UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended September 30, 2004

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-15399

PACKAGING CORPORATION OF AMERICA

(Exact Name of Registrant as Specified in its Charter)

Delaware	**36-4277050**
(State or other Jurisdiction of Incorporation or Organization)	(IRS Employer Identification No.)
1900 West Field Court **Lake Forest, Illinois**	**60045**
(Address of Principal Executive Offices)	(Zip Code)

(847) 482-3000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☒ No ☐

As of November 1, 2004, the Registrant had outstanding 106,952,434 shares of common stock, par value $0.01 per share.

PART I
FINANCIAL INFORMATION

Item 1. Financial Statements.

Packaging Corporation of America
Condensed Consolidated Balance Sheets

(In thousands, except share and per share amounts)	September 30, 2004 (unaudited)	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	$ 119,367	$ 172,022
Accounts and notes receivable, net of allowance for doubtful accounts of $5,151 and $5,303 as of September 30, 2004 and December 31, 2003, respectively	226,068	190,862
Inventories	175,870	166,312
Prepaid expenses and other current assets	12,981	7,635
Deferred income taxes	23,708	29,703
Total current assets	557,994	566,534
Property, plant and equipment, net	1,353,416	1,372,823
Goodwill and other intangible assets, net of accumulated amortization of $2,507 and $2,079 as of September 30, 2004 and December 31, 2003, respectively	20,405	5,495
Other long-term assets	37,044	40,274
Total assets	$1,968,859	$1,985,126
Liabilities and shareholders' equity		
Current liabilities:		
Short-term debt and current maturities of long-term debt	$ 109,099	$ 112,763
Accounts payable	116,975	126,924
Accrued interest	5,022	13,511
Accrued liabilities	88,433	89,779
Total current liabilities	319,529	342,977
Long-term liabilities:		
Long-term debt	585,612	585,198
Deferred income taxes	234,678	230,949
Other liabilities	32,241	28,522
Total long-term liabilities	852,531	844,669
Shareholders' equity:		
Common stock (par value $.01 per share, 300,000,000 shares authorized, 106,915,576 shares and 105,651,123 shares issued as of September 30, 2004 and December 31, 2003, respectively)	1,069	1,056
Additional paid in capital	491,490	473,097
Retained earnings	283,443	298,869
Accumulated other comprehensive income:		
Unrealized gain on Treasury lock	23,252	25,584
Cumulative foreign currency translation adjustment	28	23
Total accumulated other comprehensive income	23,280	25,607
Unearned compensation on restricted stock	(2,483)	(1,149)
Total shareholders' equity	796,799	797,480
Total liabilities and shareholders' equity	$1,968,859	$1,985,126

See notes to condensed consolidated financial statements.

Packaging Corporation of America

Condensed Consolidated Statements of Operations

(unaudited)

(In thousands, except per share amounts)	Three Months Ended September 30, 2004	2003
Net sales	$ 498,753	$ 444,599
Cost of sales	(399,022)	(366,192)
Gross profit	99,731	78,407
Selling and administrative expenses	(35,182)	(32,277)
Corporate overhead	(12,349)	(13,959)
Other expense, net	(2,345)	(2,644)
Income before interest and taxes	49,855	29,527
Interest expense, net	(7,430)	(82,593)
Income (loss) before taxes	42,425	(53,066)
(Provision) benefit for income taxes	(16,752)	20,730
Net income (loss)	$ 25,673	$ (32,336)
Weighted average common shares outstanding:		
Basic	106,602	104,303
Diluted	107,765	104,303
Net income (loss) per common share:		
Basic	$ 0.24	$ (0.31)
Diluted	$ 0.24	$ (0.31)
Dividends declared per common share	$ 0.15	$ —

See notes to condensed consolidated financial statements.

Packaging Corporation of America

Condensed Consolidated Statements of Operations

(unaudited)

(In thousands, except per share amounts)	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Net sales	$ 1,397,435	$ 1,304,337
Cost of sales	(1,184,664)	(1,075,274)
Gross profit	212,771	229,063
Selling and administrative expenses	(99,868)	(95,395)
Corporate overhead	(33,116)	(34,925)
Other expense, net	(3,375)	(8,419)
Income before interest and taxes	76,412	90,324
Interest expense, net	(22,377)	(114,077)
Income (loss) before taxes	54,035	(23,753)
(Provision) benefit for income taxes	(21,572)	9,218
Net income (loss)	$ 32,463	$ (14,535)
Weighted average common shares outstanding:		
Basic	106,203	104,433
Diluted	107,478	104,433
Net income (loss) per common share:		
Basic	$ 0.31	$ (0.14)
Diluted	$ 0.30	$ (0.14)
Dividends declared per common share	$ 0.45	$ —

See notes to condensed consolidated financial statements.

Packaging Corporation of America

Condensed Consolidated Statements of Cash Flow

(unaudited)

(In thousands)	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Cash Flows from Operating Activities:		
Net income (loss)	$ 32,463	$ (14,535)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	118,269	116,571
Amortization of financing costs	512	1,938
Loss on extinguishment of debt	174	76,622
Deferred income tax provision	9,724	(9,219)
Loss on disposals of property, plant and equipment	1,056	3,079
Pension and postretirement benefits	4,061	6,395
Other, net	(3,228)	(960)
Tax benefit associated with employee stock option exercises	6,960	5,504
Changes in components of working capital:		
Decrease in current assets—		
Accounts receivable	(33,095)	(25,951)
Inventories	(5,594)	(5,610)
Prepaid expenses and other	(4,102)	(7,960)
Increase (decrease) in current liabilities—		
Accounts payable	(12,974)	11,080
Accrued liabilities	(11,000)	(7,995)
Net cash provided by operating activities	103,226	148,959
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(76,455)	(78,144)
Acquisition of business	(38,506)	(2,799)
Additions to long term assets	(2,203)	(3,564)
Proceeds from disposals of property, plant and equipment	3,297	760
Net cash used for investing activities	(113,867)	(83,747)
Cash Flows from Financing Activities:		
Payments on long-term debt	(3,960)	(685,425)
Proceeds from long-term debt issued	—	595,888
Financing costs paid.	—	(6,466)
Proceeds from settlement of treasury lock	—	26,965
Dividends paid	(47,693)	—
Repurchases of common stock	—	(17,517)
Issuance of common stock upon exercise of stock options	9,639	6,689
Net cash used for financing activities	(42,014)	(79,866)
Net decrease in cash and cash equivalents	(52,655)	(14,654)
Cash and cash equivalents, beginning of period	172,022	131,305
Cash and cash equivalents, end of period	$ 119,367	$ 116,651

See notes to condensed consolidated financial statements.

Packaging Corporation of America

Notes to Condensed Consolidated Financial Statements

(unaudited)

September 30, 2004

1. Basis of Presentation

The consolidated financial statements as of September 30, 2004 and 2003 of Packaging Corporation of America ("PCA" or the "Company") 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 accounting principles generally accepted in the United States 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 accounting principles generally accepted in the United States for complete financial statements. Operating results during the period ended September 30, 2004 are not necessarily indicative of the results that may be expected for the period ending December 31, 2004. These consolidated financial statements should be read in conjunction with PCA's Annual Report on Form 10-K for the year ended December 31, 2003.

2. Summary of Accounting Policies

Basis of Consolidation

The accompanying condensed consolidated financial statements of PCA include all wholly owned subsidiaries. All intercompany transactions have been eliminated. The Company has one joint venture that is accounted for under the equity method.

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 amounts in the financial statements and the accompanying notes. Actual results could differ from those estimates.

Revenue Recognition

The Company recognizes revenue as title to the products is transferred to customers. Shipping and handling billings to a customer in a sales transaction are included in revenue. Shipping and handling costs are included in cost of sales. The Company offers volume rebates to some of its customers. The total cost of these programs is estimated and accrued as a reduction to revenue at the time of the respective sale.

Segment Information

PCA 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. PCA's manufacturing operations are located within the United States.

2. Summary of Accounting Policies (Continued)

Comprehensive Income

Comprehensive income is as follows:

(In thousands)	Three months ended September 30, 2004	Three months ended September 30, 2003
Net income (loss)	$25,673	$(32,336)
Other comprehensive income (loss), net of tax:		
Amortization of Treasury lock	(778)	(604)
Settlement of Treasury lock	—	17,495
Foreign currency translation adjustment	—	(5)
Comprehensive income (loss)	$24,895	$(15,450)

(In thousands)	Nine months ended September 30, 2004	Nine months ended September 30, 2003
Net income (loss)	$32,463	$(14,535)
Other comprehensive income (loss), net of tax:		
Amortization of Treasury lock	(2,332)	(604)
Settlement of Treasury lock	—	26,965
Unrealized gain on derivatives, net of tax	—	811
Foreign currency translation adjustment	5	(8)
Comprehensive income	$30,136	$ 12,629

Reclassifications

Prior year's financial statements have been reclassified where appropriate to conform with the current year presentation.

Stock-Based Compensation

PCA entered into management equity agreements in June 1999 with 125 of its management-level employees. These agreements provided for the grant of options to purchase up to an aggregate of 6,576,460 shares of PCA's common stock at $4.55 per share, the same price per share at which PCA Holdings LLC purchased PCA's common stock from Pactiv Corporation, formerly known as Tenneco Packaging Inc., in the April 12, 1999 transactions. The agreements called for these options to vest ratably over a five-year period, or, upon completion of an initial public offering, vest fully with contractual restrictions on transfer for a period of up to 18 months following completion of the offering. The options vested with the initial public offering in January 2000, and the restriction period ended in August 2001.

In October 1999, the Company adopted a long-term equity incentive plan, which provides for grants of stock options, stock appreciation rights (SARs), restricted stock and performance awards to directors, officers and employees of PCA, as well as others who engage in services for PCA. Option awards granted to officers and employees vest ratably over a four-year period, whereas option awards granted to directors

2. Summary of Accounting Policies (Continued)

vest immediately. The plan, which will terminate on October 19, 2009, provides for the issuance of up to 4,400,000 shares of common stock, of which 4,312,045 have been granted through September 30, 2004.

During 2003, the Company began granting shares of restricted stock to certain of its employees and directors. Restricted share awards granted to officers and employees vest over a three to four year period, whereas restricted share awards granted to directors vest over a six-month period. The Company recognizes compensation expense associated with these shares ratably over their vesting periods. A summary of the Company's restricted share activity follows:

(in thousands)	Shares	Fair Value at Date of Grant
Balance, December 31, 2003	73,500	$1,354
Granted	4,500	97
Balance, March 31, 2004	78,000	1,451
Granted	71,500	1,709
Balance, June 30, 2004	149,500	3,160
Granted	—	—
Balance, September 30, 2004	149,500	$3,160

As permitted by SFAS No. 123, "Accounting for Stock-Based Compensation" and amended by SFAS No. 148, "Accounting for Stock-Based Compensation—Transition and Disclosure," the Company has elected to account for its stock option plan under Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and adopt the disclosure only provisions of SFAS No. 123 and SFAS No. 148. Under APB No. 25, no compensation costs are recognized because the number of options is fixed and the option exercise price is equal to the fair market price of the common stock on the date of the grant. Under SFAS No. 123, stock options are valued at the grant date using the Black-Scholes valuation model and compensation costs are recognized ratably over the vesting period. Had stock options

2. Summary of Accounting Policies (Continued)

been accounted for using the fair value method as recommended by SFAS No. 123, compensation expense would have had the following pro forma effect on our net income and earnings per share for the periods presented:

(In thousands, except per share amounts)	Three months ended September 30, 2004	Three months ended September 30, 2003
Net income (loss)—as reported	$25,673	$(32,336)
Add: Amortization of unearned compensation on restricted stock, net of tax	147	45
Less: Stock-based compensation expense determined using fair value method, net of tax	(965)	(881)
Net income (loss)—pro forma	$24,855	$(33,172)
Basic earnings (loss) per common share—as reported	$ 0.24	$ (0.31)
Diluted earnings (loss) per common share—as reported	$ 0.24	$ (0.31)
Basic earnings (loss) per common share—pro forma	$ 0.23	$ (0.32)
Diluted earnings (loss) per common share—pro forma	$ 0.23	$ (0.32)

(In thousands, except per share amounts)	Nine months ended September 30, 2004	Nine months ended September 30, 2003
Net income (loss)—as reported	$32,463	$(14,535)
Add: Amortization of unearned compensation on restricted stock, net of tax	284	45
Less: Stock-based compensation expense determined using fair value method, net of tax	(2,616)	(2,288)
Net income (loss)—pro forma	$30,131	$(16,778)
Basic earnings (loss) per common share—as reported	$ 0.31	$ (0.14)
Diluted earnings (loss) per common share—as reported	$ 0.30	$ (0.14)
Basic earnings (loss) per common share—pro forma	$ 0.28	$ (0.16)
Diluted earnings (loss) per common share—pro forma	$ 0.28	$ (0.16)

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employee stock options.

On October 13, 2004, the Financial Accounting Standards Board concluded that SFAS No. 123R, "Share-Based Payment," which would require all companies to measure compensation cost for

2. Summary of Accounting Policies (Continued)

all share-based payments (including employee stock options) at fair value, would be effective for public companies for interim or annual periods beginning after June 15, 2005. The Company will apply the provisions of SFAS No. 123R beginning July 1, 2005, but has not yet determined the impact, if any, the adoption will have on its financial statements.

3. Earnings Per Share

The following table sets forth the computation of basic and diluted income per common share for the periods presented.

(In thousands, except per share data)	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003
Numerator:		
Net income (loss)	$ 25,673	$ (32,336)
Denominator:		
Basic common shares outstanding	106,602	104,303
Effect of dilutive securities:		
Restricted stock	43	—
Stock options	1,120	—
Dilutive common shares outstanding	107,765	104,303
Basic income (loss) per common share	$ 0.24	$ (0.31)
Diluted income (loss) per common share	$ 0.24	$ (0.31)

(In thousands, except per share data)	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Numerator:		
Net income (loss)	$ 32,463	$ (14,535)
Denominator:		
Basic common shares outstanding	106,203	104,433
Effect of dilutive securities:		
Restricted stock	35	—
Stock options	1,240	—
Dilutive common shares outstanding	107,478	104,433
Basic income (loss) per common share	$ 0.31	$ (0.14)
Diluted income (loss) per common share	$ 0.30	$ (0.14)

During the three and nine months ended September 30, 2003, if the effect of nonvested stock and options had been dilutive, it would have increased dilutive common shares outstanding by 1.7 million shares and 1.9 million shares, respectively.

4. Inventories

The components of inventories are as follows:

(In thousands)	September 30, 2004	December 31, 2003 (audited)
Raw materials	$ 82,053	$ 75,801
Work in progress	6,624	4,895
Finished goods	59,417	54,260
Supplies and materials	64,365	63,922
Inventories at FIFO cost	212,459	198,878
Excess of FIFO over LIFO cost	(36,589)	(32,566)
Inventories	$175,870	$166,312

An actual valuation of inventory under the LIFO method can be made only at the end of each year based on the inventory levels and costs at that time. Accordingly, interim LIFO calculations must necessarily be based on management's estimates of expected year-end inventory levels and costs. Because these are subject to many forces beyond management's control, interim results are subject to the final year-end LIFO inventory valuation.

5. Goodwill and Other Intangible Assets

Goodwill

Changes in the carrying amount of goodwill for the period ended September 30, 2004 are as follows:

(In thousands)	
Balance as of December 31, 2003	$ 2,286
Acquisition of Acorn Corrugated Box Co.	15,194
Other	(106)
Total	$17,374

For additional information regarding the acquisition of Acorn Corrugated Box Co., see Note 9.

5. Goodwill and Other Intangible Assets (Continued)

Other Intangible Assets

The components of other intangible assets are as follows:

(In thousands)	As of September 30, 2004 Gross Carrying Amount	As of September 30, 2004 Accumulated Amortization	As of December 31, 2003 Gross Carrying Amount	As of December 31, 2003 Accumulated Amortization
Intangible assets subject to amortization:				
Covenants not to compete	$1,766	$1,212	$1,391	$ 887
Customer lists	1,560	1,295	1,560	1,192
	3,326	2,507	2,951	2,079
Intangible pension asset	2,212	—	2,337	—
Total other intangible assets	$5,538	$2,507	$5,288	$2,079

6. Letters of Credit

A summary of the Company's letters of credit is set forth in the following table:

(In thousands)	September 30, 2004	December 31, 2003 (audited)
Workers' compensation	$18,573	$13,775
Environmental	1,113	1,272
Management equity loans	—	600
Total	$19,686	$15,647

The letter of credit related to the management equity loans guaranteed bank financing to enable certain members of PCA's management to purchase equity under the management equity agreements discussed in Note 8, Shareholders' Equity from PCA's 2003 Annual Report on Form 10-K. The letter of credit expired in August of 2004.

The remaining letters of credit guarantee payment by PCA of workers' compensation and various environmental obligations, including landfills and solid waste programs.

7. Debt

A summary of debt is set forth in the following table:

(In thousands)	September 30, 2004	December 31, 2003 (audited)
Senior credit facility—		
Term Loan, effective interest rate of 3.25% and 2.44% as of September 30, 2004 and December 31, 2003, respectively, due in varying annual installments beginning July 21, 2006 through 2008	$ 39,000	$ 39,000
Receivables credit facility, effective interest rate of 2.27% and 1.51% as of September 30, 2004 and December 31, 2003, respectively, due October 10, 2006	109,000	109,000
Senior notes, net of discount, interest at 4.375% payable semi-annually, due August 1, 2008	149,487	149,384
Senior notes, net of discount, interest at 5.750% payable semi-annually, due August 1, 2013	397,000	396,743
Senior subordinated notes, interest at 9.625%	—	3,617
Other	224	217
Total	694,711	697,961
Less: current portion	109,099	112,763
Total long-term debt	$585,612	$585,198

On March 1, 2004, PCA delivered an irrevocable notice to the trustee to redeem the 9⅝% senior subordinated notes on April 1, 2004. PCA delivered funds totaling $3.8 million, including $0.2 million for early redemption fees, to the trustee on March 31, 2004 for the redemption. On April 1, 2004, the trustee redeemed the senior subordinated notes.

8. Employee Benefit Plans and Other Postretirement Benefits

Effective May 1, 2004, PCA adopted a successor pension plan for salaried PCA employees previously covered by Pactiv Corporation's pension plan. PCA's salaried pension plan is similar in design, but not identical to, the pension plan provided by Pactiv. Prior participation service credited under the Pactiv plan will be recognized under PCA's plan. Upon retirement, a participant's total benefit will include both what was earned under the Pactiv plan through April 30, 2004, and what the participant has earned under the successor PCA plan. Benefits earned under the PCA plan are reduced by retirement benefits earned under the Pactiv plan through April 30, 2004. All assets and liabilities associated with benefits earned through April 30, 2004 for salaried employees and retirees were retained by the Pactiv plan.

8. Employee Benefit Plans and Other Postretirement Benefits (Continued)

For the three and nine months ended September 30, 2004 and 2003, net pension costs were comprised of the following:

(In thousands)	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Components of Net Periodic Benefit Cost				
Service cost for benefits earned during the year	$3,300	$1,288	$7,478	$3,864
Interest cost on accumulated benefit obligation	556	119	1,181	357
Expected return on assets	(1)	—	(3)	—
Net amortization of unrecognized amounts	640	104	1,205	312
Net periodic benefit cost	$4,495	$1,511	$9,861	$4,533

The Company makes pension plan contributions to the extent such contributions are mandatory, actuarially determined and tax deductible. The Company expects to contribute $9.3 million to the pension plans in 2004.

For the three and nine months ended September 30, 2004 and 2003, net postretirement costs were comprised of the following:

(In thousands)	Three Months Ended September 30, 2004	Three Months Ended September 30, 2003	Nine Months Ended September 30, 2004	Nine Months Ended September 30, 2003
Components of Net Periodic Benefit Cost				
Service cost for benefits earned during the year	$209	$170	$ 627	$ 510
Interest cost on accumulated benefit obligation	122	97	366	291
Net amortization of unrecognized amounts	(52)	(65)	(156)	(195)
Net periodic benefit cost	$279	$202	$ 837	$ 606

In December 2003, the Medicare Prescription Drug, Improvement and Modernization Act of 2003, (the "Act") was enacted. The Act introduced a prescription drug benefit under Medicare Part D as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. PCA has not yet determined whether benefits provided by its retiree medical plan for salaried employees are actuarially equivalent to Medicare Part D. As such, the net periodic postretirement benefit cost does not reflect any amount associated with the subsidy.

9. Acquisition

On December 12, 2003, Packaging Corporation of Illinois, a wholly owned subsidiary of PCA, was formed to acquire the assets of Acorn Corrugated Box Co. ("Acorn") for approximately $38.5 million. The acquisition of Acorn expands PCA's capabilities in high quality graphics packaging and displays and increases PCA's presence in the Chicago market. The transaction was completed on February 10, 2004.

9. Acquisition (Continued)

The purchase price allocation is preliminary as the Company is awaiting appraisals (primarily fixed assets and intangible assets) to finalize this allocation. Sales and total assets of the acquisition were not material. Operating results of the acquisition subsequent to February 10, 2004 are included in the Company's 2004 operating results.

10. Sale of Investment

On June 30, 2004, PCA sold a portion of its interest in Southern Timber Venture, LLC for $2.0 million and recognized a pre-tax gain of $2.0 million.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Overview

Packaging Corporation of America, or PCA, is the sixth largest producer of containerboard and corrugated products in the United States, based on production capacity. Approximately 80% of the containerboard tons produced at our mills is consumed in our corrugated products manufacturing plants. The remaining 20% is sold to domestic customers or the export market. Besides containerboard, we produce a wide variety of products ranging from basic corrugated shipping containers to specialized packaging such as wax-coated boxes for the agriculture industry. We also have multi-color printing capabilities to make high-impact graphics boxes and displays that offer our customers more attractive packaging. Our operating facilities and customers are located primarily in the United States.

Results of Operations

Three Months Ended September 30, 2004 Compared to Three Months Ended September 30, 2003

The historical results of operations of PCA for the three months ended September 30, 2004 and 2003, are set forth below:

	For the Three Months Ended September 30,		
(In thousands)	**2004**	**2003**	**Change**
Net sales	$498,753	$444,599	$ 54,154
Operating income	$ 49,855	$ 29,527	$ 20,328
Interest expense	(7,430)	(82,593)	75,163
Income (loss) before taxes	42,425	(53,066)	95,491
(Provision) benefit for income taxes	(16,752)	20,730	(37,482)
Net income (loss)	$ 25,673	$ (32,336)	$ 58,009

Net Sales

Net sales increased by $54.2 million, or 12.2%, for the three months ended September 30, 2004 from the comparable period in 2003. The increase was the result of increased sales volumes and prices of corrugated products and containerboard to external third parties.

Total corrugated products volume sold for the three months ended September 30, 2004 increased 5.3% to 7.6 billion square feet from the comparable period in 2003. On a comparable shipments-per-workday basis, corrugated products volume was also up 5.3% from the third quarter of 2003. The percentage increase in volume on a total and shipments-per-workday basis is the same since the third quarter of both 2003 and 2004 consisted of 64 workdays. Shipments-per-workday is calculated by dividing our total corrugated products volume during the quarter by the number of workdays within the quarter.

Containerboard volume sold to external domestic and export customers for the three months ended September 30, 2004 increased 6.1% from the three months ended September 30, 2003. Containerboard mill production in the third quarter of 2004 was 595,000 tons compared to 567,000 tons in the same period of 2003.

Income Before Interest and Taxes (Operating Income)

Operating income increased by $20.3 million, or 68.8%, for the three months ended September 30, 2004 compared to the three months ended September 30, 2003. The increase was primarily attributable to increased sales prices and volume of corrugated products and containerboard to external third parties ($29.5 million). The higher prices and volume were partially offset by increases in costs for fiber at our containerboard mills ($3.7 million), higher transportation costs ($3.4 million), increased accruals for incentive compensation ($1.8 million), the estimated impact of the hurricanes' in the southeast United States during the quarter ($1.8 million) and increased workers compensation charges ($1.5 million). Included in income before interest and taxes for the three months ended September 30, 2003 is $3.3 million of fees and expenses related to the Company's debt refinancing which was completed in July 2003.

Gross profit increased $21.3 million, or 27.2%, for the three months ended September 30, 2004 from the comparable period in 2003. Gross profit as a percentage of sales increased from 17.6% of sales in the third quarter of 2003 to 20.0% of sales in the third quarter of 2004 due primarily to the increased sales prices and volume described previously.

Selling and administrative expenses increased $2.9 million, or 9.0%, for the three months ended September 30, 2004 compared to the same period in 2003. The increase was primarily the result of increased salary and incentive compensation expense ($2.1 million), higher travel and entertainment expenses ($0.2 million), and increased warehousing costs ($0.2 million) due to increased customer requirements.

Other expense for the three months ended September 30, 2004 was $2.3 million, a decrease of $0.3 million or 11.3%, compared to other expense of $2.6 million for the three months ended September 30, 2003, primarily due to a reduction in charges on disposals and transfer costs of fixed assets.

Corporate overhead decreased by $1.6 million, or 11.5%, for the three months ended September 30, 2004 from the comparable period in 2003. The decrease was primarily attributable to the fees and expenses recorded in connection with the Company's debt refinancing of $3.3 million in the third quarter of 2003, partially offset by increased salary and incentive related expenses ($1.0 million) and higher professional fees primarily related to human resource matters and audit of internal controls ($0.5 million).

Interest Expense and Income Taxes

Interest expense decreased by $75.2 million, or 91.0%, for the three months ended September 30, 2004 from the three months ended June 30, 2003, primarily as a result of a $73.3 million charge recorded in the third quarter of 2003 related to the Company's July 2003 debt refinancing, and lower debt levels.

PCA's effective tax rate was 39.5% for the three months ended September 30, 2004 and 39.1% for the comparable period in 2003. The effective tax rate varies from the U.S. federal statutory tax rate of 35% principally due to the impact of state and local income taxes and a deduction for extraterritorial income exclusion.

Nine Months Ended September 30, 2004 Compared to Nine Months Ended September 30, 2003

The historical results of operations of PCA for the nine months ended September 30, 2004 and 2003, are set forth below:

	For the Nine Months Ended September 30,		
(In thousands)	2004	2003	Change
Net sales	$1,397,435	$1,304,337	$ 93,098
Operating income	$ 76,412	$ 90,324	$(13,912)
Interest expense	(22,377)	(114,077)	91,700
Income (loss) before taxes	54,035	(23,753)	77,788
(Provision) benefit for income taxes	(21,572)	9,218	(30,790)
Net income (loss)	$ 32,463	$ (14,535)	$ 46,998

Net Sales

Net sales increased by $93.1 million, or 7.1%, for the nine months ended September 30, 2004 from the comparable period in 2003. The increase was the result of increased sales volumes of corrugated products and containerboard to external third parties.

Total corrugated products volume sold for the nine months ended September 30, 2004 increased 7.2% to 22.5 billion square feet from the comparable period in 2003. On a comparable shipments-per-workday basis, corrugated products volume was also up 7.2% from the comparable period in 2003. The percentage increase in volume on a total and shipments-per-workday basis is the same since the first nine months of both 2003 and 2004 contained 190 workdays. Containerboard volume to external domestic and export customers increased 7.7% for the nine months ended September 30, 2004 from the comparable period in 2003. Containerboard mill production for the nine months ended September 30, 2004 was 1,719,000 tons compared to 1,655,000 tons in the same period in 2003.

Income Before Interest and Taxes (Operating Income)

Operating income decreased by $13.9 million, or 15.4%, for the nine months ended September 30, 2004 compared to the nine months ended September 30, 2003. The decrease was primarily attributable to lower sales prices and higher transportation expenses ($32.9 million), increases in costs of recycled fiber ($6.9 million), and higher energy costs ($4.0 million). These income reduction items were partially offset by increased sales volume of $31.1 million.

Gross profit decreased $16.3 million, or 7.1%, for the nine months ended September 30, 2004 from the comparable period in 2003. Gross profit as a percentage of sales declined from 17.6% of sales in the first nine months of 2003 to 15.2% of sales in the first nine months of 2004 due primarily to the decreased sales prices and increased operating costs described previously.

Selling and administrative expenses increased $4.5 million, or 4.7%, for the nine months ended September 30, 2004 compared to the same period in 2003. The increase was primarily the result of increased salary and incentive compensation expense ($1.6 million), increased salary fringe benefits ($0.8 million), higher warehousing and rent costs ($0.7 million) due to increased customer requirements, higher travel and entertainment expenses ($0.7 million), and other general selling and employment related expenses ($0.5 million).

Other expense for the nine months ended September 30, 2004 was $3.4 million compared to $8.4 million for the nine months ended September 30, 2003, a decrease of $5.0 million or 59.9%. During the second quarter of 2004, PCA recorded a $2.0 million pre-tax gain from the sale of a small portion of its investment in Southern Timber Venture, LLC. In addition, charges related to the disposal and transfer of fixed assets were $2.2 million lower in the first nine months of 2004 compared to the comparable period of 2003.

Corporate overhead decreased by $1.8 million, or 5.2%, for the nine months ended September 30, 2004 from the comparable period in 2003. The decrease was primarily attributable to the fees and expenses recorded in connection with the Company's debt refinancing of $3.3 million in the third quarter of 2003, partially offset by higher professional fees primarily related to human resource and legal matters and audit of internal controls ($0.9 million) and increased salary expense ($0.6 million).

Interest Expense and Income Taxes

Interest expense decreased by $91.7 million, or 80.4%, for the nine months ended September 30, 2004 from the nine months ended September 30, 2003, primarily as a result of the $73.3 million charge recorded in the third quarter of 2003 related to the Company's July 2003 debt refinancing, lower interest rates as a result of the refinancing, and lower debt levels.

PCA's effective tax rate was 39.9% for the nine months ended September 30, 2004 and 38.8% for the comparable period in 2003. The effective tax rate varies from the U.S. federal statutory tax rate of 35% principally due to the impact of state and local income taxes and a deduction for extraterritorial income exclusion.

Liquidity and Capital Resources

The following table presents a summary of our cash flows for the periods presented:

	For the Nine Months Ended September 30,		
(In thousands)	**2004**	**2003**	**Change**
Net cash provided by (used for):			
Operating activities	$ 103,226	$148,959	$(45,733)
Investing activities	(113,867)	(83,747)	(30,120)
Financing activities	(42,014)	(79,866)	37,852
Net decrease in cash	$ (52,655)	$ (14,654)	$(38,001)

Operating Activities

Cash flow provided by operating activities for the nine months ended September 30, 2004 was $103.2 million, a decrease of $45.7 million, or 30.7%, from the comparable period in 2003. The decrease was primarily due to unfavorable changes in working capital of $30.3 million, higher hourly pension contributions in 2004 of $7.9 million and decreased deferred income taxes of $4.0 million, after adjusting 2003 deferred taxes for the impact of the July 2003 debt refinancing. The unfavorable changes in working capital were driven by a $13.0 million payment to Pactiv Corporation in January 2004 for a fourth quarter 2003 negotiated settlement of pension benefits and workers' compensation liabilities dating back to April 12, 1999, the date Tenneco Packaging Inc. (now known as Pactiv) sold us to PCA Holdings LLC. This payment was accrued in the fourth quarter of 2003. The higher working capital levels were also driven by unfavorable changes in accounts payable ($11.1 million) and accounts receivable ($7.1 million) due to higher sales volume and pricing in 2004 previously described.

Investing Activities

Net cash used for investing activities for the nine months ended September 30, 2004 increased $30.1 million, or 36.0%, to $113.9 million, compared to the nine months ended September 30, 2003. The increase was related to more cash used to acquire businesses of $35.7 million, primarily driven by the acquisition of Acorn Corrugated Box Co. in February 2004, partially offset by lower general additions to property, plant and equipment of $1.7 million and higher proceeds from disposals of $2.5 million during the first nine months of 2004 compared to the same period in 2003. See Note 9 to our condensed consolidated financial statements included elsewhere in this report for additional information regarding the acquisition of Acorn Corrugated Box Co.

Financing Activities

Net cash used for financing activities totaled $42.0 million for the nine months ended September 30, 2004, a decrease of $37.9 million, or 47.4%, from the comparable period in 2003. The decrease was primarily attributable to $4.0 million in debt prepayments in 2004 compared to $83.1 million in debt prepayments that PCA made prior to the debt refinancing in July 2003, stock repurchases of $17.5 million during the first nine months of 2003 and higher proceeds received from stock option exercises of $3.0 million in the first nine months of 2004 compared to the same period in 2003. This was partially offset by dividend payments on PCA's common stock of $47.7 million in January, April and July of 2004 and the $14.0 million in proceeds that PCA netted from the debt refinancing in 2003 described below.

In connection with the debt refinancing in July of 2003, PCA received proceeds, net of discount, of $595.8 million from its senior notes offering and new bank facility and $27.0 million from settlement of the Treasury locks in July, which it used to complete the tender offer of its 9⅝% senior subordinated notes in the amount of $602.3 miilion, including the premium. PCA also incurred financing costs in the amount of $6.5 million in connection with the debt refinancing.

PCA's primary sources of liquidity are net cash provided by operating activities, borrowings under PCA's revolving credit facility, and additional borrowings under PCA's receivables credit facility. As of September 30, 2004, PCA had $141.0 million in unused borrowing capacity under its existing credit agreements. PCA's primary uses of cash are for capital expenditures, debt service and common stock dividends, which it expects to be able to fund from these sources.

The following table provides the outstanding balances and the weighted average interest rates as of September 30, 2004 for each of PCA's outstanding term loan, the revolving credit facility, the receivables credit facility, and the five- and ten-year senior notes:

Borrowing Arrangement	Balance at Sept. 30, 2004	Weighted Average Interest Rate	Projected Annual Cash Interest Payments
		(in thousands)	
Senior Credit Facility:			
Term Loan	$ 39,000	3.250%	$ 1,268
Revolving Credit Facility	—	N/A	N/A
Receivables Credit Facility	109,000	2.272	2,476
4⅜% Five-Year Notes	150,000	4.375	6,563
5¾% Ten-Year Notes	400,000	5.750	23,000
Total	$698,000	4.772%	$33,307

The above table excludes unamortized debt discount of $3.5 million at September 30, 2004. It also excludes from the projected annual cash interest payments, income from the annual amortization of the $27.0 million received in July 2003 from the settlement of the Treasury locks related to the five- and ten-year notes. The amortization is being recognized over the terms of the five- and ten-year notes.

The borrowings under the revolving credit facility are available to fund PCA's working capital requirements, capital expenditures and other general corporate purposes. The term loan must be repaid in quarterly installments from July 2006 through 2008. The revolving credit facility will terminate in July 2008. The receivables credit facility will terminate in October 2006.

The instruments governing PCA's indebtedness contain financial and other covenants that limit, among other things, the ability of PCA and its subsidiaries to:

- enter into sale and leaseback transactions,
- 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 could limit our corporate and operating activities.

In addition, we must maintain minimum net worth, maximum leverage and minimum EBITDA to interest 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 and the receivables credit facility.

PCA currently expects to incur capital expenditures of approximately $110.0 million in 2004. These expenditures will be used primarily for maintenance capital, cost reduction, business growth and environmental compliance. As of September 30, 2004, PCA had spent $76.5 million for capital expenditures and had committed to spend an additional $49.4 million in 2004 and beyond.

PCA believes that net cash generated from operating activities and available cash-on-hand will be adequate to meet its anticipated debt service requirements, capital expenditures, common stock dividend payments and working capital needs for the next 12 months, and that net cash generated from operating activities and amounts available under the senior revolving credit facility and additional borrowings under its receivables credit facility will be adequate to meet its anticipated debt service requirements, capital expenditures, common stock dividend payments and working capital needs for the foreseeable future. PCA's future operating performance and its ability to service or refinance the notes and to extend or refinance the credit facilities will be subject to future economic conditions and to financial, business and other factors, many of which are beyond PCA's control.

Market Risk and Risk Management Policies

PCA is exposed to the impact of interest rate changes and changes in the market value of its financial instruments. PCA periodically enters into derivatives in order to minimize these risks, but not for trading purposes. As of September 30, 2004, PCA did not have any derivatives.

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. The most significant of these laws affecting us are:

- Resource Conservation and Recovery Act (RCRA);
- Clean Water Act (CWA);
- Clean Air Act (CAA);
- The Emergency Planning and Community Right-to-Know-Act (EPCRA);
- Toxic Substance Control Act (TSCA); and
- Safe Drinking Water Act (SDWA).

We believe that we are currently in material compliance with these and 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 these and other environmental laws. In particular, the United States Environmental Protection Agency finalized the Cluster Rules that 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.

Impact of Inflation

PCA does not believe that inflation has had a material impact on its financial position or results of operations during the third quarters of 2004 and 2003.

Critical Accounting Policies and Estimates

Management's discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosures of contingent assets and liabilities. On an ongoing basis, we evaluate our estimates, including those related to bad debts, inventories, intangible assets, pensions and other post-retirement benefits, income taxes, contingencies and litigation. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

PCA has included in its Annual Report on Form 10-K for the year ended December 31, 2003, a discussion of its critical accounting policies which we believe affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. PCA has not made any changes in any of these critical accounting policies during the first nine months of 2004.

Forward-Looking Statements

Some of the statements in this Quarterly Report on Form 10-Q, and in particular, statements found in Management's Discussion and Analysis of Financial Condition and Results of Operations, that are not historical in nature may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are often identified by the words "will," "should," "anticipate," "believe," "expect," "intend," "estimate," "hope," or similar expressions. These statements reflect management's current views with respect to future events and are subject to risks and uncertainties. There are important factors that could cause actual results to differ materially from those in forward-looking statements, many of which are beyond our control. These factors, risks and uncertainties include the following:

- the impact of general economic conditions;
- containerboard and corrugated products general industry conditions, including competition, product demand and product pricing;
- fluctuations in wood fiber and recycled fiber costs;
- fluctuations in purchased energy costs; and
- legislative or regulatory requirements, particularly concerning environmental matters.

Our actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements, and accordingly, we can give no assurances that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what impact they will have on our results of operations or financial condition. In view of these uncertainties, investors are cautioned not to place undue reliance on these forward-looking statements. We expressly disclaim any obligation to publicly revise any forward-looking statements that have been made to reflect the occurrence of events after the date hereof. For a discussion of other factors that may affect our business, see the "Risk Factors" exhibit included in our 2002 Annual Report on Form 10-K.

Available Information

The Company's internet website address is *www.packagingcorp.com.* Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge through our website as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

For a discussion of market risks related to PCA, see Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations—Market Risk and Risk Management Policies" in this Quarterly Report on Form 10-Q.

Item 4. Controls and Procedures.

PCA's management, under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of the design and operation of PCA's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended). The evaluation of PCA's disclosure controls and procedures included a review of the controls' objectives and design, PCA's implementation of the controls and the effect of the controls on the information generated for use in this Quarterly Report on Form 10-Q.

During the quarter ended September 30, 2004, there were no changes in internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, PCA's internal control over financial reporting.

Based upon their evaluation as of September 30, 2004, PCA's Chief Executive Officer and Chief Financial Officer have concluded that PCA's disclosure controls and procedures are effective to ensure that material information relating to PCA is made known to management, including the Chief Executive Officer and Chief Financial Officer, particularly during the periods when PCA's periodic reports are being prepared.

PART II
OTHER INFORMATION

Item 1. Legal Proceedings.

On May 14, 1999, PCA was named as a defendant in two Consolidated Class Action Complaints which alleged a civil violation of Section 1 of the Sherman Act. The suits, then captioned *Winoff Industries, Inc. v. Stone Container Corporation*, MDL No. 1261 (E.D. Pa.) and *General Refractories Co. v. Gaylord Container Corporation*, MDL No. 1261 (E.D. Pa.), name PCA as a defendant based solely on the allegation that PCA is successor to the interests of Tenneco Packaging Inc. and Tenneco Inc., both of which were also named as defendants in the suits, along with nine other linerboard and corrugated sheet manufacturers. The complaints allege that the defendants, during the period October 1, 1993 through November 30, 1995, conspired to limit the supply of linerboard, and that the purpose and effect of the alleged conspiracy was to artificially increase prices of corrugated containers and corrugated sheets, respectively. On November 3, 2003, Pactiv (formerly known as Tenneco Packaging), Tenneco and PCA entered into an agreement to settle the class action lawsuits. The settlement agreement provides for a full release of all claims against PCA as a result of the class action lawsuits and was approved by the Court in an opinion issued on April 21, 2004. Approximately 160 plaintiffs opted out of the class and together filed about ten direct action complaints in various federal courts across the country. All of the opt-out complaints make allegations against the defendants, including PCA, substantially similar to those made in the class actions. The settlement agreement does not cover these direct action cases. These actions have almost all been consolidated as *In re Linerboard*, MDL 1261 (E.D. Pa.) for pretrial purposes. Fact discovery is proceeding and is currently set to close March 31, 2005. As of the date of this filing, we believe it is not reasonably possible that the outcome of this litigation will have a material adverse effect on our financial position or results of operations.

PCA is also 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. As of the date of this filing, we believe it is not reasonably possible that the resolution of these legal actions will, individually or in the aggregate, have a material adverse effect on our financial condition or results of operations.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits.

10.1 Amendment No. 5 to Credit and Security Agreement, dated as of October 8, 2004, among Packaging Receivables Company, LLC, Packaging Credit Company, LLC, Blue Ridge Asset Funding Corporation and Wachovia Bank, N.A.

31.1 Certification of Chief Executive Officer, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Financial Officer, As Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Executive Officer Pursuant to 18 U.S.C. §1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

32.2 Certification of Chief Financial Officer Pursuant to 18 U.S.C. §1350, As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

PACKAGING CORPORATION OF AMERICA
(Registrant)

By: /s/ PAUL T. STECKO
Chairman and Chief Executive Officer
(Authorized Officer)

By: /s/ RICHARD B. WEST
Senior Vice President, Chief Financial Officer
and Corporate Secretary
(Principal Financial Officer)

Date: November 2, 2004

Exhibit 31.1

CERTIFICATION

I, Paul T. Stecko, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Packaging Corporation of America ("PCA");

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of PCA as of, and for, the periods presented in this report;

(4) PCA's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for PCA and have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to PCA, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) evaluated the effectiveness of PCA's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) disclosed in this report any change in PCA's internal control over financial reporting that occurred during PCA's most recent fiscal quarter (PCA's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, PCA's internal control over financial reporting; and

(5) PCA's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to PCA's auditors and the Audit Committee of PCA's Board of Directors (or persons performing the equivalent functions):

a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect PCA's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in PCA's internal control over financial reporting.

Dated: November 2, 2004

/s/ PAUL T. STECKO

Paul T. Stecko

Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, Richard B. West, certify that:

(1) I have reviewed this quarterly report on Form 10-Q of Packaging Corporation of America ("PCA");

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of PCA as of, and for, the periods presented in this report;

(4) PCA's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for PCA and have:

  a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to PCA, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

  b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

  c) evaluated the effectiveness of PCA's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

  d) disclosed in this report any change in PCA's internal control over financial reporting that occurred during PCA's most recent fiscal quarter (PCA's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, PCA's internal control over financial reporting; and

(5) PCA's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to PCA's auditors and the Audit Committee of PCA's Board of Directors (or persons performing the equivalent functions):

  a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect PCA's ability to record, process, summarize and report financial information; and

  b) any fraud, whether or not material, that involves management or other employees who have a significant role in PCA's internal control over financial reporting.

Dated: November 2, 2004

/s/ RICHARD B. WEST

Richard B. West
Senior Vice President, Chief Financial Officer and Corporate Secretary

Exhibit 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul T. Stecko, Chief Executive Officer of Packaging Corporation of America (the "Company"), certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2004 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ PAUL T. STECKO

Paul T. Stecko
Chairman and Chief Executive Officer

November 2, 2004

Exhibit 32.2

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. §1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Richard B. West, Chief Financial Officer of Packaging Corporation of America (the "Company"), certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Quarterly Report of the Company on Form 10-Q for the period ended September 30, 2004 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in such Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD B. WEST
Richard B. West
Senior Vice President, Chief Financial Officer and Corporate Secretary

November 2, 2004