UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended June 30, 2004

or

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

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

As of August 2, 2004, the Registrant had outstanding 106,792,751 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)	June 30, 2004 (unaudited)	December 31, 2003
Assets		
Current assets:		
Cash and cash equivalents	$ 91,181	$ 172,022
Accounts and notes receivable, net of allowance for doubtful accounts of $4,824 and $5,303 as of June 30, 2004 and December 31, 2003, respectively	206,892	191,405
Inventories	166,247	166,312
Prepaid expenses and other current assets	16,265	7,635
Deferred income taxes	24,083	29,703
Total current assets	504,668	567,077
Property, plant and equipment, net	1,371,557	1,372,823
Goodwill and other intangible assets, net of accumulated amortization of $2,407 and $2,079 as of June 30, 2004 and December 31, 2003, respectively	19,793	5,495
Other long-term assets	39,143	39,731
Total assets	$ 1,935,161	$ 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	114,239	126,924
Accrued interest	12,572	13,511
Accrued liabilities	72,181	89,779
Total current liabilities	308,091	342,977
Long-term liabilities:		
Long-term debt	585,569	585,198
Deferred income taxes	226,363	230,949
Other liabilities	33,568	28,522
Total long-term liabilities	845,500	844,669
Shareholders' equity:		
Common stock (par value $.01 per share, 300,000,000 shares authorized, 106,444,088 shares and 105,651,123 shares issued as of June 30, 2004 and December 31, 2003, respectively)	1,064	1,056
Additional paid in capital	485,371	473,097
Retained earnings	273,805	298,869
Accumulated other comprehensive income:		
Unrealized gain on derivatives, net	24,030	25,584
Cumulative foreign currency translation adjustment	28	23
Total accumulated other comprehensive income	24,058	25,607
Unearned compensation on restricted stock	(2,728)	(1,149)
Total shareholders' equity	781,570	797,480
Total liabilities and shareholders' equity	$1,935,161	$ 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 June 30, 2004**	**2003**
Net sales	$ 467,393	$ 436,470
Cost of sales	(394,569)	(357,979)
Gross profit	72,824	78,491
Selling and administrative expenses	(32,428)	(31,285)
Corporate overhead	(10,484)	(10,787)
Other income (expense), net	256	(3,104)
Income before interest and taxes	30,168	33,315
Interest expense, net	(7,544)	(15,716)
Income before taxes	22,624	17,599
Provision for income taxes	(8,998)	(6,925)
Net income	$ 13,626	$ 10,674
Weighted average common shares outstanding:		
Basic	106,157	104,419
Diluted	107,454	106,221
Net income per common share:		
Basic	$ 0.13	$ 0.10
Diluted	$ 0.13	$ 0.10
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)	**Six Months Ended June 30, 2004**	**2003**
Net sales	$ 898,660	$ 859,738
Cost of sales	(785,620)	(709,082)
Gross profit	113,040	150,656
Selling and administrative expenses	(64,686)	(63,118)
Corporate overhead	(20,767)	(20,966)

Other expense, net	(1,030)	(5,775)
Income before interest and taxes	26,557	60,797
Interest expense, net	(14,947)	(31,484)
Income before taxes	11,610	29,313
Provision for income taxes	(4,820)	(11,512)
Net income	$ 6,790	$ 17,801
Weighted average common shares outstanding:		
Basic	106,001	104,499
Diluted	107,333	106,323
Net income per common share:		
Basic	$ 0.06	$ 0.17
Diluted	$ 0.06	$ 0.17
Dividends declared per common share	$ 0.30	$ —

See notes to condensed consolidated financial statements.

Packaging Corporation of America

Condensed Consolidated Statements of Cash Flow

(unaudited)

(In thousands)	Six Months Ended June 30, 2004	2003
Cash Flows from Operating Activities:		
Net income	$ 6,790	$ 17,801
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	78,243	76,816
Amortization of financing costs	341	1,705
Loss on extinguishment of debt	174	—
Deferred income tax provision	1,034	17,451
Loss on disposals of property, plant and equipment	435	1,450
Pension and postretirement benefits	5,355	3,859
Other, net	(2,706)	(522)
Tax benefit associated with employee stock option exercises	3,763	2,714
Changes in components of working capital:		
(Increase) decrease in current assets—		
Accounts receivable	(13,425)	(17,239)
Inventories	4,029	(3,683)
Prepaid expenses and other	(8,484)	(16,628)
Increase (decrease) in current liabilities—		
Accounts payable	(15,619)	5,596
Accrued liabilities	(19,703)	(13,278)
Net cash provided by operating activities	40,227	76,042
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(55,398)	(51,354)
Acquisition of business	(38,302)	(3,564)
Additions to long term assets	(1,713)	(2,528)
Proceeds from disposals of property, plant and equipment	3,262	110
Net cash used for investing activities	(92,151)	(57,336)
Cash Flows from Financing Activities:		
Payments on long-term debt	(3,882)	(4,024)
Dividends paid	(31,749)	—
Repurchases of common stock	—	(17,517)
Issuance of common stock upon exercise of stock options	6,714	2,981
Net cash used for financing activities	(28,917)	(18,560)
Net increase (decrease) in cash and cash equivalents	(80,841)	146
Cash and cash equivalents, beginning of period	172,022	131,305
Cash and cash equivalents, end of period	$ 91,181	$ 131,451

See notes to condensed consolidated financial statements.

Packaging Corporation of America

Notes to Condensed Consolidated Financial Statements

1. Basis of Presentation

The consolidated financial statements as of June 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 June 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 June 30, 2004	Three months ended June 30, 2003
Net income	$13,626	$10,674
Other comprehensive income (loss), net of tax:		
Amortization of Treasury lock	776	—
Unrealized gain on derivatives, net of tax	—	9,885
Foreign currency translation adjustment	—	(4)
Comprehensive income	$14,402	$20,555

(In thousands)	Six months ended June 30, 2004	Six months ended June 30, 2003
Net income	$6,790	$17,801
Other comprehensive income (loss), net of tax:		
Amortization of Treasury lock	1,554	—
Unrealized gain on derivatives, net of tax	—	10,281
Foreign currency translation adjustment	(5)	(3)
Comprehensive income	$8,339	$28,079

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 common stock 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. Under the plan, which will terminate on June 1, 2009, up to 4,400,000 shares of common stock are available for issuance under the long-term equity incentive plan.

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

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:

	Three months ended June 30,	
(In thousands, except per share amounts)	2004	2003
Net income—as reported	$ 13,626	$ 10,674
Add: Amortization of unearned compensation on restricted stock, net of tax	54	—
Less: Stock-based compensation expense determined using fair value method, net of tax	(739)	(665)
Net income—pro forma	$ 12,941	$ 10,009
Basic earnings per common share—as reported	$ 0.13	$ 0.10
Diluted earnings per common share—as reported	$ 0.13	$ 0.10
Basic earnings per common share—pro forma	$ 0.12	$ 0.10
Diluted earnings per common share—pro forma	$ 0.12	$ 0.09

	Six months ended June 30,	
(In thousands, except per share amounts)	2004	2003

Net income—as reported	$ 6,790	$ 17,801
Add: Amortization of unearned compensation on restricted stock, net of tax	137	—
Less: Stock-based compensation expense determined using fair value method, net of tax	(1,651)	(1,406)
Net income—pro forma	$ 5,276	$ 16,395
Basic earnings per common share—as reported	$ 0.06	$ 0.17
Diluted earnings per common share—as reported	$ 0.06	$ 0.17
Basic earnings per common share—pro forma	$ 0.05	$ 0.16
Diluted earnings per common share—pro forma	$ 0.05	$ 0.15

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.

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 June 30, 2004	Three Months Ended June 30, 2003
Numerator:		
Net income	$ 13,626	$ 10,674
Denominator:		
Basic common shares outstanding	106,157	104,419
Effect of dilutive securities:		
Restricted stock	34	—
Stock options	1,263	1,802
Dilutive common shares outstanding	107,454	106,221
Basic income per common share	$ 0.13	$ 0.10
Diluted income per common share	$ 0.13	$ 0.10

(In thousands, except per share data)	Six Months Ended June 30, 2004	Six Months Ended June 30, 2003
Numerator:		
Net income	$ 6,790	$ 17,801
Denominator:		
Basic common shares outstanding	106,001	104,499
Effect of dilutive securities:		
Restricted stock	31	—
Stock options	1,301	1,824
Dilutive common shares outstanding	107,333	106,323
Basic income per common share	$ 0.06	$ 0.17
Diluted income per common share	$ 0.06	$ 0.17

4. Inventories

The components of inventories are as follows:

(In thousands)	June 30, 2004	December 31, 2003 (audited)
Raw materials	$ 77,103	$ 75,801
Work in progress	5,804	4,895
Finished goods	56,788	54,260
Supplies and materials	63,680	63,922
Inventories at FIFO cost	203,375	198,878
Excess of FIFO over LIFO cost	(37,128)	(32,566)
Inventories	$ 166,247	$ 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 June 30, 2004 are as follows:

(In thousands)	
Balance as of December 31, 2003	$ 2,286
Acquisition of Acorn Corrugated Box Co.	14,474
Other	(98)
Total	$ 16,662

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:

	As of June 30, 2004		As of December 31, 2003	
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Intangible assets subject to amortization:				
Covenants not to compete	$ 1,766	$ 1,146	$ 1,391	$ 887
Customer lists	1,560	1,261	1,560	1,192
	3,326	2,407	2,951	2,079
Intangible assets not subject to amortization:				
Intangible pension asset	2,212	—	2,337	—
Total other intangible assets	$ 5,538	$ 2,407	$ 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)	June 30, 2004	December 31, 2003 (audited)
Workers' compensation	$ 18,573	$ 13,775
Environmental	1,113	1,272
Management equity loans	600	600
Total	$ 20,286	$ 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 expires 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:

(Inthousands)	June, 30 2004	Dec. 31, 2003 (audited)
Senior credit facility—		
Term Loan, effective interest rate of 2.88% and 2.44% as of June 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 1.79% and 1.51% as of June 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	149,452	149,384
Senior notes, net of discount, interest at 5.750% payable semi-annually, due August 1, 2013	396,915	396,743
Senior subordinated notes, interest at 9.625%	—	3,617
Other	301	217
Total	694,668	697,961
Less: current portion	109,099	112,763
Total long-term debt	$ 585,569	$ 585,198

On March 1, 2004, PCA delivered an irrevocable notice to the trustee to redeem the $9\frac{5}{8}\%$ 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'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 months and six months ended June 30, 2004 and 2003, net pension costs were comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2004	2003	2004	2003
Components of Net Periodic Benefit Cost				
Service cost for benefits earned during the year	$2,695	$ 1,288	$ 4,178	$ 2,576
Interest cost on accumulated benefit obligation	434	119	625	238
Expected return on assets	(1)	—	(2)	—
Net amortization of unrecognized amounts	461	104	565	208
Net periodic benefit cost	$3,589	$ 1,511	$ 5,366	$ 3,022

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 months and six months ended June 30, 2004 and 2003, net postretirement costs were comprised of the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In thousands)	2004	2003	2004	2003
Components of Net Periodic Benefit Cost				

Service cost for benefits earned during the year	$209	$170	$418	$340
Interest cost on accumulated benefit obligation	122	97	244	194
Net amortization of unrecognized amounts	(52)	(65)	(104)	(130)
Net periodic benefit cost	$279	$202	$558	$404

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. Because of the employer cost caps that PCA has adopted for its retiree medical plan for salaried employees, the Act is not expected to have any impact on PCA's future net postretirement benefit costs.

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 $38.3 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. 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.

9. Acquisition (Continued)

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

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

	For the Three Months Ended June 30,		
(In thousands)	2004	2003	Change
Net sales	$ 467,393	$ 436,470	$ 30,923
Operating income	$ 30,168	$ 33,315	$ (3,147)
Interest expense	(7,544)	(15,716)	8,172
Income before taxes	22,624	17,599	5,025
Provision for income taxes	(8,998)	(6,925)	(2,073)
Net income	$ 13,626	$ 10,674	$ 2,952

Net Sales

Net sales increased by $30.9 million, or 7.1%, for the three months ended June 30, 2004 from the comparable period in 2003. The increase was the result of increased sales volumes of corrugated products which was partially offset by lower pricing.

Total corrugated products volume sold for the three months ended June 30, 2004 increased 9.6% to 7.7 billion square feet. On a comparable shipments-per-workday basis, corrugated products volume was also up 9.6% from the second quarter of 2003. The percentage increase in volume on a total and shipments-per-workday basis is the same since the second quarter of both 2003 and 2004 contained 63 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 to external domestic and export customers was unchanged for the three months ended June 30, 2004 from the three months ended June 30, 2003. Containerboard mill production for the three months ended June 30, 2004 was 578,000 tons compared to 558,000 tons in the same period in 2003.

Income Before Interest and Taxes (Operating Income)

Operating income decreased by $3.1 million, or 9.4%, for the three months ended June 30, 2004 compared to the three months ended June 30, 2003. The decrease was primarily attributable to lower sales prices and higher transportation expenses ($16.9 million) and increases in costs of recycled fiber ($1.7 million). These income reduction items were partially offset by increased sales volume of $14.4 million.

Gross profit decreased $5.7 million, or 7.2%, for the three months ended June 30, 2004 from the comparable period in 2003. Gross profit as a percentage of sales declined from 18.0% of sales in the

second quarter of 2003 to 15.6% of sales in the current quarter due primarily to the decreased sales prices and increased operating costs described previously.

Selling and administrative expenses increased $1.1 million, or 3.7%, for the three months ended June 30, 2004 compared to the same period in 2003. The increase was primarily the result of higher broker commissions ($0.2 million), higher travel and entertainment expenses ($0.2 million), and higher warehousing costs ($0.2 million) due to increased customer requirements.

Other income for the three months ended June 30, 2004 was $0.3 million, an increase of $3.4 million or 108.2%, compared to other expense of $3.1 million for the three months ended June 30, 2003. 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. PCA also recorded a $0.7 million reduction in legal reserves, and losses on disposals of fixed assets were $0.5 million lower than last year's comparable period.

Corporate overhead decreased by $0.3 million, or 2.8%, for the three months ended June 30, 2004 from the comparable period in 2003.

Interest Expense and Income Taxes

Interest expense decreased by $8.2 million, or 52.0%, for the three months ended June 30, 2004 from the three months ended June 30, 2003, primarily as a result of the Company's July 2003 debt refinancing, and lower debt levels.

PCA's effective tax rate was 39.8% for the three months ended June 30, 2004 and 39.3% 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.

Six Months Ended June 30, 2004 Compared to Six Months Ended June 30, 2003

The historical results of operations of PCA for the six months ended June 30, 2004 amd 2003, are set forth below:

	For the Six Months Ended June 30,		
(In thousands)	**2004**	**2003**	**Change**
Net sales	$ 898,660	$ 859,738	$ 38,922
Operating income	$ 26,557	$ 60,797	$ (34,240)
Interest expense	(14,947)	(31,484)	16,537
Income before taxes	11,610	29,313	(17,703)
Provision for income taxes	(4,820)	(11,512)	6,692
Net income	$ 6,790	$ 17,801	$ (11,011)

Net Sales

Net sales increased by $38.9 million, or 4.5%, for the six months ended June 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 which was partially offset by lower pricing.

Total corrugated products volume sold for the six months ended June 30, 2004 increased 8.1% to 14.9 billion square feet. On a comparable shipments-per-workday basis, corrugated products volume was also up 8.1% 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 half of both 2003 and 2004 contained 126 workdays. Containerboard volume to external domestic and export customers increased 8.5% for the six months

ended June 30, 2004 from the comparable period in 2003. Containerboard mill production for the six months ended June 30, 2004 was 1,124,000 tons compared to 1,088,000 tons in the same period in 2003.

Income Before Interest and Taxes (Operating Income)

Operating income decreased by $34.2 million, or 56.3%, for the six months ended June 30, 2004 compared to the six months ended June 30, 2003. The decrease was primarily attributable to lower sales prices and higher transportation expenses ($45.9 million) and increases in costs of recycled fiber ($4.3

million), energy ($2.6 million), and wood fiber ($2.2 million). These income reduction items were partially offset by increased sales volume of $20.9 million.

Gross profit decreased $37.6 million, or 25.0%, for the six months ended June 30, 2004 from the comparable period in 2003. Gross profit as a percentage of sales declined from 17.5% of sales in the first six months of 2003 to 12.6% of sales in the first six months of 2004 due primarily to the decreased sales prices and increased operating costs described previously.

Selling and administrative expenses increased $1.6 million, or 2.5%, for the six months ended June 30, 2004 compared to the same period in 2003. The increase was primarily the result of higher warehousing costs ($0.4 million) due to increased customer requirements, higher travel and entertainment expenses ($0.4 million), and increased broker commissions ($0.3 million).

Other expense for the six months ended June 30, 2004 was $1.0 million compared to $5.8 million for the six months ended June 30, 2003, a decrease of $4.8 million or 82.2%. 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. PCA also recorded a $0.7 million reduction in legal reserves and a $0.5 million credit related to prior years' property insurance coverage during the first six months of 2004. In addition, the loss on disposal of fixed assets was $1.0 million lower in the first six months of 2004 compared to the first half of 2003.

Corporate overhead decreased by $0.2 million, or 1.0%, for the six months ended June 30, 2004 from the comparable period in 2003.

Interest Expense and Income Taxes

Interest expense decreased by $16.5 million, or 52.5%, for the six months ended June 30, 2004 from the six months ended June 30, 2003, primarily as a result of the Company's July 2003 debt refinancing, and lower debt levels.

PCA's effective tax rate was 41.5% for the six months ended June 30, 2004 and 39.3% 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:

(In thousands)	For the Six Months Ended June 30, 2004	For the Six Months Ended June 30, 2003	Change
Net cash provided by (used for):			
Operating activities	$ 40,227	$ 76,042	$ (35,815)
Investing activities	(92,151)	(57,336)	(34,815)
Financing activities	(28,917)	(18,560)	(10,357)
Net increase (decrease) in cash	$ (80,841)	$ 146	$ (80,987)

Operating Activities

Cash flow provided by operating activities for the six months ended June 30, 2004 was $40.2 million, a decrease of $35.8 million, or 47.1%, from the comparable period in 2003. The decrease was the result of lower net income as previously described and decreased deferred income taxes as a result of recording a deferred tax asset related to the 2004 net operating loss, as well as higher working capital requirements of $8.0 million. The higher working capital requirements were driven by a $13.0 million payment to Pactiv 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 (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 and accrued liabilities, partially offset by lower balances of accounts receivable in 2004 related to the lower pricing previously described and lower inventory levels in 2004 related to strong first and second quarter 2004 sales volumes.

Investing Activities

Net cash used for investing activities for the six months ended June 30, 2004 increased $34.8 million, or 60.7%, to $92.2 million, compared to the six months ended June 30, 2003. The increase was related to more cash used to acquire businesses of $34.7 million, primarily driven by the acquisition of Acorn Corrugated Box Co. in February 2004, and higher general additions to property, plant and equipment of $4.0 million, partially offset by higher proceeds from disposals of $3.2 million during the first half 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 $28.9 million for the six months ended June 30, 2004, an increase of $10.4 million, or 55.8%, from the comparable period in 2003. The increase was primarily attributable to dividend payments on PCA's common stock of $31.7 million in January and April of 2004. This was partially offset by stock repurchases of $17.5 million during the first half of 2003 and higher proceeds received from stock option exercises of $3.7 million in the first half of 2004 compared to the same period in 2003.

PCA's primary sources of liquidity are net cash provided by operating activities, borrowings under PCA's senior revolving credit facility, and additional borrowings under PCA's receivables credit facility. As of June 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 June 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 June 30, 2004	Weighted Average Interest Rate	Projected Annual Cash Interest Payments
		(in thousands)	
Term Loan	$ 39,000	2.875%	$ 1,121
Senior Revolving Credit Facility:			
Revolver—Eurodollar	—	N/A	N/A
Revolver—Base Rate	—	N/A	N/A
Receivables Credit Facility	109,000	1.785	1,946
$4\frac{3}{8}\%$ Five-Year Notes	150,000	4.375	6,563
$5\frac{3}{4}\%$ Ten-Year Notes	400,000	5.750	23,000
Total	$ 698,000	4.677%	$ 32,630

The above table excludes unamortized debt discount of $3.6 million at June 30, 2004. It also excludes the impact from the annual cash interest payments of the settlement of the Treasury locks related to the five- and ten-year notes of $27.0 million in July 2003.

The borrowings under the senior 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 senior 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 June 30, 2004, PCA had spent $55.4 million for capital expenditures and had committed to spend an additional $48.5 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 June 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 second 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, and 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 and second quarters 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 Exchange Act 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 June 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 June 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 September 30, 2004. 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. Changes in Securities, Use of Proceeds and Issuer Purchases of Equity Securities.

None.

Item 3. Defaults Upon Senior Securities.

None.

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

We held an annual meeting of our shareholders on May 4, 2004 to vote on the following:

(a) To elect seven nominees to serve on our Board of Directors, each of whom then served as a director of PCA, to serve for an annual term that will expire at the 2005 annual meeting of shareholders and until their successors are elected and qualified. Our stockholders voted to elect all seven nominees. Votes for and votes withheld, by nominee, were as follows:

Nominee	For	Withheld
Paul T. Stecko	95,351,415	4,645,365
Henry F. Frigon.	98,388,474	1,608,306
Louis A. Holland	95,895,346	4,101,434
Justin S. Huscher	95,548,646	4,448,134
Samuel M. Mencoff	76,723,393	23,273,387
Thomas S. Souleles	77,714,739	22,282,041
Rayford K. Williamson	98,367,868	1,628,912

(b) To ratify the Board's appointment of Ernst & Young LLP as independent auditors for the fiscal year ending December 31, 2004. Our stockholders voted on this matter with 99,162,403 votes for and 808,731 votes against. There were 25,646 abstentions.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

a) Exhibits

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

b) Reports on Form 8-K

On April 19, 2004, PCA filed a current report on Form 8-K, announcing first quarter 2004 financial results.

On April 20, 2004, PCA filed an amended current report on Form 8-K/A, announcing first quarter 2004 financial results.

On May 14, 2004, PCA filed a current report on Form 8-K, announcing the declaration of a quarterly cash dividend.

On May 19, 2004, PCA filed a current report on Form 8-K, reporting on its strong corrugated products volume during April and the first nine workdays of May.

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: August 4, 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;

(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 Packaging Corporation of America 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: August 4, 2004

/s/ PAUL T. STECKO

Paul T. Stecko
Chairman and Chief Executive Officer

CERTIFICATION

I, Richard B. West, certify that:

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

(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 Packaging Corporation of America 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: August 4, 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 June 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

August 4, 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 June 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

August 4, 2004