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, 2010

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	**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 o

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for shorter period that the Registrant was required to submit and post such files). Yes ☑ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ☑

As of November 1, 2010, the Registrant had outstanding 102,553,240 shares of common stock, par value $0.01 per share.

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PART I

FINANCIAL INFORMATION

Item 1. ***Financial Statements.***

Packaging Corporation of America

Condensed Consolidated Balance Sheets
(Unaudited)

(In thousands, except share and per share amounts)	September 30, 2010	December 31, 2009 (Audited)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 172,820	$ 260,727
Accounts receivable, net of allowance for doubtful accounts and customer deductions of $5,968 and $6,348 as of September 30, 2010 and December 31, 2009, respectively	335,000	243,403
Inventories	226,731	213,396
Alternative fuel mixture tax credits receivable	—	127,811
Federal and state income taxes receivable	—	4,707
Prepaid expenses and other current assets	21,049	13,045
Deferred income taxes	57,417	22,125
Total current assets	813,017	885,214
Property, plant and equipment, net	1,291,555	1,182,504
Goodwill	38,854	38,854
Other intangible assets, net	11,179	11,790
Other long-term assets	35,427	34,478
Total assets	$ 2,190,032	$ 2,152,840
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt and current maturities of long-term debt	$ 109,000	$ 109,000
Capital lease obligations	659	626
Accounts payable	169,944	126,813
Dividends payable	15,432	15,451
Accrued interest	4,405	12,644
Accrued federal and state income taxes	15,544	—
Accrued liabilities	111,079	106,423
Total current liabilities	426,063	370,957
Long-term liabilities:		
Long-term debt	549,011	548,749
Capital lease obligations	22,004	22,503
Deferred income taxes	86,953	205,227
Pension and postretirement benefit plans	82,894	78,859
Other long-term liabilities	56,795	27,700
Total long-term liabilities	797,657	883,038
Stockholders' equity:		
Common stock, par value $0.01 per share, 300,000,000 shares authorized, 102,735,224 and 103,018,358 shares issued as of September 30, 2010 and December 31, 2009, respectively	1,027	1,030
Additional paid in capital	370,193	387,496
Retained earnings	650,565	546,355
Accumulated other comprehensive income (loss), net of tax:		
Unrealized gain (loss) on treasury locks, net	(15,887)	4,512
Unrealized loss on foreign currency exchange contracts	(555)	—
Unfunded employee benefit obligations	(37,865)	(40,548)
Total accumulated other comprehensive loss	(54,307)	(36,036)
Common stock held in treasury, at cost (50,000 shares as of September 30, 2010)	(1,166)	—
Total stockholders' equity	966,312	898,845
Total liabilities and stockholders' equity	$ 2,190,032	$ 2,152,840

See notes to condensed consolidated financial statements.

Packaging Corporation of America

Condensed Consolidated Statements of Income
(Unaudited)

(In thousands, except per share amounts)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009
Net sales	$ 642,764	$ 553,573
Cost of sales	(476,312)	(443,041)
Gross profit	166,452	110,532
Selling and administrative expenses	(47,219)	(44,258)
Corporate overhead	(15,527)	(13,188)
Alternative fuel mixture tax credits	(111,869)	47,137
Other expense, net	(4,179)	(3,892)
Income (loss) from operations	(12,342)	96,331
Interest expense, net	(7,903)	(8,961)
Income (loss) before taxes	(20,245)	87,370
Benefit (provision) for income taxes	113,565	(14,715)
Net income	$ 93,320	$ 72,655
Weighted average common shares outstanding:		
Basic	101,776	101,713
Diluted	102,687	102,536
Net income per common share:		
Basic	$ 0.92	$ 0.71
Diluted	$ 0.91	$ 0.71
Dividends declared per common share	$ 0.15	$ 0.15

See notes to condensed consolidated financial statements.

Packaging Corporation of America

Condensed Consolidated Statements of Income
(Unaudited)

(In thousands, except per share amounts)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Net sales	$ 1,808,955	$ 1,615,332
Cost of sales	(1,424,039)	(1,276,293)
Gross profit	384,916	339,039
Selling and administrative expenses	(136,149)	(130,325)
Corporate overhead	(43,543)	(42,076)
Alternative fuel mixture tax credits	(102,634)	126,832
Other expense, net	(13,570)	(11,815)
Income from operations	89,020	281,655
Interest expense, net	(24,719)	(26,529)
Income before taxes	64,301	255,126
Benefit (provision) for income taxes	86,243	(47,914)
Net income	$ 150,544	$ 207,212
Weighted average common shares outstanding:		
Basic	101,912	101,516
Diluted	102,822	102,275
Net income per common share:		
Basic	$ 1.48	$ 2.04
Diluted	$ 1.46	$ 2.03
Dividends declared per common share	$ 0.45	$ 0.45

See notes to condensed consolidated financial statements.

Packaging Corporation of America

Condensed Consolidated Statements of Cash Flows
(Unaudited)

(In thousands)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Cash Flows from Operating Activities:		
Net income	$ 150,544	$ 207,212
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	116,770	111,900
Amortization of financing costs	496	580
Amortization of net gain on treasury lock	(1,384)	(1,385)
Share-based compensation expense	5,403	6,021
Deferred income tax provision	(8,902)	(4,340)
Loss on disposals of property, plant and equipment	4,634	4,590
Alternative energy tax credits	13,875	(106,381)
Changes in operating assets and liabilities:		
Increase in assets —		
Accounts receivable	(92,095)	(16,946)
Inventories	(13,335)	(838)
Prepaid expenses and other current assets	(8,053)	(7,290)
Increase (decrease) in liabilities —		
Accounts payable	39,713	12,396
Accrued liabilities	(6,761)	13,792
Other, net	10,136	(10,018)
Net cash provided by operating activities	211,041	209,293
Cash Flows from Investing Activities:		
Additions to property, plant and equipment	(230,926)	(68,600)
Additions to other long term assets	(2,119)	(1,941)
Acquisition of business, net of cash acquired	—	(3,136)
Proceeds from disposals of property, plant and equipment	1,353	28
Net cash used for investing activities	(231,692)	(73,649)
Cash Flows from Financing Activities:		
Payments on long-term debt	(465)	(457)
Common stock dividends paid	(46,366)	(61,456)
Repurchases of common stock	(24,801)	—
Proceeds from exercise of stock options	3,508	910
Excess tax benefits from share-based awards	868	249
Net cash used for financing activities	(67,256)	(60,754)
Net increase (decrease) in cash and cash equivalents	(87,907)	74,890
Cash and cash equivalents, beginning of period	260,727	149,397
Cash and cash equivalents, end of period	$ 172,820	$ 224,287

See notes to condensed consolidated financial statements.

Packaging Corporation of America

Notes to Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2010

1. Basis of Presentation

The condensed consolidated financial statements as of September 30, 2010 and 2009 of Packaging Corporation of America ("PCA" or the "Company") and for the three- and nine-month periods then ended 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 audited financial statements. Operating results for the period ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. These condensed consolidated financial statements should be read in conjunction with PCA's Annual Report on Form 10-K for the year ended December 31, 2009.

2. Summary of Accounting Policies

Basis of Consolidation

The accompanying condensed consolidated financial statements of PCA include all majority-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 U.S. 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 are included in net sales. Shipping and handling costs are included in cost of sales. In addition, the Company offers volume rebates to certain of its customers. The total cost of these programs is estimated and accrued as a reduction to net sales at the time of the respective sale.

Segment Information

PCA is engaged in one line of business: the integrated manufacture and sale of packaging materials, boxes and containers for industrial and consumer markets. No single customer accounts for more than 10% of total net sales.

Recent Accounting Pronouncements

In January 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2010-06, "Fair Value Measurements and Disclosures (Topic 820) — Improving Disclosures about Fair Value Measurements." This ASU requires new disclosures and clarifies existing disclosure requirements about fair value measurement as set forth in Accounting Standards Codification ("ASC") 820. ASU 2010-06 amends ASC 820 to now require: (1) a reporting entity should disclose separately the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements and describe the reasons for the transfers; and (2) in the reconciliation for fair value measurements using significant unobservable inputs, a reporting entity should present separately information about purchases, sales, issuances, and settlements. In addition, ASU 2010-06 clarifies the requirements of existing disclosures. ASU 2010-06 is effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures about purchases, sales, issuances, and settlements in the roll

Packaging Corporation of America

Notes to Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2010

2. Summary of Accounting Policies (Continued)

forward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. The Company adopted this guidance on January 1, 2010. See Note 12 for additional information.

In December 2009, the FASB issued ASU 2009-16, "Transfers and Servicing (Topic 860) — Accounting for Transfers of Financial Assets," which formally codifies FASB Statement No. 166, "Accounting for Transfers of Financial Assets," into the FASB Accounting Standards Codification. ASU 2009-16 revises the provisions of former FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," and will require more information about transfers of financial assets, including securitization transactions, and where entities have continuing exposure to the risks related to transferred financial assets. ASU 2009-16 is effective at the start of a reporting entity's first fiscal year beginning after November 15, 2009. The Company adopted this guidance on January 1, 2010. See Note 9 for additional information.

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, 2010	Three Months Ended September 30, 2009
Numerator:		
Net income	$ 93,320	$ 72,655
Denominator:		
Basic common shares outstanding	101,776	101,713
Effect of dilutive securities:		
Stock options	222	119
Unvested restricted stock	689	704
Dilutive common shares outstanding	102,687	102,536
Basic income per common share	$ 0.92	$ 0.71
Diluted income per common share	$ 0.91	$ 0.71

Packaging Corporation of America

Notes to Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2010

3. Earnings Per Share (Continued)

(In thousands, except per share data)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Numerator:		
Net income	$ 150,544	$ 207,212
Denominator:		
Basic common shares outstanding	101,912	101,516
Effect of dilutive securities:		
Stock options	243	69
Unvested restricted stock	667	690
Dilutive common shares outstanding	102,822	102,275
Basic income per common share	$ 1.48	$ 2.04
Diluted income per common share	$ 1.46	$ 2.03

Options to purchase 0.6 million shares for both the three- and nine-month periods ended September 30, 2010 and options to purchase 1.5 million shares and 1.9 million shares for the three- and nine-month periods ended September 30 2009, respectively, were not included in the computation of diluted common shares outstanding as their exercise price exceeded the average market price of the Company's common stock for each respective reporting period.

4. Comprehensive Income

Comprehensive income is as follows:

(In thousands)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009
Net income	$ 93,320	$ 72,655
Other comprehensive income, net of tax:		
Amortization of unfunded employee benefit obligations	894	858
Amortization of net gain on treasury locks	(282)	(462)
Unrealized losses on treasury locks	(11,101)	—
Unrealized gains on foreign currency exchange contracts	370	—
Comprehensive income	$ 83,201	$ 73,051

Packaging Corporation of America

Notes to Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2010

4. Comprehensive Income (Continued)

(In thousands)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Net income	$ 150,544	$ 207,212
Other comprehensive income, net of tax:		
Amortization of unfunded employee benefit obligations	2,683	2,576
Amortization of net gain on treasury locks	(1,025)	(1,385)
Unrealized losses on treasury locks	(19,374)	—
Unrealized losses on foreign currency exchange contracts	(555)	—
Other	—	(125)
Comprehensive income	$ 132,273	$ 208,278

5. Stock-Based Compensation

In October 1999, the Company adopted a long-term equity incentive plan, which provides for grants of stock options, stock appreciation rights, 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 directors, officers and employees have contractual lives of seven or ten years. Options granted to officers and employees vest ratably over a three-year period, and options granted to directors vest immediately. Restricted stock awards granted to employees generally vest at the end of a four-year period, and restricted stock awards granted to directors vest at the end of a six-month period. The plan, which will terminate on October 19, 2014, provides for the issuance of up to 8,550,000 shares of common stock over the life of the plan. As of September 30, 2010, options and restricted stock of 7,092,654 shares have been granted, net of forfeitures. Forfeitures are added back to the pool of shares of common stock available to be granted at a future date.

Compensation expense for both stock options, which were fully vested at June 30, 2010, and restricted stock recognized in the condensed consolidated statements of income for the three- and nine-month periods ended September 30, 2010 and 2009 was as follows:

(In thousands)	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Stock options	$ —	$ 210	$ 221	$ 576
Restricted stock	1,615	1,300	5,182	5,445
Impact on income before income taxes	1,615	1,510	5,403	6,021
Income tax benefit	(630)	(588)	(2,105)	(2,340)
Impact on net income	$ 985	$ 922	$ 3,298	$ 3,681

The Company uses the Black-Scholes-Merton option-pricing model to estimate the fair value of each option grant as of the date of grant. Expected volatilities are based on historical volatility of the Company’s common stock. The expected life of the option is estimated using historical data pertaining to option exercises and employee terminations. Separate groups of employees that have similar historical exercise behavior are considered separately for estimating the expected life. The risk-free interest rate is based on U.S. Treasury yields in effect at the time of grant. The fair value of restricted stock is determined based on the closing price of the Company’s common stock on the grant date. There were no option grants during the first nine months of 2010.

Packaging Corporation of America

Notes to Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2010

5. Stock-Based Compensation (Continued)

A summary of the Company's stock option activity and related information follows:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (In thousands)
Outstanding at December 31, 2009	1,973,301	$ 20.92		
Exercised	(204,421)	17.16		
Forfeited	(7,374)	24.93		
Outstanding and exercisable at September 30, 2010	1,761,506	$ 21.34	2.57	$ 4,053

The total intrinsic value of options exercised during the three months ended September 30, 2010 and 2009 was $0.3 million and $0.1 million, respectively, and during the nine months ended September 30, 2010 and 2009 was $1.5 million and $1.4 million respectively. As of September 30, 2010, there is no unrecognized compensation cost related to stock option awards granted under the Company's equity incentive plan as all outstanding awards have vested.

A summary of the Company's restricted stock activity follows:

	2010		2009	
(Dollars in thousands)	Shares	Fair Market Value at Date of Grant	Shares	Fair Market Value at Date of Grant
Restricted stock at January 1	1,235,505	$ 24,718	1,038,270	$ 23,023
Granted	573,440	12,693	444,985	6,995
Vested	(318,350)	(6,563)	(234,930)	(5,025)
Cancellations	(12,595)	(248)	(12,210)	(261)
Restricted stock at September 30	1,478,000	$ 30,600	1,236,115	$ 24,732

The Company generally recognizes compensation expense associated with restricted stock awards ratably over their vesting periods. As PCA's Board of Directors has the ability to accelerate vesting of restricted stock upon an employee's retirement, the Company accelerates the recognition of compensation expense for certain employees approaching normal retirement age. As of September 30, 2010, there was $16.9 million of total unrecognized compensation costs related to the above restricted stock awards. The Company expects to recognize the cost of these stock awards over a weighted-average period of 3.0 years.

Packaging Corporation of America

Notes to Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2010

6. Inventories

The components of inventories are as follows:

(In thousands)	September 30, 2010	December 31, 2009 (Audited)
Raw materials	$ 113,207	$ 101,429
Work in process	6,943	6,600
Finished goods	69,167	66,994
Supplies and materials	100,935	100,919
Inventories at FIFO or average cost	290,252	275,942
Excess of FIFO or average cost over LIFO cost	(63,521)	(62,546)
Inventories, net	$ 226,731	$ 213,396

An actual valuation of inventory under the LIFO method is 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 factors beyond management's control, interim results are subject to the final year-end LIFO inventory valuation.

7. Other Intangible Assets

The components of other intangible assets are as follows:

		As of September 30, 2010		As of December 31, 2009 (Audited)	
(In thousands)	Weighted Average Remaining Life	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer lists and relations	31.5 years	$ 17,441	$ 6,262	$ 17,441	$ 5,651

8. Employee Benefit Plans and Other Postretirement Benefits

For the three- and nine-months ended September 30, 2010 and 2009, net pension costs were comprised of the following:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(In thousands)	2010	2009	2010	2009
Components of Net Pension Costs				
Service cost for benefits earned during the year	$ 4,579	$ 4,489	$ 13,737	$ 13,466
Interest cost on accumulated benefit obligation	3,023	2,524	9,068	7,685
Expected return on assets	(2,802)	(2,143)	(8,406)	(6,429)
Net amortization of unrecognized amounts	1,483	1,426	4,449	4,279
Other	—	—	—	(126)
Net pension costs	$ 6,283	$ 6,296	$ 18,848	$ 18,875

Packaging Corporation of America

Notes to Condensed Consolidated Financial Statements
(Unaudited)
September 30, 2010

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

The Company makes pension plan contributions that are sufficient to fund its actuarially determined costs, generally equal to the minimum amounts required by the Employee Retirement Income Security Act (ERISA). However, from time to time the Company may make discretionary contributions in excess of the required minimum amounts. The Company expects to contribute $15.0 million to the pension plans in 2010, of which $10.5 million has been contributed through September 30, 2010.

For the three- and nine-months ended September 30, 2010 and 2009, net postretirement costs were comprised of the following:

(In thousands)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2010	2009	2010	2009
Components of Net Postretirement Costs				
Service cost for benefits earned during the year	$ 350	$ 335	$ 1,049	$ 1,005
Interest cost on accumulated benefit obligation	283	256	848	768
Net amortization of unrecognized amounts	(19)	(22)	(56)	(66)
Net postretirement costs	$ 614	$ 569	$ 1,841	$ 1,707

9. Transfers of Financial Assets

PCA has an on-balance sheet securitization program for its trade accounts receivable that is accounted for as a secured borrowing under ASC 860, "Transfers and Servicing." To effectuate this program, the Company formed a wholly owned, limited-purpose subsidiary, Packaging Credit Company, LLC ("PCC"), which in turn formed a wholly owned, bankruptcy-remote, special-purpose subsidiary, Packaging Receivables Company, LLC ("PRC"), for the purpose of acquiring receivables from PCC. Both of these entities are included in the consolidated financial statements of the Company. Under this program, PCC purchases on an ongoing basis substantially all of the receivables of the Company and sells such receivables to PRC. PRC and lenders established a $150.0 million receivables-backed revolving credit facility ("Receivables Credit Facility") through which PRC obtains funds to purchase receivables from PCC. The receivables purchased by PRC are solely the property of PRC. In the event of liquidation of PRC, the creditors of PRC would be entitled to satisfy their claims from PRC's assets prior to any distribution to PCC or the Company. Credit available under the receivables credit facility is on a borrowing-base formula. As a result, the full amount of the facility may not be available at all times. At September 30, 2010, $109.0 million was outstanding and included in "Short-term debt and current maturities of long-term debt" on the condensed consolidated balance sheet. Approximately $292.4 million of accounts receivable at September 30, 2010 have been sold to PRC and are included in "Accounts receivable, net of allowance for doubtful accounts and customer deductions" on the condensed consolidated balance sheet.

10. Derivative Instruments and Hedging Activities

The Company records its derivatives in accordance with ASC 815, "Derivatives and Hedging." The guidance requires the Company to recognize derivative instruments as either assets or liabilities in the balance sheet at fair value. The accounting for changes in the fair value of a derivative depends on the intended use and designation of the derivative instrument. For a derivative designated as a fair value hedge, the gain or loss on the derivative is recognized in earnings in the period of change in fair value together with the offsetting gain or loss on the hedged item. For a derivative instrument designated as a cash flow hedge, the effective portion of the derivative's gain or loss is initially reported as a component of accumulated other comprehensive income (loss) ("OCI") and is

10. Derivative Instruments and Hedging Activities (Continued)

subsequently recognized in earnings when the hedged exposure affects earnings. The ineffective portion of the gain or loss is recognized in earnings.

Hedging Strategy

PCA is exposed to certain risks relating to its ongoing operations. When appropriate, the Company uses derivatives as a risk management tool to mitigate the potential impact of certain market risks. The primary risks managed by using derivative financial instruments are interest rate and foreign currency exchange rate risks. PCA does not enter into derivative financial instruments for trading or speculative purposes.

Interest Rate Risk

The Company has historically used treasury lock derivative instruments to manage interest costs and the risk associated with changing interest rates. On June 12, 2003 and January 17, 2008, in connection with contemplated issuances of ten-year debt securities, PCA entered into interest rate protection agreements with counterparties to protect against increases in the ten-year U.S. Treasury Note rate. These treasury rates served as references in determining the interest rates applicable to the debt securities the Company issued in July 2003 and March 2008, respectively. As a result of changes in the interest rates on those treasury securities between the time PCA entered into the agreements and the time PCA priced and issued the debt securities, the Company: (1) received a payment of $22.8 million from the counterparty upon settlement of the 2003 interest rate protection agreement on July 21, 2003; and (2) made a payment of $4.4 million to the counterparty upon settlement of the 2008 interest rate protection agreement on March 25, 2008. The Company recorded the settlements in accumulated other comprehensive income (loss), which are amortized over the terms of the respective notes.

On May 25, 2010, in connection with a contemplated issuance of ten-year debt securities to eventually refinance PCA's currently outstanding $400.0 million of senior notes that mature in 2013, PCA entered into interest rate protection agreements with counterparties to protect against increases in the ten-year U.S. Treasury Note rate. The treasury rate will serve as a reference in determining the interest rate applicable to the new debt securities the Company expects to issue in the future. The interest rate protection agreements were properly documented and designated as cash flow hedges at inception. At September 30, 2010, the Company had a notional value of $400.0 million in interest rate protection agreements outstanding that are expected to settle by the end of 2012.

Foreign Currency Exchange Rate Risk

In connection with the energy optimization projects at its Valdosta, Georgia mill and Counce, Tennessee mill, the Company entered into foreign currency forward contracts on December 18, 2009, May 6, 2010, July 27, 2010 and September 30, 2010 to hedge its exposure to forecasted purchases of machinery and equipment denominated in foreign currencies. The foreign currency forward contracts were properly documented and designated as cash flow hedges at inception. At September 30, 2010, the Company had a notional value of $6.3 million in foreign currency exchange contracts outstanding that are expected to settle by the end of the third quarter of 2011.

Counterparty Credit Risk

The Company is exposed to credit risk in the event of non-performance by counterparties to these derivative financial instruments. The amount of counterparty credit exposure is the unrealized gains, if any, on such derivative contracts. To minimize credit risk, the Company only enters into these types of transactions with investment grade counterparties. On a quarterly basis, the Company evaluates each hedge's net position relative to the counterparty's

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10. Derivative Instruments and Hedging Activities (Continued)

ability to cover its position. Although no assurances can be given, the Company does not expect any of the counterparties to these derivative financial instruments to fail to meet its obligations.

Derivative Instruments

The fair value of the Company's treasury locks at September 30, 2010 was $29.2 million, which is included in "Other long-term liabilities" on the Company's condensed consolidated balance sheet at September 30, 2010. The fair value of the foreign currency forward contracts was nominal at September 30, 2010.

The impact of derivative instruments on the condensed consolidated statements of income and OCI is as follows:

(In thousands)	Amount of Net Gain (Loss) Recognized in OCI (Effective Portion) September 30, 2010	Amount of Gain (Loss) Reclassified from Accumulated OCI into Income (Effective Portion) Location	Three Months Ended Sept. 30, 2010	Nine Months Ended Sept. 30, 2010
Treasury locks, net of tax	$ (15,887)	Interest expense, net	$ 461	$ 1,384
Foreign currency exchange contracts, net of tax	(555)	Cost of sales	—	—
Total	$ (16,442)	Total	$ 461	$ 1,384

The net amount of settlement gains or losses on derivative instruments included in accumulated OCI to be realized during the next 12 months is a net gain of $1.8 million ($1.1 million after tax) at September 30, 2010. Mark to market gains and losses on derivative instruments included in accumulated OCI will be reclassified into earnings in the same periods during which the hedged transactions affect earnings. There were no ineffective portions of these contracts during the period.

11. Financial Instruments

The carrying and estimated fair values of PCA's financial instruments at September 30, 2010 and December 31, 2009 were as follows:

	September 30, 2010		December 31, 2009 (Audited)	
(In thousands)	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Cash and cash equivalents	$ 172,820	$ 172,820	$ 260,727	$ 260,727
Long-term debt —				
5.75% senior notes	(399,057)	(437,576)	(398,800)	(427,000)
6.50% senior notes	(149,954)	(172,219)	(149,949)	(163,500)
Receivables credit facility	(109,000)	(109,000)	(109,000)	(109,000)
Capital lease obligations	(22,663)	(22,663)	(23,129)	(23,129)

The fair value of cash and cash equivalents approximates its carrying amounts due to the short-term nature of these financial instruments.

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11. Financial Instruments (Continued)

The fair value of the receivables credit facility approximates its carrying amount due to the variable interest-rate feature of the instrument. The fair values of the senior notes are based on quoted market prices. The fair value of the capital lease obligations was estimated to not be materially different from the carrying amount.

12. Fair Value Measurements

The following presents information about PCA's assets and liabilities measured at fair value and the valuation techniques used to determine those fair values. The inputs used in the determination of fair values are categorized according to the fair value hierarchy as follows:

Level 1 — observable inputs such as quoted prices in active markets

Level 2 — inputs, other than quoted prices in active markets, that are observable either directly or indirectly

Level 3 — unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions

The valuation techniques are as follows:

(a) Market approach — prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities

(b) Cost approach — amount that would be required to replace the service capacity of an asset (replacement cost)

(c) Income approach — techniques to convert future amounts to a single present amount based on market expectations (including present value techniques, option-pricing and excess earnings models)

Assets and liabilities measured at fair value on a recurring basis are as follows:

	As of September 30, 2010				As of December 31, 2009	
			Measurement Approach			
(In thousands)	Carrying Value	Fair Value	Level	Valuation Technique	Carrying Value (Audited)	Fair Value (Audited)
Current Assets						
Money market funds	$ 172,321	$ 172,321	1	(a)	$ 260,230	$ 260,230
Foreign currency exchange contracts	9	9	2	(a)	—	—
Long-Term Liabilities						
Treasury locks	29,150	29,150	2	(a)	—	—

The money market funds PCA invests in include funds comprised of U.S. Treasury obligations or backed by U.S. Treasury obligations. The Company measures the fair value of money market funds based on quoted prices in active markets for identical assets.

The Company calculates the fair value of its Treasury locks and foreign currency forward contracts using quoted treasury rates and currency spot rates, respectively, plus or minus forward points to calculate forward rates.

There were no changes in the Company's valuation techniques used to measure fair values on a recurring basis as a result of adopting ASC 820. PCA had no assets or liabilities that were measured on a nonrecurring basis.

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13. Environmental Liabilities

The potential costs for various environmental matters are uncertain due to such factors as the unknown magnitude of possible cleanup costs, the complexity and evolving nature of governmental laws and regulations and their interpretations, and the timing, varying costs and effectiveness of alternative cleanup technologies. From 1994 through September 30, 2010, remediation costs at PCA's mills and corrugated plants totaled approximately $3.2 million. As of September 30, 2010, the Company maintained an environmental reserve of $9.3 million relating to on-site landfills and surface impoundments as well as ongoing and anticipated remedial projects. Liabilities recorded for environmental contingencies are estimates of the probable costs based upon available information and assumptions. Because of these uncertainties, PCA's estimates may change. As of the date of this filing, the Company believes that it is not reasonably possible that future environmental expenditures and asset retirement obligations above the $9.3 million accrued as of September 30, 2010, will have a material impact on our financial condition, results of operations, or cash flows.

14. Stock Repurchase Program

On October 17, 2007, PCA announced that its Board of Directors authorized a $150.0 million common stock repurchase program. There is no expiration date for the common stock repurchase program. Through September 30, 2010, the Company repurchased 5,063,121 shares of common stock, with 1,094,392 shares repurchased for $25.1 million, or $22.94 per share, during the third quarter of 2010. Of these shares, 145,992 shares were purchased for $3.4 million during the last several days of September and were subsequently settled and retired in October. All but 50,000 shares of the remaining 948,400 shares purchased during the third quarter were retired prior to September 30, 2010. The 50,000 shares held in treasury at September 30, 2010 were subsequently retired in October 2010. As of September 30, 2010, $36.8 million of the $150.0 million authorization remained available for repurchase of the Company's common stock.

15. Alternative Energy Tax Credits

The Company generates black liquor as a by-product of its pulp manufacturing process and uses it in a mixture with diesel fuel to produce energy at its Counce, Tennessee, Valdosta, Georgia, and Tomahawk, Wisconsin mills. Through December 31, 2009, the U.S. Internal Revenue Code provided a $0.50 per gallon refundable tax credit for taxpayers who use alternative fuels in their trade or business. As a registered alternative fuel mixer, the Company believes the use of black liquor as an alternative fuel through December 31, 2009 qualified for this tax credit. After December 31, 2009, the alternative fuel mixture credit for a mixture of black liquor and diesel fuel used is no longer available. During the first quarter of 2010, the Chief Counsel's Office of the Internal Revenue Service released Memorandum AM2010-001, which provided clarification about the calculation of the alternative fuel mixture credit for black liquor. As a result, during the first quarter of 2010 the Company released the reserve of $9.2 million that was established in 2009 due to the ambiguity in the calculation of the credit. This reserve release resulted in additional income of $9.2 million, which was recorded in Alternative Fuel Mixture Tax Credits on the income statement in the first quarter of 2010.

The total alternative fuel mixture credits earned by PCA in 2008 and 2009 were $185.4 million, which was recorded as income with a corresponding receivable on its balance sheet during 2009 when the Company received its registration as a producer of alternative fuel. As federal cash taxes became due, PCA applied these credits against the taxes due. The laws governing the alternative fuel mixture credit, as well as the taxability of benefits received from this credit, are not completely defined. The IRS has not issued definitive guidance regarding such taxability. PCA believes that the manner in which the credit was claimed will not subject the Company to federal or state income taxes on such benefits. If it is determined that any of the credits are subject to taxation, PCA will be required to pay those taxes and take a corresponding charge to its income.

In a Chief Counsel's Office of the Internal Revenue Service Memorandum AM2010-002 dated June 28, 2010, the IRS concluded that black liquor qualifies for the taxable cellulosic biofuel producer credit of $1.01 per gallon

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15. Alternative Energy Tax Credits (Continued)

of biofuel produced in 2009. PCA received the required cellulosic biofuel producer registration code on September 13, 2010. In a Chief Counsel's Office of the Internal Revenue Service Memorandum AM2010-004 dated October 5, 2010, the IRS concluded that a black liquor producer may claim the alternative fuel mixture credit and the cellulosic biofuel producer credit in the same taxable year for different volumes of black liquor (the same gallon of fuel cannot receive both credits but can be claimed as either alternative fuel mixture credit or the cellulosic biofuel producer credit).

Based upon both the IRS memorandums and guidance regarding the cellulosic biofuel producer credit, during the quarter ended September 30, 2010 and upon receipt of the cellulosic biofuel registration, the Company analyzed the additional potential benefits from claiming the cellulosic biofuel producer credit for 2009 instead of the alternative fuel mixture credit, or claiming a combination of the two credits for 2009. For the 372 million gallons of alternative fuels produced in 2009, PCA claimed about two-thirds of the gallons as cellulosic biofuel producer credits and about one-third of the gallons as alternative fuel mixture credits. As a result, the Company recorded a charge of $(111.9) million in Other Expense, Net due to the reversal of a portion of the income previously recorded from alternative fuel mixture credits and a $145.8 million benefit in the Benefit (Provision) for Income Taxes to reflect the reallocation of gallons to the cellulosic biofuel producer credit. The net impact of the reallocation of the gallons between the two credits resulted in additional net income impact of $33.4 million in the third quarter of 2010. Additional expenses of $0.8 million ($0.5 million after tax) related to the cellulosic biofuel producer credit were also recorded.

The amount of credits that the Company can apply against future federal taxes owed will be dependent upon the timing and amount of PCA's future taxable income. As of September 30, 2010, PCA has remaining tax credits of $114.3 million to be used to offset future cash tax payments. The cellulosic biofuel producer credit carryforward must be utilized to offset federal taxes owed by December 31, 2015, at which time the credit carryforward expires. A valuation allowance was not recorded against the deferred tax asset for this credit carryforward since the Company believes the credit can be fully utilized before expiration. If it is determined that any of the credit carryforward will become subject to expiration, PCA will reduce the deferred tax asset and record a corresponding charge to income.

16. Legal Proceedings

During September and October 2010, PCA and eight other U.S. and Canadian containerboard producers were named as defendants in five purported class action lawsuits filed in the United States District Court for the Northern District of Illinois, alleging violations of the Sherman Act. Four of the suits have been designated as related; PCA experts that the fifth complaint will be so designated as well. The complaints allege that the defendants conspired to limit the supply of containerboard, and that the purpose and effect of the alleged conspiracy was to artificially increase prices of containerboard products during the period of August 2005 to the time of filing of the complaints. The complaints were filed as purported class action suits on behalf of all purchasers of containerboard products during such period. The complaint seeks treble damages and costs, including attorney's fees. PCA believes the allegations are without merit and will defend this lawsuit vigorously.

17. Subsequent Events

The Company has evaluated subsequent events through the filing date of this Form 10-Q and determined there were no events to disclose.

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

Overview

Packaging Corporation of America, or PCA, is the fifth largest producer of containerboard and corrugated products in the United States, based on production capacity. We produce a wide variety of corrugated 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.

In analyzing our operating performance, we focus on the following factors that affect our business and are important to consider when reviewing our financial and operating results:

- containerboard and corrugated products demand;
- corrugated products and containerboard pricing and mix;
- cost trends and volatility for our major costs, including wood and recycled fiber, purchased fuels, electricity, labor and fringe benefits, and transportation costs; and
- cash flow from operations and capital expenditures.

The cost to manufacture containerboard is dependent, in large part, on the costs of wood fiber, recycled fiber, purchased fuels, electricity and labor and fringe benefits. Excluding the cost of containerboard, labor and benefits costs make up the largest component of corrugated products' manufactured costs.

The market for containerboard is generally subject to changes in the U.S. economy. Historically, supply and demand, as well as industry-wide inventory levels, have influenced prices of containerboard and corrugated products. In addition to U.S. shipments, approximately 10% of domestically produced containerboard has been exported annually for use in other countries.

Industry Conditions

Market conditions for containerboard and corrugated products remained favorable during the third quarter of 2010. As reported by the Fibre Box Association, industry-wide shipments of corrugated products increased 2.6% for the three months ended September 30, 2010 compared to the same period in 2009 and September corrugated products shipments were up 4.6% above previous year levels. Containerboard industry production increased 6.5% in the third quarter 2010 compared to the third quarter of 2009. Published prices for containerboard did not change during the third quarter after having increased $60 per ton in April 2010 and $50 per ton in January 2010. Reported industry containerboard inventories at the end of the third quarter 2010 were essentially unchanged from 2009 levels, which was the lowest September ending level in 30 years at approximately 2.239 million tons.

PCA Operations Summary

During the third quarter of 2010, we produced approximately 646,000 tons of containerboard at our mills. Our corrugated products manufacturing plants sold about 7.8 billion square feet ("bsf") of corrugated products during the third quarter of 2010. Our corrugated products shipments remained strong, up 4.3% compared to the third quarter of 2009. Containerboard volume sold to domestic and export customers increased 12.0% for the three months ended September 30, 2010 compared to the same period in 2009. Sales prices of containerboard and corrugated products were higher than the third quarter of 2009 as a result of the January and April containerboard price increases and the pass-through of those price increases to corrugated products.

Recycled fiber prices decreased during the quarter, with average prices dropping approximately $10 per ton from the second quarter 2010 average price. However, more recent prices for recycled fiber have increased and the October published average price has increased approximately $20 per ton above the third quarter 2010 average price. Wood fiber costs continued to decrease resulting in 2010 third quarter costs lower than the first half of the year as weather and logging conditions improved throughout the U.S. South. Purchased fuel costs in the third quarter of 2010 remained in line with second quarter 2010 with prices paid for fuels increasing by less than 1%. Purchased electricity costs in the third quarter of 2010 rose about 6% above average second quarter 2010 costs, reflecting

higher rates during high demand summer months. Energy costs in the fourth quarter of 2010 are expected to increase driven by increased fuel prices and consumption associated with normal winter seasonality.

As disclosed in Note 15 to the condensed consolidated financial statements, the Company is a producer of black liquor, an alternative fuel. In a Chief Counsel's Office of the Internal Revenue Service Memorandum AM2010-002 dated June 28, 2010, the IRS concluded that black liquor qualifies for the taxable cellulosic biofuel producer credit of $1.01 per gallon of biofuel produced in 2009. PCA received the required cellulosic biofuel producer registration code on September 13, 2010. In a Chief Counsel's Office of the Internal Revenue Service Memorandum AM2010-004 dated October 5, 2010, the IRS concluded that a black liquor producer may claim the alternative fuel mixture credit and the cellulosic biofuel producer credit in the same taxable year for different volumes of black liquor (the same gallon of fuel cannot receive both credits, but different gallons of fuel can be claimed as either the alternative fuel mixture credit or the cellulosic biofuel producer credit).

Based upon both the IRS memorandums and guidance regarding the cellulosic biofuel producer credit, the Company analyzed the additional potential benefits from claiming the cellulosic biofuel producer credit for 2009 instead of the alternative fuel mixture credit, or claiming a combination of the two credits for 2009. For the 372 million gallons of alternative fuels produced in 2009, PCA claimed about two-thirds of the gallons as cellulosic biofuel producer credits and about one-third of the gallons as alternative fuel mixture credits. This resulted in additional net income of $33.4 million in the third quarter of 2010. As of September 30, 2010, PCA has remaining credits of $114.3 million to be used to offset future cash tax payments. See Note 15 to the condensed consolidated financial statements included in this report for a description of the alternative fuel mixture tax credits and the cellulosic biofuel producer credit.

Excluding the impact of the tax credits described above and asset disposal charges relating to our major energy projects at our linerboard mills and facility closure costs, we earned net income of $61.7 million ($0.60 per diluted share) in the third quarter of 2010 compared with $25.3 million ($0.25 per diluted share) in the third quarter of 2009 and $113.3 million ($1.10 per diluted share) for the first nine months of 2010 compared with $79.7 million ($0.78 per diluted share) for the comparable period in 2009. We exclude those special items in presenting these measures and assessing our operating performance. Management uses these measures to focus on PCA's on-going operations and assess its own performance and believes that it is useful to investors because it enables them to perform meaningful comparisons of past and present operating results. Reconciliations to the most comparable measure reported in accordance with GAAP are included elsewhere in this section under "Reconciliations of Non-GAAP Financial Measures to Reported Amounts."

Looking ahead to the fourth quarter of 2010, our earnings, excluding special items, are expected to be lower than the third quarter of 2010 due to seasonally lower volumes related in part to three less corrugated products shipping days as well as normal seasonality. Wood costs and energy costs are expected to be higher with colder weather, and recycled fiber costs have begun to tread up and are expected to be higher in the fourth quarter of 2010.

Results of Operations

Three Months Ended September 30, 2010 Compared to Three Months Ended September 30, 2009

The historical results of operations of PCA for the three months ended September 30, 2010 and 2009 are set forth below:

	Three Months Ended September 30,		
(In thousands)	**2010**	**2009**	**Change**
Net sales	$ 642,764	$ 553,573	$ 89,191
Income (loss) from operations	$ (12,342)(1)	$ 96,331	$ (108,673)
Interest expense, net	(7,903)	(8,961)	1,058
Income before taxes	(20,245)	87,370	(107,615)
Benefit (provision) for income taxes	113,565	(14,715)	128,280
Net income	$ 93,320	$ 72,655	$ 20,665

(1) Includes charge of $111.9 million due to reversal of a portion of income previously recorded from alternative fuel mixture credits in order to claim the cellulosic biofuel producer credits that are recorded as a benefit in the provision for income taxes.

Net Sales

Net sales increased by $89.2 million, or 16.1%, for the three months ended September 30, 2010 from the comparable period in 2009, primarily as a result of increased sales prices ($61.3 million) and higher sales volumes ($27.9 million) of corrugated products and containerboard to third parties.

Corrugated products shipments for the third quarter increased 4.3% compared to the third quarter of 2009 both on a total basis and a shipments-per-workday basis. Total corrugated products volume sold for the three months ended September 30, 2010 increased 0.3 billion square feet ("bsf") to 7.8 bsf compared to 7.5 bsf in the third quarter of 2009. The third quarter of 2010 and 2009 both contained 64 workdays, which are those days not falling on a weekend or holiday. Containerboard volume sold to outside domestic and export customers increased 12.0% for the three months ended September 30, 2010 compared to the three months ended September 30, 2009. Containerboard mill production for the three months ended September 30, 2010 was 646,000 tons compared to 588,000 tons during the same period in 2009.

Income from Operations

Income from operations decreased by $108.7 million, or 112.8%, for the three months ended September 30, 2010 compared to the three months ended September 30, 2009. As noted in Note 15 to the condensed consolidated financial statements, PCA received the cellulosic biofuel producer registration in September 2010. As a result, income from operations was reduced primarily due to reversing a portion of our 2009 alternative fuel mixture credits out of income from operations ($111.9 million) in order to claim cellulosic biofuel producer credits which were recorded in the provision for income taxes ($145.8 million) in the third quarter of 2010. In addition, income from operations for the third quarter of 2009 included alternative fuel mixture credits ($47.1 million). Excluding the impact of tax credits and 2010 charges for a corrugated products plant closing and major energy project related asset disposals ($2.8 million in the aggregate), income from operations increased $53.1 million compared to third quarter 2009. Such increase primarily resulted from increased sales prices ($61.3 million) and volume ($10.9 million), partially offset by higher costs for recycled fiber ($4.9 million), wood fiber ($3.8 million), transportation ($3.6 million), labor and fringe benefits ($2.8 million), and other items which were individually insignificant.

Gross profit increased $55.9 million, or 50.6%, for the three months ended September 30, 2010 from the comparable period in 2009, primarily due to the sales price and volume increases described above. Gross profit as a percentage of net sales increased to 25.9% of net sales for third quarter 2010 compared to 20.0% in the third quarter of 2009. The increase was primarily due to the increases in sales prices and volume previously described.

Selling and administrative expenses increased $3.0 million, or 6.7%, for the three months ended September 30, 2010 compared to the same period in 2009, as a result of higher expenses related to salaries, including merit increases, new hires, and the timing and estimates of incentive compensation ($2.4 million), related fringe benefits ($0.2 million) and travel, entertainment and meeting costs ($0.4 million).

Corporate overhead increased $2.3 million, or 17.7%, for the three months ended September 30, 2010 compared to the same period in 2009, primarily due to increased salary and fringe benefits ($1.6 million) and increased expenses related to outside services for tax and human resource matters ($0.5 million).

Other expense for the three months ended September 30, 2010 increased $0.3 million or 7.4% compared to the third quarter of 2009, primarily due to expense related to the closing of our Windsor, Colorado corrugated products plant during the quarter ($1.4 million) partially offset by a reduction of fixed asset disposal expense ($1.0 million).

Interest Expense, Net and Income Taxes

Net interest expense decreased $1.1 million, or 11.8%, for the three months ended September 30, 2010 from the three months ended September 30, 2009, primarily as a result of higher capitalized interest ($1.1 million) being recorded related to the Counce and Valdosta major energy optimization projects during the three months ended September 30, 2010 compared to the same period in 2009.

Due to the impact of recording the black liquor tax credits, PCA's effective tax rate was -561.0% for the three months ended September 30, 2010 and 16.8% for the comparable period in 2009. Excluding the impact of the black

liquor tax credits, the effective tax rate would have been 35.2% for the three months ended September 30, 2010 and 37.0% for the comparable period in 2009. The effective tax rate varies from the U.S. federal statutory tax rate of 35% principally due to the impact of the alternative fuel mixture tax credit and the cellulosic biofuel producer tax credit, state and local income taxes, and the domestic manufacturers' deduction.

Nine Months Ended September 30, 2010 Compared to Nine Months Ended September 30, 2009

The historical results of operations of PCA for the nine months ended September 30, 2010 and 2009 are set forth below:

	For the Nine Months Ended September 30,		
(In thousands)	**2010**	**2009**	**Change**
Net sales	$ 1,808,955	$ 1,615,332	$ 193,623
Income from operations	$ 89,020(1)	$ 281,655	$ (192,635)
Interest expense, net	(24,719)	(26,529)	1,810
Income before taxes	64,301	255,126	(190,825)
Benefit (provision) for income taxes	86,243	(47,914)	134,157
Net income	$ 150,544	$ 207,212	$ (56,668)

(1) Includes charge of $111.9 million due to reversal of a portion of income previously recorded from alternative fuel mixture credits in order to claim the cellulosic biofuel producer credits that are recorded as a benefit in the provision for income taxes.

Net Sales

Net sales increased by $193.6 million, or 12.0%, for the nine months ended September 30, 2010 from the comparable period in 2009 primarily as a result of increased sales volumes of corrugated products and containerboard to third parties ($156.0 million) and higher average prices for the first nine months of 2010 ($37.6 million) compared to the first nine months of 2009.

September year-to-date 2010 corrugated products shipments increased 8.6%, or 1.9 bsf to 23.3 bsf compared to 21.4 bsf in the first nine months of 2009. On a shipments-per-workday basis, corrugated products volume increased 8.1% during the first three quarters of 2010 compared to the same period in 2009. The percentage increase, on a shipments-per-workday basis, was lower than on a total basis due to one more workday in the first nine months of 2010 (190 days), which are those days not falling on a weekend or holiday, than the first nine months of 2009 (189 days). Containerboard volume sold to domestic and export customers increased 21.6% for the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009. Containerboard mill production during the first three quarters of 2010 was approximately 1,804,000 tons compared to 1,658,000 tons produced during the comparable period in 2009.

Income from Operations

Income from operations decreased by $192.6 million, or 68.4%, for the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009. As noted in Note 15 to the condensed consolidated financial statements, PCA received the cellulosic biofuel producer registration in September 2010. As a result, income from operations was reduced primarily due to reversing a portion of our 2009 alternative fuel mixture credits out of income from operations ($111.9 million) in order to claim cellulosic biofuel producer credits which were recorded in the provision for income taxes ($145.8 million) in the third quarter of 2010. In addition, income from operations for the nine months ended September 30 included alternative fuel mixture credits in the amounts of $126.8 million in 2009 and $9.2 million in 2010. Excluding the impact of tax credits, energy project related asset disposals ($5.0 million in 2010) and 2010 charges for two plant closings ($3.4 million), income from operations increased $45.3 million for the nine months ended September 30, 2010 compared to the nine months ended September 30, 2009. The increase in income from operations was primarily attributable to increased sales volume ($50.6 million), sales prices ($37.6 million) and lower average energy costs ($9.8 million) partially offset by

increased costs for fiber ($39.9 million), transportation ($6.8 million) and maintenance and building repairs ($6.1 million).

Gross profit increased $45.9 million, or 13.5%, for the nine months ended September 30, 2010 from the comparable period in 2009. Gross profit as a percentage of net sales increased from 21.0% of net sales in the nine months ended September 30, 2009 to 21.3% of net sales in the first nine months of 2010 due primarily to the higher sales volume and prices previously described.

Selling and administrative expenses increased $5.8 million, or 4.5%, for the nine months ended September 30, 2010 compared to the same period in 2009, primarily as a result of higher expenses for salaries ($3.2 million), related fringe benefits ($0.8 million), travel, entertainment and meetings ($1.1 million), and broker commissions ($0.6 million).

Corporate overhead for the first nine months of 2010 increased $1.5 million or 3.5% compared to the same period in 2009, primarily due to increased expenses for outside services related to tax, human resource and audit matters ($0.6 million), meetings, travel and entertainment ($0.5 million), and compensation ($0.4 million).

Other expense for the nine months ended September 30, 2010 increased $1.8 million or 14.9% above other expense for the first nine months of 2009, primarily due to costs to close the Ackerman, Mississippi sawmill in the first quarter of 2010 ($2.0 million) and our Windsor, Colorado corrugated products plant in the third quarter of 2010 ($1.4 million) partially offset by lower expenses related to legal matters ($1.7 million).

Interest Expense, Net and Income Taxes

Net interest expense decreased $1.8 million, or 6.8%, for the nine months ended September 30, 2010 from the nine months ended September 30, 2009, primarily as a result of higher capitalized interest ($2.1 million) being recorded related to the Counce and Valdosta major energy optimization projects during the nine months ended September 30, 2010 compared to the same period in 2009.

Due to the impact of recording the black liquor tax credits, PCA's effective tax rate was — 134.1% for the nine months ended September 30, 2010 and 18.8% for the comparable period in 2009. Excluding the impact of the black liquor credits, the effective tax rate would have been 35.7% for the nine months ended September 30, 2010 and 37.9% for the comparable period in 2009. The effective tax rate varies from the U.S. federal statutory tax rate of 35% principally due to the impact of the alternative fuel mixture tax credit and the cellulosic biofuel producer tax credit, state and local income taxes, and the domestic manufacturers' deduction. The Company had no material changes to its uncertain tax positions under ASC 740, "Income Taxes," during the first nine months of 2010.

Liquidity and Capital Resources

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

(In thousands)	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009	Change
Net cash provided by (used for):			
Operating activities	$ 211,041	$ 209,293	$ 1,748
Investing activities	(231,692)	(73,649)	(158,043)
Financing activities	(67,256)	(60,754)	(6,502)
Net (decrease) increase in cash and cash equivalents	$ (87,907)	$ 74,890	$ (162,797)

Operating Activities

Net cash provided by operating activities for the nine months ended September 30, 2010 was $211.0 million compared to $209.3 million for the nine months ended September 30, 2009, an increase of $1.7 million, or 0.8%. Net income, excluding the income from the tax credits (described in Note 15 to the financial statements included in this report) of $42.7 million in 2010 and $127.5 million in 2009, was $107.9 million and $79.7 million, respectively, for the first nine months of 2010 and 2009, an increase of $28.2 million that increased net cash provided by operating activities. Additionally, more alternative fuel mixture and cellulosic biofuel producer tax credits ($34.3 million) were used to reduce federal tax payments during the first nine months of 2010 compared to

the same period in 2009. This was partially offset by higher requirements for operating assets and liabilities ($61.5 million) driven by higher accounts receivable levels in 2010 as a result of both higher 2010 sales levels and a lower deferred tax provision ($4.6 million) in 2010. Cash requirements for operating activities are subject to PCA's operating needs, the timing of collection of receivables and payments of payables and expenses, and seasonal fluctuations in the our operations.

Investing Activities

Net cash used for investing activities for the nine months ended September 30, 2010 increased $158.0 million, or 214.6%, to $231.7 million, compared to the nine months ended September 30, 2009. The increase was primarily related to higher additions to property, plant and equipment of $162.3 million, which included $135.0 million for the major energy optimization projects at our linerboard mills, during the nine months ended September 30, 2010 compared to the same period in 2009. Partially offsetting this increase was a $3.1 million acquisition completed during the third quarter of 2009.

Financing Activities

Net cash used for financing activities totaled $67.3 million for the nine months ended September 30, 2010, a difference of $6.5 million, or 10.7%, compared to the same period in 2009. The difference was primarily attributable to repurchases of PCA common stock of $24.8 million during the nine months of 2010, partially offset by lower common stock dividends paid of $15.1 million and higher proceeds from the exercise of stock options of $2.6 million during the first nine months of 2010 compared to the same period in 2009.

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, 2010, PCA had $172.2 million in unused borrowing capacity under its existing credit agreements, net of the impact on this borrowing capacity of $18.8 million of outstanding letters of credit. Currently, PCA's primary uses of cash are for operations, capital expenditures, debt service and declared 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, 2010 for PCA's revolving credit facility, the receivables credit facility, and the senior notes:

Borrowing Arrangement (In thousands)	Balance at Sept. 30, 2010	Weighted Average Interest Rate	Projected Annual Cash Interest Payments
Revolving Credit Facility	$ —	N/A	N/A
Receivables Credit Facility	109,000	1.56%	$ 1,700
5 3/4% Senior Notes (due August 1, 2013)	400,000	5.75	23,000
6 1/2% Senior Notes (due March 15, 2018)	150,000	6.50	9,750
Total	$ 659,000	5.23%	$ 34,450

The above table excludes unamortized debt discount of $1.0 million at September 30, 2010. It also excludes from the projected annual cash interest payments, the non-cash income from the annual amortization of the $22.8 million received in July 2003 and the non-cash expense from the annual amortization of the $4.4 million paid in March 2008 to settle the treasury locks related to the 5 3/4% senior notes due 2013 and 6 1/2% senior notes due 2018. The amortization is being recognized over the terms of the 5 3/4% senior notes due 2013 and 6 1/2% senior notes due 2018 and is included in interest expense, net.

On April 14, 2010, PCA extended its $150.0 million receivables-backed credit facility through March 1, 2011.

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,
- incur indebtedness at the subsidiary level,
- 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 corporate and operating activities.

In addition, PCA must maintain minimum net worth and maximum debt to total capitalization and minimum interest coverage ratios under the revolving credit facility. A failure to comply with the restrictions contained in the revolving credit facility could lead to an event of default, which could result in an acceleration of any outstanding indebtedness and/or prohibit PCA from drawing on the revolving credit facility. Such an acceleration may also constitute an event of default under the senior notes indentures and the receivables credit facility. As of September 30, 2010, PCA was in compliance with these covenants.

PCA currently expects to incur capital expenditures of $310.0-$320.0 million in 2010, including up to $180.0 million for major energy optimization projects at its Counce and Valdosta mills. The remaining $130.0-$140.0 million in expenditures will be used primarily for maintenance capital, cost reduction, business growth and environmental compliance. As of September 30, 2010, PCA spent $230.9 million for capital expenditures and had committed to spend an additional $183.4 million in the remainder of 2010 and beyond.

PCA believes that net cash generated from operating activities, available cash reserves, alternative energy tax credits, available borrowings under its committed credit facilities and available capital through access to capital markets will be adequate to meet its liquidity and capital requirements, including payments of any declared common stock dividends, for the foreseeable future. As its debt or credit facilities become due, PCA will need to repay, extend or replace such facilities, which will be subject to future economic conditions and financial, business and other factors, many of which are beyond PCA’s control.

Reconciliations of Non-GAAP Financial Measures to Reported Amounts

Net income and diluted earnings per share excluding special items are non-GAAP financial measures. Reconciliations of those non-GAAP measures to the most comparable measure reported in accordance with GAAP for the three months ended September 30, 2010 and 2009 and for the nine months ended September 30, 2010 and 2009 follow:

	Three Months Ended September 30,			
	2010		2009	
(In thousands except per share amounts)	Net Income	Diluted EPS	Net Income	Diluted EPS
As reported in accordance with GAAP	$ 93,320	$ 0.91	$ 72,655	$ 0.71
Special items:				
Alternative energy tax credits	(33,429)	(0.33)	(47,306)	(0.46)
Asset disposal and facilities closure charges	1,792	0.02	—	—
Total special items	(31,637)	(0.31)	(47,306)	(0.46)
Excluding special items	$ 61,683	$ 0.60	$ 25,349	$ 0.25

(In thousands except per share amounts)	Nine Months Ended September 30, 2010 Net Income	2010 Diluted EPS	2009 Net Income	2009 Diluted EPS
As reported in accordance with GAAP	$ 150,544	$ 1.46	$ 207,212	$ 2.03
Special items:				
Alternative energy tax credits	(42,664)	(0.41)	(127,545)	(1.25)
Asset disposal and facilities closure charges	5,384	0.05	—	—
Total special items	(37,280)	(0.36)	(127,545)	(1.25)
Excluding special items	$ 113,264	$ 1.10	$ 79,667	$ 0.78

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. For a discussion of derivatives and hedging activities, see Note 10 to PCA's unaudited condensed consolidated financial statements included elsewhere in this report.

The interest rates on approximately 84% of PCA's debt are fixed. A one percent increase in interest rates related to variable rate debt would have resulted in an increase in interest expense and a corresponding decrease in income before taxes of $1.1 million annually. In the event of a change in interest rates, management could take actions to mitigate its exposure to the change. However, due to the uncertainty of the specific actions that would be taken and their possible effects, the sensitivity analysis assumes no changes in PCA's financial structure.

Environmental Matters

PCA is 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 the Company 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).

PCA believes that it is currently in material compliance with these and all applicable environmental rules and regulations. Because environmental regulations are constantly evolving, the Company has incurred, and will continue to incur, costs to maintain compliance with these and other environmental laws. PCA works diligently to anticipate and budget for the impact of applicable environmental regulations, and does not currently expect that future environmental compliance obligations will materially affect its business or financial condition.

Impact of Inflation

PCA does not believe that inflation has had a material impact on its financial position or results of operations during the three- and nine-month periods ending September 30, 2010 and 2009.

Off-Balance Sheet Arrangements

PCA does not have any off-balance sheet arrangements as of September 30, 2010 that would require disclosure under SEC FR-67, “Disclosure in Management's Discussion and Analysis About Off-Balance Sheet Arrangement and Aggregate Contractual Obligations.”

Critical Accounting Policies and Estimates

Management's discussion and analysis of PCA's financial condition and results of operations are based upon the Company's 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 the Company 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, PCA evaluates its estimates, including those related to bad debts, inventories, intangible assets, pensions and other postretirement benefits, income taxes, contingencies and litigation. PCA bases its 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, 2009, a discussion of its critical accounting policies which it believes affect its more significant judgments and estimates used in the preparation of its consolidated financial statements. PCA has not made any changes in any of these critical accounting policies during the first nine months of 2010.

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 are 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;
- the possibility of unplanned outages or interruptions at our principal facilities; and
- legislative or regulatory actions or requirements, particularly concerning environmental or tax 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 occur, 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, risks and uncertainties that may affect our business, see Item 1A. Risk Factors included in our Annual Report on Form 10-K for the year ended December 31, 2009.

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 maintains disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934) that are designed to provide reasonable assurance that information required to be disclosed in PCA's filings under the Securities Exchange Act is recorded, processed, summarized and reported within the periods specified in the rules and forms of the SEC and that such information is accumulated and communicated to PCA's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Prior to filing this report, PCA completed an evaluation under the supervision and with the participation of PCA's management, including PCA's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of PCA's disclosure controls and procedures as of September 30, 2010. 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 report. Based on this evaluation, PCA's Chief Executive Officer and Chief Financial Officer concluded that PCA's disclosure controls and procedures were effective at the reasonable assurance level as of September 30, 2010.

During the quarter ended September 30, 2010, 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.

PART II

OTHER INFORMATION

Item 1. *Legal Proceedings.*

During September and October 2010, PCA and eight other U.S. and Canadian containerboard producers were named as defendants in five purported class action lawsuits filed in the United States District Court for the Northern District of Illinois, alleging violations of the Sherman Act. Four of the suits have been designated as related; PCA experts that the fifth complaint will be so designated as well. The complaints allege that the defendants conspired to limit the supply of containerboard, and that the purpose and effect of the alleged conspiracy was to artificially increase prices of containerboard products during the period of August 2005 to the time of filing of the complaints. The complaints were filed as purported class action suits on behalf of all purchasers of containerboard products during such period. The complaint seeks treble damages and costs, including attorney's fees. PCA believes the allegations are without merit and will defend this lawsuit vigorously.

PCA is a party to various other 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, results of operations or cash flows.

Item 1A. *Risk Factors*

There have been no material changes to the risk factors disclosed in Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2009.

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

The following table summarizes the Company's stock repurchases in the third quarter of 2010:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that may yet be Purchased Under the Plan or Program (In thousands)
July 1, 2010 to July 31, 2010	185,900	$ 23.95	185,900	$ 57,410
August 1, 2010 to August 31, 2010	562,500	22.74	562,500	44,620
September 1, 2010 to September 30, 2010	345,992	22.73	345,992	36,755
Total	1,094,392	$ 22.94	1,094,392	$ 36,755

Of the 1,094,392 shares purchased during the third quarter of 2010, 145,992 shares settled in October.

Item 3. *Defaults Upon Senior Securities.*

None.

Item 4. *Not Used.*

Item 5. *Other Information.*

None.

Item 6. ***Exhibits.***

10.1	Five Year Credit Agreement, dated as of April 15, 2008, by and among PCA and the lenders and agents named therein.(1)
10.2	Amended and Restated Credit and Security Agreement, dated as of September 19, 2008, by and among PCA and the lenders and agents named therein.(2)
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
101	The following financial information from Packaging Corporation of America's Quarterly Report on Form 10-Q for the quarter ended September 30, 2010, formatted in XBRL (eXtensible Business Reporting Language): (i) Condensed Consolidated Balance Sheets at September 30, 2010 and December 31, 2009, (ii) Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2010 and 2009, (iii) Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2010 and 2009, and (iv) the Notes to Condensed Consolidated Financial Statements, tagged as blocks of text.

(1) This exhibit was originally filed on April 18, 2008 and is being re-filed to include all exhibits and schedules thereto.

(2) This exhibit was originally filed on September 25, 2008 and is being re-filed to include all exhibits and schedules thereto.

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/ MARK W. KOWLZAN
Chief Executive Officer

By: /s/ RICHARD B. WEST
Senior Vice President and Chief Financial Officer

Date: November 3, 2010

Exhibit 10.1

EXECUTION COPY

FIVE YEAR CREDIT AGREEMENT

Dated as of April 15, 2008

Among

PACKAGING CORPORATION OF AMERICA
as Borrower

and

THE INITIAL LENDERS NAMED HEREIN

as Initial Lenders

and

DEUTSCHE BANK AG NEW YORK BRANCH

as Syndication Agent

and

JPMORGAN CHASE BANK, N.A.

as Administrative Agent

and

DEUTSCHE BANK SECURITIES INC..

as Sole Lead Arranger and Book Manager

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Exhibit E	—	Form of Subsidiary Guaranty

FIVE YEAR CREDIT AGREEMENT

Dated as of April 15, 2008

PACKAGING CORPORATION OF AMERICA, a Delaware corporation (the "Borrower"), the banks, financial institutions and other institutional lenders (the "Initial Lenders") and initial issuing banks (the "Initial Issuing Banks") listed on the signature pages hereof, DEUTSCHE BANK SECURITIES INC., as sole lead arranger and book manager, DEUTSCHE BANK AG NEW YORK BRANCH, as syndication agent, and JPMORGAN CHASE BANK, N.A. ("JPMorgan"), as agent (the "Agent") for the Lenders (as hereinafter defined), agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.01. Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Advance" has the meaning specified in Section 2.01(a).

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, controls, is controlled by or is under common control with such Person or is a director or officer of such Person. For purposes of this definition, the term "control" (including the terms "controlling", "controlled by" and "under common control with") of a Person means the possession, direct or indirect, of the power to vote 20% or more of the Voting Stock of such Person or to direct or cause the direction of the management and policies of such Person, whether through the ownership of Voting Stock, by contract or otherwise.

"Agent's Account" means the account of the Agent maintained by the Agent at JPMorgan at its office at 1111 Fannin, 10th Floor, Houston, Texas 77002, Account No. 9008113381H0441, Attention: Leslie Opeyemi; E-Mail Address: leslie.d.opeyemi@chase.com).

"Applicable Lending Office" means, with respect to each Lender, such Lender's Domestic Lending Office in the case of a Base Rate Advance and such Lender's Eurodollar Lending Office in the case of a Eurodollar Rate Advance.

"Applicable Margin" means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Margin for Base Rate Advances	Applicable Margin for Eurodollar Rate Advances
Level 1 BBB+ or Baa1 or above	(0.125%)	0.500%
Level 2 BBB or Baa2	(0.150%)	0.600%
Level 3 BBB- or Baa3	(0.175%)	0.700%
Level 4 BB+ and Ba1	0.000%	0.800%
Level 5 Lower than Level 4	0.000%	1.000%

"Applicable Percentage" means, as of any date, a percentage per annum determined by reference to the Public Debt Rating in effect on such date as set forth below:

Public Debt Rating S&P/Moody's	Applicable Percentage
Level 1 BBB+ or Baa1 or above	0.125%
Level 2 BBB or Baa2	0.150%
Level 3 BBB- or Baa3	0.175%
Level 4 BB+ and Ba1	0.200%
Level 5 Lower than Level 4	0.250%

"Assignment and Acceptance" means an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Agent, in substantially the form of Exhibit C hereto.

"Assuming Lender" has the meaning specified in Section 2.18(c).

"Assumption Agreement" has the meaning specified in Section 2.18(c)(ii).

"Available Amount" of any Letter of Credit means, at any time, the maximum amount available to be drawn under such Letter of Credit at such time (assuming compliance at such time with all conditions to drawing).

"Base Rate" means a fluctuating interest rate per annum in effect from time to time, which rate per annum shall at all times be equal to the higher of:

(a) the rate of interest announced publicly by JPMorgan in New York, New York, from time to time, as JPMorgan's prime rate; and

(b) $^{1}/_{2}$ of one percent per annum above the Federal Funds Rate.

"Base Rate Advance" means an Advance that bears interest as provided in Section 2.07(a)(i).

"Borrower Information" has the meaning specified in Section 8.08.

"Borrowing" means a borrowing consisting of simultaneous Advances of the same Type made by each of the Lenders pursuant to Section 2.01(a).

"Business Day" means a day of the year on which the Federal Reserve Banks or the banks in New York City are not required or authorized by law to close and, if the applicable Business Day relates to any Eurodollar Rate Advances, on which dealings are carried on in the London interbank market.

"Change in Control" means any of (i) any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Securities Exchange Act of 1934), directly or indirectly, of Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 35% or more of the combined voting power of all Voting Stock of the Borrower; or (ii) during any period of up to 12 consecutive months, commencing after the date of this Agreement, individuals who at the beginning of such 12-month period were directors of the Borrower shall cease for any reason (other than due to death or disability) to constitute a majority of the board of directors of the Borrower (except to the extent that individuals who at the beginning of such 12-month period were replaced by individuals (x) elected by a majority of the remaining members of the board of directors of the Borrower or (y) nominated for election by a majority of the remaining members of the board of directors of the Borrower and thereafter elected as directors by the shareholders of the Borrower); or (iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Borrower; or (iv) a "change in control" or similar event shall occur as provided in any instrument or agreement governing Debt of the Borrower, to the extent the outstanding principal amount of the Debt outstanding thereunder exceeds $25,000,000.

"Commitment" means a Revolving Credit Commitment or a Letter of Credit Commitment.

"Commitment Date" has the meaning specified in Section 2.18(b).

"Commitment Increase" has the meaning specified in Section 2.18(a).

"Consenting Lender" has the meaning specified in Section 2.19(b).

"Consolidated" refers to the consolidation of accounts in accordance with GAAP.

"Convert", "Conversion" and "Converted" each refers to a conversion of Advances of one Type into Advances of the other Type pursuant to Section 2.08 or 2.09.

"Debt" of any Person means, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services, (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all obligations of such Person created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person in respect of acceptances, letters of credit or similar extensions of credit (excluding commercial letters of credit and letters of credit issued to support worker's compensation or insurance obligations), (g) all net obligations of such Person in respect of Hedge Agreements, (h) all Invested Amounts, (i) all Debt of others referred to in clauses (a) through (h) above or clause (j) below (collectively, "Guaranteed Debt") guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (1) to pay or purchase such Guaranteed Debt or to advance or supply funds for the payment or purchase of such Guaranteed Debt, (2) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Guaranteed Debt or to assure the holder of such Guaranteed Debt against loss, (3) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (4) otherwise to assure a creditor against loss, and (j) all Debt referred to in clauses (a) through (i) above (including Guaranteed Debt) secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) any Lien on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Debt;

provided, that "Debt" shall not include obligations under trade payables, accrued expenses and other current liabilities (other than as described in clauses (a) or (c) above) incurred by any Person in accordance with its customary practices and in the ordinary course of business.

"Default" means any Event of Default or any event that would constitute an Event of Default but for the requirement that notice be given or time elapse or both.

"Domestic Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Domestic Lending Office" opposite its name on Schedule I hereto or in the in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender, or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"EBITDA" means, for any period, net income (or net loss) plus the sum of (a) interest expense, (b) income tax expense, (c) depletion and depreciation expense and (d) amortization expense, in each case without giving effect to any extraordinary gains or losses or gains or losses from sales of assets other than inventory sold in the ordinary course of business, and determined in accordance with GAAP for such period.

"Effective Date" has the meaning specified in Section 3.01.

"Eligible Assignee" means (a) with respect to the Revolving Credit Facility (i) a Lender; (ii) an Affiliate of a Lender; (iii) a commercial bank organized under the laws of the United States, or any State thereof; (iv) a commercial bank organized under the laws of any other country that is a member of the Organization for Economic Cooperation and Development or has concluded special lending arrangements with the International Monetary Fund associated with its General Arrangements to Borrow, or a political subdivision of any such country, so long as such bank is acting through a branch or agency located in the country in which it is organized or another country that is described in this clause (iv); and (v) any other Person approved by the Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 8.07, the Borrower, such approvals not to be unreasonably withheld or delayed and (b) with respect to the Letter of Credit Facility, a Person that is an Eligible Assignee under subclause (i), (ii), (iii) or (iv) of clause (a) of this definition and is approved by the Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected pursuant to Section 8.07, the Borrower; provided, however, that neither the Borrower nor an Affiliate of the Borrower shall qualify as an Eligible Assignee.

"Environmental Action" means any action, suit, demand, demand letter, claim, notice of non-compliance or violation, notice of liability or potential liability, investigation, proceeding, consent order or consent agreement relating in any way to any Environmental Law, Environmental Permit or Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment, including, without limitation, (a) by any governmental or regulatory authority for enforcement, cleanup, removal, response, remedial or other actions or damages and (b) by any governmental or regulatory authority or any third party for damages, contribution, indemnification, cost recovery, compensation or injunctive relief.

"Environmental Law" means any federal, state, local or foreign statute, law, ordinance, rule, regulation, code, order, judgment, decree or judicial or agency interpretation, policy or guidance relating to pollution or protection of the environment, health, safety or natural resources, including, without limitation, those relating to the use, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials.

"Environmental Permit" means any permit, approval, identification number, license or other authorization required under any Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"ERISA Affiliate" means any Person that for purposes of Title IV of ERISA is a member of the Borrower's controlled group, or under common control with the Borrower, within the meaning of Section 414 of the Internal Revenue Code.

"ERISA Event" means (a) (i) the occurrence of a reportable event, within the meaning of Section 4043 of ERISA, with respect to any Plan unless the 30-day notice requirement with respect to such event has been waived by the PBGC, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following 30 days; (b) the application for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Borrower or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 302(f) of ERISA shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 307 of ERISA; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Lending Office" means, with respect to any Lender, the office of such Lender specified as its "Eurodollar Lending Office" opposite its name on Schedule I hereto or in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender (or, if no such office is specified, its Domestic Lending Office), or such other office of such Lender as such Lender may from time to time specify to the Borrower and the Agent.

"Eurodollar Rate" means, for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing, the rate per annum appearing on Reuters Screen LIBOR01 Page (or any successor page) as the London interbank offered rate for deposits in U.S. dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period or, if for any reason such rate is not available, the average (rounded upward to the nearest whole multiple of 1/10,000 of 1% per annum, if such average is not such a multiple) of the rate per annum at which deposits in U.S. dollars are offered by the principal office of each of the Reference Banks in London, England to prime banks in the London interbank market at 11:00 A.M. (London time) two Business Days before the first day of such Interest Period in an amount substantially equal to such Reference Bank's Eurodollar Rate Advance comprising part of such Borrowing to be outstanding during such Interest Period and for a period equal to such Interest Period. If the Reuters Screen LIBOR01 Page (or any successor page) is unavailable, the Eurodollar Rate for any Interest Period for each Eurodollar Rate Advance comprising part of the same Borrowing shall be determined by the Agent on the basis of applicable rates furnished to and received by the Agent from the Reference Banks two Business Days before the first day of such Interest Period, subject, however, to the provisions of Section 2.08.

"Eurodollar Rate Advance" means an Advance that bears interest as provided in Section 2.07(a)(ii).

"Eurodollar Rate Reserve Percentage" for any Interest Period for all Eurodollar Rate Advances comprising part of the same Borrowing means the reserve percentage applicable two Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors

of the Federal Reserve System (or any successor) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for a member bank of the Federal Reserve System in New York City with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurodollar Rate Advances is determined) having a term equal to such Interest Period.

"Events of Default" has the meaning specified in Section 6.01.

"Extension Date" has the meaning specified in Section 2.19(b).

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three Federal funds brokers of recognized standing selected by it.

"GAAP" has the meaning specified in Section 1.03.

"Hazardous Materials" means (a) petroleum and petroleum products, byproducts or breakdown products, radioactive materials, asbestos-containing materials, polychlorinated biphenyls and radon gas and (b) any other chemicals, materials or substances designated, classified or regulated as hazardous or toxic or as a pollutant or contaminant under any Environmental Law.

"Hedge Agreements" means interest rate swap, cap or collar agreements, interest rate future or option contracts, currency swap agreements, currency future or option contracts and other similar agreements.

"Increase Date" has the meaning specified in Section 2.18(a).

"Increasing Lender" has the meaning specified in Section 2.18(b).

"Information Memorandum" means the information memorandum dated March 4, 2008 used by the Agent in connection with the syndication of the Commitments.

"Interest Period" means, for each Eurodollar Rate Advance comprising part of the same Borrowing, the period commencing on the date of such Eurodollar Rate Advance or the date of the Conversion of any Base Rate Advance into such Eurodollar Rate Advance and ending on the last day of the period selected by the Borrower pursuant to the provisions below and, thereafter each subsequent period commencing on the last day of the immediately preceding Interest Period and ending on the last day of the period selected by the Borrower pursuant to the provisions below. The duration of each such Interest Period shall be one, two, three or six months, as the Borrower may, upon notice received by the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the first day of such Interest Period, select; provided, however, that:

(a) the Borrower may not select any Interest Period with respect to any Eurodollar Rate Advance that ends after the final Termination Date;

(b) Interest Periods commencing on the same date for Eurodollar Rate Advances comprising part of the same Borrowing shall be of the same duration;

(c) whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, provided, however, that, if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day; and

(d) whenever the first day of any Interest Period occurs on a day of an initial calendar month for which there is no numerically corresponding day in the calendar month that succeeds such initial calendar month by the number of months equal to the number of months in such Interest Period, such Interest Period shall end on the last Business Day of such succeeding calendar month.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and rulings issued thereunder.

"Invested Amounts" means the amounts invested by investors that are not Affiliates of the Borrower in connection with a Permitted Receivables Financing and paid to the Borrower or any of its Subsidiaries, as reduced by the aggregate amounts received by such investors from the payment of receivables and applied to reduce such invested amounts.

"Issuing Bank" means an Initial Issuing Bank, any Eligible Assignee to which a portion of a Letter of Credit Commitment hereunder has been assigned pursuant to Section 8.07 or any Lender so long as such Eligible Assignee or such Lender expressly agrees to perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as an Issuing Bank and notifies the Agent of its Applicable Lending Office (which information shall be recorded by the Agent in the Register), for so long as the Initial Issuing Bank, Eligible Assignee or Lender, as the case may be, shall have a Letter of Credit Commitment.

"L/C Cash Collateral Account" means an interest bearing cash collateral account to be established and maintained by the Agent, over which the Agent shall have sole dominion and control, upon terms as may be satisfactory to the Agent.

"L/C Related Documents" has the meaning specified in Section 2.06(b)(i).

"Lenders" means the Initial Lenders, each Issuing Bank, each Assuming Lender that shall become a party hereto pursuant to Section 2.18 or 2.19 and each Person that shall become a party hereto pursuant to Section 8.07.

"Letter of Credit" has the meaning specified in Section 2.01(b).

"Letter of Credit Agreement" has the meaning specified in Section 2.03(a).

"Letter of Credit Commitment" means as to any Issuing Bank (a) the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Letter of Credit Commitment" or (b) in the case of each Initial Issuing Bank that has entered into an Assignment and Acceptance and in the case of each other Issuing Bank, the amount set forth for such Issuing Bank in the Register maintained by the Agent pursuant to Section 8.07(d) as such Issuing Bank's "Letter of Credit Commitment", as such amount may be reduced pursuant to Section 2.05.

"Letter of Credit Facility" means, at any time, an amount equal to the lesser of (a) the aggregate amount of the Issuing Banks' Letter of Credit Commitments at such time and (b) $35,000,000, as such amount may be reduced at or prior to such time pursuant to Section 2.05.

"Lien" means any lien, security interest or other charge or encumbrance of any kind, or any other type of preferential arrangement, including, without limitation, the lien or retained security title of a conditional vendor and any easement, right of way or other encumbrance on title to real property.

"Loan Document" means this Agreement, the Notes, the other L/C Related Documents and each Guaranty delivered pursuant to Section 5.01(j).

"Loan Parties" means the Borrower and each Subsidiary of the Borrower party to the Subsidiary Guaranties delivered pursuant to Section 5.01(j).

"Material Adverse Change" means any material adverse change in the business, condition (financial or otherwise), operations, performance or properties of the Borrower and its Subsidiaries taken as a whole.

"Material Adverse Effect" means a material adverse effect on (a) the business, condition (financial or otherwise), operations, performance or properties of the Borrower and its Subsidiaries taken as a whole, (b) the rights and remedies of the Agent or the Lenders under any Loan Document or (c) the ability of the Loan Parties to perform their obligations under the Loan Documents.

"Material Subsidiary" of the Borrower means, at any time, any Subsidiary of the Borrower (other than Packaging Credit Company LLC and Packaging Receivables Company LLC) that, together with its Subsidiaries, has (a) Consolidated assets with a value of not less than 10% of the total value of the assets of the Borrower and its Consolidated Subsidiaries, taken as a whole, or (b) Consolidated EBITDA not less than 10% of the Consolidated EBITDA of the Borrower and its Subsidiaries, taken as a whole, in each case as of the end of or for the most recently completed fiscal quarter of the Borrower.

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five plan years made or accrued an obligation to make contributions.

"Multiple Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and at least one Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4064 or 4069 of ERISA in the event such plan has been or were to be terminated.

"Non-Consenting Lender" has the meaning specified in Section 2.19(b).

"Note" means a promissory note of the Borrower payable to the order of any Lender, delivered pursuant to a request made under Section 2.16 in substantially the form of Exhibit A hereto, evidencing the aggregate indebtedness of the Borrower to such Lender resulting from the Advances made by such Lender.

"Notice of Borrowing" has the meaning specified in Section 2.02(a).

"Notice of Issuance" has the meaning specified in Section 2.03(a).

"PBGC" means the Pension Benefit Guaranty Corporation (or any successor).

"Permitted Liens" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) Liens for taxes, assessments and governmental charges or levies to the extent not required to be paid under Section 5.01(b) hereof; (b) Liens imposed by law, such as materialmen's, mechanics', carriers', workmen's, repairmen's and customs Liens

and other similar Liens arising in the ordinary course of business securing obligations that are not overdue for a period of more than 30 days unless being contested in good faith by proper proceedings and as to which appropriate reserves are being maintained; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) easements, rights of way and other encumbrances, restrictions or deficiencies on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its present purposes.

"Permitted Receivables Financing" means any financing pursuant to which the Borrower or any Subsidiary of the Borrower may sell, convey, or otherwise transfer to a Receivables Subsidiary or any other Person, or grant a security interest in, any accounts receivable (and related assets) of the Borrower or such Subsidiary, provided that such financing shall be on customary market terms and shall be with limited or no recourse to the Borrower and its Subsidiaries (other than the Receivables Subsidiary) except to the extent customary for such transactions.

"Person" means an individual, partnership, corporation (including a business trust), joint stock company, trust, unincorporated association, joint venture, limited liability company or other entity, or a government or any political subdivision or agency thereof.

"Plan" means a Single Employer Plan or a Multiple Employer Plan.

"Public Debt Rating" means, as of any date, the rating that has been most recently announced by either S&P or Moody's, as the case may be, for any class of non-credit enhanced long-term senior unsecured debt issued by the Borrower or, if any such rating agency shall have issued more than one such rating, the lowest such rating issued by such rating agency. For purposes of the foregoing, (a) if only one of S&P and Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage shall be determined by reference to the available rating; (b) if neither S&P nor Moody's shall have in effect a Public Debt Rating, the Applicable Margin and the Applicable Percentage will be set in accordance with Level 5 under the definition of "Applicable Margin" or "Applicable Percentage", as the case may be; (c) if the ratings established by S&P and Moody's shall fall within different levels, the Applicable Margin and the Applicable Percentage shall be based upon the higher rating unless the such ratings differ by two or more levels, in which case the applicable level will be deemed to be one level above the lower of such levels; (d) if any rating established by S&P or Moody's shall be changed, such change shall be effective as of the date on which such change is first announced publicly by the rating agency making such change; and (e) if S&P or Moody's shall change the basis on which ratings are established, each reference to the Public Debt Rating announced by S&P or Moody's, as the case may be, shall refer to the then equivalent rating by S&P or Moody's, as the case may be.

"Ratable Share" of any amount means, with respect to any Lender at any time, the product of (a) a fraction the numerator of which is the amount of such Lender's Revolving Credit Commitment at such time and the denominator of which is the aggregate Revolving Credit Commitments at such time and (b) such amount.

"Receivables Subsidiary" means a bankruptcy-remote, special-purpose wholly owned Subsidiary formed in connection with a Permitted Receivables Financing.

"Reference Banks" means JPMorgan, Deutsche Bank AG New York Branch and Bank of America, N.A.

"Register" has the meaning specified in Section 8.07(d).

"Required Lenders" means, at any time, Lenders owed or holding at least a majority in interest of the sum of (a) the aggregate principal amount of the Advances outstanding at such time, (b) the aggregate Available Amount of all Letters of Credit outstanding at such time and (c) the aggregate Unused Revolving

Credit Commitments at such time. For purposes of this definition, the Available Amount of each Letter of Credit shall be considered to be owed to the Lenders ratably in accordance with their respective Revolving Credit Commitments.

"Revolving Credit Commitment" means as to any Lender (a) the amount set forth opposite such Lender's name on Schedule I hereto under the caption "Revolving Credit Commitment", (b) if such Lender has become a Lender hereunder pursuant to an Assumption Agreement, the amount set forth in such Assumption Agreement or (c) if such Lender has entered into an Assignment and Acceptance, the amount set forth for such Lender in the Register maintained by the Agent pursuant to Section 8.07(d) as such Lender's "Revolving Credit Commitment", as such amount may be reduced pursuant to Section 2.05 or increased pursuant to Section 2.18.

"Revolving Credit Facility" means, at any time, the aggregate of the Revolving Credit Commitments at such time.

"S&P" means Standard & Poor's, a division of The McGraw-Hill Companies, Inc.

"Single Employer Plan" means a single employer plan, as defined in Section 4001(a)(15) of ERISA, that (a) is maintained for employees of the Borrower or any ERISA Affiliate and no Person other than the Borrower and the ERISA Affiliates or (b) was so maintained and in respect of which the Borrower or any ERISA Affiliate could have liability under Section 4069 of ERISA in the event such plan has been or were to be terminated.

"Solvent" and "Solvency" mean, with respect to any Person on a particular date, that on such date (a) the fair value of the property of such Person is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person, (b) the present fair salable value of the assets of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured, (c) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay such debts and liabilities as they mature and (d) such Person is not engaged in business or a transaction, and is not about to engage in business or a transaction, for which such Person's property would constitute an unreasonably small capital. The amount of contingent liabilities at any time shall be computed as the amount that, in the light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"Subsidiary" of any Person means any corporation, partnership, joint venture, limited liability company, trust or estate of which (or in which) more than 50% of (a) the issued and outstanding capital stock having ordinary voting power to elect a majority of the Board of Directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency), (b) the interest in the capital or profits of such limited liability company, partnership or joint venture or (c) the beneficial interest in such trust or estate is at the time directly or indirectly owned or controlled by such Person, by such Person and one or more of its other Subsidiaries or by one or more of such Person's other Subsidiaries.

"Subsidiary Guarantor" means each Subsidiary of the Borrower that shall be required to execute and deliver a guaranty pursuant to Section 5.01(j).

"Subsidiary Guaranty" means the guaranty of the Subsidiary Guarantors delivered pursuant to Section 5.01(j).

"Termination Date" means the earlier of (a) April 15, 2013, subject to the extension thereof pursuant to Section 2.19 and (b) the date of termination in whole of the Revolving Credit Commitments and the Letter of Credit Commitments pursuant to Section 2.05 or 6.01; provided, however, that the Termination Date of any Lender that is a Non-Consenting Lender to any requested extension pursuant to

Section 2.19 shall be the Termination Date in effect immediately prior to the applicable Extension Date for all purposes of this Agreement.

"Type" refers to the distinction between Advances bearing interest at the Base Rate and Advances bearing interest at the Eurodollar Rate.

"Unissued Letter of Credit Commitment" means, with respect to any Issuing Bank, such Issuing Bank's Letter of Credit Commitment minus the aggregate Available Amount of all Letters of Credit issued by such Issuing Bank.

"Unused Revolving Credit Commitment" means, with respect to each Lender at any time, (a) such Lender's Revolving Credit Commitment at such time minus (b) the sum of (i) the aggregate principal amount of all Advances made by such Lender (in its capacity as a Lender) and outstanding at such time, plus (ii) such Lender's Ratable Share of the aggregate Available Amount of all the Letters of Credit outstanding at such time.

"Voting Stock" means capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

SECTION 1.02. Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

SECTION 1.03. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles as in effect in the United States from time to time ("GAAP"), provided that (a) if there is any change in GAAP from such principles applied in the preparation of the audited financial statements referred to in Section 4.01(e) ("Initial GAAP"), that is material in respect of the calculation of compliance with the covenants set forth in Section 5.03, the Borrower shall give prompt notice of such change to the Agent and the Lenders, (b) if the Borrower notifies the Agent that the Borrower requests an amendment of any provision hereof to eliminate the effect of any change in GAAP (or the application thereof) from Initial GAAP (or if the Agent or the Required Lenders request an amendment of any provision hereof for such purpose), regardless of whether such notice is given before or after such change in GAAP (or the application thereof), then such provision shall be applied on the basis of generally accepted accounting principles as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision is amended in accordance herewith.

ARTICLE II

AMOUNTS AND TERMS OF THE ADVANCES AND LETTERS OF CREDIT

SECTION 2.01. The Advances and Letters of Credit. (a) Advances. Each Lender severally agrees, on the terms and conditions hereinafter set forth, to make advances (each, an "Advance") to the Borrower from time to time on any Business Day during the period from the Effective Date until the Termination Date applicable to such Lender in an amount not to exceed such Lender's Unused Revolving Credit Commitment at such time. Each Borrowing shall be in an aggregate amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and shall consist of Advances of the same Type made on the same day by the Lenders ratably according to their respective Revolving Credit Commitments. Within the limits of each Lender's Revolving Credit Commitment, the Borrower may borrow under this Section 2.01(a), prepay pursuant to Section 2.10 and reborrow under this Section 2.01(a).

(b) Letters of Credit. Each Issuing Bank agrees, on the terms and conditions hereinafter set forth, to issue letters of credit (each, a "Letter of Credit") for the account of the Borrower from time to time on any Business Day during the period from the Effective Date until 30 days before the Termination Date applicable to

such Issuing Bank in an aggregate Available Amount (i) for all Letters of Credit issued by each Issuing Bank not to exceed at any time the lesser of (x) the Letter of Credit Facility at such time and (y) such Issuing Bank's Letter of Credit Commitment at such time and (ii) for each such Letter of Credit not to exceed an amount equal to the Unused Revolving Credit Commitments of the Lenders at such time. Other than as specified on Schedule 2.01(b), no Letter of Credit shall have an expiration date (including all rights of the Borrower or the beneficiary to require renewal) later than (x) the date that is one year after the date of issuance thereof and (y) 10 Business Days prior to the final Termination Date, provided that no Letter of Credit may expire after the Termination Date of any Non-Consenting Lender if, after giving effect to such issuance, the aggregate Revolving Credit Commitments of the Consenting Lenders (including any replacement Lenders) for the period following such Termination Date would be less than the Available Amount of the Letters of Credit expiring after such Termination Date. Within the limits of the Letter of Credit Facility and subject to the limits referred to above, the Borrower may request the issuance of Letters of Credit under this Section 2.01(b), repay any Advances resulting from drawings thereunder pursuant to Section 2.03(c) and request the issuance of additional Letters of Credit under this Section 2.01(b). Each letter of credit listed on Schedule 2.01(b) shall be deemed to constitute a Letter of Credit issued hereunder, and each Lender that is an issuer of such a Letter of Credit shall, for purposes of Section 2.03, be deemed to be an Issuing Bank for each such letter of credit, provided than any renewal or replacement of any such letter of credit shall be issued by an Issuing Bank pursuant to the terms of this Agreement.

SECTION 2.02. Making the Advances. (a) Except as otherwise provided in Section 2.03, each Borrowing shall be made on notice, given not later than (x) 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Borrowing in the case of a Borrowing consisting of Eurodollar Rate Advances or (y) 11:00 A.M. (New York City time) on the date of the proposed Borrowing in the case of a Borrowing consisting of Base Rate Advances, by the Borrower to the Agent, which shall give to each Lender prompt notice thereof by telecopier. Each such notice of a Borrowing (a "Notice of Borrowing") shall be by telephone, confirmed immediately in writing, or telecopier in substantially the form of Exhibit B hereto, specifying therein the requested (i) date of such Borrowing, (ii) Type of Advances comprising such Borrowing, (iii) aggregate amount of such Borrowing, and (iv) in the case of a Borrowing consisting of Eurodollar Rate Advances, initial Interest Period for such Advances. Each Lender shall, before 1:00 P.M. (New York City time) on the date of such Borrowing make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, such Lender's ratable portion of such Borrowing in accordance with the respective Revolving Credit Commitments of such Lender and the other Lenders. After the Agent's receipt of such funds and upon fulfillment of the applicable conditions set forth in Article III, the Agent will make such funds available to the Borrower at the Agent's address referred to in Section 8.02.

(b) Anything in subsection (a) above to the contrary notwithstanding, (i) the Borrower may not select Eurodollar Rate Advances for any Borrowing if the aggregate amount of such Borrowing is less than $5,000,000 or if the obligation of the Lenders to make Eurodollar Rate Advances shall then be suspended pursuant to Section 2.08 or 2.12 and (ii) Borrowings comprised of Eurodollar Rate Advances may not be outstanding as part of more than six separate Interest Periods.

(c) Each Notice of Borrowing shall be irrevocable and binding on the Borrower. In the case of any Borrowing that the related Notice of Borrowing specifies is to be comprised of Eurodollar Rate Advances, the Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in such Notice of Borrowing the applicable conditions set forth in Article III, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Advance to be made by such Lender as part of such Borrowing when such Advance, as a result of such failure, is not made on such date.

(d) Unless the Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Agent such Lender's ratable portion of such Borrowing, the Agent may assume that such Lender has made such portion available to the Agent on the date of such Borrowing in accordance with subsection (a) of this Section 2.02 and the Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If and to the extent that such Lender shall not have so made such ratable portion available to the Agent, such Lender and the Borrower severally agree to repay to the Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date

such amount is made available to the Borrower until the date such amount is repaid to the Agent, at (i) in the case of the Borrower, the interest rate applicable at the time to Advances comprising such Borrowing and (ii) in the case of such Lender, the Federal Funds Rate. If such Lender shall repay to the Agent such corresponding amount, such amount so repaid shall constitute such Lender's Advance as part of such Borrowing for purposes of this Agreement.

(e) The failure of any Lender to make the Advance to be made by it as part of any Borrowing shall not relieve any other Lender of its obligation, if any, hereunder to make its Advance on the date of such Borrowing, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on the date of any Borrowing.

SECTION 2.03. Issuance of and Drawings and Reimbursement Under Letters of Credit. (a) Request for Issuance. (i) Each Letter of Credit shall be issued upon notice, given not later than 1:00 P.M. (New York City time) on the third Business Day prior to the date of the proposed issuance of such Letter of Credit (or on such shorter notice as the applicable Issuing Bank may agree), by the Borrower to any Issuing Bank, and such Issuing Bank shall give the Agent prompt notice thereof by telecopier. Each such notice of issuance of a Letter of Credit (a "Notice of Issuance") shall be by telephone, confirmed immediately in writing, or telecopier, specifying therein the requested (A) date of such issuance (which shall be a Business Day), (B) Available Amount of such Letter of Credit, (C) expiration date of such Letter of Credit, (D) name and address of the beneficiary of such Letter of Credit and (E) form of such Letter of Credit, and shall be accompanied by such customary application and agreement for letter of credit as such Issuing Bank may specify to the Borrower requesting such issuance for use in connection with such requested Letter of Credit (a "Letter of Credit Agreement"). If the requested form of such Letter of Credit is acceptable to such Issuing Bank in its sole discretion, such Issuing Bank will, upon fulfillment of the applicable conditions set forth in Article III, make such Letter of Credit available to the Borrower requesting such issuance at its office referred to in Section 8.02 or as otherwise agreed with the Borrower in connection with such issuance. In the event and to the extent that the provisions of any Letter of Credit Agreement shall conflict with this Agreement, the provisions of this Agreement shall govern.

(b) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the applicable Issuing Bank or the Lenders, such Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such Lender's Ratable Share of the aggregate amount available to be drawn under such Letter of Credit. The Borrower hereby agrees to each such participation. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Agent, for the account of such Issuing Bank, such Lender's Ratable Share of each drawing made under a Letter of Credit funded by such Issuing Bank and not reimbursed by the Borrower on the date made, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Revolving Credit Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender further acknowledges and agrees that its participation in each Letter of Credit will be automatically adjusted to reflect such Lender's Ratable Share of the Available Amount of such Letter of Credit at each time such Lender's Revolving Credit Commitment is amended pursuant to an assignment in accordance with Section 8.07 or otherwise pursuant to this Agreement.

(c) Drawing and Reimbursement. The payment by an Issuing Bank of a draft drawn under any Letter of Credit shall constitute for all purposes of this Agreement the making by such Issuing Bank of an Advance, which shall be a Base Rate Advance, in the amount of such draft. Each Issuing Bank shall give prompt notice of each drawing under any Letter of Credit issued by it to the Borrower and the Agent. Upon written demand by such Issuing Bank to the Agent, which the Agent shall promptly forward to the Lenders, each Lender shall pay to the Agent such Lender's Ratable Share of such outstanding Advance, by making available for the account of its Applicable Lending Office to the Agent for the account of such Issuing Bank, by deposit to the Agent's Account, in same day funds, an amount equal to the portion of the outstanding principal amount of such Advance to be funded by such Lender. Promptly after receipt thereof, the Agent shall transfer such funds to such Issuing Bank. Each Lender agrees to fund its Ratable Share of an outstanding Advance on (i) the Business Day on which demand therefor is made by such Issuing Bank, provided that notice of such demand is given not later than 11:00 A.M.

(New York City time) on such Business Day, or (ii) the first Business Day next succeeding such demand if notice of such demand is given after such time. If and to the extent that any Lender shall not have so made the amount of such Advance available to the Agent, such Lender agrees to pay to the Agent forthwith on demand such amount together with interest thereon, for each day from the date of demand by any such Issuing Bank until the date such amount is paid to the Agent, at the Federal Funds Rate for its account or the account of such Issuing Bank, as applicable. If such Lender shall pay to the Agent such amount for the account of any such Issuing Bank on any Business Day, such amount so paid in respect of principal shall constitute an Advance made by such Lender on such Business Day for purposes of this Agreement, and the outstanding principal amount of the Advance made by such Issuing Bank shall be reduced by such amount on such Business Day.

(d) Letter of Credit Reports. Each Issuing Bank shall furnish (i) to the Agent on the first Business Day of each month a written report summarizing issuance and expiration dates of Letters of Credit issued by it during the preceding month and drawings during such month under all Letters of Credit and (ii) to the Agent on the first Business Day of each calendar quarter a written report setting forth the average daily aggregate Available Amount during the preceding calendar quarter of all Letters of Credit issued by it. The Agent shall promptly forward to each Lender each report received by it in accordance with this Section 2.03(d).

(e) Failure to Make Advances. The failure of any Lender to make the Advance to be made by it on the date specified in Section 2.03(c) shall not relieve any other Lender of its obligation hereunder to make its Advance on such date, but no Lender shall be responsible for the failure of any other Lender to make the Advance to be made by such other Lender on such date.

SECTION 2.04. Fees. (a) Facility Fee. The Borrower agrees to pay to the Agent for the account of each Lender a facility fee on the aggregate amount of such Lender’s Revolving Credit Commitment from the Effective Date in the case of each Initial Lender and from the effective date specified in the Assumption Agreement or in the Assignment and Acceptance pursuant to which it became a Lender in the case of each other Lender until the Termination Date applicable to such Lender at a rate per annum equal to the Applicable Percentage in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing June 30, 2008, and on such Termination Date.

(b) Letter of Credit Fees. (i) The Borrower shall pay to the Agent for the account of each Lender a commission on such Lender’s Ratable Share of the average daily aggregate Available Amount of all Letters of Credit outstanding from time to time at a rate per annum equal to the Applicable Margin for Eurodollar Rate Advances in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December, commencing June 30, 2008, and on the Termination Date applicable to such Lender and after the final Termination Date payable upon demand.

(ii) The Borrower shall pay to each Issuing Bank for its own account such fronting, issuance and other reasonable fees as may from time to time be agreed in writing between the Borrower and such Issuing Bank.

(c) Agent’s Fees. The Borrower shall pay to the Agent for its own account such fees as may from time to time be agreed between the Borrower and the Agent.

SECTION 2.05. Optional Termination or Reduction of the Commitments. The Borrower shall have the right, upon at least three Business Days’ notice (or, if the Facilities are to be refinanced in full, upon notice given on the date of such termination) to the Agent, to terminate in whole or permanently reduce in part the Unused Revolving Credit Commitments of the Lenders, provided that each partial reduction shall be in the aggregate amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and shall be made ratably among the Lenders in accordance with their Commitments.

SECTION 2.06. Repayment of Advances. (a) Advances. The Borrower shall repay to the Agent for the account of each Lender on the Termination Date applicable to such Lender the aggregate principal amount of the Advances made by such Lender and then outstanding.

(b) Letter of Credit Reimbursements. The obligations of the Borrower under this Agreement, any Letter of Credit Agreement and any other agreement or instrument, in each case, relating to any Letter of Credit shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement, such Letter of Credit Agreement and such other agreement or instrument under all circumstances, including, without limitation, the following circumstances (it being understood that any such payment by the Borrower is without prejudice to, and does not constitute a waiver of, any rights the Borrower might have or might acquire as a result of the payment by any Issuing Bank of any draft or the reimbursement by the Borrower thereof):

(i) any lack of validity or enforceability of this Agreement, any Letter of Credit, any Letter of Credit Agreement or any other agreement or instrument, in each case, relating thereto (all of the foregoing being, collectively, the "L/C Related Documents");

(ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations of the Borrower in respect of any L/C Related Document or any other amendment or waiver of or any consent to departure from all or any of the L/C Related Documents;

(iii) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or transferee of a Letter of Credit (or any Person for which any such beneficiary or transferee may be acting), any Issuing Bank or any other Person, whether in connection with the transactions contemplated by the L/C Related Documents or any unrelated transaction;

(iv) any statement or any other document presented under a Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(v) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit;

(vi) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guarantee, for all or any of the obligations of the Borrower in respect of the L/C Related Documents; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including, without limitation, any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or a guarantor.

SECTION 2.07. Interest on Advances. (a) Scheduled Interest. The Borrower shall pay interest on the unpaid principal amount of each Advance owing to each Lender from the date of such Advance until such principal amount shall be paid in full, at the following rates per annum:

(i) Base Rate Advances. During such periods as such Advance is a Base Rate Advance, a rate per annum equal at all times to the sum of (x) the Base Rate in effect from time to time plus (y) the Applicable Margin in effect from time to time, payable in arrears quarterly on the last day of each March, June, September and December during such periods and on the date such Base Rate Advance shall be Converted or paid in full.

(ii) Eurodollar Rate Advances. During such periods as such Advance is a Eurodollar Rate Advance, a rate per annum equal at all times during each Interest Period for such Advance to the sum of (x) the Eurodollar Rate for such Interest Period for such Advance plus (y) the Applicable Margin in effect from time to time, payable in arrears on the last day of such Interest Period and, if such Interest Period has a duration of more than three months, on each day that occurs during such Interest Period every three months from the first day of such Interest Period and on the date such Eurodollar Rate Advance shall be Converted or paid in full.

(b) Default Interest. Upon the occurrence and during the continuance of an Event of Default under Section 6.01(a), the Agent may, and upon the request of the Required Lenders shall, require the Borrower to pay interest ("Default Interest") on (i) the overdue principal amount of each Advance owing to each Lender, payable in arrears on the dates referred to in clause (a)(i) or (a)(ii) above, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on such Advance pursuant to clause (a)(i) or (a)(ii) above and (ii) to the fullest extent permitted by law, the amount of any interest, fee or other amount payable hereunder that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 2% per annum above the rate per annum required to be paid on Base Rate Advances pursuant to clause (a)(i) above, provided, however, that following acceleration of the Advances pursuant to Section 6.01, Default Interest shall accrue and be payable hereunder whether or not previously required by the Agent.

SECTION 2.08. Interest Rate Determination. (a) Promptly after receipt of a Notice of Borrowing pursuant to Section 2.02(a), a notice of Conversion pursuant to Section 2.09 or a notice of selection of an Interest Period pursuant to the terms of the definition of "Interest Period", the Agent shall give prompt notice to the Borrower and each Lender of the applicable interest rate determined by the Agent for purposes of Section 2.07(a)(i) or (ii), and the rate, if any, furnished by each Reference Bank for the purpose of determining the interest rate under Section 2.07(a)(ii). Each Reference Bank agrees to furnish to the Agent timely information for the purpose of determining each Eurodollar Rate. If any one or more of the Reference Banks shall not furnish such timely information to the Agent for the purpose of determining any such interest rate, the Agent shall determine such interest rate on the basis of timely information furnished by the remaining Reference Banks.

(b) If the Borrower shall fail to select the duration of any Interest Period for any Eurodollar Rate Advances in accordance with the provisions contained in the definition of "Interest Period" in Section 1.01, the Agent will forthwith so notify the Borrower and the Lenders and such Advances will automatically, on the last day of the then existing Interest Period therefor, Convert into Base Rate Advances.

(c) On the date on which the aggregate unpaid principal amount of Eurodollar Rate Advances comprising any Borrowing shall be reduced, by payment or prepayment or otherwise, to less than $3,000,000, such Advances shall automatically Convert into Base Rate Advances.

(d) Upon the occurrence and during the continuance of any Event of Default, (i) each Eurodollar Rate Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance and (ii) the obligation of the Lenders to make, or to Convert Advances into, Eurodollar Rate Advances shall be suspended.

(f) If Reuters Screen LIBOR01 Page is unavailable and none of the Reference Banks furnish timely information to the Agent for determining the Eurodollar Rate for any Eurodollar Rate Advances,

(i) the Agent shall forthwith notify the Borrower and the Lenders that the interest rate cannot be determined for such Eurodollar Rate Advances, and

(ii) so long as such circumstance continue, each such Advance will automatically, on the last day of the then existing Interest Period therefor, Convert into a Base Rate Advance (or if such Advance is then a Base Rate Advance, will continue as a Base Rate Advance) and the obligation of the Lenders to make Eurodollar Rate Advances or to Convert Advances into Eurodollar Rate Advances shall be suspended.

SECTION 2.09. Optional Conversion of Advances. The Borrower may on any Business Day, upon notice given to the Agent not later than 11:00 A.M. (New York City time) on the third Business Day prior to the date of the proposed Conversion and subject to the provisions of Sections 2.08 and 2.12, Convert all or any portion of the Advances of one Type comprising the same Borrowing into Advances of the other Type; provided, however, that any Conversion of Eurodollar Rate Advances into Base Rate Advances shall be made only on the last day of an Interest Period for such Eurodollar Rate Advances, any Conversion of Base Rate Advances into Eurodollar Rate Advances shall be in an amount not less than the minimum amount specified in Section 2.02(b), no

Conversion of any Advances shall result in more separate Borrowings under such Facility than permitted under Section 2.02(b) and each Conversion of Advances comprising part of the same Borrowing shall be made ratably among the Lenders in accordance with their Revolving Credit Commitments. Each such notice of a Conversion shall, within the restrictions specified above, specify (i) the date of such Conversion, (ii) the Advances to be Converted, and (iii) if such Conversion is into Eurodollar Rate Advances, the duration of the initial Interest Period for each such Advance. Each notice of Conversion shall be irrevocable and binding on the Borrower.

SECTION 2.10. Prepayments of Advances. The Borrower may on any Business Day, upon notice to the Agent not later than 11:00 A.M. (New York City time) stating the date and aggregate principal amount of a proposed prepayment, and if such notice is given the Borrower shall, prepay the outstanding principal amount of the Advances comprising part of the same Borrowing in whole or ratably in part, together with accrued interest to the date of such prepayment on the principal amount prepaid; provided, however, that (x) each partial prepayment shall be in an aggregate principal amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and (y) in the event of any such prepayment of a Eurodollar Rate Advance, the Borrower shall be obligated to reimburse the Lenders in respect thereof pursuant to Section 8.04(c).

SECTION 2.11. Increased Costs. (a) If, due to either (i) the introduction after the date hereof of or any change after the date hereof in or in the interpretation of any law or regulation or (ii) the compliance with any guideline or request issued after the date hereof from any central bank or other governmental authority (whether or not having the force of law), there shall be any increase in the cost to any Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Advances or agreeing to issue or of issuing or maintaining or participating in Letters of Credit (excluding for purposes of this Section 2.11 any such increased costs resulting from (i) Taxes or Other Taxes (as to which Section 2.14 shall govern) and (ii) changes after the date hereof in the basis of taxation of overall net income or overall gross income by the United States or by the foreign jurisdiction or state under the laws of which such Lender is organized or has its Applicable Lending Office or any political subdivision thereof), then the Borrower shall from time to time, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender additional amounts sufficient to compensate such Lender for such increased cost; provided, however, that before making any such demand, each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender. A certificate as to the amount of such increased cost, submitted to the Borrower and the Agent by such Lender, shall be prima facie evidence of the correctness thereof for all purposes, absent manifest error.

(b) If any Lender reasonably determines that compliance with any law or regulation or any guideline or request from any central bank or other governmental authority (whether or not having the force of law) adopted or issued after the date hereof affects or would affect the amount of capital required or expected to be maintained by such Lender or any corporation controlling such Lender and that the amount of such capital is increased by or based upon the existence of such Lender's commitment to lend hereunder and other commitments of this type, then, upon demand by such Lender (with a copy of such demand to the Agent), the Borrower shall pay to the Agent for the account of such Lender, from time to time as specified by such Lender, additional amounts sufficient to compensate such Lender or such corporation in the light of such circumstances, to the extent that such Lender reasonably determines such increase in capital to be allocable to the existence of such Lender's commitment to lend hereunder. A certificate as to such amounts submitted to the Borrower and the Agent by such Lender shall be prima facie evidence of the correctness thereof for all purposes, absent manifest error.

(c) Failure or delay on the part of any Lender to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender pursuant to this Section for any increased costs or reductions incurred more than six months prior to the date that such Lender notifies the Borrower of the change or circumstance giving rise to such increased costs or reductions and of such Lender's intention to claim compensation therefor; provided further that, if the change or circumstance giving rise to such increased costs or reductions is retroactive, then the six-month period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.12. Illegality. Notwithstanding any other provision of this Agreement, if any Lender shall notify the Agent that the introduction of or any change in or in the interpretation of any law or regulation

makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for any Lender or its Eurodollar Lending Office to perform its obligations hereunder to make Eurodollar Rate Advances or to fund or maintain Eurodollar Rate Advances hereunder, (a) each Eurodollar Rate Advance made by such Lender will automatically, on the last day of the current Interest Period or, if required by law, upon such demand, Convert into a Base Rate Advance and (b) the obligation of such Lender to make Eurodollar Rate Advances or to Convert Advances into Eurodollar Rate Advances shall be suspended until the Agent shall notify the Borrower and such Lender that the circumstances causing such suspension no longer exist; provided, however, that before making any such demand, such Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Eurodollar Lending Office if the making of such a designation would allow such Lender or its Eurodollar Lending Office to continue to perform its obligations to make Eurodollar Rate Advances or to continue to fund or maintain Eurodollar Rate Advances and would not, in the judgment of such Lender, be otherwise disadvantageous to such Lender. Each request for a Eurodollar Rate Borrowing or a Conversion into Eurodollar Rate Advances shall, as to such affected Lender only, be deemed to be a request for a Base Rate Advance, and all payments and prepayments of principal which would otherwise have been applied to repay the Eurodollar Rate Advances of such Lender shall instead be applied to repay or prepay the Base Rate Advances made by such Lender in lieu thereof, or resulting from the Conversion of, such Eurodollar Rate Advances.

SECTION 2.13. Payments and Computations. (a) The Borrower shall make each payment hereunder, irrespective of any right of counterclaim or set-off, not later than 11:00 A.M. (New York City time) on the day when due in U.S. dollars to the Agent at the Agent's Account in same day funds. The Agent will promptly thereafter cause to be distributed like funds relating to the payment of principal or interest or fees or commissions ratably (other than amounts payable pursuant to Section 2.03, 2.06, 2.11, 2.14, 2.20 or 8.04(c)) to the Lenders for the account of their respective Applicable Lending Offices, and like funds relating to the payment of any other amount payable to any Lender to such Lender for the account of its Applicable Lending Office, in each case to be applied in accordance with the terms of this Agreement. Upon any Assuming Lender becoming a Lender hereunder as a result of a Commitment Increase pursuant to Section 2.18 or an extension of the Termination Date pursuant to Section 2.19, and upon the Agent's receipt of such Lender's Assumption Agreement and recording of the information contained therein in the Register, from and after the applicable Increase Date or Extension Date, as the case may be, the Agent shall make all payments hereunder and under any Notes issued in connection therewith in respect of the interest assumed thereby to the Assuming Lender. Upon its acceptance of an Assignment and Acceptance and recording of the information contained therein in the Register pursuant to Section 8.07(c), from and after the effective date specified in such Assignment and Acceptance, the Agent shall make all payments hereunder and under the Notes in respect of the interest assigned thereby to the Lender assignee thereunder, and the parties to such Assignment and Acceptance shall make all appropriate adjustments in such payments for periods prior to such effective date directly between themselves.

(b) All computations of interest based on the Base Rate shall be made by the Agent on the basis of a year of 365 or 366 days, as the case may be, and all computations of interest based on the Eurodollar Rate or the Federal Funds Rate and of fees and Letter of Credit commissions shall be made by the Agent on the basis of a year of 360 days, in each case for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest, fees or commissions are payable. Each determination by the Agent of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error.

(c) Whenever any payment hereunder or under the Notes shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of payment of interest, facility fee or commission, as the case may be; provided, however, that, if such extension would cause payment of interest on or principal of Eurodollar Rate Advances to be made in the next following calendar month, such payment shall be made on the next preceding Business Day.

(d) Unless the Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Lenders hereunder that the Borrower will not make such payment in full, the Agent may assume that the Borrower has made such payment in full to the Agent on such date and the Agent may, in reliance upon such assumption, cause to be distributed to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent the Borrower shall not have so made such payment in full to the Agent, each Lender shall repay to the Agent forthwith on demand such amount distributed to such Lender together with interest

thereon, for each day from the date such amount is distributed to such Lender until the date such Lender repays such amount to the Agent, at the Federal Funds Rate.

SECTION 2.14. Taxes. (a) Any and all payments by the Borrower to or for the account of any Lender or the Agent hereunder or under the Notes or any other documents to be delivered hereunder shall be made, in accordance with Section 2.13 or the applicable provisions of such other documents, free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and the Agent, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction under the laws of which such Lender or the Agent (as the case may be) is organized or any political subdivision thereof and, in the case of each Lender, taxes imposed on its overall net income, and franchise taxes imposed on it in lieu of net income taxes, by the jurisdiction of such Lender's Applicable Lending Office or any political subdivision thereof (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities in respect of payments hereunder or under the Notes being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder or under any Note or any other documents to be delivered hereunder to any Lender or the Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.14) such Lender or the Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies that arise from any payment made hereunder or under the Notes or any other documents to be delivered hereunder or from the execution, delivery or registration of, performing under, or otherwise with respect to, this Agreement or the Notes or any other documents to be delivered hereunder (hereinafter referred to as "Other Taxes").

(c) The Borrower shall indemnify each Lender and the Agent for and hold it harmless against the full amount of Taxes or Other Taxes (including, without limitation, taxes of any kind imposed or asserted by any jurisdiction on amounts payable under this Section 2.14) imposed on or paid by such Lender or the Agent (as the case may be) and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date such Lender or the Agent (as the case may be) makes written demand therefor.

(d) Within 30 days after the date of any payment of Taxes, the Borrower shall furnish to the Agent, at its address referred to in Section 8.02, the original or a certified copy of a receipt evidencing such payment to the extent such a receipt is issued therefor, or other written proof of payment thereof that is reasonably satisfactory to the Agent. In the case of any payment hereunder or under the Notes or any other documents to be delivered hereunder by or on behalf of the Borrower through an account or branch outside the United States or by or on behalf of the Borrower by a payor that is not a United States person, if the Borrower determines that no Taxes are payable in respect thereof, the Borrower shall furnish, or shall cause such payor to furnish, to the Agent, at such address, an opinion of counsel acceptable to the Agent stating that such payment is exempt from Taxes. For purposes of this subsection (d) and subsection (e), the terms "United States" and "United States person" shall have the meanings specified in Section 7701 of the Internal Revenue Code.

(e) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Initial Lender and on the date of the Assumption Agreement or the Assignment and Acceptance pursuant to which it becomes a Lender in the case of each other Lender, and from time to time thereafter as reasonably requested in writing by the Borrower (but only so long as such Lender remains lawfully able to do so), shall provide each of the Agent and the Borrower with two original Internal Revenue Service Forms W-8BEN or W-8ECI, as appropriate, or any successor or other form prescribed by the Internal Revenue Service, certifying that such Lender is exempt from or entitled to a reduced rate of United States withholding tax on payments pursuant to this Agreement or the Notes. If the form provided by a Lender at the time such Lender first becomes a party to this Agreement indicates a United States interest withholding tax rate in excess of zero, withholding tax at such rate shall be considered excluded from Taxes unless and until such Lender provides the appropriate forms certifying that a lesser rate applies, whereupon withholding tax

at such lesser rate only shall be considered excluded from Taxes for periods governed by such form; provided, however, that, if at the date of the Assignment and Acceptance pursuant to which a Lender assignee becomes a party to this Agreement, the Lender assignor was entitled to payments under subsection (a) in respect of United States withholding tax with respect to interest paid at such date, then, to such extent, the term Taxes shall include (in addition to withholding taxes that may be imposed in the future or other amounts otherwise includable in Taxes) United States withholding tax, if any, applicable with respect to the Lender assignee on such date. If any form or document referred to in this subsection (e) requires the disclosure of information, other than information necessary to compute the tax payable and information required on the date hereof by Internal Revenue Service Form W-8BEN or W-8ECI, that the Lender reasonably considers to be confidential, the Lender shall give notice thereof to the Borrower and shall not be obligated to include in such form or document such confidential information.

(f) For any period with respect to which a Lender has failed to provide the Borrower with the appropriate form, certificate or other document described in Section 2.14(e) (other than if such failure is due to a change in law, or in the interpretation or application thereof, occurring subsequent to the date on which a form, certificate or other document originally was required to be provided, or if such form, certificate or other document otherwise is not required under subsection (e) above), such Lender shall not be entitled to indemnification under Section 2.14(a) or (c) with respect to Taxes imposed by the United States by reason of such failure; provided, however, that should a Lender become subject to Taxes because of its failure to deliver a form, certificate or other document required hereunder, the Borrower shall take such steps as the Lender shall reasonably request to assist the Lender to recover such Taxes.

(g) Any Lender claiming any additional amounts payable pursuant to this Section 2.14 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its Eurodollar Lending Office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender.

SECTION 2.15. Sharing of Payments, Etc. If any Lender shall obtain any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) on account of the Advances owing to it (other than pursuant to Section 2.11, 2.12, 2.14, 2.20 or 8.04(c)) in excess of its ratable share of payments on account of the Advances obtained by all the Lenders, such Lender shall forthwith purchase from the other Lenders such participations in the Advances owing to them as shall be necessary to cause such purchasing Lender to share the excess payment ratably with each of them; provided, however, that if all or any portion of such excess payment is thereafter recovered from such purchasing Lender, such purchase from each Lender shall be rescinded and such Lender shall repay to the purchasing Lender the purchase price to the extent of such recovery together with an amount equal to such Lender's ratable share (according to the proportion of (i) the amount of such Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrower agrees that any Lender so purchasing a participation from another Lender pursuant to this Section 2.15 may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation.

SECTION 2.16. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Advance owing to such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder in respect of Advances. The Borrower agrees that upon notice by any Lender to the Borrower (with a copy of such notice to the Agent) to the effect that a Note is required or appropriate in order for such Lender to evidence (whether for purposes of pledge, enforcement or otherwise) the Advances owing to, or to be made by, such Lender, the Borrower shall promptly execute and deliver to such Lender a Note payable to the order of such Lender in a principal amount up to the Revolving Credit Commitment of such Lender.

(b) The Register maintained by the Agent pursuant to Section 8.07(d) shall include a control account, and a subsidiary account for each Lender, in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of Advances comprising such Borrowing and, if appropriate, the Interest Period applicable thereto, (ii) the terms of each Assumption Agreement and each Assignment and Acceptance delivered to and accepted by it, (iii) the amount of any principal or interest due and

payable or to become due and payable from the Borrower to each Lender hereunder and (iv) the amount of any sum received by the Agent from the Borrower hereunder and each Lender's share thereof.

(c) Entries made in good faith by the Agent in the Register pursuant to subsection (b) above, and by each Lender in its account or accounts pursuant to subsection (a) above, shall be prima facie evidence of the amount of principal and interest due and payable or to become due and payable from the Borrower to, in the case of the Register, each Lender and, in the case of such account or accounts, such Lender, under this Agreement, absent manifest error; provided, however, that the failure of the Agent or such Lender to make an entry, or any finding that an entry is incorrect, in the Register or such account or accounts shall not limit or otherwise affect the obligations of the Borrower under this Agreement.

SECTION 2.17. Use of Proceeds. The proceeds of the Advances shall be available (and the Borrower agrees that it shall use such proceeds) solely for general corporate purposes of the Borrower and its Subsidiaries.

SECTION 2.18. Increase in the Aggregate Revolving Credit Commitments. (a) The Borrower may, at any time but in any event not more than twice in any calendar year prior to the final Termination Date, by notice to the Agent, request that the aggregate amount of the Revolving Credit Commitments be increased by an amount of $20,000,000 or an integral multiple thereof (each a "Commitment Increase") to be effective as of a date that is at least 90 days prior to the scheduled final Termination Date then in effect (the "Increase Date") as specified in the related notice to the Agent; provided, however that (i) in no event shall the aggregate amount of the Revolving Credit Commitments at any time exceed $250,000,000 and (ii) on the date of any request by the Borrower for a Commitment Increase and on the related Increase Date (A) the representations and warranties contained in Section 4.01 shall correct on and as of such date, before and after giving effect to such Commitment Increase, as though made on and as of such date and (B) no event has occurred and is continuing, or would result from such Commitment Increase, that constitutes a Default.

(b) The Agent shall promptly notify such Lenders or Eligible Assignees as the Borrower may direct of a request by the Borrower for a Commitment Increase, which notice shall include (i) the proposed amount of such requested Commitment Increase, (ii) the proposed Increase Date and (iii) the date by which Lenders wishing to participate in the Commitment Increase must commit to an increase in the amount of their respective Revolving Credit Commitments (the "Commitment Date"). Each such Lender that is willing to participate in such requested Commitment Increase (each an "Increasing Lender") shall, in its sole discretion, give written notice to the Agent on or prior to the Commitment Date of the amount by which it is willing to increase its Revolving Credit Commitment. The requested Commitment Increase shall be allocated among the Lenders willing to participate therein and the applicable Assuming Lenders in such amounts as are agreed between the Borrower and the Agent.

(c) On each Increase Date, each Eligible Assignee that accepts an offer to participate in a requested Commitment Increase in accordance with Section 2.18(b) (each such Eligible Assignee and each Eligible Assignee that agrees to an extension of the Termination Date in accordance with Section 2.19(c), an "Assuming Lender") shall become a Lender party to this Agreement as of such Increase Date and the Revolving Credit Commitment of each Increasing Lender for such requested Commitment Increase shall be so increased by such amount (or by the amount allocated to such Lender pursuant to the last sentence of Section 2.18(b)) as of such Increase Date; provided, however, that the Revolving Credit Commitment of each such Eligible Assignee shall be in an amount of $5,000,000 or an integral multiple of $1,000,000 in excess thereof and the Agent shall have received on or before such Increase Date the following, each dated such date:

(i) (A) certified copies of resolutions of the Board of Directors of the Borrower or the Executive Committee of such Board authorizing the Commitment Increase and (B) an opinion of counsel for the Borrower (which may be in-house counsel), in substantially the form of Exhibit D hereto;

(ii) an assumption agreement from each Assuming Lender, if any, in form and substance satisfactory to the Borrower and the Agent (each an "Assumption Agreement"), duly executed by such Eligible Assignee, the Agent and the Borrower; and

(iii) confirmation from each Increasing Lender of the increase in the amount of its Revolving Credit Commitment in a writing satisfactory to the Borrower and the Agent.

On each Increase Date, upon fulfillment of the conditions set forth in the immediately preceding sentence of this Section 2.18(c), the Agent shall notify the Lenders (including, without limitation, each Assuming Lender) and the Borrower, on or before 1:00 P.M. (New York City time), by telecopier, of the occurrence of the Commitment Increase to be effected on such Increase Date and shall record in the Register the relevant information with respect to each Increasing Lender and each Assuming Lender on such date. Each Increasing Lender and each Assuming Lender shall, before 2:00 P.M. (New York City time) on the Increase Date, make available for the account of its Applicable Lending Office to the Agent at the Agent's Account, in same day funds, in the case of such Assuming Lender, an amount equal to such Assuming Lender's ratable portion of the Revolving Credit Borrowings then outstanding (calculated based on its Revolving Credit Commitment as a percentage of the aggregate Revolving Credit Commitments outstanding after giving effect to the relevant Commitment Increase) and, in the case of such Increasing Lender, an amount equal to the excess of (i) such Increasing Lender's ratable portion of the Revolving Credit Borrowings then outstanding (calculated based on its Revolving Credit Commitment as a percentage of the aggregate Revolving Credit Commitments outstanding after giving effect to the relevant Commitment Increase) over (ii) such Increasing Lender's ratable portion of the Revolving Credit Borrowings then outstanding (calculated based on its Revolving Credit Commitment (without giving effect to the relevant Commitment Increase) as a percentage of the aggregate Revolving Credit Commitments (without giving effect to the relevant Commitment Increase). After the Agent's receipt of such funds from each such Increasing Lender and each such Assuming Lender, the Agent will promptly thereafter cause to be distributed like funds to the other Lenders for the account of their respective Applicable Lending Offices in an amount to each other Lender such that the aggregate amount of the outstanding Revolving Credit Advances owing to each Lender after giving effect to such distribution equals such Lender's ratable portion of the Revolving Credit Borrowings then outstanding (calculated based on its Revolving Credit Commitment as a percentage of the aggregate Revolving Credit Commitments outstanding after giving effect to the relevant Commitment Increase).

SECTION 2.19. Extension of Termination Date. (a) At least 45 days but not more than 60 days prior to the first and/or second anniversary of the Effective Date, the Borrower, by written notice to the Agent, may request an extension of the Termination Date in effect at such time by one year from its then scheduled expiration. The Agent shall promptly notify each Lender of such request, and each Lender shall in turn, in its sole discretion, not later than 20 days prior to the applicable anniversary date, notify the Borrower and the Agent in writing as to whether such Lender will consent to such extension. If any Lender shall fail to notify the Agent and the Borrower in writing of its consent to any such request for extension of the Termination Date at least 20 days prior to the applicable anniversary date, such Lender shall be deemed to be a Non-Consenting Lender with respect to such request. The Agent shall notify the Borrower not later than 15 days prior to the applicable anniversary date of the decision of the Lenders regarding the Borrower's request for an extension of the Termination Date.

(b) If all the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.19, the Termination Date in effect at such time shall, effective as at the Termination Date (the "Extension Date"), be extended for one year; provided that on each Extension Date (i) the representations and warranties contained in Section 4.01 shall be correct on and as of such date, before and after giving effect to such Extension Date, as though made on and as of such date and (ii) no event shall have occurred and be continuing, or would result from such Extension Date, that constitutes a Default. If less than all of the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.19, the Termination Date in effect at such time shall, effective as at the applicable Extension Date and subject to subsection (d) of this Section 2.19, be extended as to those Lenders that so consented (each a "Consenting Lender") but shall not be extended as to any other Lender (each a "Non-Consenting Lender"). To the extent that the Termination Date is not extended as to any Lender pursuant to this Section 2.19 and the Commitment(s) of such Lender is not assumed in accordance with subsection (c) of this Section 2.19 on or prior to the applicable Extension Date, the Commitment(s) of such Non-Consenting Lender shall automatically terminate in whole on such unextended Termination Date without any further notice or other action by the Borrower, such Lender or any other Person; provided that such Non-Consenting Lender's rights under Sections 2.11, 2.14 and 8.04, and its obligations under Section 7.05, shall survive the Termination Date for such Lender as to matters occurring prior to such date. It is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Borrower for any requested extension of the Termination Date.

(c) If less than all of the Lenders consent to any such request pursuant to subsection (a) of this Section 2.19, the Agent shall promptly so notify the Borrower, and the Borrower may arrange for one or more Consenting Lenders or other Eligible Assignees as Assuming Lenders to assume, effective as of the Extension Date, any Non-Consenting Lender's Commitment(s) and all of the obligations of such Non-Consenting Lender under this Agreement thereafter arising, without recourse to or warranty by, or expense to, such Non-Consenting Lender; provided, however, that the amount of the Revolving Credit Commitment of any such Assuming Lender as a result of such substitution shall in no event be less than $5,000,000 unless the amount of the Revolving Credit Commitment of such Non-Consenting Lender is less than $5,000,000, in which case such Assuming Lender shall assume all of such lesser amount; and provided further that:

(i) any such Consenting Lender or Assuming Lender shall have paid to such Non-Consenting Lender (A) the aggregate principal amount of, and any interest accrued and unpaid to the effective date of the assignment on, the outstanding Advances, if any, of such Non-Consenting Lender plus (B) any accrued but unpaid facility fees and commissions owing to such Non-Consenting Lender as of the effective date of such assignment;

(ii) all additional costs reimbursements, expense reimbursements and indemnities payable to such Non-Consenting Lender, and all other accrued and unpaid amounts owing to such Non-Consenting Lender hereunder, as of the effective date of such assignment shall have been paid to such Non-Consenting Lender; and

(iii) with respect to any such Assuming Lender, the applicable processing and recordation fee required under Section 8.07(a) for such assignment shall have been paid;

provided further that such Non-Consenting Lender's rights under Sections 2.11, 2.14 and 8.04, and its obligations under Section 7.05, shall survive such substitution as to matters occurring prior to the date of substitution. At least three Business Days prior to any Extension Date, (A) each such Assuming Lender, if any, shall have delivered to the Borrower and the Agent an Assumption Agreement, duly executed by such Assuming Lender, such Non-Consenting Lender, the Borrower and the Agent, (B) any such Consenting Lender shall have delivered confirmation in writing satisfactory to the Borrower and the Agent as to the increase in the amount of its Commitment(s) and (C) each Non-Consenting Lender being replaced pursuant to this Section 2.19 shall have delivered to the Agent any Note or Notes held by such Non-Consenting Lender. Upon the payment or prepayment of all amounts referred to in clauses (i), (ii) and (iii) of the immediately preceding sentence, each such Consenting Lender or Assuming Lender, as of the Extension Date, will be substituted for such Non-Consenting Lender under this Agreement and shall be a Lender for all purposes of this Agreement, without any further acknowledgment by or the consent of the other Lenders, and the obligations of each such Non-Consenting Lender hereunder shall, by the provisions hereof, be released and discharged.

(d) If (after giving effect to any assignments or assumptions pursuant to subsection (c) of this Section 2.19) Lenders having Revolving Credit Commitments equal to at least 50% of the Revolving Credit Commitments in effect immediately prior to the Extension Date consent in writing to a requested extension (whether by execution or delivery of an Assumption Agreement or otherwise) not later than one Business Day prior to such Extension Date, the Agent shall so notify the Borrower, and, subject to the condition that (i) the representations and warranties contained in Section 4.01 shall be correct on and as of such date, before and after giving effect to such Extension Date, as though made on and as of such date and (ii) no event shall have occurred and be continuing, or would result from such Extension Date, that constitutes a Default, the Termination Date then in effect shall be extended for the additional one-year period as described in subsection (a) of this Section 2.19, and all references in this Agreement, and in the other Loan Documents, to the "Termination Date" shall, with respect to each Consenting Lender and each Assuming Lender for such Extension Date, refer to the Termination Date as so extended. Promptly following each Extension Date, the Agent shall notify the Lenders (including, without limitation, each Assuming Lender) of the extension of the scheduled Termination Date in effect immediately prior thereto and shall thereupon record in the Register the relevant information with respect to each such Consenting Lender and each such Assuming Lender.

SECTION 2.20. Regulation D Compensation. Each Lender that is subject to reserve requirements of the Board of Governors of the Federal Reserve System (or any successor) may require the Borrower to pay, contemporaneously with each payment of interest on the Eurodollar Rate Advances, additional interest on the related Eurodollar Rate Advances of such Lender at the rate per annum equal to the excess of (i) (A) the applicable Eurodollar Rate divided by (B) one minus the Eurodollar Rate Reserve Percentage over (ii) the rate specified in clause (i)(A). Any Lender wishing to require payment of such additional interest (x) shall so notify the Agent and the Borrower, in which case such additional interest on the Eurodollar Rate Advances of such Lender shall be payable to such Lender at the place indicated in such notice with respect to each Interest Period commencing at least five Business Days after the giving of such notice and (y) shall notify the Agent and the Borrower at least five Business Days prior to each date on which interest is payable of the amount then due it under this Section.

ARTICLE III

CONDITIONS TO EFFECTIVENESS AND LENDING

SECTION 3.01. Conditions Precedent to Effectiveness of Section 2.01. Section 2.01 of this Agreement shall become effective on and as of the first date (the "Effective Date") on which the following conditions precedent have been satisfied:

(a) There shall have occurred no event or circumstance that could reasonably be expected to result in a Material Adverse Change since December 31, 2007.

(b) There shall exist no action, suit, investigation, litigation or proceeding affecting the Borrower or any of its Subsidiaries pending or, to the knowledge of the Borrower, threatened before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect or (ii) could be reasonably likely to adversely affect the legality, validity or enforceability of this Agreement or any other Loan Document or the consummation of the transactions contemplated hereby.

(c) Nothing shall have come to the attention of the Lenders during the course of their due diligence investigation to lead them to believe that the Information Memorandum was or has become misleading, incorrect or incomplete in any material respect; without limiting the generality of the foregoing, the Lenders shall have been given such access to the management, records, books of account, contracts and properties of the Borrower and its Subsidiaries as they shall have requested.

(d) All governmental and third party consents and approvals necessary in connection with the transactions contemplated hereby shall have been obtained (without the imposition of any conditions that are not acceptable to the Lenders) and shall remain in effect, and no law or regulation shall be applicable in the reasonable judgment of the Lenders that restrains, prevents or imposes materially adverse conditions upon the transactions contemplated hereby.

(e) The Borrower shall have notified each Lender and the Agent in writing as to the proposed Effective Date.

(f) The Borrower shall have paid all reasonable and invoiced accrued fees and expenses of the Agent and the Lenders (including the accrued fees and expenses of counsel to the Agent).

(g) On the Effective Date, the following statements shall be true and the Agent shall have received for the account of each Lender a certificate signed by a duly authorized officer of the Borrower, dated the Effective Date, stating that:

(i) The representations and warranties contained in Section 4.01 are correct on and as of the Effective Date, and

(ii) No event has occurred and is continuing that constitutes a Default.

(h) The Agent shall have received on or before the Effective Date the following, each dated such day, in form and substance satisfactory to the Agent and (except for the Notes) in sufficient copies for each Lender:

(i) The Notes to the order of the Lenders to the extent requested by any Lender pursuant to Section 2.16.

(ii) Certified copies of the resolutions of the Board of Directors of the Borrower approving this Agreement and the Notes, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Agreement and the Notes.

(iii) A certificate of the Secretary or an Assistant Secretary of the Borrower certifying the names and true signatures of the officers of the Borrower authorized to sign this Agreement and the Notes and the other documents to be delivered hereunder.

(iv) Favorable opinions of (A) Mayer Brown LLP, New York counsel for the Borrower, substantially in the form of Exhibit D-1 hereto and (B) Kent Pflederer, General Counsel of the Borrower, substantially in the form of Exhibit D-2 hereto.

(i) The Borrower shall have terminated the commitments of the lenders and repaid or prepaid in full all amounts outstanding under the Five Year Credit Agreement dated as of July 21, 2003 among the Borrower, the lenders parties thereto and JPMorgan Chase Bank, as administrative agent. By execution of this Agreement, each of the Lenders that is a lender under the credit agreement referred to above hereby waives the requirements set forth in Section 2.05 and 2.10 of such credit agreement of prior notice to the termination of its commitments and prepayment of advances thereunder.

SECTION 3.02. Conditions Precedent to Each Borrowing and Issuance. The obligation of each Lender to make an Advance (other than an Advance made by an Issuing Bank or any Lender pursuant to Section 2.03(c)) on the occasion of each Borrowing and the obligation of each Issuing Bank to issue a Letter of Credit, shall be subject to the conditions precedent that the Effective Date shall have occurred and on the date of such Borrowing or issuance (a) the following statements shall be true (and each of the giving of the applicable Notice of Borrowing or Notice of Issuance and the acceptance by the Borrower of the proceeds of such Borrowing or issuance shall constitute a representation and warranty by the Borrower that on the date of such Borrowing or such issuance such statements are true):

(i) the representations and warranties contained in Section 4.01 are correct on and as of such date, before and after giving effect to such Borrowing or such issuance and to the application of the proceeds therefrom, as though made on and as of such date, and

(ii) no event has occurred and is continuing, or would result from such Borrowing or such issuance or from the application of the proceeds therefrom, that constitutes a Default;

and (b) the Agent shall have received such other approvals, opinions or documents as any Lender through the Agent may reasonably request.

SECTION 3.03. Determinations Under Section 3.01. For purposes of determining compliance with the conditions specified in Section 3.01, each Lender shall be deemed to have consented to, approved or accepted or to be satisfied with each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to the Lenders unless an officer of the Agent responsible for the transactions contemplated by this Agreement shall have received notice from such Lender prior to the date that the Borrower, by notice to the Lenders, designates as the proposed Effective Date, specifying its objection thereto. The Agent shall promptly notify the Lenders of the occurrence of the Effective Date.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

SECTION 4.01. Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) Each Loan Party is duly organized, validly existing and in good standing under the laws of the laws of its justification of organization.

(b) The execution, delivery and performance by the each Loan Party of the Loan Documents to which it is a party, and the consummation of the transactions contemplated hereby and thereby, are within such Loan Party's corporate or other organizational powers, have been duly authorized by all necessary corporate or other action, and do not contravene (i) such Loan Party's charter or by-laws or other organizational documents, (ii) law, (iii) any indenture, deed of trust, credit agreement or loan agreement binding on or affecting the Borrower or (iv) any other material agreement, contract or instrument binding on or affecting such Loan Party.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by any Loan Party of the Loan Documents to which it is or is to be a party. No authorization or approval or other action by, and no notice to or filing with, any third party is required for the due execution, delivery and performance by any Loan Party of the Loan Documents to which it is or is to be a party, except to the extent that failure to so obtain or so file could not reasonably be expected to have a Material Adverse Effect.

(d) This Agreement has been, and each other Loan Document when delivered hereunder will have been, duly executed and delivered by each Loan Party party thereto. This Agreement is, and each other Loan Document when delivered hereunder will be, legal, valid and binding obligations of each Loan Party party thereto enforceable against such Loan Party in accordance with their respective terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization or moratorium or similar laws affecting the rights of creditors generally and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(e) The Consolidated balance sheet of the Borrower and its Subsidiaries as at December 31, 2007, and the related Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the fiscal year then ended, accompanied by an opinion of Ernst & Young LLP, independent public accountants, copies of which have been furnished to each Lender, fairly present in accordance with GAAP the Consolidated financial condition of the Borrower and its Subsidiaries as at such date and the Consolidated results of the operations of the Borrower and its Subsidiaries for the period ended on such date, all in accordance with generally accepted accounting principles consistently applied. Since December 31, 2007, no event or circumstance has occurred and is continuing that could reasonably be expected to result in a Material Adverse Change.

(f) There is no pending or, to the knowledge of the Borrower, threatened action, suit, investigation, litigation or proceeding, including, without limitation, any Environmental Action, affecting the Borrower or any of its Subsidiaries before any court, governmental agency or arbitrator that (i) could be reasonably likely to have a Material Adverse Effect or (ii) could be reasonably likely to adversely affect the legality, validity or enforceability of this Agreement or any other Loan Documents or the consummation of the transactions contemplated hereby or thereby.

(g) The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U issued by the Board of Governors of the Federal Reserve System), and no proceeds of any Advance will be used to purchase or

carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any margin stock.

(h) The Borrower is not an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(i) Each Loan Party is, individually and together with its Subsidiaries, Solvent.

(j) Neither the Information Memorandum nor any of the other reports, financial statements, certificates or other information furnished in writing by or on behalf of the Borrower to the Agent or any Lender in connection with the negotiation of this Agreement or the other Loan Documents or delivered hereunder (as modified or supplemented by other information so furnished) contains any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made and taken as a whole, not materially misleading; provided that, with respect to projected financial information and forward-looking statements, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time made and provided, further, that the Borrower makes no representation or warranty with respect to general industry information contained in the Information Memorandum derived from consultants or public or third party sources except that the Borrower believed, to the best of its knowledge and on the date of the Information Memorandum, such information to be reliable.

ARTICLE V

COVENANTS OF THE BORROWER

SECTION 5.01. Affirmative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

(a) Compliance with Laws, Etc. Comply, and cause each of its Subsidiaries to comply with all applicable laws, rules, regulations and orders, such compliance to include, without limitation, compliance with ERISA and Environmental Laws, except to the extent that failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(b) Payment of Taxes, Etc. Pay and discharge, and cause each of its Subsidiaries to pay and discharge, before the same shall become delinquent, (i) all material taxes, assessments and governmental charges or levies imposed upon it or upon its property and (ii) all material lawful claims that, if unpaid, might by law become a Lien upon its property; provided, however, that neither the Borrower nor any of its Subsidiaries shall be required to pay or discharge any such tax, assessment, charge or claim that is being contested in good faith and by proper proceedings and as to which appropriate reserves are being maintained, unless and until any Lien resulting therefrom attaches to its property and enforcement actions are begun.

(c) Maintenance of Insurance. Maintain, and cause each of its Subsidiaries to maintain, insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower or such Subsidiary operates.

(d) Preservation of Corporate Existence, Etc. Preserve and maintain, and cause each of its Subsidiaries to preserve and maintain, its corporate existence, rights (charter and statutory) and franchises; provided, however, that the Borrower and its Subsidiaries may consummate any transaction permitted under Section 5.02(b) and provided further that neither the Borrower nor any of its Subsidiaries shall be required to preserve any right or franchise or, in the case of any Subsidiary, its corporate existence, if the Borrower shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Borrower or the Borrower and its Subsidiaries taken as a whole, and that the loss thereof is not

disadvantageous in any material respect to the Borrower, the Borrower and its Subsidiaries taken as a whole or the Lenders.

(e) Visitation Rights. At any reasonable time and from time to time upon reasonable prior notice, permit the Agent or any of the Lenders or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and any of its Subsidiaries, and to discuss the affairs, finances and accounts of the Borrower and any of its Subsidiaries with any of their officers or directors and with their independent certified public accountants, provided that, so long as no Default shall have occurred and be continuing, the Borrower shall have the right to participate in any discussions of the Agent or any Lender with any independent accountants of the Borrower.

(f) Keeping of Books. Keep, and cause each of its Subsidiaries to keep, proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower and each such Subsidiary in accordance with generally accepted accounting principles in effect from time to time.

(g) Maintenance of Properties, Etc. Maintain and preserve, and cause each of its Subsidiaries to maintain and preserve, all of its properties that are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear and loss or damage by casualty or condemnation excepted.

(h) Transactions with Affiliates. Conduct, and cause each of its Subsidiaries to conduct, all transactions otherwise permitted under this Agreement with any of their Affiliates on terms that are fair and reasonable and no less favorable to the Borrower or such Subsidiary than it would obtain in a comparable arm’s-length transaction with a Person not an Affiliate, other than (i) transactions by and among the Borrower and its wholly-owned Subsidiaries and (ii) compensation of, or fees payable to, officers and directors of the Borrower and its Subsidiaries.

(i) Reporting Requirements. Furnish to the Agent:

(i) as soon as available and in any event within 50 days after the end of each of the first three quarters of each fiscal year of the Borrower, the Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such quarter and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, duly certified (subject to year-end adjustments and the absence of footnotes) by the chief financial officer, chief executive officer or treasurer of the Borrower as having been prepared in accordance with generally accepted accounting principles and certificates of the chief financial officer, chief executive officer or treasurer of the Borrower as to compliance with the terms of this Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, provided that in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(ii) as soon as available and in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the annual audit report for such year for the Borrower and its Subsidiaries, containing the Consolidated balance sheet of the Borrower and its Subsidiaries as of the end of such fiscal year and Consolidated statements of income and cash flows of the Borrower and its Subsidiaries for such fiscal year, in each case accompanied by an opinion reasonably acceptable to the Required Lenders by Ernst & Young LLP or other independent public accountants reasonably acceptable to the Required Lenders and certificates of the chief financial officer, chief executive officer or treasurer of the Borrower as to compliance with the terms of this

Agreement and setting forth in reasonable detail the calculations necessary to demonstrate compliance with Section 5.03, provided that in the event of any change in generally accepted accounting principles used in the preparation of such financial statements, the Borrower shall also provide, if necessary for the determination of compliance with Section 5.03, a statement of reconciliation conforming such financial statements to GAAP;

(iii) as soon as possible and in any event within five Business Days after the chief financial officer, the chief executive officer, the treasurer, the controller or the general counsel of the Borrower obtains actual knowledge of the occurrence of any Default continuing on the date of such statement, a statement of the chief financial officer, chief executive officer or treasurer of the Borrower setting forth details of such Default and the action that the Borrower has taken and proposes to take with respect thereto;

(iv) promptly after the sending or filing thereof, copies of all reports that the Borrower sends to its securityholders generally, and copies of all reports and registration statements that the Borrower or any Subsidiary files with the Securities and Exchange Commission or any national securities exchange;

(v) promptly after the commencement thereof, notice of all actions and proceedings before any court, governmental agency or arbitrator affecting the Borrower or any of its Subsidiaries of the type described in Section 4.01(f); and

(vi) such other information respecting the Borrower or any of its Subsidiaries as any Lender through the Agent may from time to time reasonably request.

(j) New Material Subsidiaries. Promptly and in any event within 30 days following the request of the Required Lenders made after either (i) the organization or acquisition of any new Material Subsidiary or (ii) the delivery of audited annual financial statements pursuant to Section 5.01(i) that indicate that a Subsidiary of the Borrower that is not at such time a Subsidiary Guarantor is a Material Subsidiary, cause such Material Subsidiary to execute and deliver a Subsidiary Guaranty in substantially the form of Exhibit E hereto, together with such documents as the Required Lenders may reasonably request evidencing corporate action taken to authorize such execution and delivery and the incumbency and signatures of officers of such Material Subsidiary, provided that a Material Subsidiary shall not be required to become a Subsidiary Guarantor if (A) a guaranty by such Material Subsidiary would result in materially adverse tax consequences to the Borrower and its Subsidiaries or shareholders of the Borrower or (B) a guaranty by such Material Subsidiary is prohibited or limited by regulatory requirements or applicable law.

SECTION 5.02. Negative Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will not:

(a) Liens, Etc. Create or suffer to exist, or permit any of its Subsidiaries to create or suffer to exist, any Lien on or with respect to any of its properties, whether now owned or hereafter acquired, or assign, or permit any of its Subsidiaries to assign, any right to receive income, other than:

(i) Permitted Liens,

(ii) capital leases and purchase money Liens upon or in any real or personal property acquired or held by the Borrower or any Subsidiary in the ordinary course of business to secure the purchase price of such property or to secure Debt incurred solely for the purpose of financing the acquisition of such property, or Liens existing on such property at the time of its acquisition (other than any such Liens created in contemplation of such acquisition that were not incurred to finance the acquisition of such property) or extensions, renewals or replacements of any of the foregoing for the same or a lesser amount, provided, however, that no such Lien shall extend to or cover any properties of any character other than the property being acquired, and no

such extension, renewal or replacement shall extend to or cover any properties not theretofore subject to the Lien being extended, renewed or replaced, provided further that the aggregate principal amount of the indebtedness secured by the Liens referred to in this clause (ii) shall not exceed $100,000,000 at any time outstanding,

(iii) the Liens existing on the Effective Date and described on Schedule 5.02(a) hereto,

(iv) Liens on property of a Person existing at the time such Person is merged into or consolidated with the Borrower or any Subsidiary of the Borrower or becomes a Subsidiary of the Borrower; provided that such Liens were not created in contemplation of such merger, consolidation or acquisition and do not extend to any assets other than those of the Person so merged into or consolidated with the Borrower or such Subsidiary or acquired by the Borrower or such Subsidiary,

(v) assignments of the right to receive income or Liens in connection with any Permitted Receivables Financing, to the extent permitted under Section 5.02(d)(iv),

(vi) licenses, leases or subleases granted to other Persons in the ordinary course of business not materially interfering with the conduct of the business of the Borrower and its Subsidiaries taken as a whole,

(vii) Liens arising from precautionary UCC financing statement filings regarding operating leases entered into by the Borrower or any of its Subsidiaries (other than a Receivables Subsidiary) in the ordinary course of business,

(viii) Liens arising out of judgments or awards in circumstances not constituting an Event of Default under Section 6.01 in respect of which the Borrower or any of its Subsidiaries shall in good faith be prosecuting an appeal or proceedings for review in respect of which there shall have been secured a subsisting stay of execution pending such appeal or proceedings, provided that the aggregate amount of all such judgments or awards does not exceed $25,000,000 at any time outstanding,

(ix) statutory, contractual and common law landlords' liens under leases or subleases permitted by this Agreement,

(x) Liens (other than any Lien imposed by ERISA) (x) to secure the performance of tenders, statutory obligations (other than excise taxes), surety, stay, customs and appeal bonds, statutory bonds, bids, leases, government contracts, trade contracts, performance and return of money bonds and other similar obligations (exclusive of obligations for the payment of borrowed money) or (y) arising by virtue of deposits made in the ordinary course of business to secure liability for premiums to insurance carriers, provided that the aggregate amount of deposits at any time pursuant to sub-clauses (x) and (y) shall not exceed $15,000,000 in the aggregate,

(xi) any interest or title of a lessor, sublessor, licensee or licensor under any lease or license agreement permitted by this Agreement,

(xii) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Borrower or any of its Subsidiaries in the ordinary course of business (excluding any general inventory financing),

(xiii) other Liens securing Debt (whether incurred by the Borrower or any of its Subsidiaries) in an aggregate principal amount not to exceed $50,000,000 at any time outstanding, and

(xiv) the replacement, extension or renewal of any Lien permitted by clause (iii) or (iv) above upon or in the same property theretofore subject thereto or the replacement, extension or renewal (without increase in the amount or change in any direct or contingent obligor) of the Debt secured thereby.

(b) Mergers, Etc. Merge or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to, any Person, or permit any of its Subsidiaries to do so, except that (i) any Subsidiary of the Borrower may merge or consolidate with or into, or dispose of assets to, any other Subsidiary of the Borrower, (ii) any Subsidiary of the Borrower may merge into or dispose of assets to the Borrower, (iii) the Borrower may merge with any other Person so long as the Borrower is the surviving corporation and (iv) any Subsidiary or Subsidiaries of the Borrower may merge or consolidate with or into, or dispose of assets to, any other Person so long as the assets of such Subsidiaries, in aggregate, do not constitute all or substantially all of the assets of the Borrower or of the Borrower and its Subsidiaries taken as a whole, provided, in each case, that no Default shall have occurred and be continuing at the time of such proposed transaction or would result therefrom.

(c) Accounting Changes. Make or permit, or permit any of its Subsidiaries to make or permit, any change in accounting policies or reporting practices, except as required or permitted by generally accepted accounting principles.

(d) Subsidiary Debt. Permit any of its Subsidiaries to create or suffer to exist any Debt other than:

(i) Debt owed to the Borrower or to a wholly owned Subsidiary of the Borrower,

(ii) Debt existing on the Effective Date and described on Schedule 5.02(d) hereto (the "Existing Debt"), and any Debt extending the maturity of, or refunding or refinancing, in whole or in part, the Existing Debt, provided that the principal amount of such Existing Debt shall not be increased above the principal amount thereof outstanding immediately prior to such extension, refunding or refinancing, and the direct and contingent obligors therefor shall not be changed, as a result of or in connection with such extension, refunding or refinancing,

(iii) Debt secured by Liens permitted by Section 5.02(a)(ii) or (xiii),

(iv) Debt arising under Permitted Receivables Financings in an aggregate Invested Amount not to exceed $250,000,000 at any time outstanding,

(v) unsecured Debt incurred in the ordinary course of business aggregating for all of the Borrower's Subsidiaries not more than $35,000,000 at any one time outstanding,

(v) endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business, and

(vi) Debt under the Subsidiary Guaranty.

(e) Change in Nature of Business. Make, or permit any of its Subsidiaries to make, any material change in the nature of the business of the Borrower and its Subsidiaries, taken as a whole, as carried on at the date hereof.

(f) Payment Restrictions Affecting Subsidiaries. Directly or indirectly enter into or suffer to exist, or permit any of its Subsidiaries to enter into or suffer to exist, any agreement or arrangement limiting the ability of any of its Subsidiaries to declare or pay dividends or other distributions in respect of its equity interests or repay or prepay any Debt owed to, make loans or advances to, or otherwise transfer

assets to or invest in, the Borrower or any Subsidiary of the Borrower (whether through a covenant restricting dividends, loans, asset transfers or investments, a financial covenant or otherwise), except (i) any agreement in effect at the time such Subsidiary becomes a Subsidiary of the Borrower, so long as such agreement was not entered into solely in contemplation of such Person becoming a Subsidiary of the Borrower, (ii) any customary agreement restricting subletting or assignment of any lease governing a leasehold interest, (iii) customary provisions restricting assignment of any licensing agreement entered into in the ordinary course of business, (iv) customary provisions restricting the transfer of assets subject to Liens permitted pursuant to Section 5.02(a), (v) under an document evidencing a Permitted Receivables Financing and (vi) any encumbrance or restriction existing under or by reason of applicable law.

SECTION 5.03. Financial Covenants. So long as any Advance shall remain unpaid or any Lender shall have any Commitment hereunder, the Borrower will:

(a) Net Worth. Maintain an excess of Consolidated total assets over Consolidated total liabilities of not less than $500,000,000.

(b) Capitalization Ratio. Maintain a ratio of Consolidated Debt to the sum of Consolidated Debt plus Consolidated shareholders' equity of not greater than 0.60 to 1, provided that Consolidated Debt for purposes of this covenant shall not include obligations under letters of credit in an amount not to exceed $35,000,000 and shall not include accrued interest.

(c) Interest Coverage Ratio. Maintain a ratio of Consolidated EBITDA as at the end of any quarter for the four quarter period then ended of the Borrower and its Subsidiaries to the sum of interest payable on, and amortization of debt discount in respect of, all Debt during such period, in each case, by the Borrower and its Subsidiaries of not less than 3.5 to 1.

ARTICLE VI

EVENTS OF DEFAULT

SECTION 6.01. Events of Default. If any of the following events ("Events of Default") shall occur and be continuing:

(a) The Borrower shall fail to pay any principal of any Advance when the same becomes due and payable; or the Borrower shall fail to pay any interest on any Advance or make any other payment of fees or other amounts payable under this Agreement or any Note within three Business Days after the same becomes due and payable; or

(b) Any representation or warranty made by the Borrower herein or by the Borrower (or any of its officers) in connection with this Agreement shall prove to have been incorrect in any material respect when made; or

(c) (i) The Borrower shall fail to perform or observe any term, covenant or agreement contained in Section 5.01(d) (as it relates to the corporate existence of the Borrower), (e), (h) or (i)(iii), 5.02(a), (c), (d), (e) or (f) or 5.03, or (ii) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in Section 5.01(i) if such failure shall remain unremedied for 10 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or (iii) the Borrower shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed if such failure shall remain unremedied for 20 days after written notice thereof shall have been given to the Borrower by the Agent or any Lender; or

(d) The Borrower or any of its Subsidiaries shall fail to pay any principal of or premium or interest on any Debt that is outstanding in a principal (or, in the case of a Hedge Agreement, with a termination value) of at least $25,000,000 in the aggregate (but excluding Debt outstanding hereunder) of

the Borrower or such Subsidiary (as the case may be), when the same becomes due and payable (whether by scheduled maturity, required prepayment, acceleration, demand or otherwise), and such failure shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Debt; or any other event shall occur or condition shall exist under any agreement or instrument relating to any such Debt and shall continue after the applicable grace period, if any, specified in such agreement or instrument, if the effect of such event or condition is to accelerate, or to permit the acceleration of, the maturity of such Debt; or any such Debt shall be declared to be due and payable, or required to be prepaid or redeemed (other than by a regularly scheduled required prepayment or redemption), purchased or defeased, or an offer to prepay, redeem, purchase or defease such Debt shall be required to be made, in each case prior to the stated maturity thereof; or

(e) Any of (x) the Borrower, (y) any of the Material Subsidiaries or (z) any combination of Subsidiaries of the Borrower that, in aggregate own assets with a value of 15% or more of the total value of the assets of the Borrower and its Subsidiaries taken as a whole, shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Borrower or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Borrower or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (e); or

(f) Judgments or orders for the payment of money in excess of $25,000,000 in the aggregate shall be rendered against the Borrower or any of its Subsidiaries and either (i) unstayed enforcement proceedings shall have been commenced by any creditor upon such judgment or order or (ii) there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; provided, however, that any such judgment or order shall not be an Event of Default under this Section 6.01(f) if and for so long as (i) the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (ii) such insurer, which shall be rated at least “A” by A.M. Best Company, has been notified of, and has not disputed the claim made for payment of, the amount of such judgment or order; or

(g) Any non-monetary judgment or order shall be rendered against the Borrower or any of its Subsidiaries that could be reasonably expected to have a Material Adverse Effect, and there shall be any period of 30 consecutive days during which a stay of enforcement of such judgment or order, by reason of a pending appeal or otherwise, shall not be in effect; or

(h) The Borrower or any of its ERISA Affiliates shall incur, or shall be reasonably likely to incur liability in excess of $25,000,000 in the aggregate as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of the Borrower or any of its ERISA Affiliates from a Multiemployer Plan; or (iii) the reorganization or termination of a Multiemployer Plan; or

(i) any Loan Document after delivery thereof pursuant to Section 3.01 or 5.01(j) shall for any reason cease to be valid and binding on or enforceable against any Loan Party party to it, or any such Loan Party shall so state in writing; or

(j) a Change in Control;

then, and in any such event, the Agent (i) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the obligation of each Lender to make Advances (other than Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit to be terminated, whereupon the same shall forthwith terminate, and (ii) shall at the request, or may with the consent, of the Required Lenders, by notice to the Borrower, declare the Advances, all interest thereon and all other amounts payable under this Agreement to be forthwith due and payable, whereupon the Advances, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, (A) the obligation of each Lender to make Advances (other than Advances by an Issuing Bank or a Lender pursuant to Section 2.03(c)) and of the Issuing Banks to issue Letters of Credit shall automatically be terminated and (B) the Advances, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower.

SECTION 6.02. Actions in Respect of the Letters of Credit upon Default. If any Event of Default shall have occurred and be continuing, the Agent may with the consent, or shall at the request, of the Required Lenders, irrespective of whether it is taking any of the actions described in Section 6.01 or otherwise, make demand upon the Borrower to, and forthwith upon such demand the Borrower will, (a) pay to the Agent on behalf of the Lenders in same day funds at the Agent's office designated in such demand, for deposit in the L/C Cash Collateral Account, an amount equal to the aggregate Available Amount of all Letters of Credit then outstanding or (b) make such other arrangements in respect of the outstanding Letters of Credit as shall be acceptable to the Required Lenders; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Borrower under the Federal Bankruptcy Code, the Borrower will pay to the Agent on behalf of the Lenders in same day funds for deposit in the L/C Cash Collateral Account an amount equal to the aggregate Available Amount of all Letters of Credit then outstanding, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Borrower. If at any time the Agent determines that any funds held in the L/C Cash Collateral Account are subject to any right or claim of any Person other than the Agent and the Lenders or that the total amount of such funds is less than the aggregate Available Amount of all Letters of Credit, the Borrower will, forthwith upon demand by the Agent, pay to the Agent, as additional funds to be deposited and held in the L/C Cash Collateral Account, an amount equal to the excess of (a) such aggregate Available Amount over (b) the total amount of funds, if any, then held in the L/C Cash Collateral Account that the Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit, to the extent funds are on deposit in the L/C Cash Collateral Account, such funds shall be applied to reimburse the Issuing Banks to the extent permitted by applicable law. After all such Letters of Credit shall have expired or been fully drawn upon and all other obligations of the Borrower hereunder and under the Notes shall have been paid in full, the balance, if any, in such L/C Cash Collateral Account shall be returned to the Borrower.

ARTICLE VII

THE AGENT

SECTION 7.01. Authorization and Action. Each Lender hereby appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under this Agreement and the other Loan Documents as are delegated to the Agent by the terms hereof, together with such powers and discretion as are reasonably incidental thereto. As to any matters not expressly provided for by this Agreement (including, without limitation, enforcement or collection of the Notes), the Agent shall not be required to exercise any discretion or take any action, but shall be required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding upon all Lenders and all holders of Notes; provided, however, that the Agent shall not be required to take any action that exposes the Agent to personal liability or that is contrary to this Agreement or applicable law. The Agent agrees to give to each Lender prompt notice of each notice given to it by the Borrower pursuant to the terms of this Agreement.

SECTION 7.02. Agent's Reliance, Etc. Neither the Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them under or in connection with this Agreement or any other Loan Document, except for its or their own gross negligence or willful misconduct.

Without limitation of the generality of the foregoing, the Agent: (i) may treat the Lender that made any Advance as the holder of the Debt resulting therefrom until the Agent receives and accepts an Assumption Agreement entered into by an Assuming Lender as provided in Section 2.18 or 2.19, as the case may be, or an Assignment and Acceptance entered into by such Lender, as assignor, and an Eligible Assignee, as assignee, as provided in Section 8.07; (ii) may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (iii) makes no warranty or representation to any Lender and shall not be responsible to any Lender for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (iv) shall not have any duty to ascertain or to inquire as to the performance, observance or satisfaction of any of the terms, covenants or conditions of this Agreement or any other Loan Document on the part of any Loan Party or the existence at any time of any Default or to inspect the property (including the books and records) of any Loan Party; (v) shall not be responsible to any Lender for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; and (vi) shall incur no liability under or in respect of this Agreement or any other Loan Document by acting upon any notice, consent, certificate or other instrument or writing (which may be by telecopier or telex) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 7.03. JPMorgan and Affiliates. With respect to its Commitment, the Advances made by it and the Note issued to it, JPMorgan shall have the same rights and powers under this Agreement any each other Loan Document as any other Lender and may exercise the same as though it were not the Agent; and the term "Lender" or "Lenders" shall, unless otherwise expressly indicated, include JPMorgan in its individual capacity. JPMorgan and its Affiliates may accept deposits from, lend money to, act as trustee under indentures of, accept investment banking engagements from and generally engage in any kind of business with, the Borrower, any of its Subsidiaries and any Person who may do business with or own securities of the Borrower or any such Subsidiary, all as if JPMorgan were not the Agent and without any duty to account therefor to the Lenders. The Agent shall have no duty to disclose any information obtained or received by it or any of its Affiliates relating to the Borrower or any of its Subsidiaries to the extent such information was obtained or received in any capacity other than as Agent.

SECTION 7.04. Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Agent or any other Lender and based on the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement or any other Loan Document.

SECTION 7.05. Indemnification. (a) Each Lender severally agrees to indemnify the Agent (to the extent not reimbursed by the Borrower) from and against such Lender's Ratable Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever that may be imposed on, incurred by, or asserted against the Agent in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by the Agent under or any other Loan Document (collectively, the "Indemnified Costs"), provided that no Lender shall be liable for any portion of the Indemnified Costs resulting from the Agent's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any out-of-pocket expenses (including reasonable counsel fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement and the other Loan Documents, to the extent that the Agent is not reimbursed for such expenses by the Borrower. In the case of any investigation, litigation or proceeding giving rise to any Indemnified Costs, this Section 7.05 applies whether any such investigation, litigation or proceeding is brought by the Agent, any Lender or a third party.

(b) Each Lender severally agrees to indemnify the Issuing Banks (to the extent not promptly reimbursed by the Borrower) from and against such Lender's Ratable Share of any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature

whatsoever that may be imposed on, incurred by, or asserted against any such Issuing Bank in any way relating to or arising out of this Agreement or any other Loan Document or any action taken or omitted by such Issuing Bank hereunder or in connection herewith; provided, however, that no Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Issuing Bank's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender agrees to reimburse any such Issuing Bank promptly upon demand for its Ratable Share of any costs and expenses (including, without limitation, reasonable fees and expenses of counsel) payable by the Borrower under Section 8.04, to the extent that such Issuing Bank is not promptly reimbursed for such costs and expenses by the Borrower.

(c) The failure of any Lender to reimburse the Agent or any Issuing Bank promptly upon demand for its Ratable Share of any amount required to be paid by the Lenders to the Agent or such Issuing Bank as provided herein shall not relieve any other Lender of its obligation hereunder to reimburse the Agent or such Issuing Bank for its Ratable Share of such amount, but no Lender shall be responsible for the failure of any other Lender to reimburse the Agent or an Issuing Bank for such other Lender's Ratable Share of such amount. Without prejudice to the survival of any other agreement of any Lender hereunder, the agreement and obligations of each Lender contained in this Section 8.05 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 7.06. Successor Agent. The Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower and may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right to appoint a successor Agent with, so long as no Event of Default has occurred and is continuing, the consent of the Borrower, which consent shall not be unreasonably withheld or delayed. If no successor Agent shall have been so appointed by the Required Lenders, and shall have accepted such appointment, within 30 days after the retiring Agent's giving of notice of resignation or the Required Lenders' removal of the retiring Agent, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be a commercial bank organized under the laws of the United States of America or of any State thereof and having a combined capital and surplus of at least $500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement and the other Loan Documents. After any retiring Agent's resignation or removal hereunder as Agent, the provisions of this Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

SECTION 7.07. Other Agents. Each Lender hereby acknowledges that neither the documentation agent nor any other Lender designated as any "Agent" on the signature pages hereof has any liability hereunder other than in its capacity as a Lender.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. No amendment or waiver of any provision of this Agreement or any other Loan Document, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that (a) no amendment, waiver or consent shall, unless in writing and signed by all the Lenders, do any of the following: (i) waive any of the conditions specified in Section 3.01, (ii) change the number of Lenders or the percentage of (x) the Commitments, (y) the aggregate unpaid principal amount of the Advances or (z) the aggregate Available Amount of outstanding Letters of Credit that, in each case, shall be required for the Lenders or any of them to take any action hereunder or (iii) amend this Section 8.01 and (b) no amendment, waiver or consent shall, unless in writing and signed by the Required Lenders and each Lender that is directly affected by such amendment, waiver or consent, (i) increase the Commitments of such Lender (other than as provided in Section 2.18), (ii) reduce the principal of, or interest on, the Notes held by such Lender or any fees or other amounts payable hereunder to such Lender, or (iii) postpone any date fixed for any payment of principal of, or interest on, the Notes held by such Lender or any fees or other amounts payable hereunder to such Lender (other than as provided in Section 2.19), and

provided further that no amendment, waiver or consent shall, unless in writing and signed by the Agent in addition to the Lenders required above to take such action, affect the rights or duties of the Agent under this Agreement or any other Loan Document and no amendment, waiver or consent shall, unless in writing and signed by the Issuing Banks in addition to the Lenders required above to take such action, adversely affect the rights or obligations of the Issuing Banks in their capacities as such under this Agreement.

SECTION 8.02. Notices, Etc. (a) All notices and other communications provided for hereunder shall be in writing (including telecopier communication) and mailed, telecopied or delivered, if to the Borrower, at its address at 1900 West Field Court, Lake Forest, Illinois 60045, Attention: Chief Financial Officer; if to any Initial Lender, at its Domestic Lending Office specified opposite its name on Schedule I hereto; if to any other Lender, at its Domestic Lending Office specified in the Assumption Agreement or the Assignment and Acceptance pursuant to which it became a Lender; and if to the Agent, at its address at 1111 Fannin, 10th Floor, Houston, Texas 77002, Attention: Jeremy Jones (Telecopy No. (713) 750-2223; E-Mail Address: jeremy.m.jones@jpmorgan.com), with a copy to 270 Park Avenue, 4th Floor, New York, New York 10017, Attention: Peter S. Predun (Telecopy No. (212) 270-5100; E-Mail Address: peter.predun@jpmorgan.com); or, as to the Borrower or the Agent, at such other address as shall be designated by such party in a written notice to the other parties and, as to each other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agent. All such notices and communications shall, when mailed, telecopied or delivered, be effective when deposited in the mails, telecopied or delivered, respectively, except that notices and communications to the Agent pursuant to Article II, III or VII shall not be effective until received by the Agent. Delivery by telecopier of an executed counterpart of any amendment or waiver of any provision of this Agreement or any other Loan Document or of any Exhibit hereto to be executed and delivered hereunder shall be effective as delivery of a manually executed counterpart thereof.

SECTION 8.03. No Waiver; Remedies. No failure on the part of any Lender or the Agent to exercise, and no delay in exercising, any right hereunder or under any Note shall operate as a waiver thereof; nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 8.04. Costs and Expenses. (a) The Borrower agrees to pay on demand all reasonable costs and expenses of the Agent in connection with the preparation, execution, delivery, administration, modification and amendment of this Agreement, the other Loan Documents and the other documents to be delivered hereunder, including, without limitation, (A) all due diligence, syndication (including printing, distribution and bank meetings), transportation, computer, duplication, appraisal, consultant, and audit expenses and (B) the reasonable fees and expenses of counsel for the Agent with respect thereto and with respect to advising the Agent as to its rights and responsibilities under this Agreement and the other Loan Documents. The Borrower further agrees to pay on demand all costs and expenses of the Agent and the Lenders, if any (including, without limitation, reasonable counsel fees and expenses), in connection with the enforcement (whether through negotiations, legal proceedings or otherwise) of this Agreement, the other Loan Documents and the other documents to be delivered hereunder, including, without limitation, reasonable fees and expenses of counsel for the Agent and each Lender in connection with the enforcement of rights under this Section 8.04(a).

(b) The Borrower agrees to indemnify and hold harmless the Agent and each Lender and each of their Affiliates and their officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation or proceeding or preparation of a defense in connection therewith) (i) this Agreement, the other Loan Documents, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances or (ii) the actual or alleged presence of Hazardous Materials on any property of the Borrower or any of its Subsidiaries or any Environmental Action relating in any way to the Borrower or any of its Subsidiaries, except to the extent such claim, damage, loss, liability or expense resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 8.04(b) applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, equityholders or creditors or an Indemnified Party or any other Person, whether or not any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrower also agrees not to assert any claim for special, indirect, consequential or

punitive damages against the Agent, any Lender, any of their Affiliates, or any of their respective directors, officers, employees, attorneys and agents, on any theory of liability, arising out of or otherwise relating to this Agreement, the other Loan Documents, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Advances.

(c) If any payment of principal of, or Conversion of, any Eurodollar Rate Advance is made by the Borrower to or for the account of a Lender other than on the last day of the Interest Period for such Advance, as a result of a payment or Conversion pursuant to Section 2.08(d) or (e), 2.10 or 2.12, acceleration of the maturity of the Notes pursuant to Section 6.01 or for any other reason, or by an Eligible Assignee to a Lender other than on the last day of the Interest Period for such Advance upon an assignment of rights and obligations under this Agreement pursuant to Section 8.07 as a result of a demand by the Borrower pursuant to Section 8.07(a), the Borrower shall, upon demand by such Lender (with a copy of such demand to the Agent), pay to the Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that it may reasonably incur as a result of such payment or Conversion, including, without limitation, any loss (excluding loss of anticipated profits), cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such Advance.

(d) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in Sections 2.11, 2.14 and 8.04 shall survive the payment in full of principal, interest and all other amounts payable hereunder and under the Notes.

SECTION 8.05. Right of Set-off. Upon (i) the occurrence and during the continuance of any Event of Default and (ii) the making of the request or the granting of the consent specified by Section 6.01 to authorize the Agent to declare the Notes due and payable pursuant to the provisions of Section 6.01, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender or such Affiliate to or for the credit or the account of any Loan Party against any and all of the obligations of such Loan Party now or hereafter existing under this Agreement, any Note held by such Lender and the other Loan Documents, whether or not such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the applicable Loan Party after any such set-off and application, provided that the failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender and its Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender and its Affiliates may have.

SECTION 8.06. Binding Effect. This Agreement shall become effective (other than Section 2.01, which shall only become effective upon satisfaction of the conditions precedent set forth in Section 3.01) when it shall have been executed by the Borrower and the Agent and when the Agent shall have been notified by each Initial Lender that such Initial Lender has executed it and thereafter shall be binding upon and inure to the benefit of the Borrower, the Agent and each Lender and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

SECTION 8.07. Assignments and Participations. (a) Each Lender may with the consent of the Agent, each Issuing Bank and, so long as no Event of Default has occurred and is continuing, the Borrower (which consents shall not be unreasonably withheld or delayed), and, if demanded by the Borrower (following a demand by such Lender pursuant to Section 2.11, 2.14 or 2.20) upon at least five Business Days' notice to such Lender and the Agent, will assign to one or more Persons all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Revolving Credit Commitment, its Unissued Letter of Credit Commitment, the Advances owing to it, its participations in Letters of Credit and the Note or Notes held by it); provided, however, that (i) each such assignment shall be of a constant, and not a varying, percentage of all of its rights and obligations under this Agreement, (ii) except in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender or an assignment of all of a Lender's rights and obligations under this Agreement, the amount of the Commitment of the assigning Lender being assigned pursuant to each such assignment (determined as of the date of the Assignment and Acceptance with respect to such assignment) shall in no event be less than (x) in the case of an assignment of Revolving Credit Commitment, $5,000,000 or an integral multiple of $1,000,000 in excess thereof and (y) in the case of an assignment of Unissued Letter of Credit

Commitment, $5,000,000 or an integral multiple of $1,000,000 in excess thereof, in each case unless the Agent and, if no Default has occurred and is continuing, the Borrower otherwise agree, (iii) each such assignment shall be to an Eligible Assignee, (iv) each such assignment made as a result of a demand by the Borrower pursuant to this Section 8.07(a) shall be arranged by the Borrower after consultation with the Agent and shall be either an assignment of all of the rights and obligations of the assigning Lender under this Agreement or an assignment of a portion of such rights and obligations made concurrently with another such assignment or other such assignments that together cover all of the rights and obligations of the assigning Lender under this Agreement, (v) no Lender shall be obligated to make any such assignment as a result of a demand by the Borrower pursuant to this Section 8.07(a) unless and until such Lender shall have received one or more payments from either the Borrower or one or more Eligible Assignees in an aggregate amount at least equal to the aggregate outstanding principal amount of the Advances owing to such Lender, together with accrued interest thereon to the date of payment of such principal amount and all other amounts payable to such Lender under this Agreement, (vi) the parties to each such assignment shall execute and deliver to the Agent, for its acceptance and recording in the Register, an Assignment and Acceptance, together with any Note subject to such assignment and a processing and recordation fee of $3,500 payable by the parties to each such assignment, provided, however, that in the case of each assignment made as a result of a demand by the Borrower, such recordation fee shall be payable by the Borrower except that no such recordation fee shall be payable in the case of an assignment made at the request of the Borrower to an Eligible Assignee that is an existing Lender and (vii) no consent of the Borrower, the Agent or any Issuing Bank shall be required in the case of an assignment to any Affiliate of the assigning Lender or in the case of an assignment to a Person that, immediately prior to such assignment, was a Lender. Upon such execution, delivery, acceptance and recording, from and after the effective date specified in each Assignment and Acceptance, (x) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, have the rights and obligations of a Lender hereunder and (y) the Lender assignor thereunder shall, to the extent that rights and obligations hereunder have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights (other than its rights under Sections 2.11, 2.14 and 8.04 to the extent any claim thereunder relates to an event arising prior to such assignment) and be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto).

(b) By executing and delivering an Assignment and Acceptance, the Lender assignor thereunder and the assignee thereunder confirm to and agree with each other and the other parties hereto as follows: (i) other than as provided in such Assignment and Acceptance, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with any Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, any Loan Document or any other instrument or document furnished pursuant hereto; (ii) such assigning Lender makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under any Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee confirms that it has received a copy of this Agreement, together with copies of the financial statements referred to in Section 4.01 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (iv) such assignee will, independently and without reliance upon the Agent, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents; (v) such assignee confirms that it is an Eligible Assignee; (vi) such assignee appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under any Loan Document as are delegated to the Agent by the terms hereof or thereof, together with such powers and discretion as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all of the obligations that by the terms of this Agreement are required to be performed by it as a Lender.

(c) Upon its receipt of an Assignment and Acceptance executed by an assigning Lender and an assignee representing that it is an Eligible Assignee, together with any Note or Notes subject to such assignment, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit C hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the Borrower.

(d) The Agent shall maintain at its address referred to in Section 8.02 a copy of each Assumption Agreement and each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Commitment of, and principal amount of the Advances owing to, each Lender from time to time (the "Register"). The entries in the Register shall be prima facie evidence of the correctness thereof and binding for all purposes, absent manifest error, and the Borrower, the Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(e) Each Lender may sell participations to one or more banks or other entities (other than any Loan Party or any of its Affiliates) in or to all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Commitment, its participation in Letters of Credit, the Advances owing to it and any Note or Notes held by it); provided, however, that (i) such Lender's obligations under this Agreement (including, without limitation, its Commitment to the Borrower hereunder) shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) such Lender shall remain the holder of any such Note for all purposes of this Agreement, (iv) each Loan Party, the Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (v) no participant under any such participation shall have any right to approve any amendment or waiver of any provision of this Agreement or any other Loan Document, or any consent to any departure by any Loan Party therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation, or postpone any date fixed for any payment of principal of, or interest on, the Notes or any fees or other amounts payable hereunder, in each case to the extent subject to such participation.

(f) Any Lender may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 8.07, disclose to the assignee or participant or proposed assignee or participant, any information relating to the Loan Parties furnished to such Lender by or on behalf of the Loan Parties; provided that, prior to any such disclosure, the assignee or participant or proposed assignee or participant shall agree to preserve the confidentiality of any Borrower Information relating to the Loan Parties received by it from such Lender.

(g) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time create a security interest in all or any portion of its rights under this Agreement (including, without limitation, the Advances owing to it and any Note or Notes held by it) in favor of any Federal Reserve Bank in accordance with Regulation A of the Board of Governors of the Federal Reserve System.

SECTION 8.08. Confidentiality. Neither the Agent nor any Lender may disclose to any Person any confidential, proprietary or non-public information of the Loan Parties furnished to the Agent or the Lenders by any Loan Party (such information being referred to collectively herein as the "Borrower Information"), except that each of the Agent and each of the Lenders may disclose Borrower Information (i) to its and its affiliates' employees, officers, directors, agents and advisors on a need to know basis (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Borrower Information and instructed to keep such Borrower Information confidential on substantially the same terms as provided herein), (ii) to the extent requested by any regulatory authority, (iii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iv) to any other party to this Agreement, (v) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement, the other Loan Documents or the enforcement of rights hereunder or thereunder, (vi) subject to an agreement containing provisions substantially the same as those of this Section 8.08, to any assignee or participant or prospective assignee or participant, (vii) to the extent such Borrower Information (A) is or becomes generally available to the public on a non-confidential basis other than as a result of a breach of this Section 8.08 by the Agent or a Lender, or (B) is or becomes available to the Agent or such Lender on a nonconfidential basis from a source other than the Loan Parties and (viii) with the consent of any Loan Party, provided, that, prior to any disclosure pursuant to (ii) or (iii) above, the disclosing party agrees that it will notify the Borrower as soon as practical in the event of any such request for a disclosure, unless such notification shall be prohibited by applicable law or legal process.

SECTION 8.09. Governing Law. This Agreement and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 8.10. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Agreement by telecopier or in .pdf or similar file shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.11. Jurisdiction, Etc. (a) Each of the parties hereto hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The Borrower hereby agrees and consents to the service of process in any action or proceeding in such courts by the mailing thereof by any parties hereto by registered or certified mail, postage prepaid, to the Borrower at its address specified pursuant to Section 8.02. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents in the courts of any jurisdiction.

(b) Each of the parties hereto irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

SECTION 8.12. No Liability of the Issuing Banks. Neither the Agent, the Lenders nor any Issuing Bank, nor any of their respective Affiliates or their respective officers, directors, employees, agents and advisors, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in Section 2.06(b)), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the applicable Issuing Bank; provided that the foregoing shall not be construed to excuse any Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to consequential damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the applicable Issuing Bank, such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the applicable Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

SECTION 8.13. Patriot Act Notice. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies each borrower, guarantor or grantor (the "Loan Parties"), which information includes the name and address of each Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the Act.

SECTION 8.14. Waiver of Jury Trial. Each of the Borrower, the Agent and the Lenders hereby irrevocably waives all right to trial by jury in any action, proceeding or counterclaim (whether based on contract, tort or otherwise) arising out of or relating to this Agreement or the other Loan Documents or the actions of the Agent or any Lender in the negotiation, administration, performance or enforcement thereof.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

PACKAGING CORPORATION OF AMERICA

By /s/ Richard B. West
Title: Senior Vice President and Chief Financial Officer

JPMORGAN CHASE BANK, N.A.,
as Agent

By /s/ Peter S. Predum
Title: Executive Director

Initial Lenders

DEUTSCHE BANK AG NEW YORK BRANCH

By /s/ signature illegible
Title: Vice President

By /s/ signature illegible
Title: Vice President

JPMORGAN CHASE BANK, N.A.

By /s/ Peter S. Predum
Title: Executive Director

UNION BANK OF CALIFORNIA, N.A.

By /s/ Christine Davis
Title: Vice President

BANK OF AMERICA, N.A.

By /s/ Michael L. Letson, Jr.
Title: Vice President

WACHOVIA BANK, NATIONAL ASSOCIATION

By /s/ signature illegible
Title: Director

BMO CAPITAL MARKETS FINANCING, INC.

By /s/ Thad D. Rasche
Title: Director

THE NORTHERN TRUST COMPANY

By /s/ signature illegible
Title: Second Vice President

NATIONAL CITY BANK

By Rachel M. Williamson
Title: Vice President

SCHEDULE I
PACKAGING CORPORATION OF AMERICA
FIVE YEAR CREDIT AGREEMENT
APPLICABLE LENDING OFFICES

Name of Initial Lender	Revolving Credit Commitment	Letter of Credit Commitment	Domestic Lending Office	Eurodollar Lending Office
Bank of America, N.A.	$ 18,750,000		315 Montgomery St. San Francisco, CA 94104 Attn: Anna Marie Finn T: 925 675-8312 F: 888 969-9238	315 Montgomery St. San Francisco, CA 94104 Attn: Anna Marie Finn T: 925 675-8312 F: 888 969-9238
BMO Capital Markets Financing, Inc.	$ 12,500,000		111 W. Monroe Chicago, IL 60603 Attn: Blanca Velez T: (312) 461-3775 F: (312) 293-5283	111 W. Monroe Chicago, IL 60603 Attn: Blanca Velez T: (312) 461-3775 F: (312) 293-5283
Deutsche Bank AG New York Branch	$ 25,000,000		60 Wall Street New York, NY 10005 Attn: Joe Cusmai T: (201) 593-2202 F: (201) 593-2313	60 Wall Street New York, NY 10005 Attn: Joe Cusmai T: (201) 593-2202 F: (201) 593-2313
JPMorgan Chase Bank, N.A.	$ 25,000,000	$ 35,000,000	1111 Fannin, 10th Floor Houston, TX 77002 Attn: Jeremy Jones (Telecopy T: F: (713) 750-2223 with a copy to: 270 Park Avenue, 4th Floor New York, NY 10017 Attn: Peter S. Predun T: (212) 270-7005 F: (212) 270-5100	1111 Fannin, 10th Floor Houston, TX 77002 Attn: Jeremy Jones (Telecopy T: F: (713) 750-2223 with a copy to: 270 Park Avenue, 4th Floor New York, NY 10017 Attn: Peter S. Predun T: (212) 270-7005 F: (212) 270-5100

Name of Initial Lender	Revolving Credit Commitment	Letter of Credit Commitment	Domestic Lending Office	Eurodollar Lending Office
National City Bank	$ 12,500,000		One North Franklin 20th Floor Chicago, IL 60606 Attn: Donna Benson T: (312) 338-2207 F: (312) 782-7084	One North Franklin 20th Floor Chicago, IL 60606 Attn: Donna Benson T: (312) 338-2207 F: (312) 782-7084
The Northern Trust Company	$ 12,500,000		50 S. LaSalle Street Chicago, IL 60675 Attn: Linda Honda T: 312 444-3532 F: 312 444-3502	50 S. LaSalle Street Chicago, IL 60675 Attn: Linda Honda T: 312 444-3532 F: 312 444-3502
Union Bank of California, N.A.	$ 25,000,000		1980 Saturn Street Monterey Park, CA 91755 Attn: Shirley Davis T: 323 720-2870 F: 323 724-6198	1980 Saturn Street Monterey Park, CA 91755 Attn: Shirley Davis T: 323 720-2870 F: 323 724-6198
Wachovia Bank, National Association	$ 18,750,000		301 South College Street Charlotte, NC 28288 Attn: Sherry Richards T: 704 715-1459 F: 704 374-2802	301 South College Street Charlotte, NC 28288 Attn: Sherry Richards T: 704 715-1459 F: 704 374-2802
Total:	$ 150,000,000	$ 35,000,000		

SCHEDULE 2.01
EXISTING LETTERS OF CREDIT

LOC Number	Date Issued	Beneficiary	Amount	Expiry Date
Total Outstanding LOCs			$ 19,372,561	7/31/2008

Note: Letters of Credit are issued by Bank of America (formerly LaSalle Bank)

SCHEDULE 5.02(a)
EXISTING LIENS

Collateral Description	Secured Instrument
Receivables credit facility	Receivables credit facility
Mini flexo folder gluer at Miami, FL	Capital lease
Building in Edmore, MI	Capital lease
Woodyard at Valdosta, GA	Capital lease effective 5/2008

SCHEDULE 5.02(d)
EXISTING DEBT

Description	Due Date	Amount
Receivables credit facility	10/3/2008	$ 109,000,000

EXHIBIT A — FORM OF
PROMISSORY NOTE

U.S.$ _______________ Dated: _____, 200__

FOR VALUE RECEIVED, the undersigned, Packaging Corporation of America, a Delaware corporation (the "Borrower"), HEREBY PROMISES TO PAY to the order of ______ (the "Lender") for the account of its Applicable Lending Office on the Termination Date applicable to the Lender (each as defined in the Credit Agreement referred to below) the principal sum of U.S.$[amount of the Lender's Commitment in figures] or, if less, the aggregate principal amount of the Advances made by the Lender to the Borrower pursuant to the Five Year Credit Agreement dated as of April 15, 2008 among the Borrower, the Lender and certain other lenders parties thereto, Deutsche Bank AG New York Branch, as syndication agent, Deutsche Bank Securities Inc., as sole lead arranger and book manager, and JPMorgan Chase Bank, N.A., as Agent for the Lender and such other lenders (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the terms defined therein being used herein as therein defined) outstanding on such Termination Date.

The Borrower promises to pay interest on the unpaid principal amount of each Advance from the date of such Advance until such principal amount is paid in full, at such interest rates, and payable at such times, as are specified in the Credit Agreement.

Both principal and interest are payable in lawful money of the United States of America to JPMorgan, as Agent, at 1111 Fannin, 10th Floor, Houston, Texas 77002, in same day funds. Each Advance owing to the Lender by the Borrower pursuant to the Credit Agreement, and all payments made on account of principal thereof, shall be recorded by the Lender and, prior to any transfer hereof, endorsed on the grid attached hereto which is part of this Promissory Note.

This Promissory Note is one of the Notes referred to in, and is entitled to the benefits of, the Credit Agreement. The Credit Agreement, among other things, (i) provides for the making of Advances by the Lender to the Borrower from time to time in an aggregate amount not to exceed at any time outstanding the U.S. dollar amount first above mentioned, the indebtedness of the Borrower resulting from each such Advance being evidenced by this Promissory Note and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments on account of principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

PACKAGING CORPORATION OF AMERICA

By ______________________________

Title:

ADVANCES AND PAYMENTS OF PRINCIPAL

Date	**Amount of Advance**	**Amount of Principal Paid or Prepaid**	**Unpaid Principal Balance**	**Notation Made By**

JPMorgan Chase Bank, N.A., as Agent
for the Lenders parties
to the Credit Agreement
referred to below
1111 Fannin, 10th Floor,
Houston, Texas 77002

[Date]

Attention: Loan and Agency Services

Ladies and Gentlemen:

The undersigned, Packaging Corporation of America, refers to the Five Year Credit Agreement, dated as of April 15, 2008 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, certain Lenders parties thereto, Deutsche Bank AG New York Branch, as syndication agent, Deutsche Bank Securities Inc., as sole lead arranger and book manager, and JPMorgan Chase Bank, N.A., as Agent for said Lenders, and hereby gives you notice, irrevocably, pursuant to Section 2.02 of the Credit Agreement that the undersigned hereby requests a Borrowing under the Credit Agreement, and in that connection sets forth below the information relating to such Borrowing (the "Proposed Borrowing") as required by Section 2.02(a) of the Credit Agreement:

(i) The Business Day of the Proposed Borrowing is ____________, 200___.

(ii) The Type of Advances comprising the Proposed Borrowing is [Base Rate Advances] [Eurodollar Rate Advances].

(iii) The aggregate amount of the Proposed Borrowing is $_______________.

[(iv) The initial Interest Period for each Eurodollar Rate Advance made as part of the Proposed Borrowing is _____ month[s].]

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties contained in Section 4.01 of the Credit Agreement are correct, before and after giving effect to the Proposed Borrowing and to the application of the proceeds therefrom, as though made on and as of such date; and

(B) no event has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds therefrom, that constitutes a Default.

Very truly yours,

PACKAGING CORPORATION OF AMERICA

By ____
Title:.

Reference is made to the Five Year Credit Agreement dated as of April 15, 2008 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement") among Packaging Corporation of America, a Delaware corporation (the "Borrower"), the Lenders (as defined in the Credit Agreement), Deutsche Bank AG New York Branch, as syndication agent, Deutsche Bank Securities Inc., as sole lead arranger and book manager, and JPMorgan Chase Bank, N.A., as Agent for the Lenders (the "Agent"). Terms defined in the Credit Agreement are used herein with the same meaning.

The "Assignor" and the "Assignee" referred to on Schedule I hereto agree as follows:

1. The Assignor hereby sells and assigns to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, an interest in and to the Assignor's rights and obligations under the Credit Agreement as of the date hereof equal to the percentage interest specified on Schedule 1 hereto of all outstanding rights and obligations under the Credit Agreement. After giving effect to such sale and assignment, the Assignee's Commitments and the amount of the Advances owing to the Assignee will be as set forth on Schedule 1 hereto.

2. The Assignor (i) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (ii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with the Credit Agreement or the execution, legality, validity, enforceability, genuineness, sufficiency or value of, or the perfection or priority of any lien or security interest created or purported to be created under or in connection with, the Credit Agreement, any other Loan Document or any other instrument or document furnished pursuant thereto; (iii) makes no representation or warranty and assumes no responsibility with respect to the financial condition of any Loan Party or the performance or observance by any Loan Party of any of its obligations under the Loan Documents or any other instrument or document furnished pursuant thereto; and (iv) attaches the Note, if any, held by the Assignor [and requests that the Agent exchange such Note for a new Note payable to the order of [the Assignee in an amount equal to the Commitment[s] assumed by the Assignee pursuant hereto or new Notes payable to the order of the Assignee in an amount equal to the Commitment[s] assumed by the Assignee pursuant hereto and] the Assignor in an amount equal to the Commitment[s] retained by the Assignor under the Credit Agreement, [respectively,] as specified on Schedule 1 hereto.

3. The Assignee (i) confirms that it has received a copy of the Credit Agreement, together with copies of the financial statements referred to in Section 4.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance; (ii) agrees that it will, independently and without reliance upon the Agent, the Assignor or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement and the other Loan Documents; (iii) confirms that it is an Eligible Assignee; (iv) appoints and authorizes the Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement and the other Loan Documents as are delegated to the Agent by the terms thereof, together with such powers and discretion as are reasonably incidental thereto; (v) agrees that it will perform in accordance with their terms all of the obligations that by the terms of the Credit Agreement are required to be performed by it as a Lender; and (vi) attaches any U.S. Internal Revenue Service forms required under Section 2.14 of the Credit Agreement.

4. Following the execution of this Assignment and Acceptance, it will be delivered to the Agent for acceptance and recording by the Agent. The effective date for this Assignment and Acceptance (the "Effective Date") shall be the date of acceptance hereof by the Agent, unless otherwise specified on Schedule 1 hereto.

5. Upon such acceptance and recording by the Agent, as of the Effective Date, (i) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent provided in this Assignment and Acceptance, relinquish its rights and be released from its obligations under the Credit Agreement.

6. Upon such acceptance and recording by the Agent, from and after the Effective Date, the Agent shall make all payments under the Credit Agreement and the Notes in respect of the interest assigned hereby (including, without limitation, all payments of principal, interest, facility fees and commission with respect thereto) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Credit Agreement and the Notes for periods prior to the Effective Date directly between themselves.

7. This Assignment and Acceptance shall be governed by, and construed in accordance with, the laws of the State of New York.

8. This Assignment and Acceptance may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of Schedule 1 to this Assignment and Acceptance by telecopier shall be effective as delivery of a manually executed counterpart of this Assignment and Acceptance.

IN WITNESS WHEREOF, the Assignor and the Assignee have caused Schedule 1 to this Assignment and Acceptance to be executed by their officers thereunto duly authorized as of the date specified thereon.

Schedule 1
to
Assignment and Acceptance

Revolving Credit Facility:	
Percentage interest assigned:	%
Assignee's Revolving Credit Commitment:	$
Aggregate outstanding principal amount of Advances assigned:	$
Principal amount of Note payable to Assignee:	$
Principal amount of Note payable to Assignor:	$
Letter of Credit Facility:	
Percentage interest assigned:	%
Assignee's Letter of Credit Commitment:	$

Effective Date*: _______________, 200_

[NAME OF ASSIGNOR], as Assignor

By ______________________________
Title:

Dated: _______________, 200_

[NAME OF ASSIGNEE], as Assignee

By ______________________________
Title:

Dated: _______________, 200_

Domestic Lending Office:
[Address]

Eurodollar Lending Office:
[Address]

Accepted [and Approved]* this

* This date should be no earlier than five Business Days after the delivery of this Assignment and Acceptance to the Agent.

____ day of _______________, 200_

JPMORGAN CHASE BANK, N.A., as Agent

By ____
Title:

[Approved this ____ day
of _______________, 200_

PACKAGING CORPORATION OF AMERICA

By ____]*
Title:

[Approved this ____ day
of _______________, 200_

[NAME OF ISSUING BANK]

By ____]**
Title:

---

* Required if the Assignee is an Eligible Assignee solely by reason of clauses (a)(iii), (iv) or (v) or clause (b) of the definition of "Eligible Assignee".

** Required if the Assignee becomes a Lender under the Revolving Credit Facility and is an Eligible Assignee solely by reason of clauses (a)(iii), (iv) or (v) of the definition of "Eligible Assignee".

EXHIBIT D — FORM OF
OPINION OF COUNSEL
FOR THE BORROWER

See Mayer Brown LLP Opinion.

April 16, 2008

Mayer Brown LLP
1675 Broadway
New York, NY 10019

Main Tel (212) 506-2500
Main Fax (212) 262-1910
www.mayerbrownrowe.com

JPMorgan Chase Bank, N.A., as Administrative
Agent under the Credit Agreement referred
to below, and to each Lender under and as
defined in such Credit Agreement

Re: Five Year Credit Agreement with Packaging Corporation of America

Ladies and Gentlemen:

We have acted as special New York counsel for Packaging Corporation of America, a Delaware corporation (the "Borrower"), in connection with the Five Year Credit Agreement dated as of April 16, 2008 (the "Credit Agreement") among the Borrower, various financial institutions and JPMorgan Chase, N.A., as Administrative Agent. Capitalized terms used but not defined herein have the respective meanings given to them in the Credit Agreement. This opinion letter is being rendered to you at the request of our client pursuant to Section 3.01(h)(iv)(A) of the Credit Agreement.

We have examined copies, identified to our satisfaction, of the Credit Agreement and each Note executed by the Borrower on the date hereof (together, the "Loan Documents"). In such examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original documents of all documents submitted to us as copies and the authenticity of the originals of such latter documents.

For purposes of this opinion letter, we also have assumed, with your permission and without independent investigation of any kind, the following: (i) the Credit Agreement has been duly authorized, executed and delivered by each party thereto; (ii) the Credit Agreement is the legal, valid and binding obligation of each party thereto (other than the Borrower, as to which we express an opinion below), enforceable against each such party in accordance with its terms (subject to customary qualifications such as those set forth after our opinions below); and (iii) there are no agreements or understandings among the parties, written or oral, and no usage of trade or course of prior dealing among the parties that would, in any such case, define, supplement or qualify the terms of the Loan Documents.

For purposes of this opinion letter, "Applicable Law" means those laws and regulations of the United States of America and the State of New York that an attorney in the State of New

York exercising customary professional diligence would reasonably expect to be applicable to transactions of the type contemplated by the Loan Documents. The term "Applicable Law" does not include, and we express no opinion as to, (i) any law, rule, regulation, ordinance, code or similar provision of law of any county, municipality or similar political subdivision of the State of New York or any agency or instrumentality of any such county, municipality or similar political subdivision or (ii) any law to which the Borrower may be subject as a result of the legal or regulatory status of the Agent or any Lender or the involvement by the Agent or any Lender in the transactions contemplated by the Credit Agreement .

Upon the basis of the foregoing and the other assumptions and qualifications set forth herein, we are of the opinion that:

1. Each Loan Document constitutes a legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms.

2. The execution, delivery and performance of the Loan Documents by the Borrower do not violate, contravene or constitute a default under any provision of Applicable Law.

3. No order, consent, approval, license, authorization or validation of or exemption by any government or public body or authority is required under Applicable Law to authorize the execution, delivery and performance by the Borrower of the Loan Documents.

4. Assuming that, after applying the proceeds of the Loans, Margin Stock constitutes not more than 25% of the value of all assets of the Borrower that are subject to any restriction in the Loan Documents on sale, pledge or other disposal by the Borrower, the making of the credit extensions to the Borrower under the Credit Agreement , and the use of the proceeds thereof, will not result in a violation of Regulation T, U or X of the Board of Governors of the Federal Reserve System.

Our opinions set forth above are subject to the following qualifications and limitations:

A. The opinion expressed above as to the enforceability in accordance with its terms of any Loan Document is subject to the exception that such enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance, equitable subordination, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally, by the availability of specific performance, injunctive relief or other equitable remedies, and by general principles of equity, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing, regardless of whether considered in a proceeding in equity or at law.

B. We express no opinion as to any provision of any Loan Document that authorizes the Agent or any Lender, or any purchaser of a participation interest from any party, to set off or apply any deposit, indebtedness or other property against any participation interest.

C. We express no opinion as to the enforceability of any provision of any Loan Document to the extent such provision purports to waive any objection to the laying of venue or any claim that an action or proceeding has been brought in an inconvenient forum or purports to waive the right to a jury trial. Without limiting the foregoing, we note that (i) under NYCPLR §510 a New York State court may have discretion to transfer the place of trial and (ii) under 28 U.S.C. §1404(a) a United States District Court has discretion to transfer an action from one Federal court to another.

D. We express no opinion as to: (i) provisions restricting access to legal or equitable remedies; (ii) provisions that purport to establish evidentiary standards; (iii) provisions relating to waivers, severability, contribution or delay or omission of enforcement of rights or remedies; (iv) provisions purporting to convey rights to Persons other than parties to the Loan Documents; (v) any provision that provides that a Loan Document may only be amended, waived or modified in writing; (vi) any agreement by the Borrower to the subject matter jurisdiction of a United States federal court or to be served with process by service in a particular manner; (vii) whether any court outside the State of New York would honor the choice of New York as the governing law of any Loan Document; or (viii) the effect of the law of any jurisdiction other than the State of New York wherein any Lender may be located or wherein the enforcement of any Loan Document may be sought that limits the rates of interest, fees or other charges legally chargeable or collectible.

E. We express no opinion as to compliance with, or any governmental or regulatory filing, approval, authorization, license or consent required by or under, any Federal or State (i) environmental law, (ii) antitrust law, (iii) taxation law, (iv) health or safety law, (v) patent, trademark or copyright law, (vi) receivership or conservatorship law, (vii) except as set forth in opinion paragraph 4, securities law, (viii) zoning, building, permitting, land use or subdivision law, or (ix) labor, pension or employee benefit law, or any rule or regulation relating to any of the foregoing.

F. We express no opinion as to the enforceability of any indemnification provision of the Credit Agreement insofar as such provision contravenes public policy or might require indemnification or payments to any Person with respect to any litigation determined adversely to such Person, any loss, cost or expense arising out of the negligence or willful misconduct of any Person or any violation by any Person of statutory duties or general principles of equity.

G. We express no opinion as to the enforceability of any provision of any Loan Document imposing penalties or forfeitures.

H. We have made no examination of any financial or accounting matters, including the ability of the Borrower to comply with any financial covenant or with any financial limitation on indebtedness, and we express no opinion with respect to any such matter.

Members of our Firm are admitted to practice law in the State of New York, and we express no opinion on any law other than the laws of the State of New York and the federal laws of the United States of America, in each case to the extent specifically set forth herein.

The opinions expressed herein are effective only as of the date of this opinion letter. We assume no responsibility for updating this opinion letter as of any date subsequent to the date of this opinion letter or for advising you of (i) any change with respect to any matter described in this opinion letter or (ii) the discovery subsequent to the date of this opinion letter of factual information not previously known to us pertaining to events occurring prior to the date of this opinion letter.

This opinion letter is rendered solely to you in connection with the transactions contemplated by the Credit Agreement. This opinion letter may not be relied upon by you for any other purpose, or relied upon by any other Person for any purpose, without (in each case) our prior written consent; provided that persons who subsequently become Lenders in accordance with Section 8.07 of the Credit Agreement may rely on this opinion letter as of the date hereof as if this opinion letter were addressed to them.

Very truly yours,

Mayer Brown LLP

MAYER BROWN LLP

April 15, 2008

JPMorgan Chase Bank, N.A., as Administrative
Agent under the Credit Agreement referred to
below, and to each Lender under and as
defined in such Credit Agreement

Re: Five Year Credit Agreement with Packaging Corporation of America

Ladies and Gentlemen:

As General Counsel of Packaging Corporation of America, a Delaware corporation (the "Borrower"), I have represented the Borrower in connection with the Five Year Credit Agreement dated as of April 15, 2008 (the "Credit Agreement") among the Borrower, various financial institutions and JPMorgan Chase Bank, N.A., as Administrative Agent. Capitalized terms used but not defined herein have the respective meanings given to them in the Credit Agreement. This opinion letter is being rendered to you pursuant to Section 3.01(h)(iv)(B) of the Credit Agreement.

In connection with this opinion letter, I, or members of my staff, have examined (i) the Credit Agreement and each Note executed by the Borrower on the date hereof (together, the "Loan Documents") and (ii) originals, or copies certified or otherwise identified to my satisfaction, of such (x) certificates of public officials, (y) certificates of officers and representatives of the Borrower, and (z) other records, agreements, instruments and documents, and I have made such other investigations, as I have deemed relevant or necessary as a basis for the opinions expressed below. As to questions of fact material to such opinions, I have, when relevant facts were not independently established by me, relied upon certificates and oral or written statements of the Borrower or its officers or of public officials.

I am a member of the bar of the State of Illinois and I do not express any opinion as to the laws of any jurisdiction other than the applicable laws of the State of Illinois, the General Corporation Law of the State of Delaware and, to the extent specifically referred to herein, the federal laws of the United States.

Based upon the foregoing and upon such investigation as I have deemed necessary, I am of the opinion that:

1. The Borrower is a corporation validly existing and in good standing under the laws of the State of Delaware.

2. Each Loan Document has been duly authorized, executed and delivered by the Borrower.

3. The execution, delivery and performance by the Borrower of the Loan Documents are within the corporate powers of the Borrower and do not violate, contravene or constitute a default under (i) the Borrower's certificate of incorporation or by-laws, (ii) any indenture, credit agreement or other material contract binding upon the Borrower or its assets or (iii) any judgment, injunction, order or decree applicable to the Borrower.

4. There is no action, suit, investigation, litigation or other proceeding affecting the Borrower or any of its Subsidiaries that is pending or, to my knowledge, threatened before any court, governmental agency or arbitrator that could be reasonably expected to have a Material Adverse Effect or that purports to adversely affect the legality, validity or enforceability of the Loan Documents or the consummation of the transactions contemplated thereby.

5. The Borrower is not an "investment company" or a company "controlled" by an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended.

The opinions expressed herein are effective only as of the date of this opinion letter. I do not assume responsibility for updating this opinion letter as of any date subsequent to the date of this opinion letter, and I assume no responsibility for advising you of (i) any change with respect to any matter described in this opinion letter or (ii) the discovery subsequent to the date of this opinion letter of factual information not previously known to me pertaining to events occurring prior to the date of this opinion letter.

This opinion letter is furnished solely to you in connection with the transactions contemplated by the Credit Agreement. This opinion letter may not be relied upon by you for any other purpose, or relied upon by any other Person for any purpose, without (in each case) my prior written consent; provided that Persons who subsequently become Lenders in accordance with Section 8.07 of the Credit Agreement may rely on this opinion letter as of the date hereof as if this opinion letter were addressed to them**.**

Very truly yours,

EXHIBIT E

FORM OF SUBSIDIARY GUARANTY

Dated as of _______________, 200_

From

THE GUARANTORS NAMED HEREIN

and

THE ADDITIONAL GUARANTORS REFERRED TO HEREIN

as Guarantors

in favor of

THE AGENT AND LENDERS REFERRED TO IN
THE CREDIT AGREEMENT REFERRED TO HEREIN

T A B L E O F C O N T E N T S

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Exhibit A — Guaranty Supplement

SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY dated as of _______________, ____ made by the Persons listed on the signature pages hereof under the caption "Subsidiary Guarantors" and the Additional Guarantors (as defined in Section 8(b)) (such Persons so listed and the Additional Guarantors being, collectively, the "Guarantors" and, individually, each a "Guarantor") in favor of the Agent and the Lenders (as defined in the Credit Agreement referred to below).

PRELIMINARY STATEMENT. Packaging Corporation of America, a Delaware corporation (the "Borrower"), is party to a Five Year Credit Agreement dated as of April 15, 2008 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"; the capitalized terms defined therein and not otherwise defined herein being used herein as therein defined) with certain Lenders party thereto, JPMorgan Chase Bank, N.A., as Agent for such Lenders. Each Guarantor may receive, directly or indirectly, a portion of the proceeds of the Advances under the Credit Agreement and will derive substantial direct and indirect benefits from the transactions contemplated by the Credit Agreement. It is a condition to the making of Advances and the issuance of Letters of Credit by the Lenders under the Credit Agreement from time to time that each Material Subsidiary of the Borrower shall have executed and delivered this Guaranty.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, each Guarantor, jointly and severally with each other Guarantor, hereby agrees as follows:

Section 1. Guaranty; Limitation of Liability. (a) Each Guarantor hereby absolutely, unconditionally and irrevocably guarantees the punctual payment when due, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of all obligations of each other Loan Party now or hereafter existing under or in respect of the Loan Documents (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premiums, fees, indemnities, contract causes of action, costs, expenses or otherwise (such obligations being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including, without limitation, fees and expenses of counsel) incurred by the Agent or any Lender in enforcing any rights under this Guaranty or any other Loan Document. Without limiting the generality of the foregoing, each Guarantor's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any other Loan Party to the Agent or any Lender under or in respect of the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Loan Party.

(b) Each Guarantor, and by its acceptance of this Guaranty, the Agent and each Lender, hereby confirms that it is the intention of all such Persons that this Guaranty and the obligations of each Guarantor hereunder not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law (as hereinafter defined), the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Guaranty and the obligations of each Guarantor hereunder. To effectuate the foregoing intention, the Agent, the Lenders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor under this Guaranty at any time shall be limited to the maximum amount as will result in the obligations of such Guarantor under this Guaranty not constituting a fraudulent transfer or conveyance. For purposes hereof, "Bankruptcy Law" means any proceeding of the type referred to in Section 6.01(e) of the Credit Agreement or Title 11, U.S. Code, or any similar foreign, federal or state law for the relief of debtors.

(c) Each Guarantor hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to the Agent or any Lender under this Guaranty or any other guaranty, such Guarantor will contribute, to the maximum extent permitted by law and subject to the limitation of liability provided in the preceding clause (b), such amounts to each other Guarantor and each other guarantor so as to maximize the aggregate amount paid to the Agent and the Lenders under or in respect of the Loan Documents.

Section 2. Guaranty Absolute. Each Guarantor guarantees that the Guaranteed Obligations will be paid strictly in accordance with the terms of the Loan Documents, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of the Agent or any Lender with respect thereto. The obligations of each Guarantor under or in respect of this Guaranty are independent of the

Guaranteed Obligations or any other obligations of any other Loan Party under or in respect of the Loan Documents, and a separate action or actions may be brought and prosecuted against each Guarantor to enforce this Guaranty, irrespective of whether any action is brought against the Borrower or any other Loan Party or whether the Borrower or any other Loan Party is joined in any such action or actions. The liability of each Guarantor under this Guaranty shall be irrevocable, absolute and unconditional irrespective of, and each Guarantor hereby irrevocably waives any defenses it may now have or hereafter acquire in any way relating to, any or all of the following (except as shall be required by applicable law or statute and cannot be waived):

(a) any lack of validity or enforceability of any Loan Document or any agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations or any other obligations of any other Loan Party under or in respect of the Loan Documents, or any other amendment or waiver of or any consent to departure from any Loan Document, including, without limitation, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Loan Party or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Guaranteed Obligations;

(d) any manner of application of any collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any collateral for all or any of the Guaranteed Obligations or any other obligations of any Loan Party under the Loan Documents or any other assets of any Loan Party or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of any Loan Party or any of its Subsidiaries;

(f) any failure of the Agent or any Lender to disclose to any Loan Party any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Loan Party now or hereafter known to the Agent or such Lender (each Guarantor waiving any duty on the part of the Agent and the Lenders to disclose such information);

(g) the failure of any other Person to execute or deliver this Guaranty, any Guaranty Supplement (as hereinafter defined) or any other guaranty or agreement or the release or reduction of liability of any Guarantor or other guarantor or surety with respect to the Guaranteed Obligations; or

(h) any other circumstance (including, without limitation, any statute of limitations) or any existence of or reliance on any representation by the Agent or any Lender that might otherwise constitute a defense available to, or a discharge of, any Loan Party or any other guarantor or surety (other than payment).

This Guaranty shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by the Agent or any Lender or any other Person upon the insolvency, bankruptcy or reorganization of the Borrower or any other Loan Party or otherwise, all as though such payment had not been made.

Section 3. Waivers and Acknowledgments. (a) Each Guarantor hereby unconditionally and irrevocably waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Guaranty and any requirement that the Agent or any Lender protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Loan Party or any other Person or any collateral.

(b) Each Guarantor hereby unconditionally and irrevocably waives any right to revoke this Guaranty and acknowledges that this Guaranty is continuing in nature and applies to all Guaranteed Obligations, whether existing now or in the future.

(c) Each Guarantor hereby unconditionally and irrevocably waives (i) any defense arising by reason of any claim or defense based upon an election of remedies by the Agent or any Lender that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of such Guarantor or other rights of such Guarantor to proceed against any of the other Loan Parties, any other guarantor or any other Person or any collateral and (ii) any defense based on any right of set-off or counterclaim against or in respect of the obligations of such Guarantor hereunder.

(d) Each Guarantor hereby unconditionally and irrevocably waives any duty on the part of the Agent or any Lender to disclose to such Guarantor any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Loan Party or any of its Subsidiaries now or hereafter known by the Agent or such Lender.

(e) Each Guarantor acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by the Loan Documents and that the waivers set forth in Section 2 and this Section 3 are knowingly made in contemplation of such benefits.

Section 4. Subrogation. Each Guarantor hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against the Borrower, any other Loan Party or any other insider guarantor that arise from the existence, payment, performance or enforcement of such Guarantor's obligations under or in respect of this Guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of the Agent or any Lender against the Borrower, any other Loan Party or any other insider guarantor or any collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including, without limitation, the right to take or receive from the Borrower, any other Loan Party or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, all Letters of Credit shall have expired or been terminated and the Commitments shall have expired or been terminated. If any amount shall be paid to any Guarantor in violation of the immediately preceding sentence at any time prior to the latest of (a) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty, (b) the Termination Date and (c) the latest date of expiration or termination of all Letters of Credit, such amount shall be received and held in trust for the benefit of the Agent and the Lenders, shall be segregated from other property and funds of such Guarantor and shall forthwith be paid or delivered to the Agent in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable under this Guaranty, whether matured or unmatured, in accordance with the terms of the Loan Documents, or to be held as collateral for any Guaranteed Obligations or other amounts payable under this Guaranty thereafter arising. Subject to the preceding provision of this Section 4, it is the intent of the parties that each Guarantor shall have rights of subrogation in respect hereof, and if (i) any Guarantor shall make payment to the Agent of all or any part of the Guaranteed Obligations, (ii) all of the Guaranteed Obligations and all other amounts payable under this Guaranty shall have been paid in full in cash, (iii) the Termination Date shall have occurred and (iv) all Letters of Credit shall have expired or been terminated, the Agent and the Lenders will, at such Guarantor's request and expense, execute and deliver to such Guarantor appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor of an interest in the Guaranteed Obligations resulting from such payment made by such Guarantor pursuant to this Guaranty.

Section 5. Payments Free and Clear of Taxes, Etc. (a) Any and all payments made by any Guarantor under or in respect of this Guaranty or any other Loan Document shall be made, in accordance with Section 2.13 of the Credit Agreement, free and clear of and without deduction for any and all present or future Taxes. If any Guarantor shall be required by law to deduct any Taxes from or in respect of any sum payable under or in respect of this Guaranty or any other Loan Document to the Agent or any Lender, (i) the sum payable by such Guarantor shall be increased as may be necessary so that after such Guarantor and the Agent have made all required deductions (including deductions applicable to additional sums payable under this Section 5), the Agent or such

Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Guarantor shall make such deductions and (iii) such Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, each Guarantor agrees to pay any present or future Other Taxes that arise from any payment made by or on behalf of such Guarantor under or in respect of this Guaranty or any other Loan Document or from the execution, delivery or registration of, performance under, or otherwise with respect to, this Guaranty and the other Loan Documents.

(c) Each Guarantor will indemnify the Agent and each Lender for and hold it harmless against the full amount of Taxes or Other Taxes, and for the full amount of taxes of any kind imposed by any jurisdiction on amounts payable under this Section 5, imposed on or paid by the Agent or such Lender, as the case may be, and any liability (including penalties, additions to tax, interest and expenses) arising therefrom or with respect thereto. This indemnification shall be made within 30 days from the date the Agent or such Lender makes written demand therefor.

(d) The obligations of each Guarantor under this Section are subject in all respects to the limitations, qualifications and satisfaction of conditions set forth in Section 2.14 of the Credit Agreement. Without limitation of the foregoing, the Lenders are subject to the obligations set forth in Section 2.14 of the Credit Agreement to the same extent as if set forth herein.

Section 6. Representations and Warranties. Each Guarantor hereby represents and warrants as follows:

(a) Such Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(b) The execution, delivery and performance by such Guarantor of this Guaranty and the consummation of the transactions contemplated hereby, are within such Guarantor’s corporate powers, have been duly authorized by all necessary corporate action, and do not contravene (i) such Guarantor’s charter or by-laws, (ii) law, (iii) any indenture, deed of trust, credit agreement or loan agreement binding on or affecting such Guarantor or (iv) any other material agreement, contract or instrument binding on or affecting such Guarantor.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by such Guarantor of this Guaranty. No authorization or approval or other action by, and no notice to or filing with, any third party is required for the due execution, delivery and performance by such Guarantor of this Guaranty, except to the extent that failure to so obtain or so file could not reasonably be expected to have a Material Adverse Effect.

(d) This Guaranty has been duly executed and delivered by such Guarantor. This Guaranty is the legal, valid and binding obligation of such Guarantor enforceable against such Guarantor in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization or moratorium or similar laws affecting the rights of creditors generally and subject to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity).

(e) There are no conditions precedent to the effectiveness of this Guaranty that have not been satisfied or waived.

(f) Such Guarantor has, independently and without reliance upon the Agent or any Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Guaranty and each other Loan Document to which it is or is to be a party, and such Guarantor has established adequate means of obtaining from each other Loan Party on a continuing

basis information pertaining to, and is now and on a continuing basis will be completely familiar with, the business, condition (financial or otherwise), operations, performance, properties and prospects of such other Loan Party.

Section 7. Covenants. Each Guarantor covenants and agrees that, so long as any part of the Guaranteed Obligations shall remain unpaid, any Letter of Credit shall be outstanding or any Lender shall have any Commitment shall be in effect, such Guarantor will perform and observe, and cause each of its Subsidiaries to perform and observe, all of the terms, covenants and agreements set forth in the Loan Documents on its or their part to be performed or observed or that the Borrower has agreed to cause such Guarantor or such Subsidiaries to perform or observe.

Section 8. Amendments, Guaranty Supplements, Etc. (a) No amendment or waiver of any provision of this Guaranty and no consent to any departure by any Guarantor therefrom shall in any event be effective unless the same shall be in writing and signed by the Agent and the Required Lenders, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by all of the Lenders, (a) reduce or limit the obligations of any Guarantor hereunder, release any Guarantor hereunder or otherwise limit any Guarantor's liability with respect to the obligations owing to the Lenders under or in respect of the Loan Documents except as provided in the next succeeding sentence or (b) change the number of Lenders or the percentage of (x) the Commitments, (y) the aggregate unpaid principal amount of the Advances or (z) the aggregate Available Amount of outstanding Letters of Credit that, in each case, shall be required for the Lenders or any of them to take any action hereunder. Upon the sale, liquidation or dissolution of a Guarantor to the extent permitted in accordance with the terms of the Loan Documents, such Guarantor shall be automatically released from this Guaranty.

(b) Upon the execution and delivery by any Person of a guaranty supplement in substantially the form of Exhibit A hereto (each, a "Guaranty Supplement"), (i) such Person shall be referred to as an "Additional Guarantor" and shall become and be a Guarantor hereunder, and each reference in this Guaranty to a "Guarantor" shall also mean and be a reference to such Additional Guarantor, and each reference in any other Loan Document to a "Subsidiary Guarantor" shall also mean and be a reference to such Additional Guarantor, and (ii) each reference herein to "this Guaranty", "hereunder", "hereof" or words of like import referring to this Guaranty, and each reference in any other Loan Document to the "Subsidiary Guaranty", "thereunder", "thereof" or words of like import referring to this Guaranty, shall mean and be a reference to this Guaranty as supplemented by such Guaranty Supplement.

Section 9. Notices, Etc. All notices and other communications provided for hereunder shall be in writing (including telegraphic, telecopy or telex communication) and mailed, telegraphed, telecopied, telexed or delivered to it, if to any Guarantor, addressed to it in care of the Borrower at the Borrower's address specified in Section 8.02 of the Credit Agreement, if to any Agent or any Lender, at its address specified in Section 8.02 of the Credit Agreement, or, as to any party, at such other address as shall be designated by such party in a written notice to each other party. All such notices and other communications shall, when mailed, telegraphed, telecopied or telexed, be effective when deposited in the mails, delivered to the telegraph company, transmitted by telecopier or confirmed by telex answerback, respectively. Delivery by telecopier of an executed counterpart of a signature page to any amendment or waiver of any provision of this Guaranty or of any Guaranty Supplement to be executed and delivered hereunder shall be effective as delivery of an original executed counterpart thereof.

Section 10. No Waiver; Remedies. No failure on the part of the Agent or any Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 11. Right of Set-off. Upon (a) the occurrence and during the continuance of any Event of Default and (b) the making of the request or the granting of the consent specified by Section 6.01 of the Credit Agreement to authorize the Agent to declare the Notes due and payable pursuant to the provisions of said Section 6.01, the Agent and each Lender and each of their respective Affiliates is hereby authorized at any time and

from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Agent, such Lender or such Affiliate to or for the credit or the account of any Guarantor against any and all of the obligations of such Guarantor now or hereafter existing under the Loan Documents, irrespective of whether the Agent or such Lender shall have made any demand under this Guaranty or any other Loan Document and although such obligations may be unmatured. The Agent and each Lender agrees promptly to notify such Guarantor after any such set-off and application; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application. The rights of the Agent and each Lender and their respective Affiliates under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that the Agent, such Lender and their respective Affiliates may have.

Section 12. Indemnification. (a) Without limitation on any other obligations of any Guarantor or remedies of the Agent or the Lenders under this Guaranty, each Guarantor shall, to the fullest extent permitted by law, indemnify, defend and save and hold harmless the Agent, each Lender and each of their Affiliates and their respective officers, directors, employees, agents and advisors (each, an "Indemnified Party") from and against, and shall pay on demand, any and all claims, damages, losses, liabilities and expenses (including, without limitation, reasonable fees and expenses of counsel) that may be incurred by or asserted or awarded against any Indemnified Party in connection with or as a result of any failure of any Guaranteed Obligations to be the legal, valid and binding obligations of any Loan Party enforceable against such Loan Party in accordance with their terms.

(b) Each Guarantor hereby also agrees that none of the Indemnified Parties shall have any liability (whether direct or indirect, in contract, tort or otherwise) to any of the Guarantors or any of their respective Affiliates or any of their respective officers, directors, employees, agents and advisors, and each Guarantor hereby agrees not to assert any claim against any Indemnified Party on any theory of liability, for special, indirect, consequential or punitive damages arising out of or otherwise relating to the Facilities, the actual or proposed use of the proceeds of the Advances or the Letters of Credit or any of the transactions contemplated by the Credit Agreement.

(c) Without prejudice to the survival of any of the other agreements of any Guarantor under this Guaranty or any of the other Loan Documents, the agreements and obligations of each Guarantor contained in Section 1(a) (with respect to enforcement expenses), the last sentence of Section 2, Section 5 and this Section 12 shall survive the payment in full of the Guaranteed Obligations and all of the other amounts payable under this Guaranty.

Section 13. Subordination. Each Guarantor hereby subordinates any and all debts, liabilities and other obligations owed to such Guarantor by each other Loan Party (the "Subordinated Obligations") to the Guaranteed Obligations to the extent and in the manner hereinafter set forth in this Section 13:

(a) Prohibited Payments, Etc. Except during the continuance of a Default (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to any other Loan Party), each Guarantor may receive payments from any other Loan Party on account of the Subordinated Obligations. After the occurrence and during the continuance of any Default (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to any other Loan Party), however, unless the Agent otherwise agrees, no Guarantor shall demand, accept or take any action to collect any payment on account of the Subordinated Obligations.

(b) Prior Payment of Guaranteed Obligations. In any proceeding under any Bankruptcy Law relating to any other Loan Party, each Guarantor agrees that the Agent and the Lenders shall be entitled to receive payment in full in cash of all Guaranteed Obligations (including all interest and expenses accruing after the commencement of a proceeding under any Bankruptcy Law, whether or not constituting an allowed claim in such proceeding ("Post Petition Interest")) before such Guarantor receives payment of any Subordinated Obligations.

(c) Turn-Over. After the occurrence and during the continuance of any Default (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to any other Loan Party), each Guarantor shall, if the Agent so requests, collect, enforce and receive payments on

account of the Subordinated Obligations as trustee for the Lenders and deliver such payments to the Agent on account of the Guaranteed Obligations (including all Post Petition Interest), together with any necessary endorsements or other instruments of transfer, but without reducing or affecting in any manner the liability of such Guarantor under the other provisions of this Guaranty.

(d) Agent Authorization. After the occurrence and during the continuance of any Default (including the commencement and continuation of any proceeding under any Bankruptcy Law relating to any other Loan Party), the Agent is authorized and empowered (but without any obligation to so do), in its discretion, (i) in the name of each Guarantor, to collect and enforce, and to submit claims in respect of, Subordinated Obligations and to apply any amounts received thereon to the Guaranteed Obligations (including any and all Post Petition Interest), and (ii) to require each Guarantor (A) to collect and enforce, and to submit claims in respect of, Subordinated Obligations and (B) to pay any amounts received on such obligations to the Agent for application to the Guaranteed Obligations (including any and all Post Petition Interest).

Section 14. Continuing Guaranty; Assignments under the Credit Agreement. This Guaranty is a continuing guaranty and shall (a) subject to the last sentence of Section 8(a), remain in full force and effect until the latest of (i) the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Guaranty, (ii) the Termination Date and (iii) the latest date of expiration or termination of all Letters of Credit, (b) be binding upon the Guarantor, its successors and assigns and (c) inure to the benefit of and be enforceable by the Lenders and their successors, transferees and assigns. Without limiting the generality of clause (c) of the immediately preceding sentence, any Lender may assign or otherwise transfer all or any portion of its rights and obligations under the Credit Agreement (including, without limitation, all or any portion of its Commitments, the Advances owing to it and the Note or Notes held by it) to any other Person, and such other Person shall thereupon become vested with all the benefits in respect thereof granted to such Lender herein or otherwise, in each case as and to the extent provided in Section 8.07 of the Credit Agreement. No Guarantor shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lenders.

Section 15. Execution in Counterparts. This Guaranty and each amendment, waiver and consent with respect hereto may be executed in any number of counterparts and by different parties thereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Guaranty by telecopier shall be effective as delivery of an original executed counterpart of this Guaranty.

Section 16. Governing Law; Jurisdiction; Waiver of Jury Trial, Etc. (a) This Guaranty shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) Each Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty or any of the other Loan Documents to which it is or is to be a party, or for recognition or enforcement of any judgment, and each Guarantor hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. Each Guarantor agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty or any other Loan Document shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Guaranty or any other Loan Document in the courts of any jurisdiction.

(c) Each Guarantor irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guaranty or any of the other Loan Documents to which it is or is to be a party in any New York State or federal court. Each Guarantor hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding in any such court.

(d) EACH GUARANTOR HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, THE ADVANCES OR THE ACTIONS OF ANY SECURED PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

IN WITNESS WHEREOF, each Guarantor has caused this Guaranty to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

[NAME OF GUARANTOR]

By ______________________________
Title:

[NAME OF GUARANTOR]

By ______________________________
Title:

Exhibit A
To The
Subsidiary Guaranty

FORM OF SUBSIDIARY GUARANTY SUPPLEMENT

_________ __, ____

JPMorgan Chase Bank, N.A., as Agent
[Address of Agent]

Attention: _________

Five Year Credit Agreement dated as of April 15, 2008 among
Packaging Corporation of America, a Delaware corporation (the "Borrower"), the Lenders
party thereto and JPMorgan Chase Bank, N.A., as Agent

Ladies and Gentlemen:

Reference is made to the above-captioned Credit Agreement and to the Subsidiary Guaranty referred to therein (such Subsidiary Guaranty, as in effect on the date hereof and as it may hereafter be amended, amended and restated, supplemented or otherwise modified from time to time, together with this Guaranty Supplement, being the "Subsidiary Guaranty"). The capitalized terms defined in the Subsidiary Guaranty or in the Credit Agreement and not otherwise defined herein are used herein as therein defined.

Section 1. Guaranty; Limitation of Liability. (a) The undersigned hereby absolutely, unconditionally and irrevocably guarantees the punctual payment when due, whether at scheduled maturity or on any date of a required prepayment or by acceleration, demand or otherwise, of all obligations of each other Loan Party now or hereafter existing under or in respect of the Loan Documents (including, without limitation, any extensions, modifications, substitutions, amendments or renewals of any or all of the foregoing obligations), whether direct or indirect, absolute or contingent, and whether for principal, interest, premium, fees, indemnities, contract causes of action, costs, expenses or otherwise (such obligations being the "Guaranteed Obligations"), and agrees to pay any and all expenses (including, without limitation, fees and expenses of counsel) incurred by the Agent or any Lender in enforcing any rights under this Guaranty Supplement, the Subsidiary Guaranty or any other Loan Document. Without limiting the generality of the foregoing, the undersigned's liability shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by any other Loan Party to the Agent or any Lender under or in respect of the Loan Documents but for the fact that they are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving such other Loan Party.

(b) The undersigned, and by its acceptance of this Guaranty Supplement, the Agent and each Lender, hereby confirms that it is the intention of all such Persons that this Guaranty Supplement, the Subsidiary Guaranty and the obligations of the undersigned hereunder and thereunder not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar foreign, federal or state law to the extent applicable to this Guaranty Supplement, the Subsidiary Guaranty and the obligations of the undersigned hereunder and thereunder. To effectuate the foregoing intention, the Agent, the Lenders and the undersigned hereby irrevocably agree that the obligations of the undersigned under this Guaranty Supplement and the Subsidiary Guaranty at any time shall be limited to the maximum amount as will result in the obligations of the undersigned under this Guaranty Supplement and the Subsidiary Guaranty not constituting a fraudulent transfer or conveyance.

(c) The undersigned hereby unconditionally and irrevocably agrees that in the event any payment shall be required to be made to the Agent or any Lender under this Guaranty Supplement, the Subsidiary

Guaranty or any other guaranty, the undersigned will contribute, to the maximum extent permitted by applicable law and subject to the limitations on liability set forth in Section 1(b) above, such amounts to each other Guarantor and each other guarantor so as to maximize the aggregate amount paid to the Agent and the Lenders under or in respect of the Loan Documents.

Section 2. Obligations Under the Guaranty. The undersigned hereby agrees, as of the date first above written, to be bound as a Guarantor by all of the terms and conditions of the Subsidiary Guaranty to the same extent as each of the other Guarantors thereunder. The undersigned further agrees, as of the date first above written, that each reference in the Subsidiary Guaranty to an "Additional Guarantor" or a "Guarantor" shall also mean and be a reference to the undersigned, and each reference in any other Loan Document to a "Subsidiary Guarantor" or a "Loan Party" shall also mean and be a reference to the undersigned.

Section 3. Representations and Warranties. The undersigned hereby makes each representation and warranty set forth in Section 6 of the Subsidiary Guaranty to the same extent as each other Guarantor.

Section 4. Delivery by Telecopier. Delivery of an executed counterpart of a signature page to this Guaranty Supplement by telecopier shall be effective as delivery of an original executed counterpart of this Guaranty Supplement.

Section 5. Governing Law; Jurisdiction; Waiver of Jury Trial, Etc. (a) This Guaranty Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

(b) The undersigned hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of any New York State court or any federal court of the United States of America sitting in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty Supplement, the Subsidiary Guaranty or any of the other Loan Documents to which it is or is to be a party, or for recognition or enforcement of any judgment, and the undersigned hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in any such New York State court or, to the extent permitted by law, in such federal court. The undersigned agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty Supplement or the Subsidiary Guaranty or any other Loan Document shall affect any right that any party may otherwise have to bring any action or proceeding relating to this Guaranty Supplement, the Subsidiary Guaranty or any of the other Loan Documents to which it is or is to be a party in the courts of any other jurisdiction.

(c) The undersigned irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guaranty Supplement, the Subsidiary Guaranty or any of the other Loan Documents to which it is or is to be a party in any New York State or federal court. The undersigned hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such suit, action or proceeding in any such court.

(d) THE UNDERSIGNED HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO ANY OF THE LOAN DOCUMENTS, THE ADVANCES OR THE ACTIONS OF ANY SECURED PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE OR ENFORCEMENT THEREOF.

Very truly yours,

[NAME OF ADDITIONAL GUARANTOR]

By ______________________________
Title:

Exhibit 10.2

AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT

dated as of September 19, 2008

among

PACKAGING RECEIVABLES COMPANY, LLC,
as Borrower

PACKAGING CREDIT COMPANY, LLC,
as Initial Servicer

YC SUSI TRUST,
as a Lender

and

BANK OF AMERICA, NATIONAL ASSOCIATION,
individually as a Lender and as Agent

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AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED CREDIT AND SECURITY AGREEMENT is entered into as of September 19, 2008, by and among:

(1) Packaging Receivables Company LLC, a Delaware limited liability company (together with its successors and permitted assigns, the "*Borrower*"),

(2) Packaging Credit Company, LLC, a Delaware limited liability company (together with its successors, the "*Initial Servicer*"), as initial servicer hereunder (in such capacity, together with any successor servicer or sub-servicer appointed pursuant to Section 8.1, the "*Servicer*"),

(3) YC SUSI Trust, a Delaware statutory trust (together with its successors, "*YC SUSI*"), and Bank of America, National Association, a national banking association, in its capacity as a Liquidity Bank to YC SUSI (together with its successors, "*Bank of America*"), as Lenders (hereinafter defined), and

(4) Bank of America, National Association, as agent for the Lenders (in such capacity, together with any successors thereto in such capacity, the "*Agent*").

Unless otherwise indicated, capitalized terms used in this Agreement are defined in Annex A.

W I T N E S S E T H:

WHEREAS, the Borrower is a wholly-owned subsidiary of Packaging Corporation of America;

WHEREAS, Packaging Corporation of America, as Originator, and Packaging Credit Company, LLC ("*Seller*") have entered into a Receivables Sale Agreement (the "*Sale Agreement*") pursuant to which the Originator has sold, and hereafter will sell, to the Seller all of its right, title and interest in and to its accounts receivable and certain related rights;

WHEREAS, the Seller sells or contributes to the Borrower under the Purchase and Sale Agreement all of its right, title and interest in and to its accounts receivable and certain related rights;

WHEREAS, the Borrower, the Servicer, Blue Ridge Asset Funding Corporation ("*Blue Ridge*"), as a Lender, and Wachovia Bank, N.A. ("*Wachovia*"), as a Lender and as Agent, entered into that certain Credit and Security Agreement, dated as of November 29, 2000 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "*Original Credit Agreement*");

WHEREAS, Blue Ridge, Wachovia, YC SUSI and Bank of America have entered into that certain Assignment and Acceptance Agreement (the "*Assignment Agreement*"), dated as of the date hereof, pursuant to which Blue Ridge and Wachovia have assigned to YC SUSI and

Bank of America their respective rights as Lenders and Agent, as applicable, under the Original Credit Agreement and other Transaction Documents;

WHEREAS, the parties hereto desire to amend and restate the Original Credit Agreement to make certain changes thereto;

WHEREAS, the Borrower has requested that the Lenders make revolving loans to the Borrower from time to time hereafter secured by the Collateral, and, subject to the terms and conditions contained in this Agreement, the Lenders are willing to make such secured loans;

WHEREAS, the Lenders have requested that Initial Servicer act as the initial Servicer for the Collateral, and, subject to the terms and conditions contained in this Agreement, Initial Servicer is willing to act in such capacity; and

WHEREAS, Bank of America has been requested, and is willing, to act as the Agent under this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto hereby agree as follows:

ARTICLE I
THE CREDIT

Section 1.1. The Facility. On the terms and subject to the conditions set forth in this Agreement, the Borrower (or the Servicer on the Borrower's behalf) may from time to time during the Revolving Period request Advances by delivering a Borrowing Request to the Agent in accordance with Section 2.1. Upon receipt of a copy of each Borrowing Request from the Borrower or Servicer, the Agent shall advise the Borrower not later than 12:00 noon (New York City time) on the Business Day following such receipt whether YC SUSI and/or the Liquidity Banks will fund a Loan (or Loans) in the aggregate amount of the requested Advance, and in the event that YC SUSI elects not to make any such Loan to the Borrower, each of the Liquidity Banks severally agrees to make its Ratable Share of such Loan to the Borrower, on the terms and subject to the conditions hereof, provided that at no time may the aggregate principal amount of YC SUSI's and the Liquidity Banks' Loans at any one time outstanding exceed the lesser of (i) the aggregate amount of the Liquidity Banks' Commitments, and (ii) the Borrowing Base (such lesser amount, the "*Allocation Limit*"). If the Agent advises the Borrower that YC SUSI elects not to fund a Loan, the Borrower or Servicer may rescind the Borrowing Request. Each Loan shall be in the minimum amount of $1,000,000 or a larger integral multiple of $500,000. In no event may the aggregate principal amount of the Advances hereunder exceed the lesser of (x) the Aggregate Commitment, or (y) the Borrowing Base. All Liquidity Banks' Commitments shall terminate on the Termination Date. Each of the Loans, and all other Obligations of the Borrower, shall be secured by the Collateral as provided in Article IX.

Section 1.2. Funding Mechanics; Liquidity Fundings. (a) Each Advance hereunder shall consist of Loans made from YC SUSI and/or the Liquidity Banks.

(b) If a Liquidity Bank fails to transfer to the Agent its full Ratable Share of any Loan when required by Section 1.1 (the aggregate amount not made available to the Agent by each

such Liquidity Bank being the "*Unpaid Amount*"), then, upon notice from the Agent by not later than 1:15 p.m. (Chicago time), each Liquidity Bank not owing an Unpaid Amount shall transfer to the Agent, by not later than 1:45 p.m. (Chicago time), an amount equal to the lesser of such Liquidity Bank's proportionate share (based on its Commitment divided by the Commitments of all Liquidity Banks that have not so failed to pay their full Ratable Share) of the Unpaid Amount and its Commitment. If the Agent does not then receive the Unpaid Amount in full, upon notice from the Agent by not later than 2:00 p.m. (Chicago time) on such day, each Liquidity Bank that has not failed to fund any part of its obligations on such day under this Section 1.2 shall pay to the Agent, by not later than 2:30 p.m. (Chicago time), its proportionate share (determined as described above) of the amount of such remaining deficiency up to the amount of its unused Commitment. Any Liquidity Bank that fails to make a payment under this Section 1.2 on the date of a Liquidity Funding shall pay on demand to each other Liquidity Bank that makes a payment under this subsection (b) the amount paid by it to cover such failure, together with interest thereon, for each day from the date such payment was made until the date such other Liquidity Bank has been paid such amount in full, at a rate per annum equal to the Federal Funds Rate plus two percent (2%) per annum. In addition, without prejudice to any other rights YC SUSI may have under applicable law, any Liquidity Bank that has failed to transfer to the Agent under Section 1.1 its full Ratable Share of any Loan shall pay on demand to YC SUSI the difference between such unpaid Ratable Share of such Loan and the amount paid by other Liquidity Banks or the Agent to cover such failure, together with interest thereon, for each day from the date such Ratable Share of such Loan was due until the date paid, at a rate per annum equal to the Federal Funds Rate plus two percent (2%) per annum.

(c) While it is the intent of YC SUSI to fund each requested Advance through the issuance of Commercial Paper Notes, the parties acknowledge that if YC SUSI is unable, or determines that it is undesirable, to issue Commercial Paper Notes to fund all or any portion of the Loans, or is unable to repay such Commercial Paper Notes upon the maturity thereof, YC SUSI may put all or any portion of its Loans to the Liquidity Banks at any time pursuant to the Liquidity Agreement to finance or refinance the necessary portion of its Loans through a Liquidity Funding to the extent available. The Liquidity Fundings may be Alternate Base Rate Loans or Eurodollar Loans, or a combination thereof, selected by the Borrower in accordance with Article II. Regardless of whether a Liquidity Funding constitutes an assignment of a Loan or the sale of one or more participations therein, each Liquidity Bank participating in a Liquidity Funding shall have the rights of a "Lender" hereunder with the same force and effect as if it had directly made a Loan to the Borrower in the amount of its Liquidity Funding.

(d) Nothing herein shall be deemed to commit YC SUSI to make Loans. Nothing herein shall be deemed to give the Borrower the right to select Eurodollar Loans or Alternate Base Rate Loans for any Advance.

Section 1.3. Interest Rates. (a) (i) Borrower shall pay CP Costs with respect to the principal balance of YC SUSI's Loans from time to time outstanding. Each Loan of YC SUSI that is funded substantially with Pooled Commercial Paper will accrue CP Costs each day on a pro rata basis, based upon the percentage share that the principal in respect of such Loan represents in relation to all assets held by YC SUSI and funded substantially with related Pooled Commercial Paper. The Agent will notify the Borrower promptly after the commencement of

any period during which CP Costs are calculated pursuant to the last sentence of the definition thereof, and will attempt to give prior notice if reasonably practicable under the circumstances.

(ii) Not later than the third Business Day immediately preceding each Reporting Date, YC SUSI shall calculate the aggregate amount of CP Costs applicable to its CP Rate Loans for the Settlement Period then most recently ended and shall notify Borrower of such aggregate amount.

(b) Each Eurodollar Loan shall bear interest on the outstanding principal amount thereof from and including the first day of the Interest Period applicable thereto selected in accordance with Article II of this Agreement to (but not including) the last day of such Interest Period at a rate per annum equal to the sum of (i) the applicable Eurodollar Rate (Reserve Adjusted) for such Interest Period plus (ii) the Bank Rate Spread.

(c) Each Alternate Base Rate Loan shall bear interest on the outstanding principal amount thereof, for each day from and including the date such Loan is made to but excluding the date it is paid at a rate per annum equal to the Alternate Base Rate for such day. Changes in the rate of interest on Alternate Base Rate Loans will take effect simultaneously with each change in the Alternate Base Rate.

(d) Notwithstanding anything to the contrary contained in Sections 1.3(a), (b) or (c), upon the occurrence of an Event of Default, and during the continuance thereof, all Obligations shall bear interest, payable upon demand, at the Default Rate.

(e) Interest at any of the aforementioned rates shall be calculated for actual days elapsed on the basis of a 360-day year. Interest shall be payable for the day a Loan is made but not for the day of any payment on the amount paid if payment is received prior to noon (local time) at the place of payment. If any payment of principal of or interest on a Loan shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest in connection with such payment.

Section 1.4. Payment Dates; Noteless Agreement. (a) On each Settlement Date, Borrower shall pay to the Agent (for the benefit of YC SUSI) an aggregate amount equal to all accrued and unpaid CP Costs (to the extent allocated to the Borrower in accordance with Section 1.3(a)(i)) in respect of the principal associated with all CP Rate Loans for the Settlement Period then most recently ended in accordance with Article II. The principal on each CP Rate Loan shall be payable on and after the Termination Date as and when Collections are received.

(b) The Borrower promises to pay each Eurodollar Loan on the last day of its Interest Period.

(c) The Borrower promises to pay each Alternate Base Rate Loan, together with all accrued and unpaid interest thereon, on or before the earlier to occur of (i) the Termination Date, and (ii) refinancing of such Loan with a CP Rate Loan or a Eurodollar Loan.

(d) The Borrower promises to pay all accrued and unpaid interest on each Loan (other than a CP Rate Loan) on its applicable Interest Payment Date.

(e) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder. Upon request of the Borrower or the Agent, such Lender will confirm the outstanding principal balances of its Loans and the amount of any accrued and unpaid interest thereon. The entries maintained in the accounts maintained pursuant to this Section shall be prima facie evidence of the existence and amounts of the Obligations therein recorded; *provided*, *however*, that the failure of any Lender to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Obligations in accordance with their terms.

Section 1.5. Prepayments. Subject, in the case of CP Rate Loans and Eurodollar Loans, to the funding indemnification provisions of Section 4.3:

(a) The Borrower may from time to time prepay, without penalty or premium, all outstanding Loans, or, in a minimum aggregate amount of $2,000,000 (or a larger integral multiple of $1,000,000), any portion of the outstanding Loans upon two Business Days' prior written notice to the Agent (each, a "*Prepayment Notice*"), *provided* that each such prepayment of principal is accompanied by a payment of all accrued and unpaid interest thereon and is made ratably amongst the Lenders; it being understood that the Borrower, in its discretion, may designate the outstanding Loans to which the Agent will apply each such prepayment or portion thereof, subject to, in the case of CP Rate Loans or Eurodollar Loans, the funding indemnification provisions of Section 4.3 hereof;

(b) If on any Business Day, the aggregate outstanding principal amount of YC SUSI's Loans and the Liquidity Fundings made by the Liquidity Banks exceeds the Allocation Limit, the Borrower shall prepay such Loans, subject, in the case of CP Rate Loans and Eurodollar Loans, to the funding indemnification provision of Section 4.3 but otherwise without premium or penalty, by initiating a wire transfer to the Agent not later than 11:00 a.m. (New York City time) on the second Business Day thereafter in an amount sufficient to eliminate such excess, together with interest accrued and to accrue on the amount prepaid; and

(c) Upon receipt of any wire transfer pursuant to Section 1.5(b), the Agent shall initiate a wire transfer to the Lenders of their respective shares thereof not later than 1:00 p.m. (New York City time) on the date when received.

(d) Upon the occurrence of a Credit Event, the Agent shall have the right (x) to declare that the Termination Date has occurred, whereupon the Aggregate Commitment shall terminate and all Collections shall be allocated and distributed pursuant to Section 3.2(b) hereof (the "*Credit Event Amortization Option*") or (y) to require the Borrower to pay additional interest of 2.0% *per annum* on the principal amount of any Loan (the "*Additional Interest Option*"). Within ten (10) days of the occurrence of a Credit Event, the Borrower will deliver a notice (the "*Credit Event Amortization Notice*") to the Agent describing such event. Promptly after the occurrence of the Credit Event, the Agent will elect the Credit Event Amortization Option or the Additional Interest Option, and the Agent shall deliver a notice (the "*Credit Event*

Election Notice") to the Borrower informing the Borrower of such election. If the Agent elects the Credit Event Amortization Option, then on the date of delivery of the Credit Event Notice, the Agent shall allocate and distribute all Collections pursuant to Section 3.2(b) and on the earlier of (A) the date of such distribution and (B) the date the Borrower receives the Credit Event Election Notice, the Aggregate Commitment shall automatically terminate. If the Agent elects the Additional Interest Option, then from the date of the occurrence of such Credit Event, the Borrower shall pay interest on the principal amount of any Loan at a rate *per annum* equal at all times to 2.0% *per annum* above the rate *per annum* required to be paid on such Loan pursuant to Section 1.3.

Section 1.6. Reductions in Aggregate Commitment. The Borrower may permanently reduce the Aggregate Commitment in whole, or ratably in part, in a minimum amount of $5,000,000 (or a larger integral multiple of $1,000,000), upon at least five (5) Business Days' written notice to the Agent (each, a "*Commitment Reduction Notice*"), *provided*, *however*, that (a) the amount of the Aggregate Commitment may not be reduced below the aggregate principal amount of the outstanding Advances, and (b) the amount of the Aggregate Commitment may not be reduced below $5,000,000 unless the Aggregate Commitment is terminated in full. All accrued and unpaid fees shall be payable on the effective date of any termination of the Aggregate Commitment. Each Commitment Reduction Notice shall be irrevocable once delivered to the Agent.

Section 1.7. Requests for Increases in Aggregate Commitment. The Borrower may from time to time request increases in the Aggregate Commitment in a minimum amount of $5,000,000 (or a larger integral multiple of $1,000,000), upon at least thirty (30) days' prior written notice to the Agent, which notice shall specify the amount of and proposed effective date for any such requested increase (each, a "*Commitment Increase Request*"). If each of the Lenders agrees to the requested increase by notifying the Agent and the Borrower in writing of their concurrence, such increase shall be made to the Commitments of the Liquidity Banks, ratably in accordance with their respective Ratable Shares as of the effective date specified in the Commitment Increase Request. If less than all of the Lenders agree to such increase, the amount of the Aggregate Commitment shall remain unchanged.

Section 1.8. Extension of the Scheduled Termination Date. Provided that no Event of Default exists and is continuing, the Borrower may request an extension of the Scheduled Termination Date by submitting a request for an extension (each, an "*Extension Request*") to the Agent no more than sixty (60) days prior to the Scheduled Termination Date then in effect. The Extension Request must specify the new Scheduled Termination Date requested by the Borrower and the date (which must be at least thirty (30) days after the Extension Request is delivered to the Agent) as of which the Agent, the Lenders and the Liquidity Banks must respond to the Extension Request (the "*Response Date*"). The new Scheduled Termination Date shall be no more than 364 days after the Scheduled Termination Date in effect at the time the Extension Request is received, including the Scheduled Termination Date as one of the days in the calculation of the days elapsed. Promptly upon receipt of an Extension Request, the Agent shall notify YC SUSI and the Liquidity Banks of the contents thereof and shall request each such Person to approve the Extension Request. Each Lender and Liquidity Bank approving the Extension Request shall deliver its written approval to the Agent no later than the Response Date, whereupon the Agent shall notify the Borrower within one (1) Business Day thereafter as

to whether all of the Lenders have approved the Extension Request. If all of the Lenders have approved the Extension Request, the Scheduled Termination Date specified in the Extension Request shall become effective on the existing Scheduled Termination Date, and the Agent shall promptly notify the Borrower and the Lenders of the new Scheduled Termination Date. If all of the Lenders do not unanimously agree to an Extension Request, the Scheduled Termination Date shall remain unchanged.

Section 1.9. Distribution of Certain Notices; Notification of Interest Rates. Promptly after receipt thereof, the Agent will notify YC SUSI and the Liquidity Banks of the contents of each Information Package, Borrowing Request, Extension Request, Commitment Reduction Notice, Prepayment Notice, Commitment Increase Request or notice of default received by it from the Borrower or the Servicer hereunder. In addition, the Agent shall promptly notify the Lenders and the Borrower of each determination of and change in Interest Rates.

ARTICLE II
BORROWING AND PAYMENT MECHANICS; CERTAIN COMPUTATIONS

Section 2.1. Method of Borrowing. The Borrower (or the Servicer on the Borrower's behalf) shall give the Agent irrevocable notice in the form of Exhibit 2.1 hereto (each, a "*Borrowing Request*") not later than 12:00 noon (New York City time) at least two Business Days before the Borrowing Date of each Advance. On each Borrowing Date, each Lender shall make available its Loan or Loans in immediately available funds to the Agent by initiating a wire transfer in such amount not later than 12:00 noon (New York City time). Subject to its receipt of such wire transfers, the Agent will initiate a wire transfer of the funds so received from the Lenders to the Borrower at the account specified in its Borrowing Request not later than 1:00 p.m. (New York City time) on the applicable Borrowing Date. Neither the Borrower, nor the Servicer on the Borrower's behalf, may deliver more than four (4) Borrowing Requests in any month.

Section 2.2. Selection of Interest Periods for Eurodollar Loans. If the Borrower has been informed by the Agent that CP Rate Loans are not available, prior to the occurrence of an Event of Default, the Borrower or the Servicer in its Borrowing Request may request Interest Periods for Eurodollar Loans from time to time to apply to each Lender's Eurodollar Loans; *provided*, *however*, that (i) at least one Interest Period shall mature on each Settlement Date, and (ii) no Interest Period which began prior to the Scheduled Termination Date shall extend beyond the Scheduled Termination Date.

While the Agent will use reasonable efforts to accommodate the Borrower's or the Servicer's requests for Interest Periods prior to an Event of Default, the Agent shall have the right to subdivide any requested Eurodollar Loan into one or more Eurodollar Loans of different Interest Periods, or, if the requested period is not feasible, to suggest an alternative Interest Period, *provided that* not less than $1,000,000 of principal may be allocated to any Interest Period of any Lender, and no Alternate Base Rate Loan may have a principal amount of less than $1,000,000.

The Borrower (or the Servicer on the Borrower's behalf) may not request an Interest Period for a Eurodollar Loan unless it shall have given the Agent written notice of its desire

therefor not later than 12:00 noon (New York City time) at least three (3) Business Days prior to the first day of the desired Interest Period. Accordingly, all Liquidity Fundings shall initially be Alternate Base Rate Loans.

Unless the Agent shall have received written notice by 12:00 noon (New York City time) on the third Business Day prior to the last day of an Interest Period that the Borrower intends to reduce the aggregate principal amount of the Eurodollar Loans outstanding from the Liquidity Banks, each of the Liquidity Banks shall be entitled to assume that the Borrower desires to refinance its maturing Eurodollar Loans on the last day of such Interest Period with Eurodollar Loans with an Interest Period of one (1) month.

The Agent acknowledges and agrees that a Borrowing Request shall not be required in connection with the refinancing on the last day of an Interest Period of maturing Eurodollar Loans.

If the Agent or any Liquidity Bank determines (i) that maintenance of any Eurodollar Loan would violate any applicable law or regulation, (ii) that deposits of a type and maturity appropriate to match fund any of such Liquidity Bank's Eurodollar Loans are not available or (iii) that the maintenance of any Eurodollar Loans will not adequately and fairly reflect the cost of such Liquidity Bank of funding Eurodollar Loans, then the Agent, upon the direction of such Liquidity Bank, shall suspend the availability of future Eurodollar Loans until such time as the Agent or applicable Liquidity Bank provides notice that the circumstances giving rise to such suspension no longer exist, and, if required by any applicable law or regulation, terminate any outstanding Eurodollar Loan so affected. All Loans allocated to any such terminated Eurodollar Loan shall be reallocated to an Alternative Base Rate Loan.

Section 2.3. Computation of Concentration Limits and Unpaid Balance. The Obligor Concentration Limits and the aggregate Unpaid Balance of Receivables of each Obligor and its Affiliated Obligors (if any) shall be calculated as if each such Obligor and its Affiliated Obligors were one Obligor.

Section 2.4. Maximum Interest Rate. No provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum permitted by applicable law.

Section 2.5. Payments and Computations, Etc. (a) *Payments*. The Borrower or the Servicer, as the case may be, shall initiate a wire transfer of immediately available funds of all amounts to be paid or deposited by the Borrower or the Servicer to the Agent or any of the Lenders (other than amounts payable under Section 4.2) no later than 11:00 a.m. (New York City time) on the day when due in lawful money of the United States of America to the Agent at its address specified in Schedule 14.2, and, to the extent such payment is for the account of a Lender, the Agent shall promptly disburse such funds to the appropriate Lender.

(b) *Late Payments*. To the extent permitted by law, upon demand, the Borrower or the Servicer, as applicable, shall pay to the Agent for the account of each Person to whom payment of any Obligation is due, interest on all amounts not paid or deposited by 2:00 p.m. (New York City time) on the date when due (without taking into account any applicable grace

period) at the Default Rate as specified in Section 10.1(a), provided, however, that no such interest rate shall at any time exceed the maximum rate permitted by applicable law.

(c) *Method of Computation*. All computations of interest, Servicer's Fee, any per annum fees payable under Section 4.1 and any other per annum fees payable by the Borrower to the Lenders, the Servicer or the Agent under the Loan Documents shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) elapsed.

(d) *Avoidance or Recission of Payments*. To the maximum extent permitted by applicable law, no payment of any Obligation shall be considered to have been paid if at any time such payment is rescinded or must be returned for any reason.

Section 2.6. Non-Receipt of Funds by the Agent. Unless a Lender notifies the Agent prior to the date and time on which it is scheduled to fund a Loan that it does not intend to fund, the Agent may assume that such funding will be made and may, but shall not be obligated to, make the amount of such Loan available to the intended recipient in reliance upon such assumption. If such Lender has not in fact funded its Loan proceeds to the Agent, the recipient of such payment shall, on demand by the Agent, repay to the Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Agent until the date the Agent recovers such amount at a rate per annum equal to the Federal Funds Rate for such day.

ARTICLE III
SETTLEMENTS

Section 3.1. Reporting. (a) *Information Packages*. On the 15th Business Day after each Cut-Off Date hereafter (each, a "*Reporting Date*"), the Servicer shall deliver to the Agent, a report in the form of Exhibit 3.1(a) (each, an "*Information Package*") accompanied by an electronic file in a form reasonably satisfactory to the Agent; *provided, however*, that if an Event of Default shall exist and be continuing, the Agent may request that a computation of the Borrowing Base be made more frequently than monthly but no more frequently than once per day.

(b) *Interest; Other Amounts Due*. At or before 12:00 noon (New York City time) on the Business Day before each Settlement Date, the Agent shall notify the Borrower and the Servicer of (i) the aggregate principal balance of all Loans made by the Lenders that are then outstanding, and (ii) the aggregate amount of all principal, interest and fees that will be due and payable by the Borrower to the Agent for the account of the Agent or the Lenders on such Settlement Date.

Section 3.2. Allocations and Distributions.

(a) *Revolving Period*. On each day during the Revolving Period, the Servicer shall set aside and hold in trust solely for the account of the Agent, for the benefit of the Agent and the Lenders (or deliver to the Collection Account as required pursuant to Section 7.1(i) hereof), the Percentage Share of all Collections and Deemed Collections received on such day, to the extent required for the payment of any accrued and unpaid Obligations (other than principal) on the

next Settlement Date or Interest Payment Date. If at any time Collections are received by the Servicer during the Revolving Period, the Servicer shall (i) set aside such amounts as are required pursuant to the immediately preceding sentence to satisfy all Obligations (including but not limited to interest, fees, principal, increased costs or indemnification payments required hereunder or under any other Transaction Document) and the Servicer's Fee due or to become due as of the next Settlement Date or Interest Payment Date, as applicable, and (ii) provided *clause (i)* above has been satisfied, unless otherwise requested by the Borrower, apply the remaining Collections to the purchase of additional Receivables from the Seller under and in accordance with the Purchase and Sale Agreement. On each Settlement Date or Interest Payment Date, as applicable, during the Revolving Period, the Servicer shall remit the amounts set aside above that have not been used for the purchase of additional Receivables, first, to the Lenders in reduction of the Obligations due and owing, and second, to the Servicer, for payment of the Servicer's Fee then due and owing.

(b) *Termination Date*. On each day on and after the Termination Date, the Servicer shall set aside and hold in trust solely for the account of the Agent, for the benefit of the Agent and the Lenders (or delivered to the Collection Account as required pursuant to Section 7.1(i) hereof), the Percentage Share of all Collections received on such day and such Collections shall be remitted as follows on each Settlement Date, or if an Event of Default has occurred, on each other Business Day specified by the Agent (*provided* the Servicer has been given two (2) Business Days' prior notice thereof):

(i) *first*, to the Lenders (ratably, based on their Ratable Share) until all Loans of, and interest due but not already paid to, the Lenders have been paid in full;

(ii) *second*, to the Lenders until all other amounts owed to the Lenders have been paid in full;

(iii) *third*, to the Agent until all amounts owed to the Agent have been paid in full;

(iv) *fourth*, to any other Person to whom any amounts are owed under the Transaction Documents until all such amounts have been paid in full;

(v) *fifth*, to the Servicer until all amounts owed to the Servicer under the Agreement have been paid in full; and

(vi) *sixth*, to the Borrower (or as otherwise required by applicable law).

Section 3.3. Non-Distribution of Servicer's Fee. Each of the Agent and the Secured Parties hereby consents to the retention by the Servicer of a portion of the Percentage Share of the Collections equal to the Servicer's Fee (and, if applicable, any invoiced expenses of such Servicer that are due and owing pursuant to Section 8.1(d)) so long as the Collections received by the Servicer are sufficient to pay all amounts pursuant to Section 3.2 of a higher priority as specified in such Section.

Section 3.4. Deemed Collections. If on any day:

(a) the Unpaid Balance of any Receivable is reduced as a result of any defective or rejected goods or services, any cash discount or any other adjustment by any Loan Party or any Affiliate thereof, or as a result of any tariff or other governmental or regulatory action, or

(b) the Unpaid Balance of any Receivable is reduced or canceled as a result of a setoff in respect of any claim by the Obligor thereof (whether such claim arises out of the same or a related or an unrelated transaction), or

(c) the Unpaid Balance of any Receivable is reduced on account of the obligation of any Loan Party or any Affiliate thereof to pay to the related Obligor any rebate or refund, or

(d) the Unpaid Balance of any Receivable is less than the amount included in calculating the Net Pool Balance for purposes of any Information Package (for any reason other than such Receivable becoming a Defaulted Receivable), or

(e) any of the representations or warranties of the Borrower set forth in Section 6.1(j), (l) or (p) were not true when made with respect to any Receivable, or any of the representations or warranties of the Borrower set forth in Section 6.1(k) are no longer true with respect to any Receivable, or any Receivable is repurchased by the Seller pursuant to the Purchase and Sale Agreement,

then, on such day, the Borrower shall be deemed to have received a Collection of such Receivable (1) in the case of clauses (a)-(d) above, in the amount of such reduction or cancellation or the difference between the actual Unpaid Balance and the amount included in calculating such Net Pool Balance, as applicable; and (2) in the case of clause (e) above, in the amount of the Unpaid Balance of such Receivable.

ARTICLE IV
FEES AND YIELD PROTECTION

Section 4.1. Fees. The Borrower shall pay to the Agent and the Lenders certain fees from time to time in amounts and payable on such dates as are set forth in the Fee Letter (including the Facility Fees, the Program Fees and the Structuring Fee).

Section 4.2. Yield Protection. If (i) a change to Regulation D or (ii) any Regulatory Change, in either case, occurring after the date hereof:

(a) shall subject an Affected Party to any tax, duty or other charge with respect to its Obligations or, as applicable, its Commitment or its commitment under any Liquidity Agreement, or shall change the basis of taxation of payments to the Affected Party of any Obligations, owed to or funded in whole or in part by it or any other amounts due under this Agreement in respect of its Obligations or, as applicable, its Commitment or its commitment under any Liquidity Agreement except for (1) taxes based on, or measured by, net income, or changes in the rate of tax on or determined by reference to the overall net income, of such Affected Party, (2) franchise taxes, taxes on, or in the nature of, doing business taxes or capital taxes, or (3) withholding taxes required

for payments made to any foreign entity which, at the time such foreign entity issues its Commitment or Liquidity Commitment or becomes an assignee of a Lender hereunder, fails to deliver to the Agent and the Borrower an accurate IRS Form W-8 BEN or W-8 ECI, as applicable; or

(b) shall impose, modify or deem applicable any reserve (including, without limitation, any reserve imposed by the Federal Reserve Board, but excluding any reserve included in the determination of interest), special deposit or similar requirement against assets of any Affected Party, deposits or obligations with or for the account of any Affected Party or with or for the account of any affiliate (or entity deemed by the Federal Reserve Board to be an affiliate) of any Affected Party, or credit extended by any Affected Party; or

(c) shall affect the amount of capital required or expected to be maintained by any Affected Party; or

(d) shall impose any other condition affecting any Obligation owned or funded in whole or in part by any Affected Party, or its rights or obligations, if any, to make Loans or Liquidity Fundings; or

(e) shall change the rate for, or the manner in which the Federal Deposit Insurance Corporation (or a successor thereto) assesses deposit insurance premiums or similar charges;

and the result of any of the foregoing is or would be:

(x) to increase the cost to or to impose a cost on (I) an Affected Party funding or making or maintaining any Loan, any Liquidity Funding, or any commitment of such Affected Party with respect to any of the foregoing, or (II) any Agent for continuing its or the Borrower's relationship with any Affected Party, in each case, in an amount deemed to be material by such Affected Party,

(y) to reduce the amount of any sum received or receivable by an Affected Party under this Agreement or under the Liquidity Agreement, or

(z) to reduce the rate of return on such Affected Party's capital as a consequence of its Commitment, its Liquidity Commitment or the Loans made by it to a level below that which such Affected Party could have achieved but for the occurrence of such circumstances,

then, within thirty (30) days after demand by such Affected Party (which demand shall be accompanied by a certificate setting forth, in reasonable detail, the basis of such demand and the methodology for calculating, and the calculation of, the amounts claimed by the Affected Party), the Borrower shall pay directly to such Affected Party such additional amount or amounts as will compensate such Affected Party for such actual additional cost, actual increased cost or actual reduction.

(f) Each Affected Party will promptly notify the Borrower and the Agent of any event of which it has knowledge (including any future event that, in the judgment of such Affected Party, is reasonably certain to occur) which will entitle such Affected Party to compensation pursuant to this Section 4.2; *provided*, *however*, no failure to give or delay in giving such notification shall adversely affect the rights of any Affected Party to such compensation.

(g) In determining any amount provided for or referred to in this Section 4.2, an Affected Party may use any reasonable averaging and attribution methods (consistent with its ordinary business practices) that it (in its reasonable discretion) shall deem applicable. Any Affected Party when making a claim under this Section 4.2 shall submit to the Borrower the above-referenced certificate as to such actual increased cost or actual reduced return (including calculation thereof in reasonable detail), which statement shall, in the absence of demonstrable error, be conclusive and binding upon the Borrower.

(h) Each of the Lenders agrees, and will require each Affected Party to agree that, with reasonable promptness after an officer of such Lender or such Affected Party responsible for administering the Transaction Documents becomes aware that it has become an Affected Party under this Section 4.2, is entitled to receive payments under this Section 4.2, or is or has become subject to U.S. withholding taxes payable by any Loan Party in respect of its investment hereunder, it will, to the extent not inconsistent with any internal policy of such Person or any applicable legal or regulatory restriction, (i) use all reasonable efforts to make, fund or maintain its commitment or investment hereunder through another branch or office of such Affected Party, or (ii) take such other reasonable measures, if, as a result thereof, the circumstances which would cause such Person to be an Affected Party under this Section 4.2 would cease to exist, or the additional amounts which would otherwise be required to be paid to such Person pursuant to this Section 4.2 would be reduced, or such withholding taxes would be reduced, and if the making, funding or maintaining of such commitment or investment through such other office or in accordance with such other measures, as the case may be, would not otherwise adversely affect such commitment or investment or the interests of such Person; *provided that*, such Person will not be obligated to utilize such other lending office pursuant to this Section 4.2 unless the Borrower agrees to pay all incremental expenses incurred by such Person as a result of utilizing such other office as described in clause (i) above. For the avoidance of doubt, any interpretation of Accounting Research Bulletin No. 51 by the Financial Accounting Standards Board which becomes applicable to the Liquidity Banks shall constitute a Regulatory Change subject to this Section 4.2.

Section 4.3. Funding Losses. In the event that any Lender shall actually incur any actual loss or expense (including any actual loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make any Loan or any Liquidity Funding, as applicable, or maintain any Loan or Liquidity Funding, as applicable) as a result of (i) any payment of principal with respect to such Lender's Loan being made on any day other than a Settlement Date or the scheduled last day of an applicable Interest Period with respect thereto, as applicable (it being understood that the foregoing shall not apply to any Alternate Base Rate Loans), or (ii) any Loan not being made in accordance with a request therefor under Section 2.1, then, upon written notice from the Agent to the Borrower and the

Servicer, the Borrower shall pay to the Servicer and the Servicer shall pay to the Agent for the account of such Lender the amount of such actual loss or expense. Such written notice (which notice shall set forth in reasonable detail the basis to the loss or expense and shall include the methodology for calculating, and the calculation of, the amount of such actual loss or expense, in reasonable detail) shall, in the absence of demonstrable error or unreasonable assumption, methodology or allocations, be conclusive and binding upon the Borrower and the Servicer.

Notwithstanding the foregoing, unless the Agent gives notice to the Borrower and the Servicer that it is obligated to pay an amount pursuant to this Section 4.3 within one year after the date the Lender obtained knowledge of the respective actual loss or expense, then such Lender shall only be entitled to be compensated for such actual loss or expense as are incurred or suffered on or after the date which occurs one year prior to the Agent giving notice to the Borrower and the Servicer unless such loss or expense is incurred on a retroactive basis, in which case, such Lender shall be entitled to be compensated for all loss and expense provided the Agent or such Lender gives notice within one year from the date of such retroactive change. If the Borrower pays any additional amount under this Section 4.3 to a Lender and such Lender determines that it has actually received or realized in connection therewith any refund or any reduction of, or credit against its tax liabilities in or with respect to the taxable year in which the additional amount is paid (a "*Tax Benefit*"), such Lender shall pay to the Borrower an amount that such Lender shall determine is equal to the net benefit, after tax, which was obtained by such Lender in such year as a consequence of such Tax Benefit; *provided*, *however*, that nothing in this Section 4.3 shall require any Lender to (i) seek a Tax Benefit or (ii) disclose any confidential information to the Borrower or Servicer (including, without limitation, its tax returns).

ARTICLE V
CONDITIONS OF ADVANCES

Section 5.1. Conditions Precedent to Initial Advance. The initial Advance pursuant to this Agreement is subject to the condition precedent that (i) the Borrower or the Originator shall have paid in full (x) all amounts required to be paid by each of them on or prior to the date hereof pursuant to the Fee Letter and (y) the fees and expenses described in Section 14.5(a) and invoiced prior to the date hereof, and (ii) the Agent shall have received, on or before the date of such initial Advance, the following, each (unless otherwise indicated) dated such date and in form and substance reasonably satisfactory to the Agent:

(a) This Agreement, the Sale Agreement, the Purchase and Sale Agreement and each of the other Transaction Documents executed by the Originator, the Borrower or the Servicer, as applicable, each duly executed by the parties thereto;

(b) A certificate of the Secretary or Assistant Secretary or other appropriate officer of each Loan Party certifying the names and true signatures of the officers authorized on its behalf to sign this Agreement and the other Transaction Documents to be delivered by it hereunder (on which certificate the Agent and the Lenders may conclusively rely until such time as the Agent shall receive from such Loan Party a revised certificate meeting the requirements of this subsection (b));

(c) The Certificate of Formation or other organizational documents of each Loan Party, duly certified by the Secretary of State of such Loan Party's state of incorporation or organization, as of a recent date acceptable to the Agent in each case together with a copy of the limited liability company agreement or other organizational document of such Loan Party, duly certified by the Secretary or an Assistant Secretary of such Loan Party or other appropriate officer;

(d) Resolutions of the board of managers or other governing body of each Loan Party authorizing its execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party and all other documents evidencing necessary corporate action and government approvals, if any;

(e) Copies of good standing certificates or similar certificates of existence for each Loan Party, issued by the Secretaries of State of the state of incorporation or organization of such Loan Party and the state where such Loan Party's principal place of business is located;

(f) UCC financing statements and/or UCC financing statement amendments satisfactory to the Agent with respect to the Collateral together with written evidence satisfactory to the Agent that the same have been filed or submitted for filing in the appropriate public filing offices(s), in the Agent's sole discretion, to perfect the Secured Parties' first priority security interest in the Collateral;

(g) A signed acknowledgment by the Lockbox Bank, Wachovia and the Servicer of the assignment of the rights under the Lockbox Agreement to the Agent;

(h) Search reports provided in writing to the Agent (i) listing all effective financing statements that name any Loan Party as debtor and that are filed in the jurisdictions in which filings were made pursuant to subsection (f) above and in such other jurisdictions that the Agent shall reasonably request, together with copies of such financing statements, and (ii) listing all tax liens and judgment liens (if any) filed against any debtor referred to in clause (i) above in the jurisdictions described therein and showing no such Liens;

(i) The Seller Note, duly executed by the Borrower and the Initial PCA Note, duly executed by the Seller;

(j) A favorable opinion of counsel to Loan Parties admitted to practice in the State of Illinois, covering the matters set forth in Exhibit 5.1(j);

(k) Favorable opinions of counsel to Loan Parties, as to:

(1) the existence of a "true sale" of the Receivables from the Originator to the Seller and from the Seller to the Borrower under the Sale Agreement and the Purchase and Sale Agreement, respectively; and

(2) the inapplicability of the doctrine of substantive consolidation to the Borrower and the Originator and to the Borrower and the Seller in connection with any bankruptcy proceeding involving any Loan Party;

(l) A pro forma Information Package, prepared as of the Cut-Off Date of August 31, 2008;

(m) Satisfactory results of a review and audit of the Originator's collection, operating and reporting systems, Credit and Collection Policy, historical receivables data and accounts, including satisfactory results of a review of the Originator's operating location(s) and satisfactory review and approval of the Eligible Receivables then in existence and a written outside audit report of a financial consultant reasonably acceptable to the Agent as to such matters, in each case, as of a recent date.

(n) The Liquidity Agreement, in form and substance satisfactory to the Agent, duly executed by the parties thereto;

(o) With respect to the Performance Guarantor, copies of its most recent reports on SEC Forms 10-K and 10-Q;

(p) The Fee Letter, together with payment of any and all fees due on or prior to the date of the initial Advance;

(q) A certificate of an Authorized Officer of each of the Loan Parties certifying that as of the date of the initial Advance, no Event of Default or Unmatured Default exists and is continuing;

(r) The Assignment Agreement, duly executed by the parties thereto; and

(s) Such other agreements, instruments, certificates, opinions and other documents as the Agent may reasonably request.

Section 5.2. Conditions Precedent to All Advances. Each Advance (including the initial Advance) shall be subject to the further conditions precedent that on the applicable Borrowing Date, each of the following statements shall be true (and the Borrower, by accepting the amount of such Advances or by receiving the proceeds of any Loan comprising such Advance, and each other Loan Party, upon such acceptance or receipt by the Borrower, shall be deemed to have certified that):

(a) the representations and warranties contained in Section 6.1 are accurate in all material respects on and as of the date of such Advance as though made on and as of such day and shall be deemed to have been made on such day,

(b) no event has occurred and is continuing, or would result from such Advance, that constitutes an Event of Default or Unmatured Default,

(c) after giving effect to each proposed Advance, (i) the outstanding Loans made by YC SUSI and the Liquidity Banks will not exceed the Allocation Limit, and (ii)

the sum of (x) the aggregate outstanding principal balance of the Advances as of the date of such Advance and (y) the Required Reserves as of such date shall not exceed the Net Pool Balance as of such date.

(d) the Termination Date shall not have occurred, and

(e) the Agent shall have timely received an appropriate Borrowing Request in accordance with Section 2.1.

ARTICLE VI
REPRESENTATIONS AND WARRANTIES

Section 6.1. Representations and Warranties of the Borrower and the Servicer. Each of the Borrower and the Servicer represents and warrants as of the date hereof and as of the date of any subsequent Borrowing Date, as follows:

(a) *Due Organization and Good Standing; Ownership*. It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization or formation. Performance Guarantor owns, directly or indirectly, all outstanding ownership interests of the Borrower and the Servicer, and all of such ownership interests are fully paid and non-assessable and free and clear of any Liens.

(b) *Due Qualification*. It is duly qualified to do business and in good standing in all jurisdictions not covered by Section 6.1(a) in which the ownership or lease of property or the conduct of its business requires such qualification, except where the failure to be so qualified or have such licenses or approvals would not have a Material Adverse Effect.

(c) *Power and Authority; Due Authorization*. It (i) has all necessary power, authority and legal right, and has obtained all necessary licenses and approvals, (A) to execute and deliver this Agreement and the other Transaction Documents to which it is a party, (B) to carry out the terms of the Transaction Documents to which it is a party, (C) in the case of the Servicer (or any Affiliate thereof that is acting as a sub-servicer), to service the Receivables and the Related Assets in accordance with this Agreement and the Purchase and Sale Agreement, and (D) in the case of the Borrower, to grant the security interest in the Collateral and borrow the Loans on the terms and conditions herein provided, and (ii) has duly authorized by all necessary corporate action the execution, delivery and performance of this Agreement and the other Transaction Documents to which it is a party and, in the case of the Borrower, the granting of the security interest described in clause (i)(D) above.

(d) *Title to Receivables; Valid Security Interest*. Each Receivable has been acquired by the Borrower from the Seller in accordance with the terms of the Purchase and Sale Agreement, and the Borrower has thereby irrevocably obtained all legal and equitable title to, and has the legal right to sell and encumber, such Receivable and the Related Assets. Each such Receivable has been transferred to the Borrower free and clear of any Lien except as created hereby. Without limiting the foregoing, there have been duly filed all financing statements or other similar instruments or documents

necessary under the UCC of all appropriate jurisdictions to perfect the Borrower's ownership interest in such Receivable. This Agreement creates a valid security interest in the Collateral in favor of the Agent, for the benefit of the Secured Parties, enforceable against creditors of and purchasers from the Borrower.

(e) *Noncontravention*. Its execution, delivery and performance of this Agreement and each other Transaction Document to which it is party do not and will not: (i) contravene the terms of any of its certificate of formation or limited liability company agreement or other appropriate organizational documents; (ii) conflict with or result in a material breach or contravention of, or the creation of any Lien under, any document evidencing any material Contractual Obligation to which it is a party or any order, injunction, writ or decree of any Governmental Authority to which it or its property is subject; or (iii) violate any Requirement of Law.

(f) *No Proceedings*. There are no actions, suits, labor controversies, proceedings, claims or disputes pending, or to its knowledge, threatened or contemplated, at law, in equity, in arbitration or before any Governmental Authority, against it or its Subsidiaries or any of their respective properties which: (i) purport to affect or pertain to this Agreement or any other Transaction Document, or any of the transactions contemplated hereby or thereby; or (ii) if determined adversely to it or its Subsidiaries, would, individually or in the aggregate, have a Material Adverse Effect. No injunction, writ, temporary restraining order or order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Transaction Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided. It is generally subject to suit and it does not nor do any of its properties or revenues enjoy any right of immunity from judicial proceedings.

(g) *Enforceability*. Each of this Agreement and the other Transaction Documents to which it is a party has been duly executed and delivered and constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms (except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by equitable principles relating to enforceability).

(h) *Government Approvals*. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by the Borrower or the Servicer of this Agreement or any other Transaction Document, or the enforcement thereof, except for (i) the filing of the UCC financing statements referred to in Sections 5.1(f), and (ii) the filing of any UCC continuation statements and amendments from time to time required in relation to any UCC financing statements filed in connection with this Agreement, as provided in Section 8.5, all of which, at the time required in such Sections, shall have been duly made and shall be in full force and effect.

(i) *Nature of Receivables*. Each Receivable constitutes an Account.

(j) *Margin Regulations*. Its use of all funds obtained under this Agreement or any other Transaction Document will not conflict with or contravene any of Regulations T, U and X promulgated by the Board of Governors of the Federal Reserve System from time to time.

(k) *Quality of Title*. In the case of the Borrower, (i) each Receivable, together with the Related Assets, is owned by the Borrower free and clear of any Lien (other than any Lien arising solely as the result of any action taken by the Agent or one of the Secured Parties); (ii) the Agent, on behalf of the Secured Parties, has a valid and perfected first priority security interest in the Collateral; and (iii) no financing statement or other instrument similar in effect covering any portion of the Collateral is on file in any recording office except such as may be filed (A) in favor of the Originator in accordance with the Contracts, (B) in favor of the Seller in accordance with the Sale Agreement (C) in favor of the Borrower and its assigns in connection with the Purchase and Sale Agreement, or (D) in favor of the Agent in accordance with this Agreement or in connection with any Lien arising solely as the result of any action taken by the Agent or one of the Secured Parties.

(l) *Accurate Reports*. No Information Package (if prepared by the Borrower or the Servicer, or to the extent information therein was supplied by the Borrower or the Servicer), no other information furnished verbally or in writing prior to the date of this Agreement, and no other information, exhibit, financial statement, document, book, record or report furnished or to be furnished in writing after the date of this Agreement, by or on behalf of the Borrower or the Servicer to the Agent or any of the Lenders pursuant to this Agreement was or will be inaccurate in any material respect as of the date it was or will be dated or (except as otherwise disclosed to the Agent or the Lenders at such time) as of the date so furnished, or contained or (in the case of information or other materials to be furnished in the future) will contain any material misstatement of fact or omitted or (in the case of information or other materials to be furnished in the future) will omit to state a material fact or any fact necessary to make the statements contained therein not materially misleading in light of the circumstances made or presented.

(m) *Offices*. The principal places of business and chief executive offices of the Servicer and the Borrower are located at the respective addresses set forth on Schedule 14.2, and the offices where the books, records and documents evidencing the Receivables, the related Contracts and all purchase orders and other agreements related to such Receivables are located are specified in Schedule 6.1(m) (or at such other locations, notified to the Agent in accordance with Section 7.1(f), in jurisdictions where all action required by Section 8.5 has been taken and completed).

(n) *Lock-Box Accounts*. The names and addresses of all the Lock-Box Banks, together with the account numbers of the accounts of the Borrower at such Lock-Box Banks, are specified in Schedule 6.1(n) (or have been notified to and approved by the Agent in accordance with Section 7.3(d)). Each of the Lock-Box Accounts is subject to a Lock-Box Agreement that is in full force and effect.

(o) *Eligible Receivables*. Each Receivable included as an Eligible Receivable in the Net Pool Balance in connection with any computation or recomputation of the Borrowing Base is an Eligible Receivable on such date.

(p) *Names*. In the past five years, the Borrower has not used any corporate names, trade names or assumed names other than the name in which it has executed this Agreement.

(q) *Credit and Collection Policy*. With respect to each Receivable, each of the Originator, the Borrower and the Servicer has complied in all material respects with the applicable Credit and Collection Policy, and no change has been made to such Credit and Collection Policy since the date of this Agreement which would be reasonably likely to materially and adversely affect the collectibility of the Receivables or decrease the credit quality of any newly created Receivables except for such changes as to which each of the Agent have received the notice required under Section 7.2(g) and, to the extent that such change is material, has given its prior written consent thereto (which consent shall not be unreasonably withheld or delayed).

(r) *Payments to Seller*. With respect to each Receivable sold to the Borrower by the Seller, the Borrower has given reasonably equivalent value to the Seller in consideration for such Receivable and the Related Assets with respect thereto pursuant to, and in accordance with, the Purchase and Sale Agreement and such transfer was not made for or on account of an antecedent debt. No transfer by the Seller of any Receivable is or may be voidable under any Section of the Bankruptcy Reform Act of 1978 (11 U.S.C. §§101 et seq.), as amended.

(s) *Not an Investment Company*. The Borrower is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended from time to time, or any successor statute.

(t) *Borrowing Base*. As of each Borrowing Date, after giving effect to the Loans to be made on such date, the Borrowing Base is at least equal to the aggregate outstanding principal balance of the Advances.

(u) *ERISA*. The Borrower is not (and throughout the term of this Agreement will not be), and is not acting on behalf of (and throughout the term of this Agreement will not be acting on behalf of), (i) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (ii) a "plan" as defined in and subject to Section 4975 of the Code, or (iii) an entity deemed to hold "plan assets" (within the meaning of 29 C.F.R. 2510.3-101, as modified by Section 3(42) of ERISA) of either of the foregoing, no steps have been taken by the Originator, the Servicer or the Borrower to terminate any Pension Plan the assets of which are not sufficient to satisfy all of its benefit liabilities (as determined on a termination basis under Title IV of ERISA), no contribution failure has occurred or is expected to occur with respect to any Pension Plan sufficient to give rise to a lien under Section 303(k) of ERISA or Section 430(k) of the Code, no Pension Plan is in "at risk" status within the meaning of Section 303(i) of ERISA or Section 430(i) of the Code, and each Pension Plan has been administered in all

material respects in compliance with its terms and applicable law, including, without limitation, applicable provisions of ERISA and the Code.

(v) *Bulk Sales*. No transaction contemplated hereby or by the Sale Agreement requires compliance with any bulk sales act or similar law.

(w) *Nonconsolidation*. The Borrower is in compliance with each of the covenants set forth in Section 7.4.

ARTICLE VII
GENERAL COVENANTS OF THE BORROWER AND SERVICER

Section 7.1. Affirmative Covenants of the Borrower and Servicer. From the date hereof until the Final Payout Date, unless the Agent shall otherwise consent in writing:

(a) *Compliance With Laws, Etc*. The Borrower and the Servicer will comply with all applicable laws, rules, regulations and orders, including those with respect to the Receivables and related Contracts, except where the failure to so comply would not individually or in the aggregate have a Material Adverse Effect.

(b) *Preservation of Corporate Existence*. Each of the Borrower and the Servicer will preserve and maintain its limited liability company (or such other entity that may apply to any successor Servicer) existence, rights, franchises and privileges in the jurisdiction of its organization, and qualify and remain qualified in good standing in each jurisdiction where the failure to preserve and maintain such existence, rights, franchises, privileges and qualification would have a Material Adverse Effect.

(c) *Audits*. The Borrower and the Servicer will (i) at any time and from time to time upon not less than ten (10) Business Days' notice (unless an Event of Default has occurred and is continuing, in which case no such notice shall be required) during regular business hours, permit the Agent or any of its agents or representatives: (A) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of or accessible to the Borrower or Servicer, as applicable, relating to Receivables, including, without limitation, the related Contracts and purchase orders and other agreements, and (B) to visit the offices and properties of the Borrower or Servicer, as applicable, for the purpose of examining such materials described in clause (i)(A) next above, and to discuss matters relating to Receivables or the Borrower's or Servicer's respective performance hereunder with any of the officers or employees of the Borrower or Servicer, as applicable, having knowledge of such matters; and (ii) without limiting the provisions of clause (i) above, from time to time upon not less than ten (10) Business Days notice, at the expense of the Borrower or Servicer, as applicable, permit Performance Guarantor's outside auditors (except as hereinafter provided) or other certified public accountants or auditors acceptable to the Agent to conduct a review of the Borrower's or Servicer's respective books and records with respect to the Receivables and Related Assets (each of the reviews described in clause (i) and (ii) hereof, a "*Review*"); *provided*, *however*, that, so long as no Event of Default has occurred and is

continuing, (i) each of the Borrower and Servicer shall only be responsible for the costs and expenses of one such Review under this Section or under Section 7.2(h) in any one calendar year and (ii) there shall be no more than two such Reviews under this Section or under Section 7.2(h) in any one calendar year.

(d) *Keeping of Records and Books of Account*. Each of the Borrower and the Servicer will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Receivables in the event of the destruction of the originals thereof), and keep and maintain, all documents, books, records and other information reasonably necessary or advisable for the collection of all Receivables (including, without limitation, records adequate to permit the daily identification of outstanding Unpaid Balances by Obligor and related debit and credit details of the Receivables).

(e) *Performance and Compliance with Receivables and Contracts*. Each of the Borrower and the Servicer will, at its expense, timely and fully perform and comply with all material provisions, covenants and other promises, if any, required to be observed by it under the Contracts related to the Receivables and all agreements related to such Receivables.

(f) *Location of Chief Executive Office*. Each of the Borrower and the Servicer will keep its chief place of business and chief executive office, and the offices where records concerning the Receivables and all related Contracts are kept (and all original documents relating thereto), at the address(es) referred to in Section 6.1(m) or, upon 15 days' prior written notice to the Agent, at such other locations in jurisdictions where all action required by Section 8.5 shall have been taken and completed.

(g) *Credit and Collection Policies*. The Borrower and the Servicer will comply in all material respects with the Credit and Collection Policy in regard to each Receivable and the related Contracts.

(h) *Purchase and Sale Agreement*. The Borrower will perform and comply in all material respects with all of its covenants and agreements set forth in the Purchase and Sale Agreement, and will enforce the performance by the Seller of its obligations under the Purchase and Sale Agreement.

(i) *Collections*. All Obligors shall be instructed to make payments on Receivables directly to a Lock-Box Account which is the subject of a Lock-Box Agreement. If, notwithstanding the foregoing, any Collections are paid directly to the Borrower or the Servicer, the Borrower or the Servicer, as applicable, shall deposit the same (with any necessary endorsements) to such a Lock-Box Account within two (2) Business Days after receipt thereof. Upon demand of the Agent to the extent that the Agent reasonably determines necessary in order to protect the interests of the Agent or the Secured Parties under this Agreement, the Borrower or the Servicer shall establish a segregated account at Bank of America, National Association, which is subject to a perfected security interest in favor of the Agent, for the benefit of the Secured Parties (the "*Collection Account*"), into which all deposits from time to time in Lock-Box Accounts,

and all other Collections, are concentrated pending application in accordance with the terms of this Agreement to the Obligations.

(j) *Further Assurances*. The Borrower shall take all necessary action to establish and maintain (i) in favor of the Borrower, a valid and perfected ownership interest in the Receivables and Related Assets (other than books and records evidencing or otherwise relating to any Receivables), and (ii) in favor of the Agent for the benefit of the Secured Parties, a valid and perfected first priority security interest in the Receivables and the Related Assets (other than books and records evidencing or otherwise relating to any Receivables), including, without limitation, taking such action to perfect, protect or more fully evidence the interest of the Agent as the Agent may reasonably request.

Section 7.2. Reporting Requirements of the Borrower. From the date hereof until the Final Payout Date, unless the Agent shall otherwise consent in writing:

(a) *Quarterly Financial Statements*. (i) The Borrower will cause the Performance Guarantor to furnish to the Agent as soon as available and in any event within fifty (50) days after the end of each of the first three quarters of each fiscal year of Performance Guarantor, copies of its consolidated balance sheets and related statements of income and statements of cash flow, showing the financial condition of Performance Guarantor and its consolidated Subsidiaries as of the close of such fiscal quarter and the results of its operations and the operations of such Subsidiaries during such fiscal quarter and the then elapsed portion of the fiscal year, together with a Certificate of Financial Officer in the form attached hereto as Exhibit 7.2 executed by the chief financial officer or treasurer of Performance Guarantor; and (ii) the Borrower will furnish to the Agent, as soon as available and in any event within fifty (50) days after the end of each of the first three quarters of each fiscal year of the Borrower, copies of the financial statements of the Borrower, consisting of at least a balance sheet as at the close of such quarter and statements of earnings and changes in cash flows for such quarter and for the period from the beginning of the fiscal year to the close of such quarter, together with a Certificate of Financial Officer in the form attached hereto as Exhibit 7.2 executed by the chief financial officer or treasurer of the Borrower;

(b) *Annual Financial Statements*. (i) The Borrower will cause the Performance Guarantor to furnish to the Agent, as soon as available and in any event within ninety (90) days after the end of each fiscal year of Performance Guarantor, copies of its consolidated balance sheets and related statements of income and statements of cash flow, showing the financial condition of Performance Guarantor and its consolidated Subsidiaries as of the close of such fiscal year and the results of its operations and the operations of such Subsidiaries during such year, all audited by independent public accountants of recognized national standing acceptable to the Agent and accompanied by an opinion of such accountants (which shall not be qualified in any material respect with respect to any matter related to the Receivables or the collectability of the Receivables) to the effect that such consolidated financial statements fairly present the financial condition and results of operations of Performance Guarantor on a consolidated basis (except as noted therein) in accordance with GAAP consistently applied; and (ii) the Borrower will furnish to the Agent, as soon as available and in any event within ninety (90) days after

the end of each fiscal year of the Borrower, copies of the financial statements of the Borrower, consisting of at least a balance sheet of Borrower for such year and statements of earnings, cash flows and shareholders' equity, setting forth in each case in comparative form corresponding figures from the preceding fiscal year, together with a Certificate of Financial Officer in the form attached hereto as Exhibit 7.2 executed by the chief financial officer or treasurer of the Borrower;

(c) *Reports to SEC and Exchanges*. In addition to the reports required by subsections (a) and (b) next above, promptly upon the Agent's reasonable request, the Borrower will cause the Performance Guarantor to furnish to the Agent copies of any reports or registration statements that Performance Guarantor files with the Securities and Exchange Commission or any national securities exchange other than registration statements relating to employee benefit plans and to registrations of securities for selling securityholders;

(d) *ERISA*. Promptly after the filing or receiving thereof, the Borrower will furnish to the Agent copies of all Annual Reports (Form 5500 series) with schedules and attachments with respect to each Pension Plan and all reports and notices with respect to any Reportable Event which the Borrower, the Performance Guarantor or any ERISA Affiliate files with the Internal Revenue Service, the Pension Benefit Guaranty Corporation or the U.S. Department of Labor or which the Borrower, the Performance Guarantor or any ERISA Affiliate receives from the Pension Benefit Guaranty Corporation, the Internal Revenue Service or the U.S. Department of Labor;

(e) *Events of Default, etc*. As soon as possible and in any event within five (5) Business Days after any Responsible Officer of the Borrower obtains knowledge of the occurrence of any Event of Default or any Unmatured Default, the Borrower will furnish to the Agent a written statement of a Responsible Officer of the Borrower setting forth details of such event and the action that the Borrower will take with respect thereto;

(f) *Litigation*. As soon as possible and in any event within ten (10) Business Days after any Responsible Officer of the Borrower obtains knowledge thereof, the Borrower will furnish to the Agent notice of (i) any litigation, investigation or proceeding which may exist at any time which would reasonably be expected to have a Material Adverse Effect and (ii) any development in previously disclosed litigation which development would reasonably be expected to have a Material Adverse Effect;

(g) *Change in Business, Auditors or Credit and Collection Policy*. The Borrower will furnish to the Agent prompt written notice of (i) any material change in the character of the Borrower's business prior to the occurrence of such change and (ii) any change in the outside auditor of the Borrower or the Originator, and the Borrower will provide the Agent with not less than fifteen (15) Business Days' prior written notice of any material change in the Credit and Collection Policy (together with a copy of such proposed change); and

(h) *Other*. Promptly, from time to time, the Borrower will furnish to the Agent such other information, documents, records or reports respecting the Receivables

(including all Records) or the condition or operations, financial or otherwise, of the Borrower as the Agent may from time to time reasonably request in order to protect the interests of the Agent or the Secured Parties under or as contemplated by this Agreement.

Notwithstanding anything herein to the contrary, as long as the Agent is a party to the Five Year Credit Agreement, the Borrower shall be deemed to be in compliance with Section 7.2(a)(i), 7.2(b)(i) and 7.2(c) to the extent the Performance Guarantor is in compliance with Section 5.01(i) of the Five Year Credit Agreement.

Section 7.3. Negative Covenants of the Borrower and the Servicer. From the date hereof until the Final Payout Date, without the prior written consent of the Agent:

(a) *Sales, Liens, Etc*. (i) The Borrower or the Servicer will not, except as otherwise provided herein and in the other Transaction Documents, sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Lien upon or with respect to, any Collateral, or any account to which any Collections are sent, or any right to receive income or proceeds from or in respect of any of the foregoing (except, prior to the execution of Lock-Box Agreements, set-off rights of any bank at which any such account is maintained), and (ii) the Servicer will not assert any interest in the Receivables, except as the Servicer.

(b) *Extension or Amendment of Receivables*. The Borrower or the Servicer will not, except as otherwise permitted in Section 8.2(c), extend, amend or otherwise modify the terms of any Receivable, or amend, modify or waive any material term or condition of any Contract related thereto in any way that materially adversely affects the collectibility of any Receivable or any Lender's rights therein.

(c) *Change in Business or Credit and Collection Policy*. The Borrower or the Servicer will not make or permit to be made any change in the character of its business or in the Credit and Collection Policy, which change would, in either case, impair the collectibility of any significant portion of the Receivables or otherwise materially and adversely affect the interests or remedies of each Lender under this Agreement or any other Transaction Document.

(d) *Change in Payment Instructions to Obligors*. Neither the Borrower nor the Servicer will add or terminate any bank as a Lock-Box Bank from those listed in Schedule 6.1(n) or, after the Collection Account has been established pursuant to Section 7.1(i), make any material change in its instructions to Obligors regarding payments to be made to the Borrower or the Servicer or payments to be made to any Lock-Box Bank (which shall not include a change in instructions solely for the purpose of directing Obligors to make such payments to another existing Lock-Box Bank), unless (i) the Agent shall have received prior written notice of such addition, termination or change and (ii) the Agent shall have received duly executed copies of Lock-Box Agreements in a form reasonably acceptable to the Agent with each new Lock-Box Bank.

(e) *Deposits to Lock-Box Accounts and Collection Account*. The Borrower will not deposit or otherwise credit, or cause or permit to be so deposited or credited, to

any Lock-Box Account or the Collection Account, any cash or cash proceeds other than Collections of Receivables.

(f) *Changes to Other Documents*. The Borrower will not, without the consent of the Agent, enter into any amendment or modification of, or supplement to, the Purchase and Sale Agreement, the Seller Note, the Borrower's certificate of formation or the Borrower's limited liability company agreement.

(g) *Restricted Payments by the Borrower*. The Borrower will not:

(i) declare or pay any distributions in respect of any membership or other equity interest in the Borrower or set aside any funds for any such purpose, unless, in each of the foregoing cases: (A) such distribution is made on, or immediately following, a Settlement Date after payment of all Obligations due and owing on such Settlement Date, and (B) after giving effect to such distribution, the Borrower's net worth (determined in accordance with GAAP) will be at least $20,000,000; or

(ii) Make any payment of principal or interest on the Seller Note if any Event of Default exists or would result therefrom or if such payment would result in the Borrower's having insufficient cash on hand to pay all Obligations that will be due and owing on the next succeeding Settlement Date.

(h) *Borrower Indebtedness*. The Borrower will not incur or permit to exist any Indebtedness or liability on account of deposits except: (A) current accounts payable arising in the ordinary course of business and not overdue in an aggregate amount at any time outstanding not to exceed $50,000 (B) Indebtedness incurred in accordance with the Purchase and Sale Agreement and evidenced by the Seller Note and (C) current payables not mentioned in Clause (A) of this subsection (h) and expense reimbursement obligations arising under the Transaction Documents and not overdue.

(i) *Prohibition on Additional Negative Pledges*. The Borrower will not enter into or assume any agreement (other than this Agreement and the other Transaction Documents) prohibiting the creation or assumption of any Lien upon any Receivables or Related Assets, whether now owned or hereafter acquired, except as contemplated by the Transaction Documents, or otherwise prohibiting or restricting any transaction contemplated hereby or by the other Transaction Documents, and the Borrower will not enter into or assume any agreement creating any Lien upon the Seller Note.

(j) *Name Change, Offices*. The Borrower will not change its state of organization or its name or identity unless it shall have: (i) given the Agent at least fifteen (15) Business Days' prior written notice thereof and (ii) prior to effectiveness of such change, delivered to the Agent all financing statements, instruments and other documents requested by the Agent in connection with such change.

(k) *Mergers, Consolidations and Acquisitions*. The Borrower will not merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or purchase, lease or otherwise acquire (in one transaction or a series

of transactions) all or substantially all of the assets of any other Person (whether directly by purchase, lease or other acquisition of all or substantially all of the assets of such Person or indirectly by purchase or other acquisition of all or substantially all of the capital stock of such other Person) other than the acquisition of the Receivables and Related Assets pursuant to the Purchase and Sale Agreement.

(l) *Disposition of Receivables and Related Assets*. Except pursuant to this Agreement, the Borrower or the Servicer will not sell, lease, transfer, assign or otherwise dispose of (in one transaction or in a series of transactions) any Receivables or Related Assets.

(m) *Borrowing Base*. The Borrower will not request any Advance if, after giving effect thereto, the aggregate outstanding principal balance of the Loans would exceed the Borrowing Base.

Section 7.4. Separate Corporate Existence of the Borrower. The Borrower hereby acknowledges that the Lenders and the Agent are entering into the transactions contemplated hereby in reliance upon the Borrower's identity as a legal entity separate from the Performance Guarantor, the Servicer and their other Affiliates. Therefore, the Borrower shall, from the date hereof until the Final Payout Date, take all steps specifically required by this Agreement or reasonably required by the Agent to continue the Borrower's identity as a separate legal entity and to make it apparent to third Persons that the Borrower is an entity with assets and liabilities distinct from those of its Affiliates, and is not a division of Performance Guarantor or any other Person. Without limiting the foregoing, the Borrower will, from the date hereof until the Final Payout Date, take such actions as shall be required in order that:

(a) The Borrower will be a limited purpose company whose primary activities are restricted in its organizational documents to purchasing or otherwise acquiring from Seller, owning, holding, granting security interests in the Collateral, entering into agreements for the financing and servicing of the Receivables, and conducting such other activities as it deems necessary or appropriate to carry out its primary activities;

(b) Not less than one member of the Borrower's board of managers (the "*Independent Manager*") shall be an individual who is not, and never has been, a direct, indirect or beneficial stockholder (other than through a mutual fund the investment decisions of which are not controlled by such person), officer, director, employee, affiliate, associate, material supplier or material customer of Performance Guarantor or any of its Affiliates (other than an Affiliate organized with a limited purpose charter for the purpose of acquiring receivables or other financial assets or intangible property). The organizational documents of the Borrower shall provide that (i) at least one member of the Borrower's board of managers or other similar governing body shall be an Independent Manager, (ii) the Borrower's board of managers or other similar governing body shall not approve, or take any other action to cause the filing of, a voluntary bankruptcy petition with respect to the Borrower unless the Independent Manager shall approve the taking of such action in writing prior to the taking of such action and (iii) the provisions requiring an Independent Manager and the provision described in clauses (i)

and (ii) of this paragraph (b) cannot be amended without the prior written consent of the Independent Manager;

(c) The Independent Manager shall not at any time serve as a trustee in bankruptcy for the Borrower or any Affiliate thereof;

(d) Any director, employee, consultant or agent of the Borrower will be compensated from the Borrower's funds for services provided to the Borrower. The Borrower will not engage any agents other than its attorneys, auditors and other professionals and a servicer (which servicer will be fully compensated for its services by payment of the Servicer's Fee) and any other agent contemplated by the Transaction Documents for the Collateral;

(e) The Borrower will contract with the Servicer to perform for the Borrower all operations required on a daily basis to service the Collateral. The Borrower will pay the Servicer the Servicer's Fee pursuant hereto. The Borrower will not incur any material indirect or overhead expenses for items shared with Performance Guarantor (or any other Affiliate thereof) which are not reflected in the Servicer's Fee. To the extent, if any, that the Borrower (or any other Affiliate thereof) shares items of expenses not reflected in the Servicer's Fee, for legal, auditing and other professional services and directors' fees, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered, it being understood that Performance Guarantor shall pay all expenses relating to the preparation, negotiation, execution and delivery of the Transaction Documents, including, without limitation, legal, rating agency and other fees;

(f) The Borrower's operating expenses will not be paid by any other Loan Party or other Affiliate of the Borrower;

(g) The Borrower will have its own stationery;

(h) The books of account, financial reports and corporate records of the Borrower will be maintained separately from those of Performance Guarantor and each other Affiliate of the Borrower;

(i) Any financial statements of any Loan Party or Affiliate thereof which are consolidated to include the Borrower will contain detailed notes clearly stating that (A) all of the Borrower's assets are owned by the Borrower, and (B) the Borrower is a separate corporate entity with its own separate creditors that will be entitled to be satisfied out of the Borrower's assets prior to any value in the Borrower becoming available to the Borrower's equity holders; and the accounting records and the published financial statements of the Seller will clearly show that, for accounting purposes, the Receivables and Related Assets have been sold by the Seller to the Borrower;

(j) The Borrower's assets will be maintained in a manner that facilitates their identification and segregation from those of the Servicer and the other Affiliates;

(k) Each Affiliate of the Borrower will strictly observe corporate formalities in its dealings with the Borrower, and, except as permitted pursuant to this Agreement with respect to Collections, funds or other assets of the Borrower will not be commingled with those of any of its Affiliates;

(l) No Affiliate of the Borrower will maintain joint bank accounts with the Borrower or other depository accounts with the Borrower to which any such Affiliate (other than in the Borrower's or such Affiliate's existing or future capacity as the Servicer hereunder or under the Purchase and Sale Agreement) has independent access, provided that prior to demand by the Agent pursuant to Section 7.1(i) to establish a segregated Collection Account, Collections may be deposited into general accounts of Performance Guarantor, subject to the obligations of the Servicer hereunder;

(m) No Affiliate of the Borrower shall, directly or indirectly, name the Borrower or enter into any agreement to name the Borrower as a direct or contingent beneficiary or loss payee on any insurance policy covering the property of any Affiliate of the Borrower;

(n) Each Affiliate of the Borrower will maintain arm's length relationships with the Borrower, and each Affiliate of the Borrower that renders or otherwise furnishes services or merchandise to the Borrower will be compensated by the Borrower at market rates for such services or merchandise;

(o) No Affiliate of the Borrower will be, nor will it hold itself out to be, responsible for the debts of the Borrower or the decisions or actions in respect of the daily business and affairs of the Borrower. Packaging Corporation of America and the Borrower will immediately correct any known misrepresentation with respect to the foregoing and they will not operate or purport to operate as an integrated single economic unit with respect to each other or in their dealing with any other entity;

(p) The Borrower will keep correct and complete books and records of account and minutes of the meetings and other proceedings of its member(s) and board of managers, and the resolutions, agreements and other instruments of the Borrower will be continuously maintained as official records by the Borrower; and

(q) Each of the Borrower, on the one hand, and the Seller and the Originator, on the other hand, will conduct its business solely in its own corporate name and in such a separate manner so as not to mislead others with whom they are dealing.

ARTICLE VIII
ADMINISTRATION AND COLLECTION

Section 8.1. Designation of Servicer. (a) *Seller as Initial Servicer*. The servicing, administering and collection of the Receivables shall be conducted by the Person designated as Servicer hereunder from time to time in accordance with this Section 8.1. Until the Agent gives to Seller a Successor Notice (as defined in Section 8.1(b)), Seller is hereby designated as, and hereby agrees to perform the duties and obligations of, Servicer pursuant to the terms hereof.

(b) *Successor Notice; Servicer Transfer Events*. Upon Seller's receipt of a notice from the Agent following a Servicer Transfer Event of the designation of a new Servicer (a "*Successor Notice*"), Seller agrees that it will terminate its activities as Servicer hereunder in a manner that will facilitate the transition of the performance of such activities to the new Servicer, and the Agent (or the designee of the Agent) shall assume each and all of Seller's obligations to service and administer such Receivables, on the terms and subject to the conditions herein set forth, and Seller shall use its reasonable best efforts to assist the Agent (or the Agent's designee) in assuming such obligations. Without limiting the foregoing, Seller agrees, at its expense, to take all actions necessary to provide the new Servicer with access to all computer software necessary to generate reports useful in collecting or billing Receivables, solely for use in collecting and billing Receivables. If Seller disputes the occurrence of a Servicer Transfer Event, Seller may take appropriate action to resolve such dispute; *provided that* Seller must terminate its activities hereunder as Servicer and allow the newly designated Servicer to perform such activities on the date specified by the Agent as described above, notwithstanding the commencement or continuation of any proceeding to resolve the aforementioned dispute, if the Agent reasonably determines, in good faith, that such termination is necessary or advisable to protect the Secured Parties' interests hereunder.

(c) *Subcontracts*. So long as Seller is acting as the Servicer, it may subcontract with the Originator for servicing, administering or collecting all or any portion of the Receivables, *provided*, *however*, that no such subcontract shall relieve Seller of its primary liability for performance of its duties as Servicer pursuant to the terms hereof and any such subservicing arrangement may be terminated at the request of the Agent at any time after a Successor Notice has been given. In addition to the foregoing, with the prior written consent of the Agent (which consent shall not be unreasonably withheld or delayed), any Servicer may subcontract with other Persons for servicing, administering or collecting all or any portion of the Receivables, *provided*, *however*, that no such subcontract shall relieve such Servicer of its primary liability for performance of its duties as Servicer pursuant to the terms hereof and any such subservicing arrangement may be terminated at the request of the Agent at any time that such Agent reasonably determines that such subservicer is not performing adequately.

(d) *Expense Indemnity after a Servicer Transfer Event*. In addition to, and not in lieu of the Servicer's Fee, if Seller or one of its Affiliates is replaced as Servicer following a Successor Notice, the Borrower shall reimburse the Servicer within ten (10) Business Days after receipt of a written invoice, any and all reasonable costs and expenses (based on then current market prices) of the Servicer incurred in connection with its servicing of the Receivables for the benefit of the Secured Parties.

Section 8.2. Duties of Servicer.

(a) *Appointment; Duties in General*. Each of the Borrower, the Lenders and the Agent hereby appoints as its agent, the Servicer, as from time to time designated pursuant to Section 8.1, to enforce its rights and interests in and under the Receivables, the Related Security and the related Contracts. The Servicer shall take or cause to be taken all such actions as may be necessary or advisable to collect each Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy and the terms of the Transaction Documents.

(b) *Segregation of Collections*. The Servicer shall not be required (unless otherwise requested by the Agent) to segregate the funds constituting the Collections prior to the remittance thereof in accordance with Article III. If the Agent determines in its reasonable judgment that it is necessary or desirable and so instructs the Servicer, the Servicer shall segregate and deposit into the Collection Account Collections not later than the second Business Day following receipt by the Servicer of such Collections in immediately available funds.

(c) *Modification of Receivables*. Seller, while it is the Servicer, may, in accordance with the Credit and Collection Policy, so long as no Event of Default and no Unmatured Default shall have occurred and be continuing, extend the maturity as Seller may reasonably determine to be appropriate to maximize Collections thereof or adjust the Unpaid Balance of any Receivable in a manner consistent with the Credit and Collection Policy (although no such extension or adjustment shall alter the status of such Receivable as a Defaulted Receivable or a Delinquent Receivable or, in the case of an adjustment, limit the rights of the Agent or the Lenders under Section 3.4).

(d) *Documents and Records*. The Borrower shall deliver to the Servicer, and the Servicer shall hold in trust for the Borrower and the Secured Parties, all documents, instruments and records (including, without limitation, computer tapes or disks) that evidence or relate to Receivables.

(e) *Certain Duties to the Borrower*. The Servicer shall, as soon as practicable following receipt, turn over to the Borrower (i) that portion of the Collections which are not required to be turned over to the Agent, less the Servicer’s Fee, and, in the event that neither Seller nor any other Loan Party or Affiliate thereof is the Servicer, all reasonable and appropriate out-of-pocket costs and expenses of the Servicer of servicing, collecting and administering the Receivables to the extent not covered by the Servicer’s Fee received by it, and (ii) the collections of any receivable which is not a Receivable. The Servicer, if other than Seller or any other Loan Party or Affiliate thereof, shall, as soon as practicable upon demand, deliver to the Borrower all documents, instruments and records in its possession that evidence or relate to Receivables of the Borrower, and copies of documents, instruments and records in its possession that evidence or relate to Receivables.

(f) *Termination*. The Servicer’s authorization under this Agreement shall terminate upon the Final Payout Date.

(g) *Power of Attorney*. The Borrower hereby grants to the Servicer an irrevocable power of attorney, with full power of substitution, coupled with an interest, to take in the name of the Borrower all steps which are necessary or advisable to endorse, negotiate or otherwise realize on any writing or other right of any kind held or transmitted by the Borrower or transmitted or received by Lender (whether or not from the Borrower) in connection with any Receivable.

Section 8.3. Rights of the Agent.

(a) *Notice to Obligors*. At any time when an Unmatured Default or Event of Default has occurred and is continuing, the Agent may notify the Obligors of Receivables, or any of them, of its security interest, for the benefit of the Secured Parties, in the Collateral.

(b) *Notice to Lock-Box Banks*. At any time after the occurrence of an Unmatured Default or an Event of Default, the Agent is hereby authorized to direct the Servicer, and the Servicer is hereby authorized and directed to comply with such direction, to give notice to the Lock-Box Banks, as provided in the Lock-Box Agreements, of the transfer to the Agent of dominion and control over the Lock-Boxes and related Lock-Box Accounts to which the Obligors of Receivables make payments. The Borrower and the Servicer hereby transfer to the Agent, effective when the Agent shall give notice to the Lock-Box Banks as provided in the Lock-Box Agreements, the exclusive dominion and control over such Lock-Boxes and Lock-Box Accounts, and shall take any further action that the Agent may reasonably request to effect such transfer.

(c) *Rights on Servicer Transfer Event*. At any time following the designation of a Servicer other than Initial Servicer pursuant to Section 8.1:

(i) The Agent may direct the Obligors of Receivables, or any of them, to pay all amounts payable under any Receivable directly to the Agent or its designee.

(ii) The Borrower shall, at the Agent’s request and at the Borrower’s expense, give notice of the Agent’s security interest in the Collateral to each Obligor of Receivables and direct that payments be made directly to the Agent or its designee.

(iii) The Borrower shall, at the Agent’s request: (A) assemble all of the documents, instruments and other records (including, without limitation, computer programs, tapes and disks) which evidence the Collateral, or which are otherwise necessary or desirable to collect the Collateral, and make the same available to the successor Servicer at a place selected by the Agent, and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections in a manner acceptable to the Agent and promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the successor Servicer.

(iv) The Borrower and the Lenders hereby authorize the Agent and grant to the Agent an irrevocable power of attorney (which shall terminate on the Final Payout Date), to take any and all steps in such Person’s name and on behalf of such Person which are necessary or desirable, in the determination of the Agent, to collect all amounts due under any and all Receivables, including, without limitation, endorsing the Borrower’s name on checks and other instruments representing Collections and enforcing such Receivables and the related Contracts.

Section 8.4. Responsibilities of the Borrower. Anything herein to the contrary notwithstanding:

(a) *Contracts*. The Borrower shall remain responsible for performing all of its obligations (if any) under the Contracts related to the Receivables and under the related agreements to the same extent as if the security interest in the Collateral had not been granted hereunder, and the exercise by the Agent or its designee of its rights hereunder shall not relieve the Borrower from such obligations.

(b) *Limitation of Liability*. The Agent and the Lenders shall not have any obligation or liability with respect to any Receivables, Contracts related thereto or any other related agreements, nor shall any of them be obligated to perform any of the obligations of the Borrower or the Seller thereunder.

Section 8.5. Further Action Evidencing the Security Interest.

(a) *Further Assurances*. The Borrower agrees that from time to time, at its expense, it will promptly execute and deliver all further instruments and documents, and take all further action that the Agent or its designee may reasonably request in order to perfect, protect or more fully evidence the Agent's security interest, on behalf of the Secured Parties, in the Collateral, or to enable the Agent or its designee to exercise or enforce any of the Secured Parties' respective rights hereunder or under any Transaction Document in respect thereof. Without limiting the generality of the foregoing, the Borrower will:

(i) upon the request of the Agent, file such financing or continuation statements, or amendments thereto or assignments thereof, and such other instruments or notices, as may be necessary or appropriate, in accordance with the terms of this Agreement;

(ii) upon the request of the Agent after the occurrence and during the continuance of an Event of Default, mark conspicuously each Contract evidencing each Receivable constituting chattel paper with a legend, acceptable to the Agent, evidencing its security interest therein pursuant to this Agreement; and

(iii) mark its master data processing records evidencing the Collateral with a legend, acceptable to the Agent, evidencing that a security interest in the Collateral has been granted pursuant to this Agreement.

(b) *Additional Financing Statements; Continuation Statements; Performance by Agent*. The Borrower hereby authorizes the Agent or its designee to file one or more financing or continuation statements, and amendments thereto and assignments thereof, relative to all or any of the Collateral now existing or hereafter arising in the name of the Borrower. If the Borrower fails to perform any of its agreements or obligations under this Agreement, the Agent or its designee may (but shall not be required to) itself perform, or cause performance of, such agreement or obligation, and the reasonable expenses of the Agent or its designee incurred in connection therewith shall be payable by the Borrower as provided in Section 14.5.

Section 8.6. Application of Collections. Any payment by an Obligor in respect of any indebtedness owed by it to the Originator, the Seller or the Borrower shall, except as otherwise specified by such Obligor or required by the underlying Contract or law, be applied, first, as a Collection of any Receivable or Receivables then outstanding of such Obligor in the order of the

age of such Receivables, starting with the oldest of such Receivables and, second, to any other indebtedness of such Obligor.

ARTICLE IX
SECURITY INTEREST

Section 9.1. Grant of Security Interest. To secure the due and punctual payment of the Obligations, whether now or hereafter existing, due or to become due, direct or indirect, or absolute or contingent, including, without limitation, all Indemnified Amounts, in each case pro rata according to the respective amounts thereof, the Borrower hereby pledges to the Agent, for the benefit of the Secured Parties, and hereby grants to the Agent, for the benefit of the Secured Parties, a security interest in, all of the Borrower's right, title and interest now or hereafter existing in, to and under (a) all the Receivables and Related Assets, (b) the Purchase and Sale Agreement and the other Transaction Documents (other than the Initial PCA Note and the Seller Note), and (c) all proceeds of any of the foregoing (collectively, the "*Collateral*").

Section 9.2. Remedies. Upon the occurrence of an Event of Default, the Agent, on behalf of the Secured Parties, shall have, with respect to the Collateral granted pursuant to Section 9.1, and in addition to all other rights and remedies available to the Secured Parties or the Agent under this Agreement and the other Transaction Documents or other applicable law, all the rights and remedies of a secured party upon default under the UCC.

Section 9.3. Termination after Final Payout Date. Each of the Secured Parties hereby authorizes the Agent, and the Agent hereby agrees, promptly after the Final Payout Date to execute and deliver to the Borrower such UCC-3 termination statements as may be necessary to terminate the Agent's security interest in and Lien upon the Collateral, all at the Borrower's expense. Upon the Final Payout Date, all right, title and interest of the Agent and the Secured Parties in and to the Collateral shall terminate.

Section 9.4. Limitation on Rights to Collateral Proceeds. Nothing in this Agreement shall entitle the Secured Parties to receive or retain proceeds of the Collateral in excess of the aggregate amount of the Obligations owing to such Secured Party (or to any Indemnified Party claiming through such Secured Party).

ARTICLE X
EVENTS OF DEFAULT

Section 10.1. Events of Default. The occurrence of any of the following events shall constitute an "*Event of Default*" hereunder:

(a) The Servicer or the Borrower shall fail to make (i) when and as required to be made by it herein, payments of or deposits of any amount of principal of any Loan, or (ii) within three (3) Business Days after the same becomes due, payment of any amount of interest, fees or any other Obligations payable hereunder or under any other Transaction Document; provided that any interest, fees or other amounts which are not paid on the due date shall bear interest at the Default Rate after such due date; or

(b) Any representation or warranty made or deemed to be made by any Loan Party (or any of its officers) under this Agreement or any other Transaction Document or any Information Package or other information, recomputation of the Borrowing Base or other report delivered pursuant hereto shall prove to have been false or incorrect in any material adverse respect when made or deemed to have been made; or

(c) (i) Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of *Sections 7.1(e), 7.1(i), 7.2(f), 7.2(g), 7.2(h), 7.3(a), 7.3(b), 7.3(c), 7.3(d), 7.3(f)* or *8.2(b)*; or

(ii) Any Loan Party fails to perform or observe any other term or covenant contained in this Agreement or any other Transaction Document, and such default shall continue unremedied for a period of 30 days after the date upon which written notice thereof is given to such Loan Party by the Agent; or

(d) (i) The Borrower or the Seller shall (A) fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness of which the aggregate unpaid principal amount is in excess of $10,000, when and as the same shall become due and payable (after expiration of any applicable grace period) or (B) fail to observe or perform any other term, covenant, condition or agreement (after expiration of any applicable grace period) contained in any agreement or instrument evidencing or governing any such Indebtedness if the effect of any failure referred to in this *clause (B)* is to cause, or permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity; or

(ii) Performance Guarantor or any of its Subsidiaries (other than the Borrower) (A) shall fail to pay any principal or interest, regardless of amount, due in respect of any Indebtedness (other than Indebtedness arising under the Five Year Credit Agreement) of which the aggregate unpaid principal amount is in excess of $10,000,000, when and as the same shall become due and payable (after expiration of any applicable grace period) or (B) shall fail to observe or perform any other term, covenant, condition or agreement (after expiration of any applicable grace period) contained in any agreement or instrument evidencing or governing any such (other than Indebtedness arising under the Five Year Credit Agreement) Indebtedness if the effect of any failure referred to in this *clause (B)* is to cause, or permit the holder or holders of such Indebtedness or a trustee on its or their behalf (with or without the giving of notice, the lapse of time or both) to cause, such Indebtedness to become due prior to its stated maturity; or

(iii) An "*Event of Default*" under and as defined in the Five Year Credit Agreement shall occur and (i) be continuing for more than twenty (20) consecutive days or (ii) result in the acceleration of any amount payable thereunder; or

(e) Any Event of Bankruptcy shall occur with respect to the Borrower, the Originator, the Servicer, the Seller or any Significant Subsidiary of any of the aforementioned; or

(f) At any Cut-off Date, the average Dilution Ratio for the three most recently completed calendar months exceeds 1.25%; or

(g) At any Cut-off Date, the average Default Ratio for the three most recently completed calendar months exceeds 1.25%; or

(h) At any Cut-off Date, the average Delinquency Ratio for the three most recently completed calendar months exceeds 2.00%; or

(i) On any Settlement Date, after giving effect to the payments made under Article II or Article III, the aggregate outstanding principal balance of the Advances exceeds the least of the Borrowing Base, the Aggregate Commitment or the Allocation Limit; or

(j) [Reserved]; or

(k) A Change in Control shall occur; or

(l) The Internal Revenue Service shall file notice of a lien pursuant to Section 6323 of the Internal Revenue Code with regard to any of the Receivables or Related Assets and such lien has had or would reasonably be expected to have a Material Adverse Effect and shall not have been released within seven (7) days, or the Pension Benefit Guaranty Corporation shall, or shall indicate its intention to, file notice of a lien pursuant to Section 4068 of the Employee Retirement Income Security Act of 1974 with regard to any of the Receivables or Related Assets and such lien would reasonably be expected to have a Material Adverse Effect; or

(m) The Agent, on behalf of the Secured Parties, for any reason, does not have a valid, perfected first priority security interest in the Receivables or the Related Assets described in clauses (b), (d) or (e) or the definition thereof; or

(n) (i) One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against the Borrower or the Seller involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of $10,000 or more, with respect to the Borrower, or $100,000 or more, with respect to the Seller, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of sixty (60) days after the entry thereof, or any non-monetary judgment, order or decree is entered against the Borrower or the Seller, as applicable, which has had or would reasonably be expected to have a Material Adverse Effect; or

(ii) One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against the Originator involving in the aggregate a liability (to the extent not covered by independent third-party insurance as to which the insurer does not dispute coverage) as to any single or related series of transactions, incidents or conditions, of $10,000,000 or more, and the same shall remain unsatisfied, unvacated and unstayed pending appeal for a period of 60 days after the entry thereof, or

any non-monetary judgment, order or decree is entered against the Originator which has had or would reasonably be expected to have a Material Adverse Effect; or

(o) The Performance Guarantor or any of its ERISA Affiliates shall incur, or shall be reasonably likely to incur liability in excess of $25,000,000 in the aggregate as a result of one or more of the following: (i) the occurrence of any ERISA Event; (ii) the partial or complete withdrawal of the Performance Guarantor or any of its ERISA Affiliates from a Multiemployer Plan; or (iii) the reorganization or termination of a Multiemployer Plan; or

(p) The Servicer shall fail to deliver an Information Package when due in accordance with Section 3.1, and such failure shall continue for one (1) Business Day after notice thereof from the Agent.

Section 10.2. Remedies.

(a) *Optional Amortization*. Upon the occurrence of an Event of Default (other than an Event of Default described in Section 10.1(e) with respect to the Borrower), the Agent may by notice to the Borrower, declare the Termination Date to have occurred, whereupon the Aggregate Commitment shall terminate and all Collections shall be allocated and distributed pursuant to Section 3.2(b) hereof.

(b) *Automatic Amortization*. Upon the occurrence of an Event of Default described in Section 10.1(e) with respect to the Borrower, the Termination Date shall automatically occur and Collections shall be allocated and distributed pursuant to Section 3.2(b) hereof.

(c) *Additional Remedies*. Upon the Termination Date pursuant to this Section 10.2, the Aggregate Commitment will terminate, no Loans or Advances thereafter will be made, and the Agent, on behalf of the Secured Parties, shall have, in addition to all other rights and remedies under this Agreement or otherwise, all other rights and remedies provided to a secured party under the UCC of each applicable jurisdiction and other applicable laws, which rights shall be cumulative.

ARTICLE XI
THE AGENT

Section 11.1. Appointment. (a) Each Lender hereby irrevocably designates and appoints Bank of America as its Agent hereunder, and authorizes the Agent to take such action on its behalf under the provisions of the Transaction Documents and to exercise such powers and perform such duties as are expressly delegated to the Agent by the terms of the Transaction Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender or Liquidity Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities on the part of the Agent shall be read into this Agreement or otherwise exist against the Agent.

(b) The provisions of this Article XI are solely for the benefit of the Agent and the Lenders, and the Borrower shall not have any rights as a third-party beneficiary or otherwise under any of the provisions of this Article XI, except that this Article XI shall not affect any obligations which the Agent or any Lender may have to the Borrower under the other provisions of this Agreement.

(c) In performing its functions and duties hereunder, the Agent shall act solely as the agent of the Secured Parties and does not assume nor shall be deemed to have assumed any obligation or relationship of trust or agency with or for the Borrower or any of their respective successors and assigns.

Section 11.2. Delegation of Duties. The Agent may execute any of its duties under this Agreement by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

Section 11.3. Exculpatory Provisions. Neither the Agent nor any of its directors, officers, agents or employees shall be (i) liable for any action lawfully taken or omitted to be taken by it or them or any Person described in Section 11.2 under or in connection with this Agreement (except for its, their or such Person's own bad faith, gross negligence or willful misconduct), or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower contained in this Agreement or in any certificate, report, statement or other document referred to or provided for in, or received under or in connection with, this Agreement or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other document furnished in connection herewith, or for any failure of the Borrower to perform its respective obligations hereunder, or for the satisfaction of any condition specified in Article V, except receipt of items required to be delivered to the Agent. The Agent shall not be under any obligation to any Lender or Liquidity Bank to ascertain or to inquire as to the observance or performance of any of the agreements or covenants contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower. This Section 11.3 is intended solely to govern the relationship between each Agent, on the one hand, and the Lenders and their respective Liquidity Banks, on the other.

Section 11.4. Reliance by Agent.

(a) The Agent shall in all cases be entitled to rely, and shall be fully protected in relying upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower), independent accountants and other experts selected by the Agent. The Agent shall in all cases be fully justified in failing or refusing to take any action under this Agreement or any other document furnished in connection herewith unless it shall first receive such advice or concurrence of such of the Lenders and Liquidity Banks as it shall determine to be appropriate under the relevant circumstances, or it shall first be indemnified to its

satisfaction by the Liquidity Banks against any and all liability, cost and expense which may be incurred by it by reason of taking or continuing to take any such action.

(b) Any action taken by the Agent in accordance with Section 11.4(a) shall be binding upon all Lenders.

Section 11.5. Notice of Events of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Unmatured Default unless the Agent has received notice from a Lender, a Liquidity Bank or a Loan Party referring to this Agreement, stating that an Event of Default or Unmatured Default has occurred hereunder and describing such Event of Default or Unmatured Default. In the event that the Agent receives such a notice, it shall promptly give notice thereof to the Lenders and Liquidity Banks. The Agent shall take such action with respect to such Event of Default or Unmatured Default as shall be directed by the Majority Lenders.

Section 11.6. Non-Reliance on Agent and Other Lenders. Each of the Lenders expressly acknowledges that neither the Agent, nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representations or warranties to it and that no act by the Agent hereafter taken, including, without limitation, any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Agent. Each of the Lenders also represents and warrants to the Agent and the other Lenders that it has, independently and without reliance upon any such Person (or any of their Affiliates) and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, prospects, financial and other conditions and creditworthiness of the Borrower and made its own decision to enter into this Agreement. Each of the Lenders also represents that it will, independently and without reliance upon the Agent or any other Liquidity Bank or Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, prospects, financial and other condition and creditworthiness of the Borrower. Neither of the Agent nor any of the Lenders, nor any of their respective Affiliates, shall have any duty or responsibility to provide any party to this Agreement with any credit or other information concerning the business, operations, property, prospects, financial and other condition or creditworthiness of the Borrower which may come into the possession of such Person or any of its respective officers, directors, employees, agents, attorneys-in-fact or affiliates, except that the Agent shall promptly distribute to the Lenders and the Liquidity Banks, copies of financial and other information expressly provided to the Agent by the Borrower pursuant to this Agreement for distribution to the Lenders.

Section 11.7. Indemnification of Agent. Each Liquidity Bank agrees to indemnify the Agent and its officers, directors, employees, representatives and agents (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably in accordance with their respective Ratable Shares, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including, without limitation, the reasonable fees and disbursements of counsel for the Agent or such Person in connection with any

investigative, administrative or judicial proceeding commenced or threatened, whether or not the Agent in its capacity as such or such Person shall be designated a party thereto) that may at any time be imposed on, incurred by or asserted against the Agent or such Person as a result of, or arising out of, or in any way related to or by reason of, any of the transactions contemplated hereunder or the execution, delivery or performance of this Agreement or any other document furnished in connection herewith (but excluding any such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting solely from the bad faith, gross negligence or willful misconduct of the Agent or such Person as finally determined by a court of competent jurisdiction).

Section 11.8. Agent in its Individual Capacity. The Agent in its individual capacity and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower and their Affiliates as though it were not the Agent hereunder. With respect to its Loans, if any, pursuant to this Agreement, the Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not an Agent, and the terms “Lender” and “Lenders” shall include the Agent in its individual capacity.

Section 11.9. Successor Agent. The Agent, upon five (5) days’ notice to the Borrower and the Lenders, may voluntarily resign at any time; *provided*, *however*, that Bank of America shall not voluntarily resign as the Agent so long as any of the Liquidity Banks’ respective Commitments remain in effect or YC SUSI has any outstanding Loans hereunder. If the Agent (other than Bank of America) shall voluntarily resign, then the Majority Lenders during such five-day period shall appoint, from amongst the remaining Lenders, a successor agent, whereupon such successor agent shall succeed to the rights, powers and duties of the Agent and the term “Agent” shall mean such successor agent, effective upon its appointment, and the former Agent’s rights, powers and duties as Agent shall be terminated, without any other or further act or deed on the part of such former Agent or any of the parties to this Agreement. Upon replacement of any Agent in accordance with this Section 11.9, the retiring Agent shall execute such UCC-3 assignments and amendments, and assignments and amendments of the Transaction Documents, as may be necessary to give effect to its replacement by a successor Agent. After any retiring Agent’s resignation hereunder as Agent, the provisions of this Article XI and Article XIII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Agent under this Agreement.

Section 11.10. Agent’s Conflict Waivers. Bank of America acts, or may in the future act, (i) as administrative agent for YC SUSI, (ii) as issuing and paying agent for YC SUSI’s Commercial Paper Notes, (iii) to provide credit or liquidity enhancement for the timely payment for YC SUSI’s Commercial Paper Notes and (iv) to provide other services from time to time for YC SUSI (collectively, the “*Bank of America Roles*”). Without limiting the generality of Sections 11.1 and 11.8, each Agent, Lender and Liquidity Bank hereby acknowledges and consents to any and all Bank of America Roles and agrees that in connection with any Bank of America Role, Bank of America may take, or refrain from taking, any action which it, in its discretion, deems appropriate, including, without limitation, in its role as administrative agent for YC SUSI, the giving of notice to the Liquidity Banks of a mandatory purchase pursuant to the Liquidity Agreement, and hereby acknowledges that neither Bank of America nor any of its Affiliates has any fiduciary duties hereunder to any Lender (other than YC SUSI) or to any of the Liquidity Banks arising out of any Bank of America Roles.

Section 11.11. UCC Filings. Each of the Secured Parties hereby expressly recognizes and agrees that the Agent may be listed as the assignee or secured party of record on the various UCC filings required to be made under the Transaction Documents in order to perfect their respective interests in the Collateral, that such listing shall be for administrative convenience only in creating a record or nominee holder to take certain actions hereunder on behalf of the Secured Parties and that such listing will not affect in any way the status of the Secured Parties as the true parties in interest with respect to the Collateral. In addition, such listing shall impose no duties on the Agent other than those expressly and specifically undertaken in accordance with this Article XI.

ARTICLE XII
ASSIGNMENTS AND PARTICIPATIONS

Section 12.1. Restrictions on Assignments, etc. (a) Neither the Borrower nor the Servicer may assign its rights, or delegate its duties hereunder or any interest herein without the prior written consent of the Agent; *provided*, *however*, that the foregoing shall not be deemed to restrict Seller's right, prior to delivery of a Successor Notice, to delegate its duties as Servicer to the Originator, provided that Seller shall remain primarily liable for the performance or non-performance of such duties.

(b) YC SUSI may, at any time, assign all or any portion of a Loan, or sell participations therein, to the Liquidity Banks (or to the Agent for the ratable benefit of the Liquidity Banks). In addition, YC SUSI may assign all or a portion of its rights and obligations hereunder to another Person if such Person (i) is a corporation whose principal business is the financing of financial assets, (ii) has Bank of America as its administrative agent and (iii) issues commercial paper with credit ratings substantially identical to the ratings applicable to the commercial paper of YC SUSI. YC SUSI shall promptly notify each party hereto of any such assignment.

(c) In addition to, and not in limitation of, assignments and participations described in Section 12.1(b):

(i) in the event that any Liquidity Bank becomes a Downgraded Liquidity Bank, such Downgraded Liquidity Bank shall give prompt written notice of its Downgrading Event to the Agent and to the Borrower, whereupon the Agent may identify an Eligible Assignee acceptable to the Borrower (which acceptance shall not be unreasonably withheld or delayed) and the Downgraded Liquidity Bank shall promptly assign its rights and obligations to the Eligible Assignee designated by the Agent against payment in full of its Obligations;

(ii) each of the Lenders may assign all or any portion of its Loans and, if applicable, its Commitment under this Agreement to any Eligible Assignee acceptable to the Borrower (which acceptance shall not be unreasonably withheld or delayed); and

(iii) each of the Lenders may sell participations in all or any portion of their respective rights and obligations in, to and under the Transaction Documents and the Obligations in accordance with Sections 12.2 and 14.7.

Section 12.2. Rights of Assignees and Participants. (a) Upon the assignment by a Lender in accordance with Section 12.1(b) or (c), the Eligible Assignee(s) acceptable to the Borrower receiving such assignment shall have all of the rights of such Lender with respect to the Transaction Documents and the Obligations (or such portion thereof as has been assigned).

(b) In no event will the sale of any participation interest in any Lender's or any Eligible Assignee's rights under the Transaction Documents or in the Obligations relieve the seller of such participation of its obligations, if any, hereunder or, if applicable, under the applicable Liquidity Agreement.

Section 12.3. Terms and Evidence of Assignment. Any assignment to any Eligible Assignee(s) pursuant to Section 12.1(b) or 12.1(c) shall be upon such terms and conditions as the assigning Lender and the Agent, on the one hand, and the Eligible Assignee, on the other, may mutually agree, and shall be evidenced by such instrument(s) or document(s) as may be satisfactory to such Lender, the Agent and the Eligible Assignee(s). Any assignment made in accordance with the terms of the Article XII shall relieve the assigning Lender of its obligations, if any, under this Agreement (and, if applicable, the Liquidity Agreement) to the extent assigned.

ARTICLE XIII
INDEMNIFICATION

Section 13.1. Indemnities by the Borrower.

(a) *General Indemnity*. Without limiting any other rights which any such Person may have hereunder or under applicable law, the Borrower hereby agrees to indemnify the Agent, each of the Lenders, each of their respective Affiliates, and all successors, transferees, participants and assigns and all officers, directors, shareholders, controlling persons, employees and agents of any of the foregoing (each, an "*Indemnified Party*"), forthwith on demand, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including attorneys' fees, disbursements and settlement costs (all of the foregoing being collectively referred to as "*Indemnified Amounts*") awarded against or incurred by any of them arising out of or relating to the Transaction Documents, the Obligations or the Collateral, *excluding*, *however*, (i) Indemnified Amounts to the extent determined by a court of competent jurisdiction to have resulted from bad faith, gross negligence or willful misconduct on the part of such Indemnified Party, (ii) recourse (except as otherwise specifically provided in this Agreement) for Indemnified Amounts to the extent the same includes losses in respect of Receivables which are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor, (iii) Indemnified Amounts that represent taxes based upon, or measured by, net income, or changes in the rate of tax or as determined by reference to the overall net income, of such Indemnified Party, (iv) Indemnified Amounts that represent franchise taxes, taxes on, or in the nature of, doing business taxes or capital taxes or (v) Indemnified Amounts that represent withholding taxes required for payments made to any foreign entity which, at the time such foreign entity issues its Commitment or Liquidity Commitment or becomes an assignee of a Lender hereunder, fails to deliver to the Agent and the Borrower an accurate IRS Form W-8 BEN or W-8 ECI, as applicable. Without limiting the foregoing, the Borrower shall indemnify each Indemnified Party for Indemnified Amounts arising out of or relating to:

(A) the creation of any Lien on, or transfer by any Loan Party of any interest in, the Collateral other than the sale of Receivables and related property by the Originator to the Seller pursuant to the Sale Agreement and by the Seller to the Borrower pursuant to the Purchase and Sale Agreement and the grant by the Borrower of a security interest in the Collateral to the Agent pursuant to Section 9.1;

(B) any representation or warranty made by any Loan Party (or any of its officers) under or in connection with any Transaction Document, any Information Package or any other information or report delivered by or on behalf of any Loan Party pursuant hereto, which shall have been false, incorrect or misleading in any respect when made or deemed made or delivered, as the case may be;

(C) the failure by any Loan Party to comply with any applicable law, rule or regulation with respect to any Receivable or the related Contract, or the nonconformity of any Receivable or the related Contract with any such applicable law, rule or regulation;

(D) the failure to vest and maintain vested in the Agent, for the benefit of the Secured Parties, a valid and perfected first priority security interest in the Collateral, free and clear of any other Lien, other than a Lien arising solely as a result of an act of one of the Secured Parties, now or at any time thereafter;

(E) the failure to file, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Collateral;

(F) any dispute, claim, offset or defense (other than discharge in bankruptcy) of the Obligor to the payment of any Receivable (including, without limitation, a defense based on such Receivables or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the services related to such Receivable or the furnishing or failure to furnish such services;

(G) any matter described in *Section 3.4*;

(H) any failure of any Loan Party, as the Borrower, the Servicer or otherwise, to perform its duties or obligations in accordance with the provisions of this Agreement or the other Transaction Documents to which it is a party;

(I) any products liability claim or any claim of breach by any Loan Party of any related Contract with respect to any Receivable;

(J) any tax or governmental fee or charge, all interest and penalties thereon or with respect thereto, and all out-of-pocket costs and expenses, including the reasonable fees and expenses of counsel in defending against the same, which may arise by reason of the Agent's security interest in the Collateral;

(K) the commingling of Collections of Receivables at any time with other funds;

(L) any investigation, litigation or proceeding related to or arising from this Agreement or any other Transaction Document, the transactions contemplated hereby or thereby, the use of the proceeds of any Loan, the security interest in the Receivables and Related Assets or any other investigation, litigation or proceeding relating to the Borrower, the Seller or the Originator in which any Indemnified Party becomes involved as a result of any of the transactions contemplated hereby or thereby (other than an investigation, litigation or proceeding (1) relating to a dispute solely amongst the Lenders (or certain Lenders) and the Agent or (2) excluded by this *Section 13.1(a)*);

(M) any inability to litigate any claim against any Obligor in respect of any Receivable as a result of such Obligor being immune from civil and commercial law and suit on the grounds of sovereignty or otherwise from any legal action, suit or proceeding;

(N) the occurrence of any Event of Default of the type described in *Section 10.1(e)*; or

(O) any loss incurred by any of the Secured Parties as a result of the inclusion in the Borrowing Base of (i) Receivables owing from any single Obligor and its Affiliated Obligors which causes the aggregate Unpaid Balance of all such Receivables to exceed the applicable Obligor Concentration Limit or (ii) Receivables in excess of the Extended Term Concentration Limit.

(b) *Contest of Tax Claim; After-Tax Basis*. If any Indemnified Party shall have notice of any attempt to impose or collect any tax or governmental fee or charge for which indemnification will be sought from any Loan Party under Section 13.1(a)(xi), such Indemnified Party shall give prompt and timely notice of such attempt to the Borrower and the Borrower shall have the right, at its expense, to participate in any proceedings resisting or objecting to the imposition or collection of any such tax, governmental fee or charge. Indemnification hereunder shall be in an amount necessary to make the Indemnified Party whole after taking into account any tax consequences to the Indemnified Party of the payment of any of the aforesaid taxes (including any deduction) and the receipt of the indemnity provided hereunder or of any refund of any such tax previously indemnified hereunder, including the effect of such tax, deduction or refund on the amount of tax measured by net income or profits which is or was payable by the Indemnified Party.

(c) *Contribution*. If for any reason the indemnification provided above in this Section 13.1 (and subject to the exceptions set forth therein) is unavailable to an Indemnified Party or is insufficient to hold an Indemnified Party harmless, then the Borrower shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by such Indemnified Party on the one hand and the Borrower on the other hand but also the relative fault of such Indemnified Party as well as any other relevant equitable considerations.

Section 13.2. Indemnities by Servicer. Without limiting any other rights which any Indemnified Party may have hereunder or under applicable law, the Servicer hereby agrees to indemnify each of the Indemnified Parties forthwith on demand, from and against any and all Indemnified Amounts awarded against or incurred by any of them arising out of or relating to the

Servicer's performance of, or failure to perform, any of its obligations under or in connection with any Transaction Document, or any representation or warranty made by the Servicer (or any of its officers) under or in connection with any Transaction Document, any Information Package or any other information or report delivered by or on behalf of the Servicer, which shall have been false, incorrect or misleading in any material respect when made or deemed made or delivered, as the case may be, or the failure of the Servicer to comply with any applicable law, rule or regulation with respect to any Receivable or the related Contract. Notwithstanding the foregoing, in no event shall any Indemnified Party be awarded any Indemnified Amounts (a) to the extent determined by a court of competent jurisdiction to have resulted from gross negligence or willful misconduct on the part of such Indemnified Party, (b) as recourse for Indemnified Amounts to the extent the same includes losses in respect of Receivables which are uncollectible on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor, (c) that represent taxes based upon, or measured by, net income, of changes in the rate of tax or as determined by reference to the overall net income, of such Indemnified Party, (d) that represent franchise taxes, taxes on, or in the nature of, doing business taxes or capital taxes or (e) that represent withholding taxes required for payments made to any foreign entity which, at the time such foreign entity issues its Commitment or Liquidity Commitment or becomes an assignee of a Lender hereunder, fails to deliver to the Agent and the Borrower an accurate IRS Form W-8 BEN or W-8 ECI, as applicable.

If for any reason the indemnification provided above in this Section 13.2 (and subject to the exceptions set forth therein) is unavailable to an Indemnified Party or is insufficient to hold an Indemnified Party harmless, then the Servicer shall contribute to the amount paid or payable by such Indemnified Party as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect not only the relative benefits received by such Indemnified Party on the one hand and the Servicer on the other hand but also the relative fault of such Indemnified Party as well as any other relevant equitable considerations.

ARTICLE XIV
MISCELLANEOUS

Section 14.1. Amendments, Etc. No amendment or waiver of any provision of this Agreement nor consent to any departure by any Loan Party therefrom shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Agent, and any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. The Borrower acknowledges that, before entering into such an amendment or granting such a waiver or consent, the Agent will be required to obtain the approval of the Lenders and the Liquidity Banks.

Section 14.2. Notices, Etc. All notices and other communications provided for hereunder shall, unless otherwise stated herein, be in writing (including facsimile communication) and shall be personally delivered or sent by express mail or courier or by certified mail, postage prepaid, or by facsimile, to the intended party at the address or facsimile number of such party set forth on Schedule 14.2 or at such other address or facsimile number as shall be designated by such party in a written notice to the other parties hereto. All such notices and communications shall be effective, (a) if personally delivered or sent by express mail or

courier or if sent by certified mail, when received, and (b) if transmitted by facsimile, when sent, receipt confirmed by telephone or electronic means.

Section 14.3. No Waiver; Remedies. No failure on the part of any Agent or any of the Secured Parties to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. Without limiting the foregoing, each of the Agent, the Lenders and the Liquidity Banks is hereby authorized by the Borrower at any time and from time to time, to the fullest extent permitted by law, to set off and apply to payment of any Obligations that are then due and owing any and all deposits (general or special, time or demand provisional or final) at any time held and other indebtedness at any time owing by such Person to or for the credit or the account of the Borrower.

Section 14.4. Binding Effect; Survival. This Agreement shall be binding upon and inure to the benefit of the Borrower, the Agent, the Lenders and their respective successors and assigns, and the provisions of Section 4.2 and Article XIII shall inure to the benefit of the Affected Parties and the Indemnified Parties, respectively, and their respective successors and assigns; *provided*, *however*, nothing in the foregoing shall be deemed to authorize any assignment not permitted by Section 12.1. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until the Final Payout Date. The rights and remedies with respect to any breach of any representation and warranty made by the Borrower pursuant to Article VI and the indemnification and payment provisions of Article XIII and Sections 4.2, 14.5, 14.6, 14.7, 14.8 and 14.15 shall be continuing and shall survive any termination of this Agreement.

Section 14.5. Costs, Expenses and Taxes. In addition to its obligations under the other provisions of this Agreement, the Borrower agrees to pay or to cause the Originator to pay:

(a) Within fifteen (15) Business Days after receipt of a written invoice therefor: all reasonable out-of-pocket costs and expenses incurred by the Agent, in connection with (i) the negotiation, preparation, execution and delivery of this Agreement, the other Transaction Documents or the Liquidity Agreement (subject to the limitations set forth in the Fee Letter), or (ii) the administration of the Transaction Documents prior to an Event of Default, in each case including, without limitation, (A) the reasonable fees and expenses of a single law firm acting as counsel to the Agent and the Lenders incurred in connection with any of the foregoing, and (B) subject to the limitations set forth in the Fee Letter and in Section 7.1(c), the reasonable fees and expenses of independent accountants incurred in connection with any review of any Loan Party's books and records either prior to or after the execution and delivery hereof;

(b) within fifteen (15) Business Days after receipt of a written invoice therefor: all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees and expenses of counsel, independent accountants, rating agencies and due diligence) incurred by each of the Lenders, the Agent and the Liquidity Banks in connection with the negotiation, preparation, execution and delivery of any amendment or consent to, or waiver of, any provision of the Transaction Documents which is

requested or proposed by any Loan Party (whether or not consummated), the administration of the Transaction Documents following an Event of Default (or following a waiver of or consent to any Event of Default), or the enforcement by any of the foregoing Persons of, or any actual or claimed breach of, this Agreement or any of the other Transaction Documents, including, without limitation, (i) the reasonable fees and expenses of counsel to any of such Persons incurred in connection with any of the foregoing or in advising such Persons as to their respective rights and remedies under any of the Transaction Documents in connection with any of the foregoing, and (ii) the reasonable fees and expenses of independent accountants incurred in connection with any review of any Loan Party's books and records or valuation of the Receivables and Related Assets; and

(c) upon demand: all stamp and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement or the other Transaction Documents (and the Borrower agrees to indemnify each Indemnified Party against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees).

Section 14.6. No Proceedings. Each of the parties hereto hereby agrees that it will not institute against the Borrower or YC SUSI, or join any Person in instituting against the Borrower or YC SUSI, any insolvency proceeding (namely, any proceeding of the type referred to in the definition of Event of Bankruptcy) so long as any Commercial Paper Notes or other senior Indebtedness issued by YC SUSI shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Commercial Paper Notes or other senior Indebtedness shall have been outstanding.

Section 14.7. Confidentiality Provisions.

(a) Each of the parties hereto shall maintain and shall cause each of its employees and officers to maintain the confidentiality of the Agreement and all information with respect to the other parties, including all information regarding the business of the Originator, the Borrower and the Servicer hereto and their respective businesses obtained by them in connection with the structuring, negotiating and execution of the transactions contemplated herein, except that each such party and its directors, officers and employees may (i) disclose such information to its external accountants, attorneys, investors, potential investors, credit enhancers to YC SUSI (including the directors, officers, external accountants, and attorneys of such credit enhancers) and the agents or advisors of such Persons ("*Excepted Persons*") who have a need to know such information; *provided that* each Excepted Person shall be advised by the party disclosing such information of the confidential nature of the information being disclosed, (ii) disclose the existence of the Agreement, but not the financial terms thereof, (iii) disclose such information as is required by applicable law and (iv) disclose the Agreement and such information in any suit, action, proceeding or investigation (whether in law or in equity or pursuant to arbitration) involving any of the Transaction Documents for the purpose of defending itself, reducing its liability, or protecting or exercising any of its claims, rights, remedies, or interests under or in connection with any of the Transaction Documents; *provided that* the Persons permitted to make such disclosures under clauses (iii) and (iv) shall also include credit enhancers to YC SUSI. It is understood that the financial terms that may not be disclosed except in compliance with this

Section 14.7(a) include, without limitation, all fees and other pricing terms, and all Events of Default and priority of payment provisions.

(b) Notwithstanding anything herein to the contrary, the Borrower and the Servicer each hereby consents to the disclosure of any nonpublic information with respect to it (i) to the Agent, the Lenders or the Secured Parties by each other, (ii) by the Agent or the Lenders to any prospective or actual assignee or participant of any of them or (iii) by the Agent, the Liquidity Bank or a Lender to any rating agency, commercial paper dealer or provider of a surety, guaranty or credit or liquidity enhancement to a Lender and to any officers, directors, employees, outside accountants, advisors, and attorneys or any of the foregoing, provided each such Person is informed of the confidential nature of such information. In addition, the Secured Parties, the Agent, the Lenders and the credit enhancers to YC SUSI may disclose any such nonpublic information as required pursuant to any law, rule, regulation, direction, request or order of any judicial, administrative or regulatory authority or proceedings (whether or not having the force or effect of law).

(c) Notwithstanding anything herein to the contrary, the foregoing shall not be construed to prohibit (i) disclosure of any and all information that is or becomes publicly known, (ii) disclosure of any and all information (A) if required by any applicable statute, law, rule or regulation, (B) to any government agency or regulatory body having or claiming authority to regulate or oversee any respects of the respective business of the Originator, the Servicer, the Borrower, YC SUSI or the Lenders or that of their affiliates, (C) pursuant to any subpoena, civil investigative demand or similar demand or request of any court, regulatory authority, arbitrator or arbitration to which the Originator, the Servicer, the Borrower, YC SUSI or the Lenders or an affiliate or an officer, director, employer or shareholder thereof is a party, (D) in any preliminary or final offering circular, registration statement or contract or other document pertaining to the transactions contemplated herein approved in advance by the Borrower or the Servicer or (E) to any affiliate, independent or internal auditor, agent, employee or attorney of the Originator, the Servicer, the Borrower, YC SUSI or the Lenders having a need to know the same; *provided that* the Originator, the Servicer, the Borrower, YC SUSI or the Lenders advises such recipient of the confidential nature of the information being disclosed, or (iii) any other disclosure authorized by the Borrower or Servicer.

Section 14.8. [Reserved]

Section 14.9. Captions and Cross References. The various captions (including, without limitation, the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Appendix, Schedule or Exhibit are to such Section of or Appendix, Schedule or Exhibit to this Agreement, as the case may be, and references in any Section, subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

Section 14.10. Integration. This Agreement and the other Transaction Documents contain a final and complete integration of all prior expressions by the parties hereto with respect to the subject matter hereof and shall constitute the entire understanding among the parties hereto with respect to the subject matter hereof, superseding all prior oral or written understandings.

Section 14.11. Governing Law. THIS AGREEMENT, INCLUDING THE RIGHTS AND DUTIES OF THE PARTIES HERETO, SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO CONFLICTS OF LAW PRINCIPLES THEREOF OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW), EXCEPT TO THE EXTENT THAT THE PERFECTION OF THE SECURITY INTEREST OF THE AGENT, ON BEHALF OF THE SECURED PARTIES, IN THE COLLATERAL IS GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

Section 14.12. Waiver of Jury Trial. EACH PARTY HERETO HEREBY EXPRESSLY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY OTHER TRANSACTION DOCUMENT OR UNDER ANY AMENDMENT, INSTRUMENT OR DOCUMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR ARISING FROM ANY BANKING OR OTHER RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL NOT BE TRIED BEFORE A JURY.

Section 14.13. Consent to Jurisdiction; Waiver of Immunities. EACH SELLER PARTY HEREBY ACKNOWLEDGES AND AGREES THAT:

(a) IT IRREVOCABLY (i) SUBMITS TO THE NON-EXCLUSIVE JURISDICTION, FIRST, OF ANY UNITED STATES FEDERAL COURT, AND SECOND, IF FEDERAL JURISDICTION IS NOT AVAILABLE, OF ANY NEW YORK STATE COURT, IN EITHER CASE SITTING IN NEW YORK COUNTY, NEW YORK, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, AND (ii) WAIVES, TO THE FULLEST EXTENT IT MAY EFFECTIVELY DO SO, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF AN ACTION OR PROCEEDING IN SUCH COURTS.

(b) TO THE EXTENT THAT IT HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM THE JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID TO EXECUTION, EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, IT HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER OR IN CONNECTION WITH THIS AGREEMENT.

Section 14.14. Execution in Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Agreement.

Section 14.15. No Recourse Against Other Parties. The several obligations of the Lenders under this Agreement are solely the corporate obligations of such Lender. No recourse

shall be had for the payment of any amount owing by such Lender under this Agreement or for the payment by such Lender of any fee in respect hereof or any other obligation or claim of or against such Lender arising out of or based upon this Agreement, against any employee, officer, director, incorporator or stockholder of such Lender. Each of the Borrower, the Servicer and the Agent agrees that YC SUSI shall be liable for any claims that such party may have against YC SUSI only to the extent YC SUSI has excess funds and to the extent such assets are insufficient to satisfy the obligations of YC SUSI hereunder, YC SUSI shall have no liability with respect to any amount of such obligations remaining unpaid and such unpaid amount shall not constitute a claim against YC SUSI. Any and all claims against YC SUSI or the Agent shall be subordinate to the claims against such Persons of the holders of Commercial Paper Notes and the Liquidity Banks.

Section 14.16. Amendment and Restatement. (a) On the date hereof, the Original Credit Agreement shall be amended, restated and superseded in its entirety by this Agreement but the indebtedness evidenced thereby shall neither be cancelled nor extinguished and the amounts funded by YC SUSI to Wachovia in accordance with the Assignment Agreement shall be deemed a Loan hereunder in all respects. The parties hereto hereby (i) acknowledge and agree that the Liens granted under the Original Credit Agreement securing the payment of such indebtedness are in all respects continuing and in full force and effect, secure the payment of such indebtedness and from and after the date hereof shall secure the obligations under this Agreement in addition to such indebtedness and (ii) fully and unconditionally ratify and affirm all Transaction Documents.

(b) On and after the date hereof, (i) each reference in the Transaction Documents to the “Credit and Security Agreement”, “thereunder”, “thereof” or similar words referring to this Agreement shall mean and be a reference to this Agreement as amended and restated hereby and (ii) each reference in the Transaction Documents to the “Obligations” shall mean and be a reference to the Obligations as defined in this Agreement.

ARTICLE XV
ADDITIONAL LIQUIDITY BANK PROVISIONS

Section 15.1. Assignment to Liquidity Banks.

(a) *Assignment Amounts.* At any time on or prior to the Conduit Investment Termination Date, if the administrator for YC SUSI (the “*Administrator*”) so elects, by written notice to the Agent, the Borrower hereby irrevocably requests and directs that YC SUSI assign, and YC SUSI does hereby assign effective on the Assignment Date referred to below all or such portions as may be elected by YC SUSI of its interest in the Obligations at such time to the Liquidity Banks pursuant to this Section 15.1 and the Borrower hereby agrees to pay the amounts described in Section 15.1(b) within two (2) Business Days of its receipt of a notice thereof specifying the amounts owed pursuant thereto; *provided that* unless such assignment is an assignment of all of YC SUSI’s interest in the Obligations in whole on or after the Conduit Investment Termination Date, no such assignment shall take place pursuant to this Section 15.1 if an Event of Default described in Section 10.1(e) shall then exist; and *provided further* that no such assignment shall take place pursuant to this Section 15.1 at a time when an Event of Bankruptcy with respect to YC SUSI exists. No further documentation or action on the part of

YC SUSI or the Borrower shall be required to exercise the rights set forth in the immediately preceding sentence, other than the giving of the notice by YC SUSI referred to in such sentence and the delivery by YC SUSI of a copy of such notice to each Liquidity Bank (the date of the receipt of any such notice being the "*Assignment Date*"). Each Liquidity Bank hereby agrees, unconditionally and irrevocably and under all circumstances, without setoff, counterclaim or defense of any kind, to pay the full amount of its Assignment Amount on such Assignment Date to YC SUSI in immediately available funds to an account designated by YC SUSI. Upon payment of its Assignment Amount, each Liquidity Bank shall acquire an interest in the Obligations equal to its *pro rata* share (based on the outstanding portions of the Obligations funded by it) of the assigned portion of the Obligations. At all times after the Conduit Investment Termination Date, YC SUSI shall cease to make any additional Loans hereunder. At all times prior to the Conduit Investment Termination Date, nothing herein shall prevent YC SUSI from making subsequent Loans hereunder, in its sole discretion, following any assignment pursuant to this Section 15.1 or from making more than one assignment pursuant to this Section 15.1.

(b) *Borrower's Obligation to Pay Certain Amounts; Additional Assignment Amount*. The Borrower shall pay to the Administrator, for the account of YC SUSI, in connection with any assignment by YC SUSI to a Liquidity Bank pursuant to this Section 15.1, an aggregate amount equal to all interest and fees to accrue up to but not including the effective date of such assignment to the extent attributable to the portion of the Obligations so assigned to the Liquidity Banks (which interest shall be determined for such purpose using the CP Costs most recently determined by the Administrator) (as determined immediately prior to giving effect to such assignment), *plus* all other Obligations then due and owing to YC SUSI (other than any interest not described above) related to the portion of the Obligations so assigned to the Liquidity Banks. If the Borrower fails to make payment of such amounts at or prior to the time of assignment by YC SUSI to a Liquidity Bank, such amount shall be paid by such Liquidity Bank to YC SUSI as additional consideration for the interests assigned to such Liquidity Bank and the amount of the "Obligations" hereunder held by such Liquidity Bank shall be increased by an amount equal to the additional amount so paid by such Liquidity Bank and such Obligations shall no longer be owed to YC SUSI.

(c) *Administration of Agreement after Assignment from YC SUSI to the Liquidity Banks following the Conduit Investment Termination Date*. After any assignment in whole by YC SUSI to the Liquidity Banks pursuant to this Section 15.1 at any time on or after the related Conduit Investment Termination Date (and the payment of all amounts owing to YC SUSI in connection therewith), all rights of the Administrator set forth herein shall be given to the Agent on behalf of the applicable Liquidity Bank instead of the Administrator.

(d) *Payments to Agent's Account*. After any assignment in whole by a YC SUSI to the Liquidity Banks pursuant to this Section 15.1 at any time on or after the related Conduit Investment Termination Date, all payments to be made hereunder by the Borrower or the Servicer to YC SUSI shall be made to the Agent's account as such account shall have been notified to the Borrower and the Servicer.

(e) *Recovery of Obligations*. In the event that the aggregate of the Assignment Amounts paid by the Liquidity Banks pursuant to this Section 15.1 on any Assignment Date

occurring on or after the Conduit Investment Termination Date is less than the Obligations of YC SUSI on such Assignment Date, then to the extent Collections thereafter received by the Agent and the Liquidity Banks hereunder in respect of the Obligations exceed the aggregate of the unrecovered Assignment Amounts and Obligations funded by such Liquidity Banks, such excess shall be remitted by the Liquidity Banks to YC SUSI (or to the Administrator on its behalf) for the account of YC SUSI.

Section 15.2. Downgrade of Liquidity Bank.

(a) *Downgrades Generally*. If at any time on or prior to the Conduit Investment Termination Date, the short term debt rating of any Liquidity Bank shall be "A-2" or "P-2" from S&P or Moody's, respectively, with negative credit implications, such Liquidity Bank, upon request of the Agent, shall, within thirty (30) days of such request, assign its rights and obligations hereunder to another financial institution (which institution's short term debt shall be rated at least "A-2" or "P-2" from S&P or Moody's, respectively, and which shall not be so rated with negative credit implications and which is acceptable to YC SUSI and the Agent). If the short term debt rating of a Liquidity Bank shall be "A-3" or "P-3", or lower, from S&P or Moody's, respectively (or such rating shall have been withdrawn by S&P or Moody's), such Liquidity Bank, upon request of the Agent, shall, within five (5) Business Days of such request, assign its rights and obligations hereunder to another financial institution (which institution's short term debt shall be rated at least "A-2" or "P-2", from S&P or Moody's, respectively, and which shall not be so rated with negative credit implications and which is acceptable to YC SUSI and the Agent). In either such case, if any such Liquidity Bank shall not have assigned its rights and obligations under this Agreement within the applicable time period described above (in either such case, the "Required Downgrade Assignment Period"), the Agent on behalf of YC SUSI shall have the right to require such Liquidity Bank to pay upon one (1) Business Day's notice at any time after the Required Downgrade Assignment Period (and each such Liquidity Bank hereby agrees in such event to pay within such time) to the Agent an amount equal to such Liquidity Bank's unused Commitment (a "Downgrade Draw") for deposit by the Agent into an account, in the name of the Agent (a "Downgrade Collateral Account"), which shall be in satisfaction of such Liquidity Bank's obligations to make Loans and to pay its Assignment Amount upon an assignment from YC SUSI in accordance with Section 15.1; *provided* that if, during the Required Downgrade Assignment Period, such Liquidity Bank delivers a written notice to the Agent of its intent to deliver a direct pay irrevocable letter of credit pursuant to this proviso in lieu of the payment required to fund the Downgrade Draw, then such Liquidity Bank will not be required to fund such Downgrade Draw. If any Liquidity Bank gives the Agent such notice, then such Liquidity Bank shall, within one (1) Business Day after the Required Downgrade Assignment Period, deliver to the Agent a direct pay irrevocable letter of credit in favor of the Agent in an amount equal to the unused portion of such Liquidity Bank's Commitment, which letter of credit shall be issued through an United States office of a bank or other financial institution (i) whose short-term debt ratings by S&P and Moody's are at least equal to the ratings assigned by such statistical rating organization to the Commercial Paper of YC SUSI and (ii) that is acceptable to YC SUSI and the Agent. Such letter of credit shall provide that the Agent may draw thereon for payment of any Loan or Assignment Amount payable by such Liquidity Bank which is not paid hereunder when required, shall expire no earlier than the related Conduit Investment Termination Date and shall otherwise be in form and substance acceptable to the Agent.

(b) *Application of Funds in Downgrade Collateral Account*. If any Liquidity Bank shall be required pursuant to Section 15.2(a) to fund a Downgrade Draw, then the Agent shall apply the monies in the Downgrade Collateral Account applicable to such Liquidity Bank's share of Loans required to be made by the Liquidity Banks and to any Assignment Amount payable by such Liquidity Bank pursuant to Section 15.1 at the times, in the manner and subject to the conditions precedent set forth in this Agreement. The deposit of monies in such Downgrade Collateral Account by any Liquidity Bank shall not constitute a Loan or the payment of any Assignment Amount (and such Liquidity Bank shall not be entitled to interest on such monies except as provided below in this Section 15.2(b), unless and until (and then only to the extent that) such monies are used to fund Loans or to pay any Assignment Amount. The amount on deposit in such Downgrade Collateral Account shall be invested by the Agent in Eligible Investments and such Eligible Investments shall be selected by the Agent in its sole discretion. The Agent shall remit to such Liquidity Bank, on the last Business Day of each month, the income actually received thereon. Unless required to be released as provided below in this subsection, Collections received by the Agent in respect of such Liquidity Bank's portion of the Obligations shall be deposited in the Downgrade Collateral Account for such Liquidity Bank. Amounts on deposit in such Downgrade Collateral Account shall be released to such Liquidity Bank (or the stated amount of the letter of credit delivered by such Liquidity Bank pursuant to subsection (a) above may be reduced) within one (1) Business Day after each Settlement Date following the Termination Date to the extent that, after giving effect to the distributions made and received by the Lenders on such Settlement Date, the amount on deposit in such Downgrade Collateral Account would exceed such Liquidity Bank's pro rata share (determined as of the day prior to the Termination Date) of the sum of all Loans then funded by YC SUSI, *plus* the Interest Component. All amounts remaining in such Downgrade Collateral Account shall be released to such Liquidity Bank no later than the Business Day immediately following the *earliest* of (i) the effective date of any replacement of such Liquidity Bank or removal of such Liquidity Bank as a party to this Agreement, (ii) the date on which such Liquidity Bank shall furnish the Agent with confirmation that such Liquidity Bank shall have short-term debt ratings of at least "A-2" or "P-2" from S&P and Moody's, respectively, without negative credit implications, and (iii) the Conduit Investment Termination Date. Nothing in this Section 15.2 shall affect or diminish in any way any such downgraded Liquidity Bank's Commitment to the Borrower or YC SUSI or such downgraded Liquidity Bank's other obligations and liabilities hereunder and under the other Transaction Documents.

(c) *Liquidity Agreement Downgrade Provisions*. Notwithstanding the other provisions of this Section 15.2, a Liquidity Bank shall not be required to make a Downgrade Draw (or provide for the issuance of a letter of credit in lieu thereof) pursuant to Section 15.2(a) at a time when such Liquidity Bank has a downgrade collateral account (or letter of credit in lieu thereof) established pursuant to the Liquidity Agreement relating to the transactions contemplated by this Agreement to which it is a party in an amount at least equal to its unused Commitment, and the Agent may apply monies in such downgrade collateral account in the manner described in Section 15.2(b) as if such downgrade collateral account were a Downgrade Collateral Account.

[Remainder of Page Intentionally Left Blank
Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

BORROWER: **PACKAGING RECEIVABLES COMPANY, LLC**

By: /s/ DARLA J. OLIVIER
Name: Darla J. Olivier
Title: Secretary

SERVICER: **PACKAGING CREDIT COMPANY, LLC**

By: /s/ DARLA J. OLIVIER
Name: Darla J. Olivier
Title: Secretary

AGENT:

BANK OF AMERICA,
NATIONAL ASSOCIATION,
as Agent

By: /s/ STEVEN MAYSONET
Name: Steven Maysonet
Title: Vice President

LENDERS:

YC SUSI TRUST,
as a Lender

By: Bank of America, National Association,
its attorney-in-fact

By: /s/ STEVEN MAYSONET
Name: Steven Maysonet
Title: Vice President

Initial Commitment: not applicable

BANK OF AMERICA,
NATIONAL ASSOCIATION,
as a Lender

By: /s/ STEVEN MAYSONET
Name: Steven Maysonet
Title: Vice President

Initial Commitment: $150,000,000

ANNEX A

DEFINITIONS

A. Certain Defined Terms. As used in this Agreement, the following terms have the following meanings:

"*Account*" shall have the meaning specified in Section 9-106 of the UCC.

"*Adjusted Dilution Ratio*" at any time means the 12-month rolling average of the Dilution Ratio for the twelve (12) Settlement Periods then most recently ended.

"*Administrator*" has the meaning set forth in Section 15.1.

"*Advance*" means a borrowing hereunder consisting of the aggregate amount of the Loans made on the same Borrowing Date.

"*Affected Party*" means each of the Lenders and the Agent.

"*Affiliate*" means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, membership interests, by contract, or otherwise.

"*Affiliated Obligor*" in relation to any Obligor means an Obligor that is an Affiliate of such Obligor.

"*Agent*" has the meaning provided in the preamble of this Agreement.

"*Aggregate Commitment*" means the aggregate of the Commitments of the Liquidity Banks, as reduced or increased from time to time pursuant to the terms hereof.

"*Agreement*" means this Amended and Restated Credit and Security Agreement, as it may be amended or modified and in effect from time to time.

"*Allied Signal Receivable*" means a Receivable, the Obligor of which is Allied Signal, Inc. or any Affiliate thereof.

"*Allocation Limit*" has the meaning set forth in *Section 1.1*.

"*Alternate Base Rate*" means for any day, the rate per annum equal to the higher as of such day of (i) the Base Rate, or (ii) one-half of one percent (0.50%) above the Federal Funds Rate. For purposes of determining the Alternate Base Rate for any day, changes in the Base Rate or the Federal Funds Rate shall be effective on the date of each such change. The Alternate Base Rate is not necessarily intended to be the lowest rate of interest determined by Bank of America in connection with extensions of credit.

"*Alternate Base Rate Loan*" means a Loan which bears interest at the Alternate Base Rate or the Default Rate.

"*Article*" means an article of this Agreement unless another document is specifically referenced.

"Assignment Agreement" has the meaning set forth in the preamble of this Agreement.

"*Assignment Amount*" means, with respect to a Liquidity Bank at the time of any assignment pursuant to Section 15.1, an amount equal to the least of (a) such Liquidity Bank's *pro rata* share of the Obligations requested by YC SUSI to be assigned at such time; (b) such Liquidity Bank's unused Commitment (minus the unrecovered principal amount of such Liquidity Bank's investment in the Obligations pursuant to the Liquidity Agreement to which it is a party); and (c) in the case of an assignment on or after the applicable Conduit Investment Termination Date, an amount equal the sum of such Liquidity Bank's *pro rata* share of (i) the aggregate Unpaid Balance of the Receivables (other than Defaulted Receivables), *plus* (ii) all Collections received by the Servicer but not yet remitted by the Servicer to the Agent, *plus* (iii) any amounts in respect of Deemed Collections required to be paid by the Borrower at such time.

"*Assignment Date*" has the meaning set forth in Section 15.1.

"*Bank of America*" has the meaning set forth in the preamble of this Agreement.

"*Bank of America Roles*" has the meaning set forth in Section 11.10(a).

"*Bank Rate Spread*" has the meaning provided in the Fee Letter.

"*Base Rate*" means the rate of interest per annum publicly announced from time to time by Bank of America as its "prime rate". (The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate.) Any change in the prime rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

"Blue Ridge" has the meaning provided in the preamble of this Agreement.

"*Borrower*" has the meaning provided in the preamble of this Agreement.

"*Borrower Information*" has the meaning set forth in Section 14.7(a).

"*Borrower Information Provider*" has the meaning set forth in Section 14.7(a).

"*Borrowing Base*" means, on any date of determination, the amount determined by reference to the following formula:

$$(NPB - RR) - EDC$$

where:

NPB	=	the Net Pool Balance as of the most recent Cut-Off Date occurring at least seven (7) Business Days prior to such date of determination;
RR	=	the Required Reserve as of the most recent Cut-Off Date occurring at least seven (7) Business Days prior to such date of determination; and
EDC	=	Deemed Collections that have occurred since the most recent Cut-Off Date occurring at least seven (7) Business Days prior to such date of determination to the extent such Deemed Collections exceed the Dilution Reserve.

"*Borrowing Date*" means a date on which an Advance is made hereunder.

"*Borrowing Request*" is defined in *Section 2.1*.

"*Business Day*" means (i) any day on which banks are not authorized or required to close in New York, New York or Chicago, Illinois and The Depository Trust Company of New York is open for business, and (ii) if the applicable Business Day relates to any computation or payment to be made with respect to the Eurodollar Rate (Reserve Adjusted), any day on which dealings in dollar deposits are carried on in the London interbank market.

"*Capital Lease Obligation*" of a Person means any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with GAAP.

"*Change in Control*" means:

(a) the failure of Performance Guarantor to own (directly or through one or more of its wholly-owned Subsidiaries) 100% of the membership interests of the Borrower or Seller; or

(b) (i) any Person or two or more Persons acting in concert shall have acquired beneficial ownership (within the meaning of Rule 13d-3 of the Securities and Exchange Commission under the Exchange Act), directly or indirectly, of voting stock (or other securities convertible into such voting stock) representing 35% or more of the combined voting power of all voting stock of the Performance Guarantor; or (ii) during any period of up to twelve (12) consecutive months, commencing after the date of this Agreement, individuals who at the beginning of such twelve-month period were directors of the Performance Guarantor shall cease for any reason (other than due to death or disability) to constitute a majority of the board of directors of the Performance Guarantor (except to the extent that individuals who at the beginning of such twelve-month period were replaced by individuals (x) elected by a majority of the remaining members of the board

of directors of the Performance Guarantor or (y) nominated for election by a majority of the remaining members of the board of the directors of the Performance Guarantor and thereafter elected as directors by the shareholders of the Performance Guarantor); or (iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of the power to exercise, directly or indirectly, a controlling influence over the management or policies of the Performance Guarantor; or (iv) a "Change in Control" or similar event shall occur as provided in any instrument or agreement governing Indebtedness of the Performance Guarantor, to the extent the outstanding principal amount of the Indebtedness outstanding thereunder exceeds $25,000,000.

"*Code*" means the Internal Revenue Code of 1986, as the same may be amended from time to time.

"*Collateral*" has the meaning set forth in *Section 9.1*.

"*Collection Account*" has the meaning set forth in *Section 7.1(i)*.

"*Collections*" means all funds which either (i) are received by the Borrower, the Seller, the Originator or the Servicer from or on behalf of the related Obligor in payment of any amounts owed (including, without limitation, purchase prices, finance charges, interest and all other charges) in respect of such Receivable, or applied to such amounts owed by such Obligor (including, without limitation, insurance payments that the Borrower, the Seller, the Originator or the Servicer applies in the ordinary course of its business to amounts owed in respect of such Receivable and net proceeds of sale or other disposition of repossessed goods or other collateral or property of the Obligor or any other party directly or indirectly liable for payment of such Receivable and available to be applied thereon), or (ii) are Deemed Collections.

"*Commercial Paper Notes*" shall mean the commercial paper promissory notes, if any, issued by or on behalf of YC SUSI that fund any CP Rate Loan.

"*Commitment*" means, for each Liquidity Bank, its obligation to make Loans not exceeding the amount set forth opposite its signature to the Agreement, as such amount may be modified from time to time pursuant to the terms hereof.

"*Commitment Increase Request*" has the meaning set forth in *Section 1.7*.

"*Commitment Reduction Notice*" has the meaning set forth in *Section 1.6*.

"*Conduit Investment Termination Date*" means the date of delivery by YC SUSI to the Borrower of written notice that it elects, in its sole discretion, to permanently cease to fund Loans hereunder.

"*Contract*" means with respect to any Receivable, any agreement, contract or other writing with respect to the provision of services by the Originator to an Obligor, any paper or electronic bill, statement or invoice for services rendered by the Originator to an Obligor, and any instrument or chattel paper now or hereafter evidencing all or any portion of the same.

"*Contractual Obligation*" means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

"CP Costs" means, for any day, the per annum rate equivalent to the weighted average cost (as determined by the applicable administrator of YC SUSI and which shall include commissions of placement agents and dealers, incremental carrying costs incurred with respect to Commercial Paper Notes maturing on dates other than those on which corresponding funds are received by YC SUSI, other borrowings by YC SUSI (other than under any Liquidity Agreement) and any other costs associated with the issuance of Commercial Paper Notes) of or related to the issuance of Commercial Paper Notes that are allocated, in whole or in part, by YC SUSI or its administrator to fund or maintain Loans (and which may be also allocated in part to the funding of other assets of YC SUSI); *provided, however*, that if any component of such rate is a discount rate, in calculating the "*CP Costs*" for such Loans, YC SUSI shall for such component use the rate resulting from converting such discount rate to an interest bearing equivalent rate *per annum*.

"*CP Rate Loan*" means a Loan made by YC SUSI funded with Pooled Commercial Paper.

"*CP Tranche Period*" shall mean the period to maturity of any Pooled Commercial Paper.

"*Credit and Collection Policy*" means those credit and collection policies and practices of the Originator relating to Contracts and Receivables as in effect on the date of this Agreement, as modified without violating Section 7.3(c); provided that if an Event of Default or an Unmatured Default has occurred, at the request of the Agent, Packaging Corporation of America shall provide a copy of its existing Credit and Collection Policy.

"*Credit Event*" means, with respect to the Performance Guarantor, the lowering of the Performance Guarantor's issuer rating or bank debt rating to below BB- by S&P or the withdrawal or suspension of either such rating.

"*Cut-Off Date*" means August 31, 2008 and the last day of each month thereafter.

"*Days Sales Outstanding*" or "*DSO*", means, as of any day, an amount equal to the product of (x) 91, and (y) the amount obtained by dividing (i) the aggregate outstanding balance of Receivables as of the most recent Cut-Off Date, by (ii) the aggregate amount of Receivables created during the three Settlement Periods including and immediately preceding such Cut-Off Date.

"*Deemed Collections*" means Collections deemed received by the Borrower under Section 3.4.

"*Default Horizon Ratio*" at any time means the ratio (expressed as a percentage) computed as of the Cut-Off Date for the next preceding Settlement Period by dividing the aggregate sales of the Originator generated during the most recent five (5) Settlement Periods by the aggregate Unpaid Balance of all Eligible Receivables as of the most recent Cut-off Date;

provided that if a Rating Event has occurred, the numerator shall be calculated based on the aggregate sales of the Originator generated during the most recent six (6) Settlement Periods.

"*Default Rate*" means a rate per annum equal to the sum of (i) the Alternate Base Rate plus (ii) 2.00%, changing when and as the Alternate Base Rate changes.

"*Default Ratio*" means, as of any Cut-Off Date, the ratio (expressed as a percentage) computed by dividing (a) the aggregate Unpaid Balance of Receivables which became Defaulted Receivables during the Settlement Period that includes such Cut-Off Date, by (b) the aggregate sales generated by the Originator during the Settlement Period occurring five (5) months prior to the Settlement Period ending on such Cut-Off Date.

"*Defaulted Receivable*" means a Receivable: (a) as to which any payment, or part thereof, remains unpaid for more than ninety (90) days from the original due date for such payment; (b) as to which an Event of Bankruptcy has occurred and remains continuing with respect to the Obligor thereof; or (c) which Receivable has been written off by the Borrower or Servicer in accordance with the Credit and Collection Policy.

"*Delinquency Ratio*" at any time means the ratio (expressed as a percentage) computed as of the Cut-Off Date for the next preceding Settlement Period by dividing (a) the aggregate Unpaid Balance of all Receivables that are Delinquent Receivables on such Cut-Off Date by (b) the aggregate Unpaid Balance of all Receivables on such Cut-Off Date.

"*Delinquent Receivable*" means a Receivable as to which any payment, or part thereof, remains unpaid for sixty-one (61) to ninety (90) days from the original due date for such payment.

"*Dilution*" means the reduction or cancellation of the Unpaid Balance of a Receivable as described in Section 3.4(a), excluding Volume Rebate Amounts.

"*Dilution Horizon Ratio*" means, on any Settlement Date, an amount calculated by dividing (a) cumulative sales of the Originator generated during the most recent Settlement Period by (b) the aggregate Unpaid Balance of all Receivables as of the most recent Cut-off Date.

"*Dilution Ratio*" means, as of any Settlement Date, a percentage equal to a fraction, the numerator of which is the total amount of decreases in Unpaid Balances due to Dilutions during the most recent Settlement Period, and the denominator of which is the amount of sales of the Originator generated during the Settlement Period one month prior to the most recent Settlement Period.

"*Dilution Reserve*" means, as of any Settlement Date, a percentage equal to the product of (a) the sum of (i) the product of 2.0 times the Adjusted Dilution Ratio, plus (ii) the Dilution Volatility Component, multiplied by (b) the Dilution Horizon Ratio.

"*Dilution Volatility Component*" means, as of any Settlement Date, an amount (expressed as a percentage) equal to the product of (a) the difference between (i) the highest three-month rolling average Dilution Ratio over the preceding twelve (12) Settlement Periods and (ii) the

Adjusted Dilution Ratio, and (b) a fraction, the numerator of which is equal to the amount calculated in (i)(a) of this definition and the denominator of which is equal to the amount calculated in (i)(b) of this definition.

"*Dollars*" means dollars in lawful money of the United States of America.

"*Downgrade Collateral Account*" has the meaning set forth in Section 15.2.

"*Downgraded Liquidity Bank*" means a Liquidity Bank which has been the subject of a Downgrading Event.

"*Downgrade Draw*" has the meaning set forth in Section 15.2.

"*Downgrading Event*" with respect to any Liquidity Bank means the lowering of a rating with regard to the short-term securities of such Liquidity Bank to below (i) A-1 by S&P, or (ii) P-1 by Moody's.

"*Eligible Assignee*" means (a) any "bankruptcy remote" special purpose entity which is administered by Bank of America (or any Affiliate of Bank of America) that is in the business of acquiring or financing receivables, securities and/or other financial assets and which issues commercial paper notes that are rated at least A-1 by S&P and P-1 by Moody's, (b) any Qualifying Liquidity Bank having a combined capital and surplus of at least $250,000,000, or (c) any Downgraded Liquidity Bank whose liquidity commitment has been fully drawn by YC SUSI or the Agent and funded into a collateral account.

"*Eligible Investments*" means any of the following investments denominated and payable solely in Dollars: (a) readily marketable debt securities issued by, or the full and timely payment of which is guaranteed by the full faith and credit of, the federal government of the United States, (b) insured demand deposits, time deposits and certificates of deposit of any commercial bank rated "A-1+" by S&P and "P-1" by Moody's, (c) no load money market funds rated in the highest ratings category by each of S&P and Moody's (without the "r" symbol attached to any such rating by S&P), and (d) commercial paper of any corporation incorporated under the laws of the United States or any political subdivision thereof, *provided that* such commercial paper is rated "A-1+" by S&P and "P-1" by Moody's (without the "r" symbol attached to any such rating by S&P).

"*Eligible Receivable*" means, at any time, a Receivable:

(a) which is a Receivable arising out of the sale of goods or services by the Originator in the ordinary course of its business that has been sold or contributed to the Seller pursuant to the Sale Agreement in a "true sale" or "true contribution" transaction and which has been subsequently sold or contributed by the Seller to the Borrower in a "*true sale*" or "*true contribution*" transaction;

(b) as to which the perfection of the Agent's security interest, on behalf of the Secured Parties, is governed by the laws of a jurisdiction where the UCC is in force, and which constitutes an "account" as defined in the UCC as in effect in such jurisdiction;

(c) the Obligor of which is a resident of the United States or any of its possessions or territories, and is not (i) an Affiliate or employee of any Loan Party, or (ii) a Governmental Authority as to which the assignment of receivables owing therefrom requires compliance with the Federal Assignment of Claims Act or other similar legislation (unless the Borrower has complied therewith);

(d) which is not a Defaulted Receivable at such time;

(e) with regard to which the representations and warranties of the Borrower in Sections 6.1(i) and (k) are true and correct;

(f) the granting of a security interest therein does not contravene or conflict with any law;

(g) which is denominated and payable only in Dollars in the United States;

(h) which arises under a Contract and is evidenced by a Contract, in each case that has been duly authorized and that, together with such Receivable, is in full force and effect and constitutes the legal, valid and binding obligation of the Obligor of such Receivable enforceable against such Obligor in accordance with its terms and is not subject to any dispute, offset (except as provided below), counterclaim or defense whatsoever; *provided*, *however*, that if such dispute, offset, counterclaim or defense affects only a portion of the Unpaid Balance of such Receivable, then such Receivable may be deemed an Eligible Receivable to the extent of the portion of such Unpaid Balance which is not so affected, and *provided further*, that Receivables owing from any Obligor to whom the Originator owes accounts payable (thereby giving rise to a potential offset) may be treated as Eligible Receivables to the extent the Obligor of such receivables has agreed pursuant to a written agreement in form and substance satisfactory to the Agent, that such Receivables shall not be subject to such offset; *provided further*, that the applicability of any Volume Rebate Amount shall not preclude a Receivable from being an Eligible Receivable (although the portion of the Receivable subject to the Volume Rebate Amount shall be excluded as an Eligible Receivable in all respects);

(i) which, together with the Contract related thereto, does not contravene in any material respect any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to usury, truth in lending, fair credit billing, fair credit reporting, equal credit opportunity, fair debt collection practices and privacy) and with respect to which no party to the Contract related thereto is in violation of any such law, rule or regulation in any material respect if such violation would impair the collectibility of such Receivable;

(j) which satisfies in all material respects all applicable requirements of the Originator's Credit and Collection Policy;

(k) which, according to the Contract related thereto, is due and payable within 91 days from the invoice date of such Receivable;

(l) the original term of which has not been extended (except as permitted in Section 8.2(c));

(m) when aggregated with all other Receivables owing from the same Obligor, not more than 35% of the aggregate Unpaid Balance of all Receivables owing from such Obligor are Defaulted Receivables;

(o) the Obligor of which has been directed to make all payments to a Lockbox Account; and

(p) which Receivable does not arise from the sale of goods provided to the Originator on consignment by AstenJohnson, Inc.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any rule or regulation issued thereunder.

"*ERISA Affiliate*" means any Person that is a member of the Performance Guarantor's controlled group, or under common control with the Performance Guarantor, within the meaning of Section 414 of the Code.

"*ERISA Event*" means (a) (i) the occurrence of a Reportable Event, or (ii) the requirements of subsection (1) of Section 4043(b) of ERISA (without regard to subsection (2) of such Section) are met with respect to a contributing sponsor, as defined in Section 4001(a)(13) of ERISA, of a Plan, and an event described in paragraph (9), (10), (11), (12) or (13) of Section 4043(c) of ERISA is reasonably expected to occur with respect to such Plan within the following thirty (30) days; (b) an application is made for a minimum funding waiver with respect to a Plan; (c) the provision by the administrator of any Plan of a notice of intent to terminate such Plan pursuant to Section 4041(a)(2) of ERISA (including any such notice with respect to a plan amendment referred to in Section 4041(e) of ERISA); (d) the cessation of operations at a facility of the Performance Guarantor or any ERISA Affiliate in the circumstances described in Section 4062(e) of ERISA; (e) the withdrawal by the Performance Guarantor or any ERISA Affiliate from a Multiple Employer Plan during a plan year for which it was a substantial employer, as defined in Section 4001(a)(2) of ERISA; (f) the conditions for the imposition of a lien under Section 303(k) of ERISA or Section 430(k) of the Code shall have been met with respect to any Plan; (g) the adoption of an amendment to a Plan requiring the provision of security to such Plan pursuant to Section 302 of ERISA or Section 412 of the Code; or (h) the institution by the PBGC of proceedings to terminate a Plan pursuant to Section 4042 of ERISA, or the occurrence of any event or condition described in Section 4042 of ERISA that constitutes grounds for the termination of, or the appointment of a trustee to administer, a Plan.

"*Eurodollar Business Day*" means a day of the year as defined in clause (ii) of the definition of Business Day.

"*Eurodollar Loan*" means a Loan which bears interest at the applicable Eurodollar Rate.

"*Eurodollar Rate*" means, for any Interest Period, the rate per annum determined on the basis of the offered rate for deposits in Dollars of amounts equal or comparable to the principal amount of the related Liquidity Funding offered for a term comparable to such Interest Period,

which rates appear on a Bloomberg L.P. terminal, displayed under the address “US0001M (or US0002M or US0003M, as applicable) <Index> Q <Go>” effective as of 11:00 A.M., London time, two (2) Eurodollar Business Days prior to the first day of such Interest Period, *provided* that if no such offered rates appear on such page, the Eurodollar Rate for such Interest Period will be the arithmetic average (rounded upwards, if necessary, to the next higher 1/100th of 1%) of rates quoted by not less than two (2) major banks in New York City, selected by the Agent, at approximately 10:00 A.M., New York City time, two (2) Eurodollar Business Days prior to the first day of such Interest Period, for deposits in Dollars offered by leading European banks for a period comparable to such Interest Period in an amount comparable to the principal amount of such Liquidity Funding.

“*Eurodollar Rate (Reserve Adjusted)*” applicable to any Interest Period means a rate per *annum* equal to the quotient obtained (rounded upwards, if necessary, to the next higher 1/100th of 1%) by dividing (a) the applicable Eurodollar Rate for such Interest Period by (b) 1.00 minus the Eurodollar Reserve Percentage.

“*Eurodollar Reserve Percentage*” shall mean, with respect to any Interest Period, the maximum reserve percentage, if any, applicable to a Liquidity Bank under Regulation D during such Interest Period (or if more than one percentage shall be applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be applicable) for determining such Liquidity Bank’s reserve requirement (including any marginal, supplemental or emergency reserves) with respect to liabilities or assets having a term comparable to such Interest Period consisting or included in the computation of “Eurocurrency Liabilities” pursuant to Regulation D. Without limiting the effect of the foregoing, the Eurodollar Reserve Percentage shall reflect any other reserves required to be maintained by such Liquidity Bank by reason of any Regulatory Change against (a) any category of liabilities which includes deposits by reference to which the “London Interbank Offered Rate” or “LIBOR” is to be determined or (b) any category of extensions of credit or other assets which include LIBOR-based credits or assets.

“*Event of Default*” means an event described in *Section 10.1*.

“*Event of Bankruptcy*” shall be deemed to have occurred with respect to a Person if either:

(a) a case or other proceeding shall be commenced, without the application or consent of such Person, in any court, seeking the liquidation, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of debts of such Person, the appointment of a trustee, receiver, custodian, liquidator, assignee, sequestrator or the like for such Person or all or substantially all of its assets, or any similar action with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of sixty (60) consecutive days; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy laws or other similar laws now or hereafter in effect; or

(b) such Person shall commence a voluntary case or other proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for, such Person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall be adjudicated insolvent, or admit in writing its inability to, pay its debts generally as they become due, or, if a corporation or similar entity, its board of directors shall vote to implement any of the foregoing.

"*Excess Concentration Amount*" means, as of any date, the sum of (i) the sum of the amounts by which the aggregate Unpaid Balance of Receivables of each Obligor exceeds the Obligor Concentration Limit for such Obligor, and (ii) the amount by which the Unpaid Balance of all Receivables due and payable between 62 and 91 days of the original invoice date exceeds the Extended Term Concentration Limit.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Exhibit*" refers to an exhibit to this Agreement, unless another document is specifically referenced.

"*Extended Term Concentration Limit*" means, at any time, in relation to the aggregate Unpaid Balance of all Receivables due and payable between 62 and 91 days of the original invoice date, 15% of the aggregate Unpaid Balance of all Receivables at such time.

"*Extension Request*" has the meaning set forth in Section 1.8.

"*Facility Fee*" has the meaning set forth in the Fee Letter.

"*Federal Funds Rate*" means, for any day, the rate per *annum* (rounded upwards, if necessary, to the next higher 1/100th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day, *provided* that (i) if the day for which such rate is to be determined is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (ii) if such rate is not so published for any day, the Federal Funds Rate for such day shall be the average rate charged to the Agent on such day on such transactions, as reasonably determined by the Agent.

"*Federal Reserve Board*" means the Board of Governors of the Federal Reserve System, or any successor thereto or to the functions thereof.

"*Fee Letter*" means that certain Amended and Restated Fee Letter dated as of the date hereof and among Performance Guarantor, the Borrower, YC SUSI and the Agent.

"*Final Payout Date*" means the earlier to occur of (i) the date following the Termination Date on which all Receivables in existence on the Termination Date have been paid in full or

have been charged-off pursuant to the provisions of the Credit and Collection Policy and (ii) date following the Termination Date on which the Obligations have been paid in full.

"*Five Year Credit Agreement*" means that certain Five Year Credit Agreement dated as of April 15, 2008, among Packaging Corporation of America, as Borrower, the Initial Lenders named therein, Deutsche Bank AG New York Branch, as Syndication Agent, JPMorgan Chase Bank, as Administrative Agent and Deutsche Bank Securities Inc., as Sole Lead Arranger and Book Manager.

"*GAAP*" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such accounting profession, which are applicable to the circumstances as of the date of determination.

"*Governmental Authority*" means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"*Guarantee*" of or by any Person means any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the "*primary obligor*") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness, (b) to purchase property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment of such Indebtedness or (c) to maintain working capital, equity capital or other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness; *provided however* that the term Guarantee shall not include endorsements for collection or deposit, in either case, in the ordinary course of business.

"*Indebtedness*" of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services (other than trade payables incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, but limited, if such obligations are without recourse to such Person, to the lesser of the principal amount of such Indebtedness or the fair market value of such property, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations of such Person in respect of interest rate protection agreements, foreign

currency exchange agreements or other interest or exchange rate hedging arrangements (the amount of any such obligation to be the amount that would be payable upon the acceleration, termination or liquidation thereof) and (j) all obligations of such Person as an account party in respect of letters of credit and bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any partnership in which such Person is a general partner.

"*Indemnified Amounts*" has the meaning set forth in Section 13.1(a).

"*Indemnified Party*" has the meaning set forth in Section 13.1(a).

"*Independent Manager*" has the meaning set forth in Section 7.4(b).

"*Information Package*" has the meaning set forth in Section 3.1.

"*Initial PCA Note*" means the Initial PCA Note as defined in the Receivables Sale Agreement.

"*Interest Component*" means, at any time of determination for YC SUSI, the aggregate interest and fees accrued and to accrue through the end of the current CP Tranche Period for the Obligations accruing interest calculated by reference to the CP Costs at such time (determined for such purpose using the CP Costs most recently determined by the Administrator).

"*Interest Payment Date*" means:

(a) with respect to any CP Rate Loan, each Settlement Date, the date on which any such Loan is prepaid, in whole or in part, and the Termination Date;

(b) with respect to any Eurodollar Loan, the last day of its Interest Period, the date on which any such Loan is prepaid, in whole or in part, and the Termination Date;

(c) with respect to any Alternate Base Rate Loan, each Settlement Date while such Loan remains outstanding, the date on which any such Loan is prepaid, in whole or in part, and the Termination Date; and

(d) with respect to any Loan while the Default Rate is applicable thereto, upon demand or, in the absence of any such demand, each Settlement Date while such Loan remains outstanding, the date on which any such Loan is prepaid, in whole or in part, and the Termination Date.

"*Interest Period*" means, with respect to a Eurodollar Loan, a period of one (1), two (2) or three (3) months commencing on a Business Day selected by the Borrower (or the Servicer on the Borrower's behalf) pursuant to this Agreement and agreed to by the Agent. Such Interest Period shall end on the day which corresponds numerically to such date one (1), two (2) or three (3) months thereafter, *provided*, *however*, that (i) if there is no such numerically corresponding day in such next, second or third succeeding month, such Interest Period shall end on the last Business Day of such next, second or third succeeding month, and (ii) if an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next

succeeding Business Day unless said next succeeding Business Day falls in a new calendar month, then such Interest Period shall end on the immediately preceding Business Day.

"*Interest Rate*" means a Eurodollar Rate (Reserve Adjusted), an Alternate Base Rate or the Default Rate.

"*Interest Reserve*" shall mean, as of any date of determination, an amount equal to (a) the product of (i) 2.0 times (ii) the Days Sales Outstanding as of such date of determination times (iii) the Base Rate as of such date of determination, divided by (b) 365 or 366, as applicable, times the Net Pool Balance as of such date of determination.

"*Lenders*" means YC SUSI, each Liquidity Bank and their respective successors and permitted assigns.

"*Lien*" means any security interest, lien, encumbrance, pledge, assignment, title retention, similar claim, right or interest.

"*Liquidity Agreement*" means the Liquidity Asset Purchase Agreement dated as of the date hereof among YC SUSI, the Agent, and the Liquidity Banks from time to time party thereto, as the same may be amended, restated, supplemented, replaced or otherwise modified from time to time.

"*Liquidity Bank*" means (a) Bank of America, (b) any other Liquidity Bank which becomes a party hereto and (c) any Eligible Assignee of such Liquidity Bank's Commitment hereunder and under the Liquidity Agreement. A Liquidity Bank will become a "Lender" hereunder at such time as it makes any Liquidity Funding.

"*Liquidity Commitment*" means, with respect to each Liquidity Bank, its commitment to make Liquidity Fundings pursuant to the Liquidity Agreement to which it is a party.

"*Liquidity Funding*" means (a) a purchase made by any Liquidity Bank pursuant to its Liquidity Commitment of all or any portion of one of YC SUSI's Loans, or (b) any Loan made by the Liquidity Banks in lieu of YC SUSI pursuant to Section 1.1.

"*Liquidity Termination Date*" means the earlier to occur of the following:

(a) the date on which the Liquidity Banks' commitments pursuant to the Liquidity Agreement expire, cease to be available to YC SUSI or otherwise cease to be in full force and effect; or

(b) the date on which a Downgrading Event with respect to a Liquidity Bank shall have occurred and been continuing for not less than thirty (30) days, and either (i) the Downgraded Liquidity Bank shall not have been replaced by a Qualifying Liquidity Bank pursuant to the applicable Liquidity Agreement, or (ii) the commitment of such Downgraded Liquidity Bank under a Liquidity Agreement shall not have been funded or collateralized in such a manner that will avoid a reduction in or withdrawal of the credit rating applied to the Commercial Paper Notes to which such Liquidity Agreement applies by any of the rating agencies then rating such Commercial Paper Notes.

"*Loan*" means any loan made by a Lender to the Borrower pursuant to this Agreement. Each Loan shall either be a CP Rate Loan, an Alternate Base Rate Loan or a Eurodollar Loan, selected in accordance with the terms of this Agreement.

"*Loan Parties*" means, collectively, the Borrower, the Seller and the Performance Guarantor.

"*Lock-Box*" has the meaning set forth in the Lock-Box Agreements.

"*Lock-Box Account*" means any bank account of the Borrower or the Agent into which Collections are deposited or transferred and which is subject to a Lock-Box Agreement.

"*Lock-Box Agreement*" means a letter agreement, in substantially the form of Exhibit A (or as otherwise approved by the Agent), among the Originator, the Borrower, the Agent and a Lock-Box Bank.

"*Lock-Box Bank*" means any of the banks holding one or more lock-boxes, blocked accounts or Lock-Box Accounts receiving Collections from Receivables.

"*Loss Reserve*" as of any Cut-Off Date means a percentage equal the product of (a) 2.0 times the highest three-month rolling average Default Ratio during the most recent twelve (12) Settlement Periods and (b) the Default Horizon Ratio.

"*Material Adverse Effect*" means:

(i) a Credit Event shall have occurred;

(ii) a material impairment of the ability of any Loan Party to perform under any Transaction Document or to avoid or cure, as applicable, any Unmatured Default or Event of Default;

(iii) a material adverse effect upon the legality, validity, binding effect or enforceability against any Loan Party of any Transaction Document;

(iv) a material adverse effect upon the validity, enforceability or collectibility of a material portion of the Receivables; or

(v) a material adverse effect upon the validity, perfection, priority or enforceability of the Borrower's title to — or the Agent's security interest, on behalf of the Secured Parties, in — the Collateral.

"*Minimum Reserve Ratio*" means, as of any Settlement Date, the sum of (a) 8.0 and (b) the product of (i) the Adjusted Dilution Ratio and (ii) the Dilution Horizon Ratio, each calculated as of the Settlement Date immediately following such Settlement Period.

"*Moody's*" means Moody's Investors Service, Inc.

"*Multiemployer Plan*" means a multiemployer plan, as defined in Section 4001(a)(3) of ERISA, to which the Performance Guarantor or any ERISA Affiliate is making or accruing an obligation to make contributions, or has within any of the preceding five (5) plan years made or accrued an obligation to make contributions or with respect to which the Performance Guarantor or any ERISA Affiliate otherwise has liability or a reasonable expectation of liability.

"*Multiple Employer Plan*" means a Pension Plan maintained by more than one employer as contemplated by Section 413(c) of the Code and regulations promulgated thereunder or as contemplated by Sections 4063 and 4064 of ERISA and which the Performance Guarantor or any ERISA Affiliate sponsors or maintains, or to which it makes, is making, or is obligated to make contributions, or to which it has made contributions at any time during the immediately preceding five plan years, or with respect to which it otherwise has liability or a reasonable expectation of liability.

"*Net Pool Balance*" means, at any time, an amount equal to (a) the aggregate Unpaid Balance of all Eligible Receivables at such time, *minus* (b) the Excess Concentration Amount at such time.

"*Obligations*" means all unpaid principal of and accrued and unpaid interest on the Loans, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations of the Borrower to the Lenders (or any Lender), the Agent or any Indemnified Party arising under the Transaction Documents.

"*Obligor*" means a Person obligated to make payments with respect to a Receivable, including any guarantor thereof.

"*Obligor Concentration Limit*" means, at any time, in relation to the aggregate Unpaid Balance of Receivables owed by any single Obligor and its Affiliated Obligors (if any) (provided that the Servicer may deduct from such Receivables the Unpaid Balance of Receivables of an Obligor and its affiliated Obligors that the Servicer can specifically identify as not being Eligible Receivables), the applicable concentration limit set forth in the chart below (unless the Agent from time to time upon the Borrower's request agrees to a higher percentage of Eligible Receivables for a particular Obligor and its Affiliates) and determined for Obligors based on their short term unsecured debt ratings (or, in the absence of such a rating, the equivalent long term unsecured senior debt rating as specified below) currently assigned to them by S&P or Moody's; *provided*, *however*, that (a) if such Obligor has a split rating, the applicable rating will be the lower of the two, (b) if such Obligor is rated by only S&P, the applicable rating will be deemed to be one ratings tier below the actual rating by S&P, and (c) if such Obligor is rated by only Moody's, the applicable rating will be deemed to be one ratings tier below the actual rating by Moody's, it being understood that if Moody's has assigned a P-1 rating to such Obligor and S&P has not rated it, the applicable rating will be P-2:

S&P Long-Term Rating	Moody's Long-Term Rating	S&P Short-Term Rating	Moody's Short-Term Rating	Allowable % of Eligible Receivables
AAA to AA-	Aaa to Aa2	A-1+	P-1	10%
A+ to A		A-1		8%
A- to BBB+	A3 to Baa1	A-2	P-2	6%
BBB-BBB-	Baa2 to Baa3	A-3	P-3	3%

S&P Long-Term Rating	Moody's Long-Term Rating	S&P Short-Term Rating	Moody's Short-Term Rating	Allowable % of Eligible Receivables
Below BBB- or Not Rated	Below Baa3 or Not Rated	Below A-3 or Not Rated	Below P-3 or Not Rated	2%

"*Originator*" means Packaging Corporation of America, a Delaware corporation.

"*PBGC*" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"*Pension Plan*" means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Performance Guarantor or any ERISA Affiliate sponsors or maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a Multiple Employer Plan has made contributions at any time during the immediately preceding five plan years or with respect to which it otherwise has liability or a reasonable expectation of liability.

"*Percentage Share*" means, as of any time prior to the Termination Date, the lesser of (a) 100% and (b) a fraction, expressed as a percentage, the numerator of which is the sum of (i) the aggregate principal amount of outstanding Loans, and (ii) the Required Reserve as of the most recent Cut-Off Date occurring at least five (5) Business Days prior to the date of determination and the denominator of which is the difference between (A) the Net Pool Balance as of the most recent Cut-Off Date occurring at least five (5) Business Days prior to the date of determination and (B) Deemed Collections that have occurred since the most recent Cut-Off Date occurring at least five (5) Business Days prior to the date of determination to the extent such Deemed Collections exceed the Dilution Reserve. Prior to the Termination Date, the Percentage Share shall change whenever the aggregate principal amount of the outstanding Loans, Required Reserve, Net Pool Balance or amount of Deemed Collections changes. On and after the Termination Date, the Percentage Share shall remain fixed at the percentage in effect as of the Termination Date as determined pursuant to the preceding sentence.

"Performance Guarantee" means the Performance Guarantee dated as of November 29, 2000 from Performance Guarantor to Agent (as assignee of Wachovia).

"*Performance Guarantor*" means Packaging Corporation of America, a Delaware corporation.

"*Person*" means any natural person, corporation, firm, joint venture, partnership, limited liability company, association, enterprise, trust or other entity or organization, or any government or political subdivision or any agency, department or instrumentality thereof.

"*Plan*" means a Single Employer Plan, a Multiple Employer Plan or a Multiemployer Plan.

"*Pooled Commercial Paper*" means Commercial Paper Notes of YC SUSI subject to any particular pooling arrangement by YC SUSI.

"*Prepayment Notice*" has the meaning set forth in Section 1.5(a).

"*Principal Amount*" means the actual net cash proceeds received by YC SUSI upon issuance of a Commercial Paper Note.

“*Prior Uses*” has the meaning set forth in *Section 3.2*.

“*Program Fee*” has the meaning set forth in the Fee Letter.

“*Program Information*” has the meaning set forth in Section 14.8.

“*Purchase and Sale Agreement*” means the Purchase and Sale Agreement dated as of November 29, 2000 between the Seller and the Borrower, as it may be amended, supplemented or otherwise modified in accordance with Section 7.3(f).

“*Qualifying Liquidity Bank*” means a Liquidity Bank with ratings of its short-term securities equal to or higher than (i) A-1 by S&P and (ii) P-1 by Moody’s.

“*Ratable Share*” means (i) with respect to any Lender, the ratio which its Loans bear to the sum of the Loans of all Lenders and (ii) with respect to any Liquidity Bank, the ratio which its Commitment bears to the sum of the Commitments of all Liquidity Banks.

“Rating Event” means, with respect to the Performance Guarantor, the lowering of the Performance Guarantor’s issuer rating or bank debt rating to BB+ or Ba1 or lower by either S&P or Moody’s, as applicable.

“*Receivable*” means any right to payment arising from the sale of products by the Originator, including, without limitation, the right to payment of any interest or finance charges and other amounts with respect thereto, which is sold to the Seller under the Sale Agreement and to the Borrower under the Purchase and Sale Agreement. Rights to payment arising from any one transaction, including, without limitation, rights to payment represented by an individual invoice, shall constitute a Receivable separate from a Receivable consisting of the rights to payment arising from any other transaction or evidenced by any other invoice; *provided*, *however*, any right to payment referred to in this sentence shall be a Receivable regardless of whether the account debtor or the Borrower treats such right to payment as a separate payment obligation. Notwithstanding anything in this definition to the contrary, none of the following shall constitute a Receivable: (i) a receivable or right to payment from The Stanley Works Co. or Stanley de Chihuahua S. de R.L. de C.V.; or (ii) a receivable or right to payment from Alcoa Inc.

“*Regulation D*” means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor thereto or other regulation or official interpretation of said Board of Governors relating to reserve requirements applicable to member banks of the Federal Reserve System.

“*Regulation U*” means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks for the purpose of purchasing or carrying margin stocks applicable to member banks of the Federal Reserve System.

“*Regulatory Change*” shall mean any change after the date of this Agreement in United States (federal, state or municipal) or foreign laws or regulations (including Regulation D) or the adoption or making after such date of any interpretations, directives or requests applying to a

class of banks (including the Liquidity Banks) of or under any United States (federal, state or municipal) or foreign, laws, or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof.

"*Related Assets*" means (a) all rights to, but not any obligations under, all related Contracts and all Related Security related to any Receivables, (b) all rights and interests of the Borrower under the Purchase and Sale Agreement in relation to any Receivables, (c) all books and records evidencing or otherwise relating to any Receivables, (d) the Collection Account (if any) and all Lock-Box Accounts and all cash and instruments therein, to the extent constituting or representing the items in the following clause and (e) all Collections in respect of, and other proceeds of, any Receivables or any other Related Assets.

"*Related Security*" means, with respect to any Receivable, all of the Borrower's right, title and interest in and to: (a) all Contracts that relate to such Receivable; (b) all security deposits and other security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise; (c) all UCC financing statements covering any collateral securing payment of such Receivable; (d) all guarantees and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise; and (e) all insurance policies, and all claims thereunder, related to such Receivable, in each case to the extent directly related to rights to payment, collection and enforcement, and other rights with respect to such Receivable.

"*Reportable Event*" means any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

"*Reporting Date*" has the meaning set forth in Section 3.1(a).

"*Required Downgrade Assignment Period*" has the meaning set forth in Section 15.2.

"*Required Reserve*" means, on any day during a Settlement Period, an amount equal to the sum of (a) the product of (i) the Net Pool Balance as of such day and (ii) the greater of (A) the sum of the Loss Reserve as of the immediately preceding Cut-Off Date and the Dilution Reserve as of the immediately preceding Settlement Date, and (B) the Minimum Reserve Ratio as of the most recently completed Settlement Period, (b) the Interest Reserve as of such day, and (c) the Servicing Reserve as of such day.

"*Requirement of Law*" means, as to any Person, any law (statutory or common), treaty, rule or regulation or final, nonappealable determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"*Response Date*" has the meaning set forth in Section 1.8.

"*Responsible Officer*" of any Person means any of its Chairman, Chief Executive Officer, Chief Operating Officer, President, Chief Financial Officer or Treasurer.

"*Review*" has the meaning set forth in Section 7.1(c).

"*Revolving Period*" means the period from and after the date of the initial Advance under this Agreement to but excluding the Termination Date.

"*S&P*" means Standard and Poor's Ratings Services, a division of The McGraw Hill Companies, Inc.

"*Sale Agreement*" means the Receivables Sale Agreement dated as of November 29, 2000 between the Originator, as seller, and the Seller, as purchaser, as it may be amended, supplemented or otherwise modified in accordance with *Section 7.3(f)*.

"*Schedule*" refers to a specific schedule to this Agreement, unless another document is specifically referenced.

"*Scheduled Termination Date*" means September 18, 2009, unless extended by unanimous agreement of the Agent and the Lenders.

"*SEC*" means the Securities and Exchange Commission.

"*Section*" means a numbered section of this Agreement, unless another document is specifically referenced.

"*Secured Parties*" means the Agent, the Indemnified Parties and the Affected Parties.

"*Seller*" means Packaging Credit Company, LLC, a Delaware limited liability company.

"*Seller Note*" means the Seller Note as defined in the Purchase and Sale Agreement.

"*Servicer*" has the meaning set forth in the preamble of this Agreement.

"*Servicer Transfer Event*" means the occurrence of any Unmatured Default or Event of Default.

"*Servicer's Fee*" accrued for any day in a Settlement Period means an amount payable to the Servicer, in arrears, from Collections, equal to the product of (a) 1.0% *per annum* (or, at any time while neither the Seller nor one of its Affiliates is the Servicer, such percentage as may be agreed between the Agent and the Servicer, with such percentage not to exceed 2.5% *per annum*), and (b) the product of (i) the aggregate Unpaid Balance of the Receivables at the close of business on the first day of such Settlement Period, and (ii) 1/360.

"*Servicing Reserve*" shall mean, as of any date of determination, an amount equal to the product of (a) 1.0%, (b) a fraction, the numerator of which is the Days Sales Outstanding as of such date of determination and the denominator of which is 360, and (c) the aggregate outstanding balance of all Receivables as of such date of determination.

“*Settlement Date*” means (a) the second Business Day after each Reporting Date, or such later Business Day as the Agent may specify in a written notice to the Borrower, and (b) the Termination Date.

“*Settlement Period*” means: (a) the period from and including the date of the initial Advance to and including the next Cut-Off Date; and (b) thereafter, each period from but excluding a Cut-Off Date to and including the earlier to occur of the next Cut-Off Date or the Final Payout Date.

“*Significant Subsidiary*” of any Person means a Subsidiary of such Person for which the occurrence of an Event of Bankruptcy with respect to such Subsidiary would be reasonably expected to have a Material Adverse Effect.

“*Single Employer Plan*” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, (a) that is maintained for employees of the Performance Guarantor or any ERISA Affiliate and at least one Person other than the Performance Guarantor and the ERISA Affiliates, (b) that was so maintained and in respect of which the Performance Guarantor or any ERISA Affiliate could have liability under Section 4064 or 4069 or ERISA in the event such plan has been or were to be terminated, or (c) with respect to which the Performance Guarantor or any ERISA Affiliate otherwise has liability or a reasonable expectation of liability.

“*Subsidiary*” of any Person means (a) a corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned or controlled by such Person, directly or indirectly through Subsidiaries, and (b) any partnership, association, joint venture or other entity in which such Person, directly or indirectly through Subsidiaries, has more than a 50% equity interest at the time.

“*Successor Notice*” has the meaning set forth in Section 8.1(b).

“*Termination Date*” means the earliest to occur of:

(a) the Scheduled Termination Date;

(b) the Liquidity Termination Date, unless the Agent elects for such event to not result in the Termination Date;

(c) the date designated by the Borrower as the “Termination Date” on not less than thirty (30) Business Days’ written notice to the Agent, provided that on such date the Obligations have been paid in full;

(d) the date specified in Section 10.2(a) or (b); or

(e) the date on which the Seller ceases selling Receivables to the Borrower under the Purchase and Sale Agreement.

"*Transaction Documents*" means this Agreement, the Lock-Box Agreements, the Sale Agreement, the Purchase and Sale Agreement, the Fee Letter, the Seller Note, the Initial PCA Note and the other documents to be executed and delivered in connection herewith.

"*UCC*" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

"*Unmatured Default*" means an event which but for the lapse of time or the giving of notice, or both, would constitute an Event of Default.

"*Unpaid Balance*" of any Receivable means at any time the unpaid amount thereof, but excluding all late payment charges, delinquency charges and extension or collection fees.

"*Volume Rebate Amount*" means, at any date, the accrued amount carried in the Originator's records for rebates and allowances that have been earned and are payable by it to Obligors pursuant to the Originator's "volume rebate program" (or other similar rebate and allowance programs of the Obligor from time to time in effect), in which entitlement to such rebate or allowance is earned by an Obligor upon the purchase of a specified aggregate volume (as mutually agreed by such Obligor and the Originator) of merchandise or services from the Originator within a specified period of time (as mutually agreed by such Obligor and the Originator).

"*Wachovia*" has the meaning set forth in the preamble of this Agreement.

"*YC SUSI*" has the meaning provided in the preamble of this Agreement.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms.

B. *Other Terms*. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9.

C. *Computation of Time Periods*. Unless otherwise stated in this Agreement, in the computation of a period of time from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each mean "to but excluding".

EXHIBIT A

FORM OF LOCK-BOX AGREEMENT

EXHIBIT A-1
(FORM OF LOCK-BOX AGREEMENT)

[LETTERHEAD OF ACCOUNT OWNER]

____________________, 200_

[Lock-Box Bank]

Ladies and Gentlemen:

Reference is made to our lockbox account no. ____________________ maintained with you (the "Account") pursuant to a lockbox agreement between the undersigned and you, the terms and conditions of which are incorporated herein by reference (the "*Lockbox Agreement*"). Pursuant to a Receivables Sale Agreement, dated as of November 29, 2000, as amended, supplemented or otherwise modified from time to time (the "*Sale Agreement*"), between Packaging Corporation of America ("*PCA*" or "*We*") and Packaging credit Company, LLC ("*PCC*"), as purchaser thereunder, PCC has purchased and/or may hereafter purchase certain of the accounts chattel paper, instruments or general intangibles (collectively "*Receivables*") with respect to which payments are or may hereafter be made to the Account. Further, pursuant to a Purchase and Sale Agreement, dated as of November 29, 2000, as amended, supplemented or otherwise modified from time to time, between PCC, as seller, and Packaging Receivables Company, LLC ("*Purchaser*"), as purchaser, PCC has sold and/or may hereafter sell to Purchaser Receivables PCC purchased pursuant to the Sale Agreement with respect to which payments are or may hereafter be made to the account. Pursuant to a Credit and Security agreement, dated as of November 29, 2000 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*"), among purchaser, as borrower, PCC, as initial servicer (Purchaser and the undersigned being referred to herinafter collectively as the "*Seller Parties*"), Blue Ridge Asset Funding Corporation ("*Blue Ridge*"), as lender and Wachovia Bank, N.A., individually as a lender (collectively with Blue Ridge and any other entity that becomes a lender under the Credit Agreement, the "*Lenders*") and as Agent ("the *Agent*") for Blue Ridge and itself, Purchaser has assigned and/or may hereafter assign to Agent, for the benefit of lenders, interest in the Receivables as collateral for loans made by the Lenders thereunder.

For purposes of this letter agreement, Wachovia Bank, N.A. is acting as Agent for Lenders. We hereby transfer exclusive ownership and control of the Account to the Agent, for the benefit of Lenders, subject only to the condition subsequent that the Agent shall have given you notice of its election to assume such ownership and control, which notice shall be substantially in the form attached hereto as Annex A.

We hereby authorize and direct you to change the ownership of the Account to the Purchaser. We hereby irrevocably instruct you, at all times from and after the date of your receipt of notice from the Agent of its assumption of control of the Account as described above, (i) to make all payments to be made by you out of or in connection with the Account directly to the Agent in accordance with the instructions of the Agent, (ii) to hold all moneys and instruments delivered to the Account or any lockbox administered by you for the order of the Agentt (for the benefit of Lenders), (iii) to refrain from initiating any transfer from the Account to any Seller Party and (iv) to change the name of the Account to "Wachovia Bank, N.A., as Agent". The Agent agrees to execute you standard wire transfer documentation in effect from time to time, or other customary documentation related to wire transfers, prior to the initiation of any wire transfers.

We also hereby notify you that, at all times from and after the date of your receipt of notice from the Agent as described above, the Agent shall be irrevocably entitled to exercise in our place and stead any and all rights in respect of or in connection with the Account, including, without limitation, (a) the right to specify when payments are to be made out of or in connection with the Account and (b) the right to require preparation of duplicate monthly bank statements on the Account for the Agent's audit purposes and mailing of such statements directly to the Agent at an address specified by the Agent.

Notices from the Agent and other notices or communications under this letter agreement may be personally served or sent by facsimile or by certified mail, return receipt requested, or by express mail or courier, to the address or facsimile number set forth under the signature of the relevant party to this letter agreement (or to such other address or facsimile number as the relevant party shall have designated by written notice to the party giving the aforesaid notice or other communication). Notwithstanding the foregoing, any notice delivered by you may be delivered by regular mail. If notice is given by facsimile, it will be deemed to have been received when the notice is sent and receipt is confirmed by telephone or other electronic means. All other notices will be deemed to have been received when actually received or, in the case of personal delivery, delivered.

By executing this letter agreement, you acknowledge the existence of the Agent's right to ownership and control of the Account and its ownership (on behalf of Lenders and Purchaser as the parties having interests in such amounts) of the amounts from time to time on deposit therein, and agree that from the date hereof the Account shall be maintained by you for the benefit of, and amounts from time to time therein held by you for, the Agent (on behalf of Lenders and Purchaser) on the terms provided herein. Except as otherwise provided in this letter agreement, payments to the Account are to be processed in accordance with the standard procedures currently in effect. All service charges and fees with respect to the Account shall continue to be payable by us under the arrangements currently in effect.

By executing this letter agreement, you irrevocably waive and agree not to assert, claim or endeavor to exercise, irrevocably bar and estop yourself from asserting, claiming or exercising, and acknowledge that you have not heretofore received a notice, writ, order or any form of legal process from any other party asserting, claiming or exercising, any rights of set-off, banker's lien or other purported form of claim with respect to the Account or any funds from time to time therein. Except for your right to payment of your service charges and fees and your right to make deductions for returned items, you shall have no rights in the Account or funds therein. To the extent you may ever have such rights, you hereby expressly subordinate all such rights to all rights of the Agent.

You may terminate this letter agreement by canceling the Account maintained with you, which cancellation and termination shall become effective only upon 90 days' prior written notice thereof from you to the Agent. Incoming mail addressed the the Account received after such cancellation shall be forwarded in accordance with the Agent's instructions. This letter agreement may also be terminated upon written notice to you by the Agent stating that the Credit Agreement is no longer in effect. Except as otherwise provided in this paragraph, this letter agreement may not be terminated or amended without prior written consent of the Agent.

Notwithstanding any other provision of this letter agreement, it is agreed by the parties hereto that you shall not be liable to Lenders or the Agent for any action taken by you or any of your directors, officer, agents or employees in accordance with this letter agreement at the request of the Agent, except for your or such person's own gross negligence or willful misconduct.

This letter agreement may be executed by the signatories hereto in several counterparts, each of which shall be deemed to be an original and all of which shall together constitute but one and the same letter agreement. This letter agreement shall be governed by the interpreted under the laws of the State of {__________}.

Please acknowledge your agreement to the terms set forth in this letter agreement by signing the six copies of this letter agreement enclosed herewith in the space provided below and returning each of such signed copies to the Agent.

Very truly yours,

PACKAGING Corporation of America

By: ______________________________

Title ______________________________

Address for notice:

____

____

____

Attention: ______________________________

Facsimile No.: ______________________________

Accepted and confirmed as of
the date first written above:

WACHOVIA BANK N.A.,
As Agent

By: ______________________________

Title: ______________________________

Address for notice:

____

____

____

Attention: ______________________________

Facsimile No.: ______________________________

Acknowledged and agreed to as of
the date first written above:

PACKAGING RECEIVABLES COMPANY, LLC

By: ______________________________
Title: ______________________________

Address for notice:

____
____
____
Attention: ______________________________
Facsimile No.: ______________________________

PACKAGING CREDIT COMPANY, LLC

By: ______________________________
Title: ______________________________

Address for notice:

____
____
____
Attention: ______________________________
Facsimile No.: ______________________________

[LOCKBOX BANK]

By: ______________________________
Title: ______________________________

Address for Notice:

____
____
____
Attention: ______________________________
Facsimile No.: ______________________________

ANNEX A TO
LOCKBOX AGREEMENT

[Form of Notice of Assumption of Control of Account}

{Letterhead of Wachovia Bank, N.A.}

___________________, __________

____
____
____
____

Re: Seller
<u>Lockbox Account No.</u>

Ladies and Gentlemen:

Reference is made to the letter agreement dated __________, _____ (as amended, supplemented or otherwise modified from time to time, the "Letter Agreement") among Seller, Packaging Receivables Company, LLC, Packaging Corporation of America, Packaging Credit Company, LLC, Blue Ridge Asset Funding Corporation ("Blue Ridge"), Wachovia Bank, N.A., and you, concerning the above described lockbox account (the "Account").

We hereby give you notice of our assumption of ownership and control of the Account as provided in the Letter Agreement.

We hereby instruct you to make all payments to be made by you out of or in connections with the Account **(directly to the undersigned, at {our address set forth above}, for the account of the Lenders (account no.________________)**.

[other instructions]

Very truly yours,

WACHOVIA BANK, N.A., as Agent

By: ______________________________________
Name: ______________________________________
Title: ______________________________________

EXHIBIT 2.1

FORM OF BORROWING REQUEST

Packaging Receivables Company, LLC
BORROWING REQUEST
For Borrowing On __________

Bank of America, N.A., as Agent
NC1-027-19-01
214 North Tryon Street
Charlotte, North Carolina 28255
Attention: Don Hattendorf
Telephone: (704) 388-3113
Facsimile: (704) 388-9211

Ladies and Gentlemen:

Reference is made to the Credit and Security Agreement dated as of September 19, 2008 (as amended, supplemented or otherwise modified from time to time, the "*Credit Agreement*") among Packaging Receivables Company, LLC (the "*Borrower*"), Packaging Credit Company, LLC, as initial Servicer, YC SUSI Asset Funding Corporation, and Bank of America, National Association, individually and as Agent. Capitalized terms defined in the Credit Agreement are used herein with the same meanings.

I. The **[Servicer, on behalf of the]** Borrower hereby certifies, represents and warrants to the Agent and the Lenders that on and as of the Borrowing Date (as hereinafter defined):

(a) all applicable conditions precedent set forth in Article V of the Credit Agreement have been satisfied;

(b) each of its representations and warranties contained in Section 6.1 of the Credit Agreement will be true and correct, in all material respects, as if made on and as of the Borrowing Date;

(c) no event will have occurred and is continuing, or would result from the requested Purchase, that constitutes an Event of Default or Unmatured Default;

(d) the Termination Date has not occurred; and

(e) after giving effect to the Loans comprising the Advance requested below, YC SUSI's and the Liquidity Banks' Loans at any one time outstanding will not exceed the Allocation Limit.

III. The **[Servicer, on behalf of the]** Borrower hereby requests that YC SUSI (or the Liquidity Banks) make an Advance on __________, __________ (the "*Borrowing Date*") as follows:

Aggregate Amount of Advance: $__________

IV. Please disburse the proceeds of the Loans as follows:

[Apply $__________ to payment of principal and interest of existing Loans due on the Borrowing Date]. [Apply $__________ to payment of fees due on the Borrowing Date]. [Wire transfer $__________ to account no. __________ at __________ Bank, in [city, state], ABA No. __________, Reference: __________].

IN WITNESS WHEREOF, the **[Servicer, on behalf of the]** Borrower has caused this Borrowing Request to be executed and delivered as of this __________ day of ____________________, ___.

[____________________, as Servicer, on behalf of:]
Packaging Receivables Company, LLC, as Borrower

By: ______________________________
Name:
Title:

EXHIBIT 3.1(a)

FORM OF INFORMATION PACKAGE

Packaging Receivable Corp.
For the Month Ended
8/30/2008
(Page 1)
($109,000,000)

Facility Commitment $ 150,000,000

I . Portfolio Information

1. Beginning of Month Balance: (Total A/R Outstanding)

2. Gross Sales (Domestic & Foreign):

3. Deduct:
 a. Total Collections:
 b. Dilution
 c. Write Offs
Add:
 d. Recoveries

4.
 a. Calculated Ending A/R Balance [(1) + (2) — (3 a,b,c)+(3d)]:
 b. Reported Ending A/R Balance
 c. Difference (If any)

5. Deduct:
 a. Defaulted Receivables
 b. Foreign Receivables:
 b. Other Receivables not Considered Eligible

 c. Total Ineligibles

6. Eligible Receivables [(4 b) — (5.c.)]:

7. Deduct: Excess Concentration:
8. Net Pool Balance [(6) -(7)]:

9. Aging Schedule:	Current Month	%	One Month Prior	Two Months Prior	Three Months Prior
a. Current					
b. 1-30 Days Past Due					
c. 31-60 Days Past Due					
d. 61-90 Days Past Due					
e. 91-120 Days Past Due					
f. 121-150 Days Past Due					
g. 151-180 Days Past Due					
h. 180 + Days Past Due					
I Total:					

Packaging Receivable Corp.
For the Month Ended
8/30/2008
(Page 2)
($109,000,000)

II. Calculations Reflecting Current Activity

10. Face Value CP Outstanding
11. Required Reserve %
12. Required Reserve [(8) x (11)]:
13. Volume Rebate Accrual Reserve

III. Compliance Funding Availability:

13. Asset Interest [(10) + (12) / (8)] < 100% :			In Compliance
14. 3M Avg. Delinquency Ratio	<	2%	In Compliance
15. 3M Avg. Default Ratio	<	1.25%	In Compliance
16. 3M Avg. Dilution Ratio	<	1.25%	In Compliance
17. Facility Limit [(12)<= $xxxx			In Compliance

Packaging Receivable Corp.
For the Month Ended
8/30/2008
(Page 3)
($109,000,000)

IV. Excess Concentration: (Calculation)

Eligible Receivables $ 0

Allowable Percentage	Max. Allowable B	Credit Rating
2.0%		NR/NR
3.0%		A3/P3
6.0%		A2/P2
8.0%		A1/P1
10.0%		A1+/P1

	Largest Obligors	Short-Term Debt Rating	Allowable Percentage	Total Receivables	Allowable Receivables	Excess Receivables
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
	Total					

The undersigned hereby represents and warrants that the foregoing is a true and accurate accounting with respect to outstanding receivables as of **July 31, 2008** in accordance with the Receivables Purchase Agreement dated November 29, 2000 and that all representations and warranties related to such Agreement are restated and reaffirmed.

Signed: ______________________ **Date: August 13, 2008**

Title: Assistant Secretary

EXHIBIT 5.1(j)

SUBSTANCE OF CORPORATE/UCC OPINIONS

- All opinions should be addressed to the Agent and the Lenders and should permit reliance thereon by (A) the Liquidity Banks and (B) S&P and Moody's.
- The opinion giver must be licensed to practice in the state whose law governs the Purchase and Sale Agreement and the Credit and Security Agreement (i.e., New York)
- Corporate/UCC opinions should address the following matters as to the Borrower, the Originator, and the Servicer (collectively, the "*Companies*"):

1. Each of the Companies has been duly organized and is validly existing under the laws of Delaware, with power and authority to conduct its business as now conducted (or, in the case of the Borrower, proposed to be conducted), to own, or hold under lease, its assets and to enter into the Transaction Documents to which it is a party and perform its obligations thereunder. Based solely on certificates from public officials, we confirm that each of the Companies is qualified to do business in the following States: Delaware, Illinois.

2. The execution, delivery and performance of the Transaction Documents to which any of the Companies is a party and the execution and delivery of the Financing Statements naming any of the Companies as debtor or seller have been duly authorized by all necessary action of such Company, and such Transaction Documents and Financing Statements have been duly executed and delivered by such Company.

3. Each of the Transaction Documents constitutes a legally valid and binding obligation of each of the Companies signatory thereto, enforceable against such Company in accordance with its terms.

4. The execution and delivery of the Transaction Documents and the Financing Statements by each of the Companies signatory thereto, and the performance of their respective obligations do not: (a) violate any federal or the State of Delaware or State of Illinois statute, rule or regulation applicable to the Companies (including, without limitation, Regulations T, U or X of the Board of Governors of the Federal Reserve System), (b) violate the provisions of the Companies' respective Governing Documents, (c) result in the breach of or a default under, the creation of a lien under or the acceleration of indebtedness pursuant to any indenture, credit agreement, lease, note or other agreement, instrument or contract or any judgment, writ or other court order, in any of the foregoing cases, which has been identified to you as being material to any of the Companies, or (d) require any consents, approvals, authorizations, registrations, declarations or filings by any of the Companies under any federal or the State of Delaware or State of Illinois statute, rule or regulation applicable to any of the Companies of the State of Delaware or State of Illinois except the filing of the Financing Statements in the Office of the __________ (the "Filing Office(s)").

5. The provisions of the Purchase and Sale Agreement are effective to create a valid security interest (as defined in Section 1-201(37) of the New York UCC) in favor of the

Borrower and its assigns in that portion of the Receivables and Related Rights which constitute accounts or general intangibles. The provisions of the Credit and Security Agreement are effective to create a valid security interest (as defined above) in favor of the Agent for the benefit of the Secured Parties in that portion of the Collateral which constitutes accounts or general intangibles as security for the payment of the Obligations.

6. Each of the Financing Statements is in appropriate form for filing in the Filing Office specified on the face thereof. Upon the proper filing of each of the Financing Statements in such Filing Office, the security interest in favor of the Agent for the benefit of the Secured Parties in the Collateral described therein will be perfected.

7. Based solely on our review of the Search Reports, and assuming (a) the proper filing of the Financing Statements in the appropriate Filing Offices, and (b) the absence of any intervening filings between the date and time of the Search Reports and the date and time of the filing of the Financing Statements in the Filing Offices, the security interests of the Agent for the benefit of Secured Parties in the Collateral described in #6 above will be prior to any other security interest granted by any of the Companies in such collateral, the priority of which is determined solely by the filing of a financing statement in the applicable Filing Office.

8. None of the Companies is an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

EXHIBIT 7.2

FORM OF CERTIFICATE OF FINANCIAL OFFICER

[NAME OF LOAN PARTY]
CERTIFICATE OF FINANCIAL OFFICER

This Certificate is made pursuant to the provisions of the Credit and Security Agreement dated as of September 19, 2008 (as amended or otherwise modified from time to time in accordance with the terms thereof, the "Agreement") among Packaging Receivables Company, LLC, as Borrower, Packaging Credit Company, LLC, as initial Servicer, YC SUSI Asset Funding Corporation, and Bank of America, N.A., individually and as Agent. The capitalized terms used, but not defined, herein have the meanings assigned to them in the Agreement.

The undersigned **[Financial Officer]** of the **[Borrower/initial Servicer]** hereby certifies that the financial statements being delivered concurrently herewith fairly present the financial condition and results of operations of the **[Borrower/initial Servicer]** in accordance with generally accepted accounting principles**[, subject to normal year-end audit adjustments]**, and that no Default or Event of Default exists as of the date hereof and is continuing.

[NAME OF LOAN PARTY]

By: ______________________________
Name: ______________________________
Dated: ______________________________

SCHEDULE 6.1(m)

BORROWER'S FEDERAL TAXPAYER ID NUMBER, CHIEF EXECUTIVE OFFICE, PRINCIPAL PLACE OF BUSINESS AND OTHER RECORDS LOCATION(S)

Federal Taxpayer I.D. No.: Borrower:	36-439 1046
Servicer:	36-4390839
Chief Executive Office (Servicer and Borrower):	1900 West Field Court Lake Forest, Illinois 60045
Principal Place of Business: (Servicer and Borrower):	1900 West Field Court Lake Forest, Illinois 60045

Other Records Locations:

1001 113th Street
Arlington, TX 76011

2704 SE Otis Corley
Bentonville , AR 72712

21 Leigh Fisher Blvd.
El Paso, TX 79906

2510 West Miller Road
Garland, TX 75041

4240 Bandini Blvd.
Vernon, CA 90023

9200 Old McGregor Road
Waco, TX 76712

2325 Statham Blvd. Unit C
Oxnard, CA 93033

441 S. 53rd Avenue
Phoenix, AZ 85043

1800 E. Plano Parkway
Plano, TX 75074

4654 W. 1525 South
Salt Lake City, UT 84104

460 W. 500 South
Salt Lake City, UT 84101

9700 Frontage Road
Southgate, CA 90280

2246 Udell Street
Filer City, MI 49634

1824 Baltimore Street
Middletown, OH 45055

555 Metro Place North
Suite 500
Dublin, OH 43017

6247 Pine Street
Burlington, WI 53105

5600 West Good Hope Rd.
Milwaukee, WI 53223

901 Grimes Blvd.
Lexington, NC 27292

114 Dixie Blvd.
Morganton, NC 28655

1302 N. Salisbury Ave.
Salisbury, NC 28144

3200 Lakewood Ave. S.W.
East Point, GA 30344

2313 N. William St.
Goldsboro, NC 27530

212 Roelee St.
Trinity, NC 27370

12105 Belton Honea Path Hwy.
Honea Path, SC 29654

813 Highway 178 North
Donalds, SC 29654

112 Edwards Drive
Jackson, TN 38301

9575 Commission Drive
Mascot, TN 37806

3240 Brittain Drive
Newberry, SC 29108

3200 Hipack Drive
Opelika, AL 36801

321 Industrial Park Rd.
Rutherfordton, NC 28139

6715 Highway 57
Counce, TN 38326

N9090 County Road E
Tomahawk, WI 54487

5495 Lake Park
Clyattville Road
Clyattville, GA 31601

1201 Cornerstone Drive
Windsor, CO 80550

5133 W. 65th Street
Chicago, IL 60638

705 South Division Street
Colby, WI 54421

502 W. Center Street
Conrad, IA 50621

5501 Brighton Blvd.
Commerce City, CO 80022

7953 N.E. Beech Street
Fridley, MN 55432

4300 Highway 55
Golden Valley, MN 55422

1402 South 17th Ave.
Marshalltown, IA 50158

1821 NE Marshall St.
Minneapolis, MN 55418

400 S. 45th Street East
Muskogee, OK 74403

10854 Leroy Drive
Northglenn, CO 80233

1002 Missouri Ave.
Omaha, NE 68107

4510 Steelway Blvd. South
Liverpool , NY 13090

117 Hereford Drive
Fishersville , VA 22939

659 Eastport Road
Jacksonville, FL 32218

930 Pleasant Valley Road
Harrisonburg, VA 22801

2000 Jefferson Davis Hwy.
Richmond, VA 23224

7500 Shadwell Drive Suite B
Roanoke, VA 24013

2155 42nd Street NW
Winter Haven, FL 33881

109 Arrowhead Drive
Manheim, PA 17545

3785 Bryn Mawr Street
Orlando, FL 32808

332 Neff Avenue
Harrisonburg , VA 22801

1805 Colonial Drive
Thomasville, GA 31792

217 Peach Street
Vineland, NJ 08360

61 Turnpike Industrial Road
Westfield , MA 01085

208 Lenoir Drive
Winchester, VA 22603

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708 Killian Road
Akron, OH 44319

929 Faultless Drive
Ashland, OH 44805

520 South First Street
Gas City, IN 46933

1638 Eagle Way
Ashland, OH 44805

205 South 21st Street
Newark, OH 43055

One 28th Street
Pittsburgh, PA 15222

408 East St. Clair
Vincennes, IN 47591

533 Mt. Tom Road
Northampton, MA 01060

925 North Godfrey Street
Allentown, PA 18103

8301 Sherwick Court
Jessup, MD 20794

33 Glenn Avenue
Chelmsford, MA 01824

1106 Industrial Park Drive
Edmore, MI 48829

3251 Chicago Drive S.W.
Grandville, MI 49418

435 Gitts Run Road
Hanover, PA 17331

1530 Fruitville Pike
Lancaster, PA 17601

525 Mt. Tom Road
Northampton, MA 01060

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936 Sheldon Road
Plymouth, MI 48170

4471 Steelway Blvd. South
Liverpool, NY 13090

839 Hughes Drive
Traverse City, MI 49686

7451 Cetronia Road
Allentown, PA 18106

20400 Old Rome State Rd.
Watertown, NY 13601

2540 Route 130 Suite 113
Cranbury, NJ 08512

4801 Spring Valley Suite 103
Dallas, TX 75244

2111 Hester Ave.
Donna, TX 78537

3840 Port Union Road
Fairfield, OH 45014

4620 West Basswood Dr.
Franklin, WI 53132

15600 A NW 15th Ave.
Miami Gardens, FL 33169

900 E. Diehl Road Suite 131
Naperville, IL 60563

791 St Thomas Ct
Cincinnati, OH 69107

1097 Lake Oconee Parkway Suite 103
Eatonton, GA 31024

14515 North Outer Forty Suite 130
Chesterfield, MO 63017

8489 Summit Cove
Olive Branch, MS 38654

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100 Willie Drive
Jackson, MS 39208

42 North West Avenue
Vineland, NJ 08360

Highway 12 West
Ackerman, MS 39735

2315 9th Street
Tuscaloosa, AL 35401

189 Front Street
Burnsville, MS 38833

SCHEDULE 6.1(n)

LOCK-BOXES AND ASSOCIATED ACCOUNTS

Harris, N.A.
111 West Monroe Street
Chicago, Illinois 60603
Account No.: 371-300-5

Lockboxes:

Chicago Lockbox
Lockbox Number 36596
Packaging Credit Company
36596 Treasury Center
Chicago, IL 60694-6500

Atlanta Lockbox
Lockbox Number 532058
Packaging Credit Company
P.O. Box 532058
Atlanta, GA 30353-2058

Los Angeles Lockbox
Lockbox Number 51584
Packaging Credit Company
P.O. Box 51584
Los Angeles, CA 90051-5884

SCHEDULE 14.2

NOTICE ADDRESSES AND WIRE TRANSFER INFORMATION

A. BORROWER AND INITIAL SERVICER

Address for notices:

Packaging Receivables Company, LLC
1900 West Field Court
Lake Forest, Illinois 60045

Attention: Fran Hori
Phone: 847-482-3719
Fax: 847-482-4516

Wire Transfer Instructions:

Account No. 371-300-5 at Harris, N.A.
in Chicago, Illinois
ABA No. 071000288
Reference: YC SUSI Securitization

with a copy to:

Packaging Credit Company, LLC
1900 West Field Court
Lake Forest, Illinois 60045

Attention: Fran Hori
Phone: 847-482-3719
Fax: 847-482-4516

B. YC SUSI Trust

Address for notices (other than Borrowing Requests):

YC SUSI Trust
c/o Bank of America, N.A.
NC1-027-19-01
214 North Tryon Street
Charlotte, North Carolina 28255

Attention: Dan Hattendorf
Telephone: (704) 388-3113
Facsimile: (704) 388-9211

With copy to:

YC SUSI Trust
c/o Bank of America, N.A.
NC1-027-19-01
214 North Tryon Street
Charlotte, NC 28255

Attention: Brian Williams
Telephone: (704) 683-4747
Telecopy: (704) 968-1215

Wire transfer instructions (unless otherwise notified):

Deutsche Bank Trust Company Americas
ABA # 021001033
Acct Name: DBTCA as Trustee for YC SUSI
Account # 00428541
Reference: YC SUSI/Packaging Receivables Company, LLC

C. BANK OF AMERICA, N.A., individually or as Agent

Address for notices (other than Borrowing Requests):

Bank of America, N.A., as Agent
NC1-027-19-01
214 North Tryon Street
Charlotte, North Carolina 28255

Attention: Dan Hattendorf
Telephone: (704) 388-3113
Facsimile: (704) 388-9211

With copy to:

Bank of America, N.A., as Agent
NC1-027-19-01
214 North Tryon Street
Charlotte, NC 28255

Attention: Brian Williams
Telephone: (704) 683-4747
Telecopy: (704) 968-1215

Wire transfer instructions (unless otherwise notified):

Deutsche Bank Trust Company Americas
ABA # 021001033
Acct Name: DBTCA as Trustee for YC SUSI
Account # 00428541
Reference: YC SUSI/Packaging Receivables Company, LLC

BORROWING REQUESTS SHOULD BE SENT TO THE
ADDRESS AND FAX NO. SPECIFIED ON EXHIBIT 2.1

Exhibit 31.1

CERTIFICATION

I, Mark W. Kowlzan, 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.

/s/ Mark W. Kowlzan

Mark W. Kowlzan
Chief Executive Officer

Dated: November 3, 2010

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.

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

Dated: November 3, 2010

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, Mark W. Kowlzan, 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, 2010 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/ MARK W. KOWLZAN
Mark W. Kowlzan
Chief Executive Officer

November 3, 2010

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, 2010 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 and Chief Financial Officer

November 3, 2010