities and assumption of indebtedness. As of and following the closing on the date hereof of the transactions contemplated by the Contribution Agreement (the "Closing"), Seller owns and operates (i) various paper mills, including mills located at Counce, Tennessee; Filer City, Michigan; Tomahawk, Wisconsin; and Valdosta, Georgia (each a "Mill"), each of which produces various grades and types of containerboard products including liner board and medium, and (ii) various box plants which produce various grades and types of corrugated products (each a "Box Plant").

B. In the Contribution Agreement, TPI has agreed to cause Buyer to purchase from Seller, and Seller has agreed to sell to Buyer, certain containerboard, including linerboard and medium ("Containerboard") and certain corrugated products (the "Corrugated Products") produced by Seller, at the prices set forth herein, for five years after the Closing thereunder. Execution and delivery of this Agreement is a condition to the Closing.

NOW, THEREFORE, the parties agree as follows:

1. Purchase and Sale.

1.1 Purchases. Subject to the terms and conditions set forth herein, Buyer agrees to purchase and Seller agrees to supply at the locations listed on Attachment A ("Buyer Locations") the percentage of Buyer's requirements listed on Attachment A for Containerboard and Corrugated Products (as may be updated or modified from time to time as mutually agreed upon by the parties, including New Products, the "Products") for such locations (so long as Seller produces such Products). The Buyer Locations constitute all of the facilities of Buyer that have purchased Containerboard or Corrugated Products from TPI during the 12-month period prior to the date hereof. New Products means Containerboard and Corrugated Products that are either (i) not of a type to be purchased by Buyer from Seller hereunder as of the date hereof, or (ii) a Product that Seller requests to be treated as a New Product pursuant to Section 1.6 hereunder.

1.2 Purchase Orders. All of Buyer's purchases shall (subject to the last sentence of this Section 1.2) be made on the form of purchase orders used by Buyer at each of the Buyer

Locations as of January 25, 1999 between such Buyer Location and the Mills or the Box Plants (hereinafter referred to as "Orders"), and this Agreement shall be deemed to be incorporated into all such Orders. With respect to Corrugated Products, a Buyer Location may issue a blanket purchase order for Products hereunder, with releases, which may be written, verbal or electronic, issued from time to time under such blanket purchase orders for specific purchases. Any such release shall be deemed an Order. Each Order shall specify the type and quantity of Products, the delivery requirements (or, in the case of Containerboard, the requested shipping date), and any other relevant information, all of which (including the purchase orders) shall be in form and with terms and conditions consistent with past practices as of and during the 12-month period prior to the date hereof. In the event any term of any purchase order is inconsistent with, or more onerous to Seller than, the terms of this Agreement, the terms of this Agreement shall control.

1.3 Acceptance. Seller shall be deemed to have accepted all Orders received from Buyer unless Seller notifies Buyer in writing within two business days of receipt of a specific Order that Seller is not accepting such Order.

1.4 Lead Time. Buyer will cooperate with Seller to develop reasonable procedures designed to provide Seller with as much lead time as reasonably practical when placing or changing Orders. Similarly, if Seller ceases to manufacture particular Products, Seller shall provide Buyer with as much lead time as reasonably practical to allow for Buyer to make alternative arrangements to purchase such Products from one or more third parties. If Seller is unable to ship the Products for delivery on the required or requested date, Seller shall give Buyer notice thereof as soon as reasonably practical.

1.5 Exceptions to Requirements. Notwithstanding Section 1.1 hereof:

(a) General Exceptions. Buyer may purchase Products from third parties if (and only if):

(i) Seller is unable to meet Buyer's specifications set forth in an Order for a Product (which specifications will be consistent with, and subject to tolerances and allowances with respect to Product specifications as permitted in accordance with, past practices as of and during the 12-month period prior to the date of this Agreement, subject to changes arising from Buyer's bona fide business requirements provided that such changes (A) do not change any term, such as price, specifically addressed in this Agreement, and (B) the increased costs from any changes shall be borne by Buyer, notwithstanding any other provision of the this Agreement, including clause (A) above, to the contrary), in which case Buyer shall not be obligated to purchase such Products in such Order for which the specifications can not be met from Seller in the future until such time as Seller is capable of producing such Products meeting such specifications;

(ii) Seller is unable to meet Buyer's delivery requirements (or, in the case of Containerboard, the requested shipping date) set forth in an Order (provided such delivery requirements are in accordance with past practices as of and during the 12-month period prior to the date of this Agreement, subject to changes arising from Buyer's bona fide business requirements provided that such changes (A) do not change any term, such as price, specifically addressed in this Agreement, and (B) the increased costs from any changes shall be borne by Buyer, notwithstanding any other

provision of the this Agreement, including clause (A) above, to the contrary), in which case Buyer shall not be obligated to purchase the quantity of the Products specified in such Order for which the delivery requirements or requested shipping date can not be met from Seller; or

(iii) Seller rejects any Orders for any other reason, in which case Buyer shall not be obligated to purchase the quantity of the Products specified in such Orders from Seller.

The exceptions set forth in clauses (ii) and (iii), above, shall apply only to the specific Orders, and not to future Orders covering the same Products, unless the reason for the rejection of an Order under clause (iii) is because Seller does not manufacture or is not capable of manufacturing such Products, in which case clause (iii) will, with respect to such Products, apply to future Orders, to the extent set forth in clause (i) as if such rejection had been made pursuant to clause (i).

(b) Hexacomb. Seller acknowledges that Hexacomb Corporation ("Hexacomb") currently has a contract with Georgia-Pacific Corporation ("GP") to purchase containerboard at certain volumes and prices as set forth in such contract, and that approximately 11,000 tons of containerboard remain to be purchased under such GP contract. A copy of such GP contract, as amended by various letter agreements among the parties, is attached hereto as Attachment B. During the term of this Agreement, Hexacomb shall place all orders for Containerboard with Seller. Seller shall place orders with GP for containerboard, on behalf of Hexacomb under the GP contract, for shipment to Hexacomb, in such amounts as Seller shall determine (provided that Seller shall place orders for at least 1,500 tons per month with GP, provided that Hexacomb has ordered at least such amount from Seller), until the terms of the GP contract have been satisfied. Hexacomb shall pay GP directly for such containerboard, and Seller is not assuming any obligations of Hexacomb or any other party under the GP contract.

1.6 Good Faith Cooperation; Past Practices. The parties shall perform their respective duties and exercise their respective rights under this Agreement in the utmost good faith and fair dealing, and, subject to the specific terms on the face of this Agreement (and not including terms in purchase orders), in a manner consistent with past dealings and practices (including delivery requirements and tolerances and allowances with respect to Product specifications) as of and during the 12-month period prior to the date of this Agreement (subject to changes arising from Buyer's bona fide business requirements provided that such changes (a) do not change any term, such as price, specifically addressed in this Agreement, and (b) the increased costs from any changes shall be borne by Buyer, notwithstanding any other provision of the this Agreement (including clause (a) above) to the contrary. In the event Buyer materially changes its specifications for Products hereunder, Seller may request that the Product be deemed to constitute a New Product, in which event Section 4.3 shall be applicable.

2. Term. Unless earlier terminated in accordance with the terms hereof, this Agreement shall be in effect for a period of five years commencing on the date hereof.

3. Delivery.

3.1 Deliveries. Delivery of Products shall be made F.O.B. delivered to the Buyer Locations in accordance with the schedule and quantities set forth on Buyer's Orders or such other locations as agreed to by Buyer and Seller. Seller shall effect delivery in accordance with Buyer's reasonable instructions in each Order, including instructions concerning load tags, delivery appointments, pallets, drop trailers, and packaging/strapping, provided such instructions are in accordance with past practices as of and during the 12-month period prior to the date of this Agreement, subject to changes arising from Buyer's bona fide business requirements, provided that the increased costs from any changes shall be borne by Buyer. Buyer and Seller will cooperate to establish preferred carriers to minimize freight expenses.

3.2 Title. Title, possession and risk of loss of all Products sold hereunder shall pass to Buyer when the Product leaves the Mill (in the case of Containerboard) or when the Product is unloaded at the Buyer Locations (in the case of Corrugated Products), or such other locations as agreed to by Buyer and Seller.

3.3 Delivery Performance. If Seller fails to achieve a 95% on-time delivery performance for Corrugated Products at any Buyer Location (other than the Buyer Location located in Waco, Texas, which shall have a 90% on-time delivery requirement) for any two months in any 12 consecutive month period, Buyer may deliver Seller a notice of deficient performance with respect to such Buyer Location. If Seller fails to achieve a 95% (90% for Waco) on-time delivery performance at such Buyer Location during any 30 consecutive day period during the 90 days following delivery of such notice of deficient performance, Buyer shall have the right, in addition to any other rights available to it under this Agreement, to cancel this Agreement with respect to such Buyer Location upon 30 days written notice to Seller. This Section 3.3 shall not apply to Containerboard, and shall not apply if the reason Seller has not shipped Products to a Buyer Location is due to Buyer's default under this Agreement.

4. Price and Similar Terms.

4.1 Corrugated Products. The purchase price for the Corrugated Products purchased and delivered during the term hereof shall be Seller's prices and terms of payment in effect on the date of shipment as provided below:

(a) Initial Price. The initial purchase prices for Corrugated Products shall be the prices as currently charged by Tenneco Packaging to the various Buyer Locations as of the date hereof, which prices were determined in a manner consistent with Tenneco Packaging's historical practices (without any rebates or year-end discounts). The initial price for new Corrugated Products shall be determined by Section 4.3 hereof. Except as adjusted in accordance with the terms of this Agreement, prices shall be firm during the Term.

(b) Adjustments.

(i) Board Costs. Prices of Corrugated Products sold under this Agreement shall be periodically adjusted up or down ("Adjustments") based on changes in the low value of the range (if a range is provided) or the stated price (if no range is provided) for linerboard and corrugating medium as listed in the "Price Watch: Paperboard/ Packaging" data published once a month in Pulp and Paper Week (an example "Price Watch:Paperboard/Packaging" is attached hereto for illustrative purposes only as Attachment C). The Buyer Locations located in the following states will use the "West" product pricing listed in "Price Watch: Paperboard/Packaging": Washington, Oregon, California, Montana, Idaho, Nevada, Wyoming, Colorado, Utah, Arizona and New Mexico. All other Buyer Locations will use the "East" product pricing listed in "Price Watch: Paperboard/Packaging." Price increases or decreases shall be calculated as provided and illustrated in Attachment D hereto. Price adjustments, whether increases or decreases, shall be made thirty days after the publication date of "Price Watch: Paperboard/Packaging," but only if the cumulative change from an existing price equals or exceeds $10.00 per ton. "Price Watch" changes identified to specific geographic regions shall trigger Adjustments applicable only to the affected regions.

(ii) Non-Board Costs. Adjustments shall also be made during each calendar year of the Term to accommodate positive or negative changes in Seller's costs for freight, energy, labor, factory overhead and other non-Containerboard related costs ("Non-board Costs"). These Adjustments shall be made once each calendar year, if applicable. During February of each calendar year of the Term beginning February 2000, Seller shall prepare a proposed Adjustment to accommodate changes in Non-board Costs since the previous February's Non-board Costs Adjustment. Seller's proposed Adjustments and written justification therefor, including substantiation thereof, shall be mailed by Seller to Buyer by February 28 of each year. Any Adjustment for Non-board Costs changes shall not take effect until Buyer and Seller agree on the amount of the Adjustment. In any event, such Adjustment shall be effective not earlier than June 1 nor later than June 30 following the applicable February computation. Any such Price changes shall be limited to a maximum annual increase of 1.0%.

(iii) Negotiations and Arbitration. Any negotiation of Adjustments required by this Section 4.1(b) shall be done in good faith. In the event that the Parties are unable to reach agreement on revised pricing, as called for by any of the provisions of this Section 4.1(b), then the matter shall be submitted to arbitration. The arbitration shall be conducted by a single arbitrator under the then-current rules of the American Arbitration Association. The arbitrator shall be chosen by mutual agreement from a list of persons knowledgeable in the area of corrugated purchasing. The parties shall instruct the arbitrator to make its decision as promptly as practical, and to effectuate the intent of the parties as specified in this Agreement, including Section 1.6 and other Sections of this Agreement. The arbitrator shall have the discretion to awards costs to either party. The decision and award of the arbitrator shall be based upon its interpretation and enforcement of the terms of this Agreement and shall be final and binding.

4.2 Containerboard Prices. The purchase price for the Containerboard purchased and delivered during the term hereof shall be Seller's prices and terms of payment in effect on the date of shipment as provided below:

(a) Initial Prices. The initial prices payable for all Containerboard purchased and delivered during the first calendar month hereof shall be the current Georgia Pacific or Tenneco Packaging prices (as appropriate) in effect on the date hereof, which prices (as to Tenneco Packaging) were determined in a manner consistent with TPI's historical practices (without any rebates or year-end discounts).

(b) Adjustments. The prices payable for all Containerboard purchased and delivered hereunder during the subsequent calendar months shall be adjusted based on changes in the low value of the range (if a range is provided) or the stated price (if no range is provided) for the applicable grades listed in the "Price Watch: Paperboard/Packaging" data published once a month in Pulp and Paper Week. The Buyer Locations located in the following states will use the "West" product pricing listed in the "Price Watch: Paperboard/Packaging:" Washington, Oregon, California, Montana, Idaho, Nevada, Wyoming, Colorado, Utah, Arizona and New Mexico. All other Buyer Locations will use the "East" product pricing listed in the "Price Watch: Paperboard/Packaging." Prices shall be increased or decreased on a dollar for dollar basis in order to reflect the change in the short ton price. Price adjustments, whether increases or decreases, shall be made on the first day of the month following the publication date of "Price Watch: Paperboard/Packaging," but only if the cumulative change from an existing price equals or exceeds $10.00 per ton. "Price Watch" changes identified to specific geographic regions shall trigger Adjustments applicable only to the affected regions.

4.3 New Products. The price for New Products shall be determined by reference to the pricing factors for similar Products being sold by Seller hereunder at the same Buyer Location, including quantity, size, board combination, print coverage and margin. In the event the parties cannot agree on the price for a New Product, the matter shall be submitted to arbitration as set forth in Section 4.1(b)(iii) hereof.

4.4 Books and Records. Buyer shall have the right, at Buyer's expense, upon reasonable notice and during normal business hours, to review Seller's books and records with respect to Seller's Non-Board Costs and the pricing of any new Products that Buyer agrees to purchase from Seller and Seller agrees to sell to Buyer pursuant to Section 4.3 hereof. Seller shall have the right, at Seller's expense, upon reasonable notice and during normal business hours, to review Buyer's books and records relating to purchases of Products at the Buyer Locations to verify compliance with the requirements of Section 1 hereof, including Buyer's purchases of Products from persons other than Seller. All information obtained through any such review by either party or their respective agents pursuant to this Section 4.4 shall be held in confidence. Notwithstanding the foregoing, either party may require that the other party's review be conducted by such other party's outside accountants if the first party has a good faith concern that such disclosure would involve disclosure of proprietary or confidential information.

5. Payment Terms. Terms of Payment shall be net 30 days. All payments shall be made at such place of payment as designated by Seller in writing to Buyer. Each party shall promptly reimburse the other party for any and all costs and expenses of any nature or kind whatsoever (including but not limited to attorneys' fees) in seeking to collect an unpaid amount

6. Warranty.

6.1 General. Seller warrants that (a) it will have good title to all Products, (b) the Products will be free and clear of all liens and encumbrances, (c) the Products will be of good material and workmanship, free from material defects, and (i) with respect to Corrugated Products, in conformance with Buyer's specifications, and (ii) with respect to Containerboard, in conformance with the specifications for Containerboard set forth in Attachment E (as the parties may agree in writing to amend or modify such specifications from time to time), consistent, with respect to both Corrugated Products and Containerboard, with the provisions of Section 1.6 hereof as they relate to tolerances and allowances and other specifications, and (iv) the Products will be in compliance with specifications that Seller meets for shipments to Seller's own container plants or used for its own products. Any claims involving non-complying or damaged Products or for shortages shall be made within 60 days after delivery to Buyer, unless Buyer first learns of such non-compliance from a third party more than 60 days after the date of delivery to Buyer, in which event Buyer shall give Seller notice as soon as reasonably practical after learning of such non-compliance. All other claims shall be made promptly after Buyer learns of such claim.

6.2 Compliance with Law. Seller shall, insofar as it relates to compliance with material laws, rules and regulations, perform its services under the Agreement in a manner generally consistent with past practices of TPI in conducting the Containerboard Business as of and during the 12-month period prior to the date hereof, including the Fair Labor Standards Act of 1938, the Walsh-Healey Public Contracts Act, the Contract Work Hours and Safety Standards Act, and laws prohibiting the use of convict labor. To the extent TPI, in conducting the Containerboard Business as of and during the 12-month period prior to the date hereof, furnished to Buyer Material Safety Data Sheets containing health, safety, and other hazard communication information on the Products consistent with OSHA's Hazard Communications Standard, Seller shall continue to provide such information to Buyer.

6.3 Disclaimer of Year 2000 Compliance Warranty SELLER (AND ITS AFFILIATES) AND BUYER (AND ITS AFFILIATES) EXPRESSLY DISCLAIM ANY WARRANTIES THAT THE PRODUCTS PROVIDED BY SELLER AND/OR ITS AFFILIATES TO BUYER UNDER THIS AGREEMENT ARE YEAR 2000 COMPLIANT, THAT IS, THAT SOFTWARE, HARDWARE AND OTHER EQUIPMENT USED IN THE PROVISION OF THE PRODUCTS HEREUNDER WILL ACCURATELY PROCESS DATE DATA SUCH THAT: (a) NO VALUE FOR A DATE WILL CAUSE ANY INTERRUPTION IN PROCESSING, (b) DATE-BASED FUNCTIONALITY OPERATES CONSISTENTLY FOR DATES PRIOR TO, DURING AND AFTER THE YEAR 2000, AND (c) LEAP YEARS WILL BE ACCURATELY RECOGNIZED AND PROCESSED.

6.4 Disclaimer of All Other Warranties. EXCEPT AS PROVIDED HEREIN, SELLER (AND ITS AFFILIATES) DOES NOT MAKE ANY REPRESENTATIONS, WARRANTIES (INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE) OR GUARANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY PRODUCTS PROVIDED HEREUNDER.

7. Force Majeure. Neither Buyer nor Seller shall be liable for inability to perform where such inability is the result of fire, flood, natural calamity, weather, strike, government act or order, or any other cause reasonably beyond the control of the party failing to perform. In the event Seller is excused from performing because of force majeure, Buyer may obtain Products from alternative sources, and may, if required to do so, honor reasonable commitments beyond the expiration of the event of force majeure without liability to Seller, provided that Buyer has acted reasonably under the circumstances in making such commitments and that it was necessary for Buyer to make such commitments. In the event Buyer is excused from performing because of force majeure, Seller may, if required to do so, honor reasonable commitments beyond the expiration of the event of force majeure without liability to Buyer, provided that Seller has acted reasonably under the circumstances in making such commitments and that it was necessary for Seller to make such commitments.

8. Default. In the event either party materially defaults in the prompt or full performance of any material provision of this Agreement and such default was wanton, willful and intentional, the other party shall give written notice of such default and the defaulting party shall have thirty (30) days to cure such default. If such default is not cured to the non-defaulting party's reasonable satisfaction, the non-defaulting party shall have the right to terminate this Agreement effective immediately. A party that is in default under this Agreement and to whom a notice of default has been given with respect to such default shall not have the right to terminate this Agreement.

9. Limitation of Damages. Buyer will have no liability to Seller except to purchase and pay for Products and Seller will have no liability to Buyer except to sell and deliver Products as set forth herein. In the event of a default in payment for delivered Products, Seller's remedy shall be limited to the unpaid contract price, together with such incidental damages, if any, as allowed by the Uniform Commercial Code. In the event of any other default, the non-defaulting party's damages shall be limited to the difference between the market or cover price and unpaid contract price, together with such incidental damages, if any, as allowed by the Uniform Commercial Code, but only for Products purchased pursuant to Orders pursuant to this Agreement.

10. Separate Sales. Each shipment of Products under this Agreement shall constitute a separate and distinct sale, and any default by either party with respect to any shipment shall not affect the right of the other party to insist upon full performance of the provisions of this Agreement for its full term.

11. Miscellaneous.

11.1 Notices. All notices or other communications hereunder (other than purchase orders and similar communications) shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the party for whom it is intended, if delivered by registered or certified mail, return receipt requested, or by a national courier service, or if sent by facsimile transmission; provided that the facsimile transmission is promptly confirmed by telephone confirmation thereof, to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

If to Seller: Packaging Corporation of America
1900 Field Court
Lake Forest, Illinois 60045
Facsimile:
Telephone:
Attn: Chief Executive Officer

If to Buyer: Tenneco Packaging Specialty and Consumer Products Inc.
1900 Field Court
Lake Forest, Illinois 60045
Facsimile: 847-482-4589
Telephone: 847-482-2430
Attn: General Counsel

Either party may from time to time change the address or facsimile number to which notices shall be given by giving the other party written notice thereof. Purchase orders and similar communication may be given in any commercially reasonable fashion, based on the parties' course of dealing.

11.2 No Third Party Benefits. This Agreement is made for the sole benefit of Seller and Buyer and no other person shall have any right or remedy or other legal interest of any kind under or by reason of this Agreement.

11.3 Waiver. The failure of either party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement, or to take advantage of any of its rights, shall not operate as a continuing waiver of such provisions or rights and shall not prevent such party from insisting upon such provisions and taking advantage of such rights in the future.

11.4 Assignment. Neither party to this Agreement may assign any of its rights or obligations hereunder without the prior written consent of the other party hereto, except that (i) in the event a party hereto merges or consolidates with another person or transfers substantially all of its assets to another person, such party's rights and obligations shall be assigned to and assumed by such other person and (ii) in the event Buyer transfers ownership of a Buyer Location, Buyer shall assign its rights and obligations hereunder to the new owner of such Buyer Location pursuant to a written assignment and assumption agreement which requires the purchaser of such Buyer Location to assume all of Buyer's rights and obligations under this Agreement with respect to such Buyer Location without limitation or qualification for the balance of the term of this Agreement. This

Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns hereunder.

11.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois without regard to its conflict of laws provision.

11.6 Entire Agreement. This Agreement embodies the entire agreement between the parties with respect to the purchase and sales of Products and cancels and supersedes any prior agreements, representations, or purchase orders between the parties with respect to the matters covered in this Agreement. Except for Buyer Locations, Products, delivery requirements, and price, no other terms and conditions appearing on purchase orders, acknowledgments or other forms shall be binding unless expressly agreed to by both parties in writing. No amendment of this Agreement shall be effective unless stated in writing and signed by both parties. The Attachments hereto are an integral part of this Agreement and are incorporated by reference herein.

11.7 Severability. In the event that any provision of this Agreement is held illegal or invalid for any reason, such illegality or invalidity shall at the option of the party against whom the same is asserted not affect the remaining parts of this Agreement, but this Agreement shall be construed and enforced as if the illegal or invalid provision had never been inserted herein.

11.8 Interpretation. The word "including" shall mean "including without limitation." The headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement. The rights and remedies they may have at law or in equity, which shall survive and remain available notwithstanding the expiration of any rights hereunder.

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the day first above written.

PACKAGING CORPORATION OF AMERICA

By: /s/ Richard B. West

Name: Richard B. West

Title: Secretary

TENNECO PACKAGING SPECIALTY AND CONSUMER PRODUCTS INC.

By: /s/ James V. Faulkner, Jr.

Name: James V. Faulkner, Jr.

Title: Vice president

EXHIBIT 10.13

FINAL - FOLDING CARTON

PURCHASE/SUPPLY AGREEMENT
(Corrugated Products)

PURCHASE/SUPPLY AGREEMENT dated as of April 12, 1999, between PACKAGING CORPORATION OF AMERICA, a Delaware corporation ("Seller"), and TENNECO PACKAGING INC., a Delaware corporation ("Buyer").

PRELIMINARY STATEMENT

A. Seller and Tenneco Packaging, Inc. ("TPI"), an affiliate of Buyer, each are party to that Contribution Agreement, dated January 25, 1999 (the "Contribution Agreement"), pursuant to which Seller has agreed to acquire the Containerboard Business (as defined therein) of TPI, upon the terms and subject to the conditions set forth in the Contribution Agreement, for $2.2 billion in cash, securities and assumption of indebtedness. As of and following the closing on the date hereof of the transactions contemplated by the Contribution Agreement (the "Closing"), Seller owns and operates various box plants which produce various grades and types of corrugated products (each a "Box Plant").

B. In the Contribution Agreement, TPI has agreed to cause Buyer to purchase from Seller, and Seller has agreed to sell to Buyer, certain corrugated products (the "Corrugated Products") produced by Seller, at the prices set forth herein, for five years after the Closing thereunder. Execution and delivery of this Agreement is a condition to the Closing.

NOW, THEREFORE, the parties agree as follows:

1. Purchase and Sale.

1.1 Purchases. Subject to the terms and conditions set forth herein, Buyer agrees to purchase and Seller agrees to supply at the locations listed on Attachment A ("Buyer Locations") the percentage of Buyer's requirements listed on Attachment A for Corrugated Products (as may be updated or modified from time to time as mutually agreed upon by the parties, including New Products, the "Products") for such locations (so long as Seller produces such Products). The Buyer Locations constitute all of the folding carton facilities of Buyer that have purchased Corrugated Products from TPI during the 12-month period prior to the date hereof. New Products means Corrugated Products that are either (i) not of a type to be purchased by Buyer from Seller hereunder as of the date hereof, or (ii) a Product that Seller requests to be treated as a New Product pursuant to Section 1.6 hereunder.

1.2 Purchase Orders. All of Buyer's purchases shall (subject to the last sentence of this Section 1.2) be made on the form of purchase orders used by Buyer at each of the Buyer Locations as of January 25, 1999, between such Buyer Location and the Box Plants (hereinafter referred to as "Orders"), and this Agreement shall be deemed to be incorporated into all such Orders. With respect to Corrugated Products, a Buyer Location may issue a blanket purchase order for Products hereunder, with releases, which may be written, verbal or electronic, issued from time to time under such blanket purchase orders for specific purchases. Any such release shall be deemed

an Order. Each Order shall specify the type and quantity of Products, the delivery requirements, and any other relevant information, all of which (including the purchase orders) shall be in form and with terms and conditions consistent with past practices as of and during the 12-month period prior to the date hereof. In the event any term of any purchase order is inconsistent with, or more onerous to Seller than, the terms of this Agreement, the terms of this Agreement shall control.

1.3 Acceptance. Seller shall be deemed to have accepted all Orders received from Buyer unless Seller notifies Buyer in writing within two business days of receipt of a specific Order that Seller is not accepting such Order.

1.4 Lead Time. Buyer will cooperate with Seller to develop reasonable procedures designed to provide Seller with as much lead time as reasonably practical when placing or changing Orders. Similarly, if Seller ceases to manufacture particular Products, Seller shall provide Buyer with as much lead time as reasonably practical to allow for Buyer to make alternative arrangements to purchase such Products from one or more third parties. If Seller is unable to ship the Products for delivery on the required or requested date, Seller shall give Buyer notice thereof as soon as reasonably practical.

1.5 Exceptions to Requirements. Notwithstanding Section 1.1 hereof, Buyer may purchase Products from third parties if (and only if):

(i) Seller is unable to meet Buyer's specifications set forth in an Order for a Product (which specifications will be consistent with, and subject to tolerances and allowances with respect to Product specifications as permitted in accordance with, past practices as of and during the 12-month period prior to the date of this Agreement, subject to changes arising from Buyer's bona fide business requirements provided that such changes (A) do not change any term, such as price, specifically addressed in this Agreement, and (B) the increased costs from any changes shall be borne by Buyer, notwithstanding any other provision of the this Agreement, including clause (A) above, to the contrary), in which case Buyer shall not be obligated to purchase such Products in such Order for which the specifications can not be met from Seller in the future until such time as Seller is capable of producing such Products meeting such specifications;

(ii) Seller is unable to meet Buyer's delivery requirements set forth in an Order (provided such delivery requirements are in accordance with past practices as of and during the 12-month period prior to the date of this Agreement, subject to changes arising from Buyer's bona fide business requirements provided that such changes (A) do not change any term, such as price, specifically addressed in this Agreement, and (B) the increased costs from any changes shall be borne by Buyer, notwithstanding any other provision of the this Agreement, including clause (A) above, to the contrary), in which case Buyer shall not be obligated to purchase the quantity of the Products specified in such Order for which the delivery requirements or requested shipping date can not be met from Seller; or

(iii) Seller rejects any Orders for any other reason, in which case Buyer shall not be obligated to purchase the quantity of the Products specified in such Orders from Seller.

The exceptions set forth in clauses (ii) and (iii), above, shall apply only to the specific Orders, and not to future Orders covering the same Products, unless the reason for the rejection of an Order under clause (iii) is because Seller does not manufacture or is not capable of manufacturing such Products, in which case clause (iii) will, with respect to such Products, apply to future Orders, to the extent set forth in clause (i) as if such rejection had been made pursuant to clause (i).

1.6 Good Faith Cooperation; Past Practices. The parties shall perform their respective duties and exercise their respective rights under this Agreement in the utmost good faith and fair dealing, and, subject to the specific terms on the face of this Agreement (and not including terms in purchase orders), in a manner consistent with past dealings and practices (including delivery requirements and tolerances and allowances with respect to Product specifications) as of and during the 12-month period prior to the date of this Agreement (subject to changes arising from Buyer's bona fide business requirements provided that such changes (a) do not change any term, such as price, specifically addressed in this Agreement, and (b) the increased costs from any changes shall be borne by Buyer, notwithstanding any other provision of the this Agreement (including clause (a) above) to the contrary. In the event Buyer materially changes its specifications for Products hereunder, Seller may request that the Product be deemed to constitute a New Product, in which event Section 4.3 shall be applicable.

2. Term. Unless earlier terminated in accordance with the terms hereof, this Agreement shall be in effect for a period of five years commencing on the date hereof.

3. Delivery.

3.1 Deliveries. Delivery of Products shall be made F.O.B. delivered to the Buyer Locations in accordance with the schedule and quantities set forth on Buyer's Orders or such other locations as agreed to by Buyer and Seller. Seller shall effect delivery in accordance with Buyer's reasonable instructions in each Order, including instructions concerning load tags, delivery appointments, pallets, drop trailers, and packaging/strapping, provided such instructions are in accordance with past practices as of and during the 12-month period prior to the date of this Agreement, subject to changes arising from Buyer's bona fide business requirements, provided that the increased costs from any changes shall be borne by Buyer. Buyer and Seller will cooperate to establish preferred carriers to minimize freight expenses.

3.2 Title. Title, possession and risk of loss of all Products sold hereunder shall pass to Buyer when the Product is unloaded at the Buyer Locations, or such other locations as agreed to by Buyer and Seller.

3.3 Delivery Performance. If Seller fails to achieve a 95% on-time delivery performance for Corrugated Products at any Buyer Location for any two months in any 12 consecutive month period, Buyer may deliver Seller a notice of deficient performance with respect

to such Buyer Location. If Seller fails to achieve a 95% on-time delivery performance at such Buyer Location during any 30 consecutive day period during the 90 days following delivery of such notice of deficient performance, Buyer shall have the right, in addition to any other rights available to it under this Agreement, to cancel this Agreement with respect to such Buyer Location upon 30 days written notice to Seller. This Section 3.3 shall not apply if the reason Seller has not shipped Products to a Buyer Location is due to Buyer's default under this Agreement.

4. Price and Similar Terms.

4.1 Corrugated Products. The purchase price for the Corrugated Products purchased and delivered during the term hereof shall be Seller's prices and terms of payment in effect on the date of shipment as provided below:

(a) Initial Price. The initial purchase prices for Corrugated Products shall be the prices as currently charged by Tenneco Packaging to the various Buyer Locations as of the date hereof, which prices were determined in a manner consistent with Tenneco Packaging's historical practices (without any rebates or year-end discounts). The initial price for new Corrugated Products shall be determined by Section 4.3 hereof. Except as adjusted in accordance with the terms of this Agreement, prices shall be firm during the Term.

(b) Adjustments.

(i) Board Costs. Prices of Corrugated Products sold under this Agreement shall be periodically adjusted up or down ("Adjustments") based on changes in the low value of the range (if a range is provided) or the stated price (if no range is provided) for linerboard and corrugating medium as listed in the "Price Watch: Paperboard/Packaging" data published once a month in Pulp and Paper Week (an example "Price Watch:Paperboard/Packaging" is attached hereto for illustrative purposes only as Attachment C). The Buyer Locations located in the following states will use the "West" product pricing listed in "Price Watch: Paperboard/Packaging": Washington, Oregon, California, Montana, Idaho, Nevada, Wyoming, Colorado, Utah, Arizona and New Mexico. All other Buyer Locations will use the "East" product pricing listed in "Price Watch: Paperboard/Packaging." Price increases or decreases shall be calculated as provided and illustrated in Attachment D hereto. Price adjustments, whether increases or decreases, shall be made thirty days after the publication date of "Price Watch: Paperboard/Packaging," but only if the cumulative change from an existing price equals or exceeds $10.00 per ton. "Price Watch" changes identified to specific geographic regions shall trigger Adjustments applicable only to the affected regions.

(ii) Non-Board Costs. Adjustments shall also be made during each calendar year of the Term to accommodate positive or negative changes in Seller's costs for freight, energy, labor, factory overhead and other non-Containerboard related costs ("Non-board Costs"). These Adjustments shall be made once each calendar year, if applicable. During February of each calendar year of the Term beginning February 2000, Seller shall prepare a proposed Adjustment to accommodate changes in Non-board Costs

since the previous February's Non-board Costs Adjustment. Seller's proposed Adjustments and written justification therefor, including substantiation thereof, shall be mailed by Seller to Buyer by February 28 of each year. Any Adjustment for Non-board Costs changes shall not take effect until Buyer and Seller agree on the amount of the Adjustment. In any event, such Adjustment shall be effective not earlier than June 1 nor later than June 30 following the applicable February computation. Any such Price changes shall be limited to a maximum annual increase of 1.0%.

(iii) Negotiations and Arbitration. Any negotiation of Adjustments required by this Section 4.1(b) shall be done in good faith. In the event that the Parties are unable to reach agreement on revised pricing, as called for by any of the provisions of this Section 4.1(b), then the matter shall be submitted to arbitration. The arbitration shall be conducted by a single arbitrator under the then-current rules of the American Arbitration Association. The arbitrator shall be chosen by mutual agreement from a list of persons knowledgeable in the area of corrugated purchasing. The parties shall instruct the arbitrator to make its decision as promptly as practical, and to effectuate the intent of the parties as specified in this Agreement, including Section 1.6 and other Sections of this Agreement. The arbitrator shall have the discretion to awards costs to either party. The decision and award of the arbitrator shall be based upon its interpretation and enforcement of the terms of this Agreement and shall be final and binding.

4.2 INTENTIONALLY OMITTED

4.3 New Products. The price for New Products shall be determined by reference to the pricing factors for similar Products being sold by Seller hereunder at the same Buyer Location, including quantity, size, board combination, print coverage and margin. In the event the parties cannot agree on the price for a New Product, the matter shall be submitted to arbitration as set forth in Section 4.1(b)(iii) hereof.

4.4 Books and Records. Buyer shall have the right, at Buyer's expense, upon reasonable notice and during normal business hours, to review Seller's books and records with respect to Seller's Non-Board Costs and the pricing of any new Products that Buyer agrees to purchase from Seller and Seller agrees to sell to Buyer pursuant to Section 4.3 hereof. Seller shall have the right, at Seller's expense, upon reasonable notice and during normal business hours, to review Buyer's books and records relating to purchases of Products at the Buyer Locations to verify compliance with the requirements of Section 1 hereof, including Buyer's purchases of Products from persons other than Seller. All information obtained through any such review by either party or their respective agents pursuant to this Section 4.4 shall be held in confidence. Notwithstanding the foregoing, either party may require that the other party's review be conducted by such other party's outside accountants if the first party has a good faith concern that such disclosure would involve disclosure of proprietary or confidential information.

5. Payment Terms. Terms of Payment shall be net 30 days. All payments shall be made at such place of payment as designated by Seller in writing to Buyer. Each party shall

promptly reimburse the other party for any and all costs and expenses of any nature or kind whatsoever (including but not limited to attorneys' fees) in seeking to collect an unpaid amount

6. Warranty.

6.1 General. Seller warrants that (a) it will have good title to all Products, (b) the Products will be free and clear of all liens and encumbrances, (c) the Products will be of good material and workmanship, free from material defects, and in conformance with Buyer's specifications (as the parties may agree in writing to amend or modify such specifications from time to time), consistent with the provisions of Section 1.6 hereof as they relate to tolerances and allowances and other specifications, and (iv) the Products will be in compliance with specifications that Seller meets for shipments to Seller's own container plants or used for its own products. Any claims involving non-complying or damaged Products or for shortages shall be made within 60 days after delivery to Buyer, unless Buyer first learns of such non-compliance from a third party more than 60 days after the date of delivery to Buyer, in which event Buyer shall give Seller notice as soon as reasonably practical after learning of such non-compliance. All other claims shall be made promptly after Buyer learns of such claim.

6.2 Compliance with Law. Seller shall, insofar as it relates to compliance with material laws, rules and regulations, perform its services under the Agreement in a manner generally consistent with past practices of TPI in conducting the Containerboard Business as of and during the 12-month period prior to the date hereof, including the Fair Labor Standards Act of 1938, the Walsh-Healey Public Contracts Act, the Contract Work Hours and Safety Standards Act, and laws prohibiting the use of convict labor. To the extent TPI, in conducting the Containerboard Business as of and during the 12-month period prior to the date hereof, furnished to Buyer Material Safety Data Sheets containing health, safety, and other hazard communication information on the Products consistent with OSHA's Hazard Communications Standard, Seller shall continue to provide such information to Buyer.

6.3 Disclaimer of Year 2000 Compliance Warranty SELLER (AND ITS AFFILIATES) AND BUYER (AND ITS AFFILIATES) EXPRESSLY DISCLAIM ANY WARRANTIES THAT THE PRODUCTS PROVIDED BY SELLER AND/OR ITS AFFILIATES TO BUYER UNDER THIS AGREEMENT ARE YEAR 2000 COMPLIANT, THAT IS, THAT SOFTWARE, HARDWARE AND OTHER EQUIPMENT USED IN THE PROVISION OF THE PRODUCTS HEREUNDER WILL ACCURATELY PROCESS DATE DATA SUCH THAT: (a) NO VALUE FOR A DATE WILL CAUSE ANY INTERRUPTION IN PROCESSING, (b) DATE-BASED FUNCTIONALITY OPERATES CONSISTENTLY FOR DATES PRIOR TO, DURING AND AFTER THE YEAR 2000, AND (c) LEAP YEARS WILL BE ACCURATELY RECOGNIZED AND PROCESSED.

6.4 Disclaimer of All Other Warranties. EXCEPT AS PROVIDED HEREIN, SELLER (AND ITS AFFILIATES) DOES NOT MAKE ANY REPRESENTATIONS, WARRANTIES (INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE) OR GUARANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY PRODUCTS PROVIDED HEREUNDER.

7. Force Majeure. Neither Buyer nor Seller shall be liable for inability to perform where such inability is the result of fire, flood, natural calamity, weather, strike, government act or order, or any other cause reasonably beyond the control of the party failing to perform. In the event Seller is excused from performing because of force majeure, Buyer may obtain Products from alternative sources, and may, if required to do so, honor reasonable commitments beyond the expiration of the event of force majeure without liability to Seller, provided that Buyer has acted reasonably under the circumstances in making such commitments and that it was necessary for Buyer to make such commitments. In the event Buyer is excused from performing because of force majeure, Seller may, if required to do so, honor reasonable commitments beyond the expiration of the event of force majeure without liability to Buyer, provided that Seller has acted reasonably under the circumstances in making such commitments and that it was necessary for Seller to make such commitments.

8. Default. In the event either party materially defaults in the prompt or full performance of any material provision of this Agreement and such default was wanton, willful and intentional, the other party shall give written notice of such default and the defaulting party shall have thirty (30) days to cure such default. If such default is not cured to the non-defaulting party's reasonable satisfaction, the non-defaulting party shall have the right to terminate this Agreement effective immediately. A party that is in default under this Agreement and to whom a notice of default has been given with respect to such default shall not have the right to terminate this Agreement.

9. Limitation of Damages. Buyer will have no liability to Seller except to purchase and pay for Products and Seller will have no liability to Buyer except to sell and deliver Products as set forth herein. In the event of a default in payment for delivered Products, Seller's remedy shall be limited to the unpaid contract price, together with such incidental damages, if any, as allowed by the Uniform Commercial Code. In the event of any other default, the non-defaulting party's damages shall be limited to the difference between the market or cover price and unpaid contract price, together with such incidental damages, if any, as allowed by the Uniform Commercial Code, but only for Products purchased pursuant to Orders pursuant to this Agreement.

10. Separate Sales. Each shipment of Products under this Agreement shall constitute a separate and distinct sale, and any default by either party with respect to any shipment shall not affect the right of the other party to insist upon full performance of the provisions of this Agreement for its full term.

11. Miscellaneous.

11.1 Notices. All notices or other communications hereunder (other than purchase orders and similar communications) shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the party for whom it is intended, if delivered by registered or certified mail, return receipt requested, or by a national courier service, or if sent by facsimile transmission; provided that the facsimile transmission is promptly confirmed by telephone

confirmation thereof, to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

If to Seller: Packaging Corporation of America
1900 Field Court
Lake Forest, Illinois 60045
Facsimile:
Telephone:
Attn: Chief Executive Officer

If to Buyer: Tenneco Packaging Inc.
1900 Field Court
Lake Forest, Illinois 60045
Facsimile: 847-482-4589
Telephone: 847-482-2430
Attn: General Counsel

Either party may from time to time change the address or facsimile number to which notices shall be given by giving the other party written notice thereof. Purchase orders and similar communication may be given in any commercially reasonable fashion, based on the parties' course of dealing.

11.2 No Third Party Benefits. This Agreement is made for the sole benefit of Seller and Buyer and no other person shall have any right or remedy or other legal interest of any kind under or by reason of this Agreement.

11.3 Waiver. The failure of either party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement, or to take advantage of any of its rights, shall not operate as a continuing waiver of such provisions or rights and shall not prevent such party from insisting upon such provisions and taking advantage of such rights in the future.

11.4 Assignment. Neither party to this Agreement may assign any of its rights or obligations hereunder without the prior written consent of the other party hereto, except that (i) in the event a party hereto merges or consolidates with another person or transfers substantially all of its assets to another person, such party's rights and obligations shall be assigned to and assumed by such other person and (ii) in the event Buyer transfers ownership of a Buyer Location, Buyer shall assign its rights and obligations hereunder to the new owner of such Buyer Location pursuant to a written assignment and assumption agreement which requires the purchaser of such Buyer Location to assume all of Buyer's rights and obligations under this Agreement with respect to such Buyer Location without limitation or qualification for the balance of the term of this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns hereunder.

11.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois without regard to its conflict of laws provision.

11.6 Entire Agreement. This Agreement embodies the entire agreement between the parties with respect to the purchase and sales of Products and cancels and supersedes any prior agreements, representations, or purchase orders between the parties with respect to the matters covered in this Agreement. Except for Buyer Locations, Products, delivery requirements, and price, no other terms and conditions appearing on purchase orders, acknowledgments or other forms shall be binding unless expressly agreed to by both parties in writing. No amendment of this Agreement shall be effective unless stated in writing and signed by both parties. The Attachments hereto are an integral part of this Agreement and are incorporated by reference herein.

11.7 Severability. In the event that any provision of this Agreement is held illegal or invalid for any reason, such illegality or invalidity shall at the option of the party against whom the same is asserted not affect the remaining parts of this Agreement, but this Agreement shall be construed and enforced as if the illegal or invalid provision had never been inserted herein.

11.8 Interpretation. The word "including" shall mean "including without limitation." The headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation of this Agreement. The rights and remedies they may have at law or in equity, which shall survive and remain available notwithstanding the expiration of any rights hereunder.

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the day first above written.

PACKAGING CORPORATION OF AMERICA

By: /s/ Richard B. West

Name: Richard B. West

Title: Secretary

TENNECO PACKAGING INC.

By: /s/ James V. Fanlkner, Jr.

Name: James V. Fanlkner, Jr.

Title: Vice President

EXHIBIT 10.14

FINAL- AUTOMOTIVE

PURCHASE/SUPPLY AGREEMENT
(Corrugated Products)

PURCHASE/SUPPLY AGREEMENT dated as of April 12, 1999, between PACKAGING CORPORATION OF AMERICA, a Delaware corporation ("Seller"), and TENNECO AUTOMOTIVE INC., a Delaware corporation ("Buyer").

PRELIMINARY STATEMENT

A. Seller and Tenneco Packaging, Inc. ("TPI"), an affiliate of Buyer, each are party to that Contribution Agreement, dated January 25, 1999 (the "Contribution Agreement"), pursuant to which Seller has agreed to acquire the Containerboard Business (as defined therein) of TPI, upon the terms and subject to the conditions set forth in the Contribution Agreement, for $2.2 billion in cash, securities and assumption of indebtedness. As of and following the closing on the date hereof of the transactions contemplated by the Contribution Agreement (the "Closing"), Seller owns and operates various box plants which produce various grades and types of corrugated products (each a "Box Plant").

B. In the Contribution Agreement, TPI has agreed to cause Buyer to purchase from Seller, and Seller has agreed to sell to Buyer, certain corrugated products (the "Corrugated Products") produced by Seller, at the prices set forth herein, for five years after the Closing thereunder. Execution and delivery of this Agreement is a condition to the Closing.

NOW, THEREFORE, the parties agree as follows:

1. Purchase and Sale.

1.1 Purchases. Subject to the terms and conditions set forth herein, Buyer agrees to purchase and Seller agrees to supply at the locations listed on Attachment A ("Buyer Locations") the percentage of Buyer's requirements listed on Attachment A for Corrugated Products (as may be updated or modified from time to time as mutually agreed upon by the parties, including New Products, the "Products") for such locations (so long as Seller produces such Products). The Buyer Locations constitute all of the facilities of Buyer that have purchased Corrugated Products from TPI during the 12-month period prior to the date hereof. New Products means Corrugated Products that are either (i) not of a type required to be purchased by Buyer from Seller hereunder as of the date hereof, or (ii) a Product that Seller requests to be treated as a New Product pursuant to Section 1.6 hereunder.

1.2 Purchase Orders. All of Buyer's purchases shall (subject to the last sentence of this Section 1.2) be made on the form of purchase orders used by Buyer at each of the Buyer Locations as of or prior to January 25, 1999 (hereinafter referred to as "Orders"), copies of which are attached hereto as Attachment B, and this Agreement shall be deemed to be incorporated into all such Orders. With respect to Corrugated Products, a Buyer Location may issue a blanket purchase order for Products hereunder, with releases, which may be written, verbal or electronic, issued from time to time under such blanket purchase orders for specific purchases. Any such release shall be

deemed an Order. Each Order shall specify the type and quantity of Products, the delivery requirements (or, in the case of Containerboard, the requested shipping date), and any other relevant information, all of which (including the purchase orders) shall be in form and with terms and conditions consistent with past practices as of and during the 12-month period prior to the date hereof. In the event any term of any purchase order is inconsistent with, or more onerous to Seller than, the terms of this Agreement, the terms of this Agreement shall control.

1.3 Acceptance. Seller shall be deemed to have accepted all Orders received from Buyer unless Seller notifies Buyer in writing within two business days of receipt of a specific Order that Seller is not accepting such Order.

1.4 Lead Time. Buyer will cooperate with Seller to develop reasonable procedures designed to provide Seller with as much lead time as reasonably practical when placing or changing Orders. Similarly, if Seller ceases to manufacture particular Products, Seller shall provide Buyer with as much lead time as reasonably practical to allow for Buyer to make alternative arrangements to purchase such Products from one or more third parties. If Seller is unable to ship the Products for delivery on the required or requested date, Seller shall give Buyer notice thereof as soon as reasonably practical.

1.5 Exceptions to Requirements. Notwithstanding Section 1.1 hereof, Buyer may purchase Products from third parties if (and only if):

(i) Seller is unable to meet Buyer's specifications set forth in an Order for a Product (which specifications will be consistent with, and subject to tolerances and allowances with respect to Product specifications as permitted in accordance with, past practices as of and during the 12-month period prior to the date of this Agreement, subject to changes arising from Buyer's bona fide business requirements provided that such changes (A) do not change any term, such as price, specifically addressed in this Agreement, and (B) the increased costs from any changes shall be borne by Buyer, notwithstanding any other provision of the this Agreement, including clause (A) above, to the contrary), in which case Buyer shall not be obligated to purchase such Products in such Order for which the specifications can not be met from Seller in the future until such time as Seller is capable of producing such Products meeting such specifications;

(ii) Seller is unable to meet Buyer's delivery requirements set forth in an Order (provided such delivery requirements are in accordance with past practices as of and during the 12-month period prior to the date of this Agreement, subject to changes arising from Buyer's bona fide business requirements provided that such changes (A) do not change any term, such as price, specifically addressed in this Agreement, and (B) the increased costs from any changes shall be borne by Buyer, notwithstanding any other provision of the this Agreement, including clause (A) above, to the contrary), in which case Buyer shall not be obligated to purchase the quantity of the Products specified in such Order for which the delivery requirements or requested shipping date can not be met from Seller; or

(iii) Seller rejects any Orders for any other reason, in which case Buyer shall not be obligated to purchase the quantity of the Products specified in such Orders from Seller.

The exceptions set forth in clauses (ii) and (iii), above, shall apply only to the specific Orders, and not to future Orders covering the same Products, unless the reason for the rejection of an Order under clause (iii) is because Seller does not manufacture or is not capable of manufacturing such Products, in which case clause (iii) will, with respect to such Products, apply to future Orders, to the extent set forth in clause (i) as if such rejection had been made pursuant to clause (i).

1.6 Good Faith Cooperation; Past Practices. The parties shall perform their respective duties and exercise their respective rights under this Agreement in the utmost good faith and fair dealing, and, subject to the terms hereof, in a manner consistent with past dealings and practices (including delivery requirements and tolerances and allowances with respect to Product specifications) as of and during the 12-month period prior to the date of this Agreement (subject to changes arising from Buyer's bona fide business requirements provided that such changes (a) do not change any term, such as price, specifically addressed in this Agreement, and (b) the increased costs from any changes shall be borne by Buyer, notwithstanding any other provision of the this Agreement (including clause (a) above) to the contrary. In the event Buyer materially changes its specifications for Products hereunder, Seller may request that the Product be deemed to constitute a New Product, in which event Section 4.3 shall be applicable.

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3.1 Deliveries. Delivery of Products shall be made F.O.B. delivered to the Buyer Locations in accordance with the schedule and quantities set forth on Buyer's Orders or such other locations as agreed to by Buyer and Seller. Seller shall effect delivery in accordance with Buyer's reasonable instructions in each Order, including instructions concerning load tags, delivery appointments, pallets, drop trailers, and packaging/strapping, provided such instructions are in accordance with past practices as of and during the 12-month period prior to the date of this Agreement, subject to changes arising from Buyer's bona fide business requirements, provided that the increased costs from any changes shall be borne by Buyer. Buyer and Seller will cooperate to establish preferred carriers to minimize freight expenses.

3.2 Title. Title, possession and risk of loss of all Products sold hereunder shall pass to Buyer when the Product is unloaded at the Buyer Locations, or such other locations as agreed to by Buyer and Seller.

3.3 Delivery Performance. If Seller fails to achieve a 95% on-time delivery performance for Corrugated Products at any Buyer Location for any two months in any 12 consecutive month period, Buyer may deliver Seller a notice of deficient performance with respect to such Buyer Location. If Seller fails to achieve a 95% on-time delivery performance at such Buyer

Location during any 30 consecutive day period during the 90 days following delivery of such notice of deficient performance, Buyer shall have the right, in addition to any other rights available to it under this Agreement, to cancel this Agreement with respect to such Buyer Location upon 30 days written notice to Seller. This Section 3.3 shall not apply if the reason Seller has not shipped Products to a Buyer Location is due to Buyer's default under this Agreement.

4. Price and Similar Terms.

4.1 Corrugated Products. The purchase price for the Corrugated Products purchased and delivered during the term hereof shall be Seller's prices and terms of payment in effect on the date of shipment as provided below:

(a) Initial Price. The initial purchase prices for Corrugated Products shall be the prices as currently charged by Tenneco Packaging to the various Buyer Locations as of the date hereof, which prices were determined in a manner consistent with Tenneco Packaging's historical practices. The initial price for new Corrugated Products shall be determined by Section 4.3 hereof (without any rebates or year-end discounts). Except as adjusted in accordance with the terms of this Agreement, prices shall be firm during the Term.

(b) Adjustments.

(i) Board Costs. Prices of Corrugated Products sold under this Agreement shall be periodically adjusted up or down ("Adjustments") based on changes in the low value of the range (if a range is provided) or the stated price (if no range is provided) for linerboard and corrugating medium as listed in the "Price Watch: Paperboard/Packaging" data published once a month in Pulp and Paper Week (an example "Price Watch:Paperboard/Packaging" is attached hereto for illustrative purposes only as Attachment C). The Buyer Locations located in the following states will use the "West" product pricing listed in "Price Watch: Paperboard/Packaging": Washington, Oregon, California, Montana, Idaho, Nevada, Wyoming, Colorado, Utah, Arizona and New Mexico. All other Buyer Locations will use the "East" product pricing listed in "Price Watch: Paperboard/Packaging." Price increases or decreases shall be calculated as provided and illustrated in Attachment D hereto. Price adjustments, whether increases or decreases, shall be made thirty days after the publication date of "Price Watch: Paperboard/Packaging," but only if the cumulative change from an existing price equals or exceeds $10.00 per ton. "Price Watch" changes identified to specific geographic regions shall trigger Adjustments applicable only to the affected regions.

(ii) Non-Board Costs. Adjustments shall also be made during each calendar year of the Term to accommodate positive or negative changes in Seller's costs for freight, energy, labor, factory overhead and other non-Containerboard related costs ("Non-board Costs"). These Adjustments shall be made once each calendar year, if applicable. During February of each calendar year of the Term beginning February 2000, Seller shall prepare a proposed Adjustment to accommodate changes in Non-board Costs since the previous February's Non-board Costs Adjustment. Seller's proposed Adjustments

and written justification therefor, including substantiation thereof, shall be mailed by Seller to Buyer by February 28 of each year. Any Adjustment for Non-board Costs changes shall not take effect until Buyer and Seller agree on the amount of the Adjustment. In any event, such Adjustment shall be effective not earlier than June 1 nor later than June 30 following the applicable February computation. Any such Price changes shall be limited to a maximum annual increase of 1.0%.

(iii) Negotiations and Arbitration. Any negotiation of Adjustments required by this Section 4.1(b) shall be done in good faith. In the event that the Parties are unable to reach agreement on revised pricing, as called for by any of the provisions of this Section 4.1(b), then the matter shall be submitted to arbitration. The arbitration shall be conducted by a single arbitrator under the then-current rules of the American Arbitration Association. The arbitrator shall be chosen by mutual agreement from a list of persons knowledgeable in the area of corrugated purchasing. The parties shall instruct the arbitrator to make its decision as promptly as practical, and to effectuate the intent of the parties as specified in this Agreement, including Section 1.6 and other Sections of this Agreement. The arbitrator shall have the discretion to awards costs to either party. The decision and award of the arbitrator shall be based upon its interpretation and enforcement of the terms of this Agreement and shall be final and binding.

4.3 New Products. The price for New Products shall be determined by reference to the pricing factors for similar Products being sold by Seller hereunder at the same Buyer Location, including quantity, size, board combination, print coverage and margin. In the event the parties cannot agree on the price for a New Product, the matter shall be submitted to arbitration as set forth in Section 4.1(b)(iii) hereof.

4.4 Books and Records. Buyer shall have the right, at Buyer's expense, upon reasonable notice and during normal business hours, to review Seller's books and records with respect to Seller's Non-Board Costs and the pricing of any new Products that Buyer agrees to purchase from Seller and Seller agrees to sell to Buyer pursuant to Section 4.3 hereof. Seller shall have the right, at Seller's expense, upon reasonable notice and during normal business hours, to review Buyer's books and records relating to purchases of Products at the Buyer Locations to verify compliance with the requirements of Section 1 hereof, including Buyer's purchases of Products from persons other than Seller. All information obtained through any such review by either party or their respective agents pursuant to this Section 4.4 shall be held in confidence. Notwithstanding the foregoing, either party may require that the other party's review be conducted by such other party's outside accountants if the first party has a good faith concern that such disclosure would involve disclosure of proprietary or confidential information.

5. Payment Terms. Terms of Payment shall be net 30 days. All payments shall be made at such place of payment as designated by Seller in writing to Buyer. Each party shall promptly reimburse the other party for any and all costs and expenses of any nature or kind whatsoever (including but not limited to attorneys' fees) in seeking to collect an unpaid amount

6. Warranty.

6.1 General. Seller warrants that (a) it will have good title to all Products, (b) the Products will be free and clear of all liens and encumbrances, (c) the Products will be of good material and workmanship, free from defects, and in conformance with Buyer's specifications (as the parties may agree in writing to amend or modify such specifications from time to time), consistent, with respect to both Corrugated Products and Containerboard, with the provisions of Section 1.6 hereof as they relate to tolerances and allowances, and (iv) the Products will be in compliance with specifications that Seller meets for shipments to Seller's own container plants or used for its own products. Any claims involving non-complying or damaged Products or for shortages shall be made within 60 days after delivery to Buyer, unless Buyer first learns of such non-compliance from a third party more than 60 days after the date of delivery to Buyer, in which event Buyer shall give Seller notice as soon as reasonably practical after learning of such non-compliance. All other claims shall be made promptly after Buyer learns of such claim.

6.2 Compliance with Law. Seller shall, insofar as it relates to compliance with material laws, rules and regulations, perform its services under the Agreement in a manner generally consistent with past practices of TPI in conducting the Containerboard Business as of and during the 12-month period prior to the date hereof, including the Fair Labor Standards Act of 1938, the Walsh-Healey Public Contracts Act, the Contract Work Hours and Safety Standards Act, and laws prohibiting the use of convict labor. To the extent TPI, in conducting the Containerboard Business as of and during the 12-month period prior to the date hereof, furnished to Buyer Material Safety Data Sheets containing health, safety, and other hazard communication information on the Products consistent with OSHA's Hazard Communications Standard, Seller shall continue to provide such information to Buyer.

7. Force Majeure. Neither Buyer nor Seller shall be liable for inability to perform where such inability is the result of fire, flood, natural calamity, weather, strike, government act or order, or any other cause reasonably beyond the control of the party failing to perform. In the event Seller is excused from performing because of force majeure, Buyer may obtain Products from alternative sources, and may, if required to do so, honor reasonable commitments beyond the expiration of the event of force majeure without liability to Seller, provided that Buyer has acted reasonably under the circumstances in making such commitments and that it was necessary for Buyer to make such commitments. In the event Buyer is excused from performing because of force majeure, Seller may, if required to do so, honor reasonable commitments beyond the expiration of the event of force majeure without liability to Buyer, provided that Seller has acted reasonably under the circumstances in making such commitments and that it was necessary for Seller to make such commitments.

8. Default. In the event either party defaults in the prompt or full performance of any material provision of this Agreement and such default was intentional, the other party shall give written notice of default and the defaulting party shall have thirty (30) days to cure the default. If the default is not cured to the non-defaulting party's reasonable satisfaction, the non-defaulting party shall have the right to terminate this Agreement effective immediately. A party that is in default under this Agreement and to whom a notice of default has been given with respect to such default shall not have the right to terminate this Agreement. In determining the materiality of a default, the occurrence or recurrence of an event or of similar events may be considered.

9. Limitation of Damages. Buyer will have no liability to Seller except to purchase and pay for Products and Seller will have no liability to Buyer except to sell and deliver Products as set forth herein. In the event of a default in payment for delivered Products, Seller's remedy shall be limited to the unpaid contract price, together with such incidental damages, if any, as allowed by the Uniform Commercial Code. In the event of any other default, the non-defaulting party's damages shall be limited to the difference between the market or cover price and unpaid contract price, together with such incidental damages, if any, as allowed by the Uniform Commercial Code, but only for Products purchased to Orders pursuant to this Agreement.

10. Separate Sales. Each shipment of Products under this Agreement shall constitute a separate and distinct sale, and any default by either party with respect to any shipment shall not affect the right of the other party to insist upon full performance of the provisions of this Agreement for its full term.

11. Miscellaneous.

11.1 Notices. All notices or other communications hereunder (other than purchase orders and similar communications) shall be deemed to have been duly given and made if in writing and if served by personal delivery upon the party for whom it is intended, if delivered by registered or certified mail, return receipt requested, or by a national courier service, or if sent by facsimile transmission; provided that the facsimile transmission is promptly confirmed by telephone confirmation thereof, to the person at the address set forth below, or such other address as may be designated in writing hereafter, in the same manner, by such person:

If to Seller: Packaging Corporation of America
1900 Field Court
Lake Forest, Illinois 60045
Facsimile:
Telephone:
Attn: Chief Executive Officer

If to Buyer: Tenneco Automotive Inc.
500 West Field Drive
Lake Forest, Illinois 60045
Facsimile:
Telephone:
Attn:

Either party may from time to time change the address or facsimile number to which notices shall be given by giving the other party written notice thereof. Purchase orders and similar communication may be given in any commercially reasonable fashion, based on the parties' course of dealing.

11.2 No Third Party Benefits. This Agreement is made for the sole benefit of Seller and Buyer and no other person shall have any right or remedy or other legal interest of any kind under or by reason of this Agreement.

11.3 Waiver. The failure of either party to insist in any one or more instances upon strict performance of any of the provisions of this Agreement, or to take advantage of any of its rights, shall not operate as a continuing waiver of such provisions or rights and shall not prevent such party from insisting upon such provisions and taking advantage of such rights in the future.

11.4 Assignment. Neither party to this Agreement may assign any of its rights or obligations hereunder without the prior written consent of the other party hereto, except that (i) in the event a party hereto merges or consolidates with another person or transfers substantially all of its assets to another person, such party's rights and obligations shall be assigned to such other person and (ii) in the event Buyer transfers ownership of a Buyer Location, Buyer shall assign its rights and obligations hereunder to the new owner of such Buyer Location pursuant to a written assignment and assumption agreement, a copy of which shall be provided to Seller. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns hereunder.

11.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois without regard to its conflict of laws provision.

11.6 Entire Agreement. This Agreement embodies the entire agreement between the parties with respect to the purchase and sales of Products and cancels and supersedes any prior agreements, representations, or purchase orders between the parties with respect to the matters covered in this Agreement. Except for Buyer Locations, Products, delivery requirements, and price, no other terms and conditions appearing on purchase orders, acknowledgments or other forms shall be binding unless expressly agreed to by both parties in writing. No amendment of this Agreement shall be effective unless stated in writing and signed by both parties. The Attachments hereto are an integral part of this Agreement and are incorporated by reference herein.

11.7 Severability. In the event that any provision of this Agreement is held illegal or invalid for any reason, such illegality or invalidity shall at the option of the party against whom the same is asserted not affect the remaining parts of this Agreement, but this Agreement shall be construed and enforced as if the illegal or invalid provision had never been inserted herein.

11.8 Interpretation. The word "including" shall mean "including without limitation." The headings contained in this Agreement are solely for the purpose of reference, are not part of the agreement of the parties and shall not in any way affect the meaning or interpretation

of this Agreement. The rights and remedies they may have at law or in equity, which shall survive and remain available notwithstanding the expiration of any rights hereunder.

IN WITNESS WHEREOF, Buyer and Seller have executed this Agreement as of the day first above written.

PACKAGING CORPORATION OF AMERICA

By: /s/ Richard B. West

Name: Richard B. West

Title: Secretary

TENNECO AUTOMOTIVE INC.

By: /s/ R.D. Harlow

Name: R.D. Harlow

Title: Senior Vice President

EXHIBIT 10.15

TECHNOLOGY, FINANCIAL AND ADMINISTRATIVE TRANSITION SERVICES AGREEMENT

THIS TECHNOLOGY, FINANCIAL AND ADMINISTRATIVE TRANSITION SERVICES AGREEMENT (this "Transition Services Agreement") is made and entered into as of April 12, 1999, between TENNECO PACKAGING INC., a Delaware corporation ("TPI"), and PACKAGING CORPORATION OF AMERICA, a Delaware corporation ("PCA").

RECITALS

WHEREAS, TPI, PCA Holdings LLC and PCA each are party to a Contribution Agreement, made and entered into as of January 25, 1999 (the "Contribution Agreement"), pursuant to which TPI and PCA Holdings LLC have organized PCA to acquire and operate the Containerboard Business (as defined therein); and

WHEREAS, the Containerboard Business uses certain technology, financial and administrative services provided by TPI, its Affiliates and/or certain outside service providers, and PCA desires to obtain the use of such services for the purpose of enabling PCA to manage an orderly separation of the Containerboard Business from TPI's other businesses and operations.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and undertakings contained herein, and subject to and on the terms and conditions herein set forth, the parties hereto agree as follows:

1. DEFINITIONS AND TERMS

1.1 Certain Definitions. As used herein, the following terms shall have the meanings set forth or as referenced below:

"Affiliate" shall have the meaning as it is defined in the Contribution Agreement.

"Party" shall mean either TPI or PCA; "Parties" shall mean TPI and PCA.

"TPI Technology, Financial and Administrative Services" shall mean the services set forth in Annex A.

"PCA Technology, Financial and Administrative Services" shall means the services set forth in Annex B.

1.2 Other Terms. Other terms may be defined elsewhere in the text of this Transition Services Agreement and, unless otherwise indicated, shall have such meaning throughout this Transition Services Agreement.

1.3 Other Definitional Provisions.

(a) The words "hereof", "herein", and "hereunder", and words of similar import, when used in this Transition Services Agreement, shall refer to this Transition Services Agreement as a whole and not to any particular provision of this Transition Services Agreement.

(b) The terms defined in the singular shall have a comparable meaning when used in the plural, and vice versa.

(c) The terms "dollars" and "$" shall mean United States dollars.

(d) The term "including" shall be deemed to mean "including without limitation."

2. SUPPORT AND ADMINISTRATIVE SERVICES

2.1 Provision of Services by TPI. TPI shall provide or have provided (through its Affiliates and/or certain outside service providers) to PCA the TPI Technology, Financial and Administrative Services set forth in Annex A. TPI also shall provide to PCA additional services not set forth on Annex A, but requested by PCA that previously had been provided by TPI to the Containerboard Business during the twelve (12) month period prior to the Closing Date ("Additional Services"), if TPI has the personnel and equipment reasonably necessary to provide such Additional Services. All Services shall be provided in a manner and at a level of quantity and quality substantially consistent with the past practices and operation of the Containerboard Business by TPI during the twelve (12) month period prior to the Closing Date, and in any event, at a level consistent with the objectives set forth in Attachment 1 exercising substantially the same degree of care and skill as it historically has provided to the Containerboard Business. Notwithstanding the foregoing, TPI will not provide the services identified in Annex A-1, Excluded Services.

2.2 Provision of Services by PCA. PCA shall provide to TPI the PCA Technology, Financial and Administrative Services set forth in Annex B. All Services shall be provided in a manner and at a level of quantity and quality substantially consistent with the past practices and provision of such Services by the Containerboard Business to TPI during the twelve (12) month period prior to the Closing Date exercising substantially the same degree of care and skill as it exercises in performing the same or similar services for its own business and operations.

2.3 Required Third Party Consents.

(a) TPI or its Affiliates will obtain the consents of any relevant third party required for TPI to provide or have provided the TPI Technology, Financial and Administrative Services to PCA pursuant to this Agreement. If such consent cannot be obtained, the Parties will arrange for alternative methods of delivering the necessary service in the manner and at the level and cost provided in this Agreement.

(b) As a precondition to PCA providing services hereunder, TPI will obtain, at its sole expense, the consent of any relevant third party required for PCA to provide the PCA Technology, Financial and Administrative Services to TPI pursuant to this Agreement. If such consent cannot be obtained, TPI with PCA's assistance will arrange for alternative methods of delivering the necessary service in the manner provided in this Agreement. Any PCA costs for providing any alternative method of delivering the necessary service will be passed along to TPI.

3. PRICING, BILLING AND PAYMENT

3.1 Pricing. The cost to PCA for the TPI Technology, Financial and Administrative Services listed on Annex A-2 shall be the lesser of (i) the actual cost on a fully loaded basis without allocation of corporate overhead ("TPI's Cost") and (ii) 105% of the amounts reflected on Annex A-2 across from such Service. The cost to PCA for the TPI Technology, Financial and Administrative Services set forth on Annex A and not listed on Annex A-2 will be the agreed upon rates as specifically set forth in Annex A. The cost to PCA for any Additional Services will be TPI's Cost. If and to the extent PCA is obligated to pay any fees for a TPI Technology, Financial and Administrative Service or Additional Service hereunder, and a fee, charge or expense is charged PCA for the same service as Rent under Facilities Use Agreement between TPI and PCA, PCA shall pay such fee, charge or expense under the Facilities Use Agreement and not under this Transition Services Agreement, unless the parties shall otherwise mutually agree. All PCA Technology, Financial and Administrative Services shall be charged to and payable by TPI on a monthly basis at the actual cost on a fully loaded basis without allocation of corporate overhead ("PCA's Cost").

3.2 Billing, Payments and Adjustments. Charges for TPI and PCA Technology, Financial and Administrative Services and Additional Services shall be billed monthly to the recipient Party by the service-providing Party. The recipient Party shall remit the amount due for such services to the service-providing Party within thirty (30) days after receipt of any such bill. If any adjustment is needed to properly reflect the cost to PCA pursuant to Section 3.1 for a particular TPI Technology, Financial and Administrative Service, such adjustment will be made quarterly within thirty (30) days after the billing date for the third month of the subject quarter. TPI will afford PCA, upon reasonable notice, access to such information, records and documentation of TPI as PCA may reasonably request in order to verify TPI's Cost for any TPI Technology, Financial and Administrative Service or additional Service. If PCA disputes TPI's Cost for a particular Service, PCA may request an arbitration hearing to be conducted by a neutral arbitrator, mutually agreed upon by the Parties, to verify the accuracy

of TPI's Cost. If the neutral arbitrator determines that TPI's Cost is less than the cost charged, TPI will credit the difference to PCA and pay for the neutral arbitrator's services. Otherwise, PCA will pay for the neutral arbitrator's services.

4. WARRANTIES AND LIABILITIES

4.1 Warranty. TPI (and its Affiliates) and PCA (and its Affiliates) each warrant that the Services provided hereunder by it will be performed in a good workmanlike and timely manner and at a level of quantity and quality substantially consistent with the past practices regarding the same provision of services.

4.2 Compliance with Law. Each Party shall, insofar as it relates to compliance with material laws, rules and regulations, perform its Services under this Transition Services Agreement in a manner generally consistent with past practices of TPI in conducting the Containerboard Business and the Containerboard Business in the provision of Services to TPI as of and during the 12-month period prior to the date hereof, including the Fair Labor Standards Act of 1938, the Walsh-Healey Public Contracts Act, the Contract Work Hours and Safety Standards Act, and laws prohibiting the us of convict labor.

4.3 Infringement Indemnification. TPI shall indemnify, defend and hold PCA harmless against any claim of patent or copyright infringement or infringement of any other rights relating to PCA's use of the Services provided hereunder by TPI, and shall bear all costs and expenses, including reasonable attorneys' fees, arising from or related to any such claim so long as PCA provides TPI with prompt notice of such claim, provided that TPI shall have no obligation with respect to claims based on use of such Services in combination with other processes or products.

4.4 Disclaimer of Year 2000 Compliance Warranty. TPI (AND ITS AFFILIATES) AND PCA (AND ITS AFFILIATES) EXPRESSLY DISCLAIM ANY WARRANTIES THAT THE SERVICES PROVIDED BY TPI AND/OR ITS AFFILIATES TO PCA OR BY PCA AND/OR ITS AFFILIATES TO TPI UNDER THIS TRANSITION SERVICES AGREEMENT (INCLUDING WITHOUT LIMITATION THE YEAR 2000 SERVICES SET FORTH IN ANNEX A) ARE YEAR 2000 COMPLIANT, THAT IS, THAT SOFTWARE, HARDWARE AND OTHER EQUIPMENT USED IN THE PROVISION OF THE SERVICES HEREUNDER WILL ACCURATELY PROCESS DATE DATA SUCH THAT: (a) NO VALUE FOR A DATE WILL CAUSE ANY INTERRUPTION IN PROCESSING, (b) DATE-BASED FUNCTIONALITY OPERATES CONSISTENTLY FOR DATES PRIOR TO, DURING AND AFTER THE YEAR 2000, AND (c) LEAP YEARS WILL BE ACCURATELY RECOGNIZED AND PROCESSED. NOTWITHSTANDING THE FOREGOING AND SUBJECT TO THE CAP LIMITATIONS SET FORTH IN ANNEX B, SECTIONS 4 AND 5, THE PARTIES WILL WORK TOGETHER AND USE THEIR COMMERCIALLY REASONABLE EFFORTS TO RENDER THE PCA SYSTEMS ADDRESSED BY THE TPI Y2K PROJECT PLAN YEAR 2000 COMPLIANT IN 1999.

4.5 Disclaimer of All Other Warranties. EXCEPT AS PROVIDED HEREIN, NEITHER TPI (AND ITS AFFILIATES) NOR PCA (AND ITS AFFILIATES) MAKE ANY REPRESENTATIONS, WARRANTIES (INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE) OR GUARANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO ANY SERVICES PROVIDED HEREUNDER.

4.6 Limitation on Liability. A Party's maximum liability to, and the sole remedy of, the other Party for breach of this Transition Services Agreement caused by mistake constituting gross negligence or error constituting gross negligence or by willful misconduct with respect to the Services provided under sections 1.c. and 1.d. of Annex A, Annex B and for which a Party provides assistance (including but not limited to Annex A, sections 1.a.v, 1.a.x, 1.e.ii., 1.e.vii., 1.e.xiii., 1.f., 3.b., 3.d., and 4.a.), or for breach, mistake or error with respect to all other Services, shall be for the Party upon receipt of written notice from the other Party of such breach, to use commercially reasonable efforts to cure the breach at its expense, including retaining a third party to provide the particular service, and reimbursement of the actual direct monetary out-of-pocket damages directly caused by such Party's actions. However, a Party shall not be liable to other Party for any breach of this Transition Services Agreement if either (a) the Party is unable to perform the particular Service due to the the other Party's failure to provide proper guidance, requisite assistance or requisite cooperation as identified in Annexes A and B or (b) to the extent the other Party contributed to such breach.

4.7 No Consequential, Incidental or Special Damages. In no event shall either Party be liable to the other Party for any consequential, incidental or special damages suffered by the other Party arising out of this Transition Services Agreement, whether resulting from negligence of a Party or otherwise.

5. FORCE MAJEURE

No Party shall be responsible for, or be considered to be in breach hereunder because of, failure or delay in delivery of any service hereunder, nor shall any Party be responsible for failure or delay in receiving such service, if caused by an act of God or public enemy, war, government acts or regulations, fire, flood, embargo, quarantine, epidemic, labor stoppages beyond its reasonable control, accident, unusually severe weather or other cause similar or dissimilar to the foregoing beyond its control.

6. TERM AND TERMINATION

This Transition Services Agreement shall be effective on the Closing Date and will continue thereafter for an initial term of one year (the "Transition Period"). PCA may extend the Transition Period with respect to any TPI Technology, Financial and Administrative Service or Additional Service for an additional six month period, for an up charge of 15% of the cost of such TPI Technology, Financial and Administrative Service or Additional Service hereunder, by giving TPI notice ninety (90) days prior to the end of the initial Transition Period. PCA may terminate any of the TPI Technology, Financial or Administrative Services or Additional

Services at any time on ninety (90) days prior written notice to TPI. PCA may reduce or phase-down the TPI Technology, Financial or Administrative Services or Additional Services during the Transition Period upon reasonable prior written notice to TPI, in which case the charge to PCA will be reduced to reflect TPI's Cost for rendering such reduced Services. TPI may terminate any such PCA Technology, Financial or Administrative Services upon reasonable prior written notice to PCA, in which case the charge to TPI will be reduced to reflect PCA's Cost (calculated in substantially the same manner as TPI's Cost) for rendering such reduced Services. Sections 4.2-4.5, 7, 8.1 and 8.2 shall survive termination of this Transition Services Agreement.

7. PROPRIETARY INFORMATION AND RIGHTS

Each Party acknowledges that the other Party possesses and will continue to possess information that has been created, discovered or developed by it and/or in which property rights have been assigned or otherwise conveyed to it, which information has commercial value and is not in the public domain. The proprietary information of each Party will be and remain the sole property of such Party and its assigns. Each Party will use the same degree of care that it normally uses to protect its own proprietary information to prevent disclosing to third parties the information of the other Party that it possesses. No Party will make any use of any information of the other which has been identified as proprietary except as contemplated or required by the terms of this Transition Services Agreement. Notwithstanding the foregoing, this Section will not apply to any information that a Party can demonstrate was, at the time of disclosure to it, either in the public domain through no fault of such Party, received after disclosure to it from a third party who had a lawful right to disclose such information to it, or already in possession of or independently developed by the receiving Party.

8. MISCELLANEOUS

8.1 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been given if (i) delivered in person (to the individual whose attention is specified below) or via facsimile (followed immediately with a copy in the manner specified in clause (ii) hereof), (ii) sent by prepaid first-class registered or certified mail, return receipt requested, or (iii) sent by recognized overnight courier service, as follows:

to TPI:

Tenneco Packaging Inc.
1900 West Field Court
Lake Forest, IL 60045
Attention: President
Facsimile: (847) 482-4589

with a copy to:

Tenneco Packaging Inc.

1900 West Field Court
Lake Forest, IL 60045
Attention: General Counsel
Facsimile: (847) 482-4589

with a copy to:

Jenner & Block
One IBM Plaza
Chicago, Illinois 60611
Attention: Timothy R. Donovan
Facsimile: (312) 840-7271

to PCA:

Packaging Corporation of America
1900 West Field Court
Suite 100
Lake Forest, IL 60045
Attention: Chief Financial Officer
Facsimile: (847) 482-2191

with a copy to:

Madison Dearborn Partners, Inc.
Three First National Plaza
Suite 3800
Chicago, IL 60602
Attention: Samuel M. Mencoff
Justin S. Huscher
Facsimile: (312) 895-1000

Kirkland & Ellis
200 E. Randolph Drive
Chicago, IL 60601
Attention: William S. Kirsch
Facsimile: (312) 861-2200

or to such other address as any party hereto may, from time to time, designate in a written notice given in like manner. All notices and other communications hereunder shall be effective: (i) the day of delivery when delivered by hand, facsimile or overnight courier; and (ii) three Business Days from the date deposited in the mail in the manner specified above.

8.2 Amendment; Waiver. Any provision of this Transition Services Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by PCA and TPI, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. Except as otherwise provided herein, the rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

8.3 Assignment; Successors and Assigns. Neither Party may assign any of its rights or obligations under this Transition Services Agreement without the prior written consent of the other Party, provided, however, that either party may assign its rights and delegate its obligations under this Transition Service Agreement to any of its affiliates, divested affiliates or divested business units or an outside service provider so long as it continues to be responsible for any obligations hereunder in the event an obligation is not met, and PCA may collaterally assign its rights and obligations under this Transition Services Agreement to its lenders. This Transition Services Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

8.4 GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM. THIS TRANSITION SERVICES AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF ILLINOIS, WITHOUT REGARD TO ITS PRINCIPLES OF CONFLICTS OF LAWS. JURISDICTION AND SELECTION OF FORUM SHALL BE SUBJECT TO SECTION 10.11 OF THE CONTRIBUTION AGREEMENT.

8.5 Counterparts. This Transition Services Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same Agreement.

8.6 Severability. The provisions of this Transition Services Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof or thereof. If any provision of this Transition Services Agreement, or the application thereof to any Party or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Transition Services Agreement and the application of such provision to other persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

8.7 Human Resources Agreement. To the extent that any provision in this Transition Services Agreement is determined to be in conflict with any provision in the Human Resources Agreement, except for the second sentence of Section 4.2(c) thereof, the terms of this Transition Services Agreement shall prevail.

IN WITNESS WHEREOF, the parties have executed or caused this Transition Services Agreement to be executed as of the date first written above.

Tenneco Packaging Inc.

By: /s/ James V. Fanlkner, Jr.

Name: James V. Fanlkner, Jr.
Title: Vice President

Packaging Corporation of America

By: /s/ Justin S. Huscher
Name: Justin S. Huscher
Title: Assistant Secretary

EXHIBIT 10.16

MADISON DEARBORN PARTNERS, INC.

January 25, 1999

PERSONAL AND CONFIDENTIAL

Mr. Paul T. Stecko
1900 West Field Court
Lake Forest, IL 60045

Dear Paul:

On behalf of Packaging Corporation of America (the "Company"), I am pleased to offer you the position of Chairman and Chief Executive Officer of the Company, under the following terms and conditions:

1) Your employment will commence on the closing of the transaction by which the Containerboard Business of Tenneco Packaging Inc. is contributed to the Company.

2) You will be paid a base salary of $600,000 a year, which shall be subject to such increases as may from time to time be approved by the Board of Directors of the Company or such committee of the Board to which such power has been delegated, payable according to the regular pay schedule for salaried employees. You will be paid a bonus with respect to each calendar year as determined by the Board or such a committee, but in no event shall your bonus with respect to each of the years 1999, 2000 and 2001 be less than $500,000.

3) You will be a participant in all employee benefit plans applicable to salaried employees generally and all executive officer compensation plans applicable to senior executives of the Company.

4) You will receive an annual perquisites allowance of at least $60,000 which you may receive in either cash, perquisites or a combination at your election.

5) You will have four weeks vacation per year.

SAMUEL M. MENCOFF
MADISON DEARBORN PARTNERS, INC.
THREE FIRST NATIONAL PLAZA - SUITE 3800 - CHICAGO, ILLINOIS 60602
TELEPHONE 312.895.1050 FACSIMILE 312.895.1051
E-MAIL: smencoff@mdcp.com

6) Upon commencement of your employment you will be paid a signing bonus of $1,000,000, and will use 100% of the after tax-proceeds to purchase the Company's common stock.

7) You will be entitled to a supplemental benefit pension plan from a non-qualified defined pension benefit plan calculated on the basis of the following formula: (annual salary + bonus) x (years of service) x (.0167), where years of service will equal your actual service with the Company plus 5 years. This benefit will be payable in a lump sum at your election, with the lump sum determined under factors equivalent to the factors currently in use with respect to the Tenneco Inc. Supplemental Executive Retirement Plan. These benefits will be payable upon you separation from service but, prior to age 62, there will be a 4% per year reduction for early payment.

8) If your employment is terminated by the Company other than on account of death, total and permanent disability or cause (and you have not received aggregate value of at least $8 million in cash and/or publicly-tradable securities with respect to your ownership of your Company equity securities), you will be paid a severance benefit in an amount equal to three times the total of your base salary plus the highest bonus which you have received in the 3-year period preceding such termination and all of your common stock and stock options will fully-vest and become exercisable. You will be entitled to the same benefit if your employment is constructively terminated. Constructive termination shall mean: any of: (i) diminishment of your status, position, duties or responsibilities, (ii) reduction in your salary, bonus opportunity, perquisites or pension or welfare benefits, taken as a whole, or (iii) the effective requirement of your relocation because of a transfer of your place of employment beyond a 30 mile radius from Lake Forest, Illinois.

9) You will purchase 20% of the common stock of the Company offered to management at closing as part of the management equity incentive plan. To assist you in making this purchase, the Company will arrange $1 million in bank financing, guaranteed by the Company and recourse only against your common stock.

10) At closing, you will be granted 20% of the options to purchase common stock of the Company offered to management at closing. The exercise price of these options will be equivalent to the purchase price of the Company's common stock at closing.

11) The stock and stock options described in sections 9 and 10 hereof will vest over 5 years from the closing at 20% per year.

The terms set forth herein will be the basis for formalized provisions covering these terms to be incorporated into the Executive Agreement to be entered into between you and the Company on or prior to closing under the Contribution Agreement.

Please acknowledge your agreement of these terms by executing a copy of this letter in the space provided below and returning it to me.

Sincerely,

PCA HOLDINGS LLC

By: /s/ Samuel M. Mencoff

Its: President, Vice President
and Managing Director

ACKNOWLEDGED AND ACCEPTED:

- ---
Paul T. Stecko

On this ____ day of January 1999.

EXHIBIT 10.17

Madison Dearborn Partners, Inc.

May 19, 1999

Mr. Paul T. Stecko
Chairman and CEO
Packaging Corporation of America
1900 West Field Court
Lake Forest, IL 60045

Dear Paul:

This will confirm our discussions regarding the revised vesting schedule of your PCA common stock and stock options.

VESTING SCHEDULE

	At Closing	First Anniversary	Second Anniversary	Third Anniversary	Fourth Anniversary	Fifth Anniversary
Common Stock	3,010	3,010	3,010	3,010	3,010	3,010
Stock Options	--	--	218	1,831	3,445	5,059
	--	--	-----	-----	-----	-----
	3,010	3,010	3,228	4,841	6,455	8,069
	-----	-----	-----	-----	-----	-----
	-----	-----	-----	-----	-----	-----

If you were to leave PCA before the earlier of (i) two years from the date that you purchased your stock or (ii) an IPO or sale of the Company, you will repay your $1 million signing bonus.

If you agree with the foregoing, please sign in the space provided below and return a copy of this letter to me. Your Management Equity Agreement will be revised accordingly.

Sincerely,

/s/ Samuel M. Mencoff

Samuel M. Mencoff

Agreed and Acknowledged
On this 20th day of May, 1999

/s/ Paul T. Stecko
- ----------
Paul T. Stecko

[LETTERHEAD]

EXHIBIT 12.1

PACKAGING CORPORATION OF AMERICA
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
(DOLLARS IN THOUSANDS)

	Year Ended December 31,						Three Months Ended March 31,		
	1994	1995	1996	1997	1998	Pro Forma 1998	1998	1999	Pro Forma 1999
Income (loss) before income taxes	127,246	371,229	150,182	46,104	118,968	2,509	33,396	(214,590)	(16,642)
Fixed charges	38,876	39,931	44,736	35,500	34,846	167,749	8,258	8,151	41,980
Earnings (loss)	166,122	411,160	194,918	81,604	153,814	170,258	41,654	(206,439)	25,338
Fixed Charges:									
Interest expense	740	1,485	5,129	3,739	2,782	159,851	741	221	39,511
Interest portion of rent expense	38,136	38,446	39,607	31,761	32,064	7,898	7,517	7,930	2,469
Fixed charges	38,876	39,931	44,736	35,500	34,846	167,749	8,258	8,151	41,980
Ratio of earnings to fixed charges	4.27	10.30	4.36	2.30	4.41	1.01	5.04	Note 1	Note 1

Note 1: Due to the net loss, earnings were insufficient to cover fixed charges by $214,590 and $16,642 for the three months ended March 31, 1999, actual and pro forma, respectively.

EXHIBIT 12.2

PACKAGING CORPORATION OF AMERICA
COMPUTATION OF RATIOS OF EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED STOCK DIVIDENDS
(DOLLARS IN THOUSANDS)

	Year Ended December 31,						Three Months Ended March 31,		
	1994	1995	1996	1997	1998	Pro Forma 1998	1998	1999	Pro Forma 1999
Income (loss) before income taxes	127,246	371,229	150,182	46,104	118,968	2,509	33,396	(214,590)	(16,642)
Fixed charges	38,876	39,931	44,736	35,500	34,846	167,749	8,258	8,151	41,980
Earnings (loss)	166,122	411,160	194,918	81,604	153,814	170,258	41,654	(206,439)	25,338
Combined fixed charges and PS dividends:									
Interest expense	740	1,485	5,129	3,739	2,782	159,851	741	221	39,511
Preferred stock dividends (Note 2)	0	0	0	0	0	20,625	0	0	3,094
Interest portion of rent expense	38,136	38,446	39,607	31,761	32,064	7,898	7,517	7,930	2,319
Combined fixed charges and preferred stock dividends	38,876	39,931	44,736	35,500	34,846	188,374	8,258	8,151	44,924
Ratio of earnings to combined fixed charges and preferred stock dividends	4.27	10.30	4.36	2.30	4.41	Note 1	5.04	Note 1	Note 1

Note 1: Due to the net loss, earnings were insufficient to cover fixed charges and preferred stock dividends by $214,590 and $19,586 for the three months ended March 31, 1999, actual and pro forma, respectively. In addition, for the pro forma year ended December 31, 1998, earnings were insufficient to cover fixed charges and preferred stock dividends by $18,116.

Note 2: Pro forma preferred stock dividends are grossed-up for a 40% tax effect for the year ended December 31, 1998, but not for the three months ended March 31, 1999 because of the net loss.

EXHIBIT 21.1

SUBSIDIARIES OF THE REGISTRANTS

PACKAGING CORPORATION OF AMERICA

- Dahlonega Packaging Corporation
  State of Incorporation: Delaware
  Other trade names used: none

- Dixie Container Corporation
  State of Incorporation Virginia
  Other trade names used: none

- PCA Hydro, Inc.
  State of Incorporation: Delaware
  Other trade names used: none

- PCA Tomahawk Corporation
  State of Incorporation: Delaware
  Other trade names used: none

- PCA Valdosta Corporation
  State of Incorporation: Delaware
  Other trade names used: none

OTHER REGISTRANTS

Dahlonega Packaging Corporation, Dixie Container Corporation, PCA Hydro, Inc., PCA Tomahawk Corporation and PCA Valdosta Corporation do not have subsidiaries.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report (and to all references to our Firm) included in or made a part of this registration statement.

ARTHUR ANDERSEN LLP

Chicago, Illinois
May 28, 1999

EXHIBIT 25.1

FORM T-1

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

STATEMENT OF ELIGIBILITY
UNDER THE TRUST INDENTURE ACT OF 1939 OF
A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE
ELIGIBILITY OF A TRUSTEE PURSUANT TO
SECTION 305(b)(2) _____

UNITED STATES TRUST COMPANY OF NEW YORK
(Exact name of trustee as specified in its charter)

New York (Jurisdiction of incorporation if not a U.S. national bank)	13-3818954 (I.R.S. employer identification No.)
114 West 47th Street New York, NY (Address of principal executive offices)	10036-1532 (Zip Code)

PACKAGING CORPORATION OF AMERICA
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	36-4277050 (I.R.S. employer identification No.)
1900 West Field Court Lake Forest, IL (Address of principal executive offices)	60045 (Zip Code)

---

9 5/8% Series B Senior Subordinated Notes due 2009
(Title of the indenture securities)

GENERAL

1. GENERAL INFORMATION

Furnish the following information as to the trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Federal Reserve Bank of New York (2nd District), New York, New York
(Board of Governors of the Federal Reserve System)
Federal Deposit Insurance Corporation, Washington, DC
New York State Banking Department, Albany, New York

(b) Whether it is authorized to exercise corporate trust powers.

The trustee is authorized to exercise corporate trust powers.

2. AFFILIATIONS WITH THE OBLIGOR

If the obligor is an affiliate of the trustee, describe each such affiliation.

None

ITEMS 3., 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 AND 15:

The Obligor currently is not in default under any of its outstanding securities for which United States Trust Company of New York is Trustee. Accordingly, responses to Items 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14 and 15 of Form T-1 are not required under General Instruction B.

16. LIST OF EXHIBITS

T-1.1	--	Organization Certificate, as amended, issued by the State of New York Banking Department to transact business as a Trust Company, is incorporated by reference to Exhibit T-1.1 to Form T-1 filed on September 15, 1995 with the Commission pursuant to the Trust Indenture Act of 1939, as amended by the Trust Indenture Reform Act of 1990 (Registration No. 33-97056).
T-1.2	--	Included in Exhibit T-1.1 of this Statement of Eligibility.
T-1.3	--	Included in Exhibit T-1.1 of this Statement of Eligibility.

16. LIST OF EXHIBITS
(CONT'D)

T-1.4	--	The By-Laws of United States Trust Company of New York, as amended, is incorporated by reference to Exhibit T-1.4 to Form T-1 filed on September 15, 1995 with the Commission pursuant to the Trust Indenture Act of 1939, as amended by the Trust Indenture Reform Act of 1990 (Registration No. 33-97056).
T-1.6	--	The consent of the trustee required by Section 321(b) of the Trust Indenture Act of 1939, as amended by the Trust Indenture Reform Act of 1990.
T-1.7	--	A copy of the latest report of condition of the trustee pursuant to law or the requirements of its supervising or examining authority.

NOTE

As of May 25, 1999, the trustee had 2,999,020 shares of Common Stock outstanding, all of which are owned by its parent company, U.S. Trust Corporation. The term "trustee" in ITEM 2., refers to each of United States Trust Company of New York and its parent company, U. S. Trust Corporation.

In answering ITEM 2. in this statement of eligibility as to matters peculiarly within the knowledge of the obligor or its directors, the trustee has relied upon information furnished to it by the obligor and will rely on information to be furnished by the obligor and the trustee disclaims responsibility for the accuracy or completeness of such information.

Pursuant to the requirements of the Trust Indenture Act of 1939, the trustee, United States Trust Company of New York, a corporation organized and existing under the laws of the State of New York, has duly caused this statement of eligibility to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of New York, and State of New York, on the 25th day of May, 1999

UNITED STATES TRUST COMPANY
OF NEW YORK, Trustee

By: /s/ John Guiliano

John Guiliano
Vice President

EXHIBIT T-1.6

The consent of the trustee required by Section 321(b) of the Act.

United States Trust Company of New York
114 West 47th Street
New York, NY 10036

January 7, 1997

Securities and Exchange Commission
450 5th Street, NW
Washington, DC 20549

Gentlemen:

Pursuant to the provisions of Section 321(b) of the Trust Indenture Act of 1939, as amended by the Trust Indenture Reform Act of 1990, and subject to the limitations set forth therein, United States Trust Company of New York ("U.S. Trust") hereby consents that reports of examinations of U.S. Trust by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefor.

Very truly yours,

UNITED STATES TRUST COMPANY
OF NEW YORK

/s/Gerard F. Ganey

By: Gerard F. Ganey
Senior Vice President

EXHIBIT T-1.7

UNITED STATES TRUST COMPANY OF NEW YORK
CONSOLIDATED STATEMENT OF CONDITION
MARCH 31, 1999
($ IN THOUSANDS)

ASSETS	
Cash and Due from Banks	$ 139,755
Short-Term Investments	85,326
Securities, Available for Sale	528,160
Loans	2,081,103
Less: Allowance for Credit Losses	17,114
Net Loans	2,063,989
Premises and Equipment	57,765
Other Assets	125,780
TOTAL ASSETS	$3,000,775
LIABILITIES	
Deposits:	
Non-Interest Bearing	$ 623,046
Interest Bearing	1,875,364
Total Deposits	2,498,410
Short-Term Credit Facilities	184,281
Accounts Payable and Accrued Liabilities	126,652
TOTAL LIABILITIES	$2,809,343
STOCKHOLDER'S EQUITY	
Common Stock	14,995
Capital Surplus	53,041
Retained Earnings	121,759
Unrealized Gains on Securities Available for Sale (Net of Taxes)	1,637
TOTAL STOCKHOLDER'S EQUITY	191,432
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	$3,000,775

I, Richard E. Brinkmann, Managing Director & Comptroller of the named bank do hereby declare that this Statement of Condition has been prepared in conformance with the instructions issued by the appropriate regulatory authority and is true to the best of my knowledge and belief.

Richard E. Brinkmann, Managing Director & Controller

May 18, 1999

EXHIBIT 25.2

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY AND QUALIFICATION UNDER THE TRUST INDENTURE ACT OF 1939 OF A CORPORATION DESIGNATED TO ACT AS TRUSTEE

CHECK IF AN APPLICATION TO DETERMINE ELIGIBILITY OF A TRUSTEE PURSUANT TO SECTION 305(b)(2)

U.S. TRUST COMPANY OF TEXAS, N.A.
(Exact name of trustee as specified in its charter)

(State of incorporation if not a national bank)	75-2353745 (I.R.S. employer identification No.)
2001 Ross Ave, Suite 2700 Dallas, Texas (Address of trustee's principal executive offices)	75201 (Zip Code)

Compliance Officer
U.S. Trust Company of Texas, N.A.
2001 Ross Ave, Suite 2700
Dallas, Texas 75201
(214) 754-1200
(Name, address and telephone number of agent for service)

Packaging Corporation of America
(Exact name of obligor as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	36-4277050 (I.R.S. employer identification No.)
1900 West Field Court Lake Forest, IL (Address of principal executive offices)	60045 (Zip Code)

---

12 3/8% Subordinated Exchange Debentures due 2010
(Title of the indenture securities)

GENERAL

1. GENERAL INFORMATION.

Furnish the following information as to the Trustee:

(a) Name and address of each examining or supervising authority to which it is subject.

Federal Reserve Bank of Dallas (11th District), Dallas, Texas
(Board of Governors of the Federal Reserve System)
Federal Deposit Insurance Corporation, Dallas, Texas
The Office of the Comptroller of the Currency, Dallas, Texas

(b) Whether it is authorized to exercise corporate trust powers.

The Trustee is authorized to exercise corporate trust powers.

2. AFFILIATIONS WITH OBLIGOR AND UNDERWRITERS.

If the obligor or any underwriter for the obligor is an affiliate of the Trustee, describe each such affiliation.

None.

3. VOTING SECURITIES OF THE TRUSTEE.

Furnish the following information as to each class of voting securities of the Trustee:

As of May 25, 1999

Col A.	Col B.
Title of Class	Amount Outstanding
Capital Stock - par value $100 per share	5,000 shares

4. TRUSTEESHIPS UNDER OTHER INDENTURES.

Not Applicable

5. INTERLOCKING DIRECTORATES AND SIMILAR RELATIONSHIPS WITH THE OBLIGOR OR UNDERWRITERS.

Not Applicable

6. VOTING SECURITIES OF THE TRUSTEE OWNED BY THE OBLIGOR OR ITS OFFICIALS.

Not Applicable

7. VOTING SECURITIES OF THE TRUSTEE OWNED BY UNDERWRITERS OR THEIR OFFICIALS.

Not Applicable

8. SECURITIES OF THE OBLIGOR OWNED OR HELD BY THE TRUSTEE.

Not Applicable

9. SECURITIES OF UNDERWRITERS OWNED OR HELD BY THE TRUSTEE.

Not Applicable

10. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF VOTING SECURITIES OF CERTAIN AFFILIATES OR SECURITY HOLDERS OF THE OBLIGOR.

Not Applicable

11. OWNERSHIP OR HOLDINGS BY THE TRUSTEE OF ANY SECURITIES OF A PERSON OWNING 50 PERCENT OR MORE OF THE VOTING SECURITIES OF THE OBLIGOR.

Not Applicable

12. INDEBTEDNESS OF THE OBLIGOR TO THE TRUSTEE.

Not Applicable

13. DEFAULTS BY THE OBLIGOR.

Not Applicable

14. AFFILIATIONS WITH THE UNDERWRITERS.

Not Applicable

15. FOREIGN TRUSTEE.

Not Applicable

16. LIST OF EXHIBITS.

T-1.1 - A copy of the Articles of Association of U.S. Trust Company of Texas, N.A.; incorporated herein by reference to Exhibit T-1.1 filed with Form T-1 Statement, Registration No. 22-21897.

16. (con't.)

T-1.2 - A copy of the certificate of authority of the Trustee to commence business; incorporated herein by reference to Exhibit T-1.2 filed with Form T-1 Statement, Registration No. 22-21897.

T-1.3 - A copy of the authorization of the Trustee to exercise corporate trust powers; incorporated herein by reference to Exhibit T-1.3 filed with Form T-1 Statement, Registration No. 22-21897.

T-1.4 - A copy of the By-laws of the U.S. Trust Company of Texas, N.A., as amended to date; incorporated herein by reference to Exhibit T-1.4 filed with Form T-1 Statement, Registration No. 22-21897.

T-1.6 - The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939.

T-1.7 - A copy of the latest report of condition of the Trustee published pursuant to law or the requirements of its supervising or examining authority.

NOTE

As of May 25, 1999, the Trustee had 5,000 shares of Capital Stock outstanding, all of which are owned by U.S. T.L.P.O. Corp. As of May 25, 1999, U.S. T.L.P.O. Corp. had 35 shares of Capital Stock outstanding, all of which are owned by U.S. Trust Corporation. U.S. Trust Corporation had outstanding 18,597,534 shares of $1 par value Common Stock as of May 25, 1999.

The term "Trustee" in Items 2, 5, 6, 7, 8, 9, 10 and 11 refers to each of U.S Trust Company of Texas, N.A., U.S. T.L.P.O. Corp. and U.S. Trust Corporation.

In as much as this Form T-1 is filed prior to the ascertainment by the Trustee of all the facts on which to base responsive answers to Items 2, 5, 6, 7, 9, 10 and 11, the answers to said Items are based upon incomplete information. Items 2, 5, 6, 7, 9, 10 and 11 may, however, be considered correct unless amended by an amendment to this Form T-1.

In answering any items in this Statement of Eligibility and Qualification which relates to matters peculiarly within the knowledge of the obligors or their directors or officers, or an underwriter for the obligors, the Trustee has relied upon information furnished to it by the obligors and will rely on information to be furnished by the obligors or such underwriter, and the Trustee disclaims responsibility for the accuracy or completeness of such information.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939 the Trustee, U.S Trust Company of Texas, N.A., a national banking association organized under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, on the 25th day of May, 1999.

U.S. Trust Company
of Texas, N.A., Trustee

By: /s/John Guiliano

Authorized Officer

Exhibit T-1.6

CONSENT OF TRUSTEE

Pursuant to the requirements of Section 321(b) of the Trust Indenture Act of 1939 as amended in connection with the proposed issue of R & B Falcon Corporation, Senior Notes, we hereby consent that reports of examination by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon request therefore.

U.S. Trust Company of Texas, N.A.

By: /s/John Guiliano

Authorized Officer

EXHIBIT T-1.7

Federal Financial Institutions Examination Council

Board of Governors of the Federal Reserve System
OMB Number: 7100-0036
Federal Deposit Insurance Corporation
OMB Number: 3064-005
Office of the Comptroller of the Currency
OMB Number: 1557-0081
Expires March 31, 2001

(LOGO)

(1)
Please Refer to Page I, Table of Contents, for the required disclosure of estimated burden.

CONSOLIDATED REPORTS OF CONDITION AND INCOME FOR A BANK WITH DOMESTIC OFFICES ONLY AND TOTAL ASSETS OF LESS THAN $100 MILLION OR MORE BUT LESS THAN $300 MILLION - - FFIEC 033

(19990331)
(RCRI 9999)

REPORT AT THE CLOSE OF BUSINESS MARCH 31, 1999

This report is required by law: 12 U.S.C. Section Section 324 (State member banks); 12 U.S.C. Section Section 1817 (State nonmember banks); and 12 U.S.C. Section Section 161 (National banks).

This report form is to be filed by banks with domestic offices only. Banks with branches and consolidated subsidiaries in U.S. territories and possessions, Edge or Agreement subsidiaries, foreign branches, consolidated foreign subsidiaries, or International Banking Facilities must file FFIEC 031.

NOTE: The Reports of Condition and Income must be signed by an authorized officer and the Report of Condition must be attested to by not less than two directors (trustees) for State nonmember banks and three directors for State member and National Banks.

The Reports of Condition and Income are to be prepared in accordance with Federal regulatory authority instructions. NOTE: these instructions may in some cases differ from generally accepted accounting principles.

I, Alfred B. Childs, Managing Director
Name and Title of Officer Authorized to Sign Report

of the named bank do hereby declare that these Reports of Condition and Income (including the supporting schedules) have been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and are true to the best of my knowledge and belief.

We, the undersigned directors (trustees), attest to the correctness of this Report of Condition (including the supporting schedules) and declare that it has been examined by us and to the best of our knowledge and belief has been prepared in conformance with the instructions issued by the appropriate Federal regulatory authority and is true and correct.

/s/ Alfred B. Childs
Signature of Officer Authorized to Sign Report

April 21, 1999
Date of Signature

/s/ Stuart M. Pearman
Director (Trustee)

/s/. J. T. More, Jr.
Director (Trustee)

/s/. Arthur White
Director (Trustee)

SUBMISSION OF REPORTS

Each bank must prepare its Reports of Condition and Income either:

(a) in electronic form and then file the computer data file directly with the banking agencies' collection agent, Electronic Data Systems Corporation (EDS), by modem or on computer diskette; or

(b) in hard-copy (paper) form and arrange for another party to convert the paper report to electronic form. That party (if other than EDS) must transmit the bank's computer data file to EDS.

For electronic filing assistance, contact EDS Call Report Services, 2150 North Prospect Avenue, Milwaukee, WI 53202, telephone (800) 255-1571.

To fulfill the signature and attestation requirement for the Reports of Condition and Income for this report date, attach this signature page to the hard-copy record of the completed report that the bank places in its files.

- ---
- ---

FDIC Certificate Number	33217	US TRUST COMPANY OF TEXAS, NATIONAL ASSOCIATION
	(RCRI 9050)	Legal Title of Bank (TEXT 9010)
		DALLAS
		City (TEXT 9130)
		TX 75201
		State Abbrev. (TEXT 9200) Zip Code. (TEXT 9220)

Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Office of the Comptroller of the Currency

CONSOLIDATED REPORT OF CONDITION FOR INSURED COMMERCIAL
AND STATE-CHARTERED SAVINGS BANKS FOR MARCH 31, 1999

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

SCHEDULE RC - BALANCE SHEET

					C200 Dollar Amounts in Thousands		
ASSETS							
1.	Cash and balances due from depository institutions:				RCON		
	a. Noninterest-bearing balances and currency and coin (1,2)				0081	1,297	1.a
	b. Interest bearing balances (3)				0071	696	1.b
2.	Securities:						
	a. Held-to-maturity securities (from Schedule RC-B, column A)				1754	0	2.a
	b. Available-for-sale securities (from Schedule RC-B, column D)				1773	131,683	2.b
3.	Federal funds sold (4) and securities purchased under agreements to resell:				1350	6,000	3
4.	Loans and lease financing receivables:	RCON					
	a. Loans and leases, net of unearned income (from Schedule RC-C)	2122	22,709				4.a
	b. LESS: Allowance for loan and lease losses	3123	260				4.b
	c. LESS: Allocated transfer risk reserve	3128	0				4.c
	d. Loans and leases, net of unearned income, allowance, and reserve				RCON		
	(item 4.a minus 4.b and 4.c)				2125	22,249	4.d
5.	Trading assets				3545	0	5.
6.	Premises and fixed assets (including capitalized leases)				2145	917	6.
7.	Other real estate owned (from Schedule RC-M)				2150	0	7.
8.	Investments in unconsolidated subsidiaries and associated companies (from Schedule RC-M)				2130	0	8.
9.	Customers' liability to this bank on acceptances outstanding				2155	0	9.
10.	Intangible assets (from Schedule RC-M)				2143	1,950	10.
11.	Other assets (from Schedule RC-F)				2160	2,527	11.
12.	Total assets (sum of items 1 through 11)				2170	167,519	12.

(1) Includes cash items in process of collection and unposted debits.
(2) Included time certificates of deposit not held for trading.

SCHEDULE RC - CONTINUED

Dollar Amounts in Thousands

LIABILITIES

13.	Deposits:						
	a. In domestic offices (sum of totals of				RCON 2200	141,618	13.a
	columns A and C from Schedule RC-E)	RCON 6631	8,794				13.a.1
	(1) Noninterest-bearing (1)						
	(2) Interest-bearing	RCON 6636	132,824				13.a.2
	b. In foreign offices, Edge and Agreement subsidiaries, and IBFs						
	(1) Noninterest-bearing						
	(2) Interest-bearing						
14.	Federal funds purchased(2) and securities sold under agreements to repurchase:				RCON 2800	0	14
15.	a. Demand notes issued to the U.S. Treasury				2840	0	15.a
	b. Trading liabilities				3548	0	15.b
16.	Other borrowed money:						
	A. WITH A REMAINING MATURITY OF ONE YEAR OR LESS				2332	0	16.a
	B. WITH A REMAINING MATURITY OF MORE THAN ONE YEAR THROUGH THREE YEARS				A547	2,000	16.b
	C. WITH A REMAINING MATURITY OF MORE THAN THREE YEARS				A548	1,000	16.c
17.	Not applicable						
18.	Bank's liability on acceptances executed and outstanding				2920	0	18.
19.	Subordinated notes and debentures				3200	0	19.
20.	Other liabilities (from Schedule RC-G)				2930	2,317	20.
21.	Total liabilities (sum of items 13 through 20)				2948	146,935	21.
22.	Not applicable						

EQUITY CAPITAL

23.	Perpetual preferred stock and related surplus			RCON 3838	7,000	23.
24.	Common stock			3230	500	24.
25.	Surplus (exclude all surplus related to preferred stock)			3839	8,384	25.
26.	a. Undivided profits and capital reserves			3632	4,406	26.a
	b. Net unrealized holding gains (losses) on available-for-sale securities			8434	294	26.b
27.	Cumulative foreign currency translation adjustments					
28.	Total equity capital (sum of items 23 through 27)			3210	20,584	28.
29.	Total liabilities and equity capital (sum of items 21 and 28)			2257	167,519	29.

MEMORANDUM
TO BE REPORTED ONLY WITH THE MARCH REPORT OF CONDITION.

NUMBER					
1.	Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 1998			6724	1 M.1

1 = Independent audit of the bank conducted in accordance with generally accepted auditing standards by certified public accounting firm which submits a report on the bank
2 = Independent audit of the bank's parent holding company conducted in accordance with generally accepted auditing standards by a certified public

accounting firm which submits a report on the consolidated holding company (but not on the bank separately)
3 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state chartering authority)
4 = Directors' examination of the bank performed by other external auditors (may be required by state chartering authority)
5 = Review of the bank's financial statements by external auditors

6 = Compilation of the bank's financial statements by external auditors
7 = Other audit procedures (excluding tax preparation work)
8 = No external audit work

(1) Includes total demand deposits and noninterest-bearing time and savings deposits.
(2) Includes limited-life preferred stock and related surplus.

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PACKAGING CORPORATION OF AMERICA

YEAR	3-MOS
DEC-31-1998	DEC-31-1999
JAN-01-1998	JAN-01-1999
DEC-31-1998	MAR-31-1999
1	1
0	0
56,971	79,658
5,220	4,997
150,719	151,583
243,563	254,423
1,677,105	1,754,504
735,749	756,326
1,367,403	1,372,523
164,152	417,842
17,552	466
0	0
0	0
0	0
908,392	666,438
1,367,403	1,372,523
1,571,019	391,279
1,571,019	391,279
1,289,644	332,117
1,289,644	332,117
0	0
2,710	575
2,782	221
118,968	(214,590)
47,529	(88,362)
71,439	(126,228)
0	0
0	(6,327)
0	0
71,439	(132,555)
0	0
0	0