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THINKING OUTSIDE THE BOX

OCTOBER 2014

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PACKAGING CORPORATION OF AMERICA

Ticker: PKG

Recent Share Price: $69.00

- Packaging Corp of America (PCA) is the 4th largest manufacturer of containerboard and corrugated products in North America
- The Company owns and operates 8 mills and 100 corrugated products manufacturing plants

Capitalization

- Market Capitalization: $6.9B
- Enterprise Value: $9.1B

Operating Statistics

- 2014E Revenue: $5.9B
- 2014E EBITDA: $1.2B
- 2014E EBITDA – CapEx: $906M
- 2014E Adjusted EPS: $4.82 (1)
- 2014E Maint. FCF / Share: $6.12

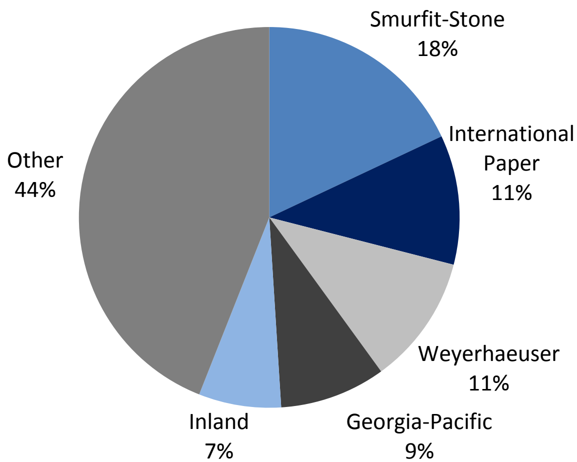
Trading Statistics

- EV / EBITDA: 7.9x
- EV / EBITDA – CapEx: 10.1x
- Adjusted P / E: 14.3x (1)
- Maint. FCF Yield: 9%

(1) Adjusted for amortization of intangibles, restructuring costs, M&A integration costs and one-time litigation costs

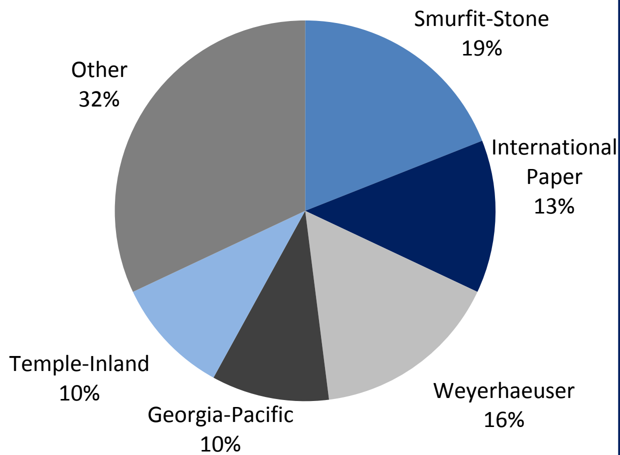
CONTAINERBOARD INDUSTRY HAS CONSOLIDATED TO 4 MAJOR PLAYERS

2000 Market Share Concentration (42M Tons)



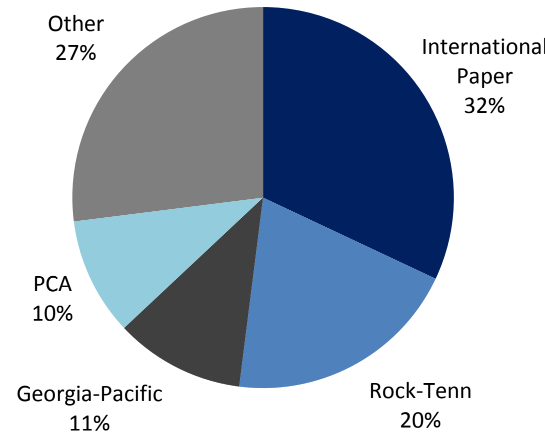
Top 4 = 49%

2007 Market Share Concentration (38M Tons)



Top 4 = 58%

2014 Market Share Concentration (40M Tons)

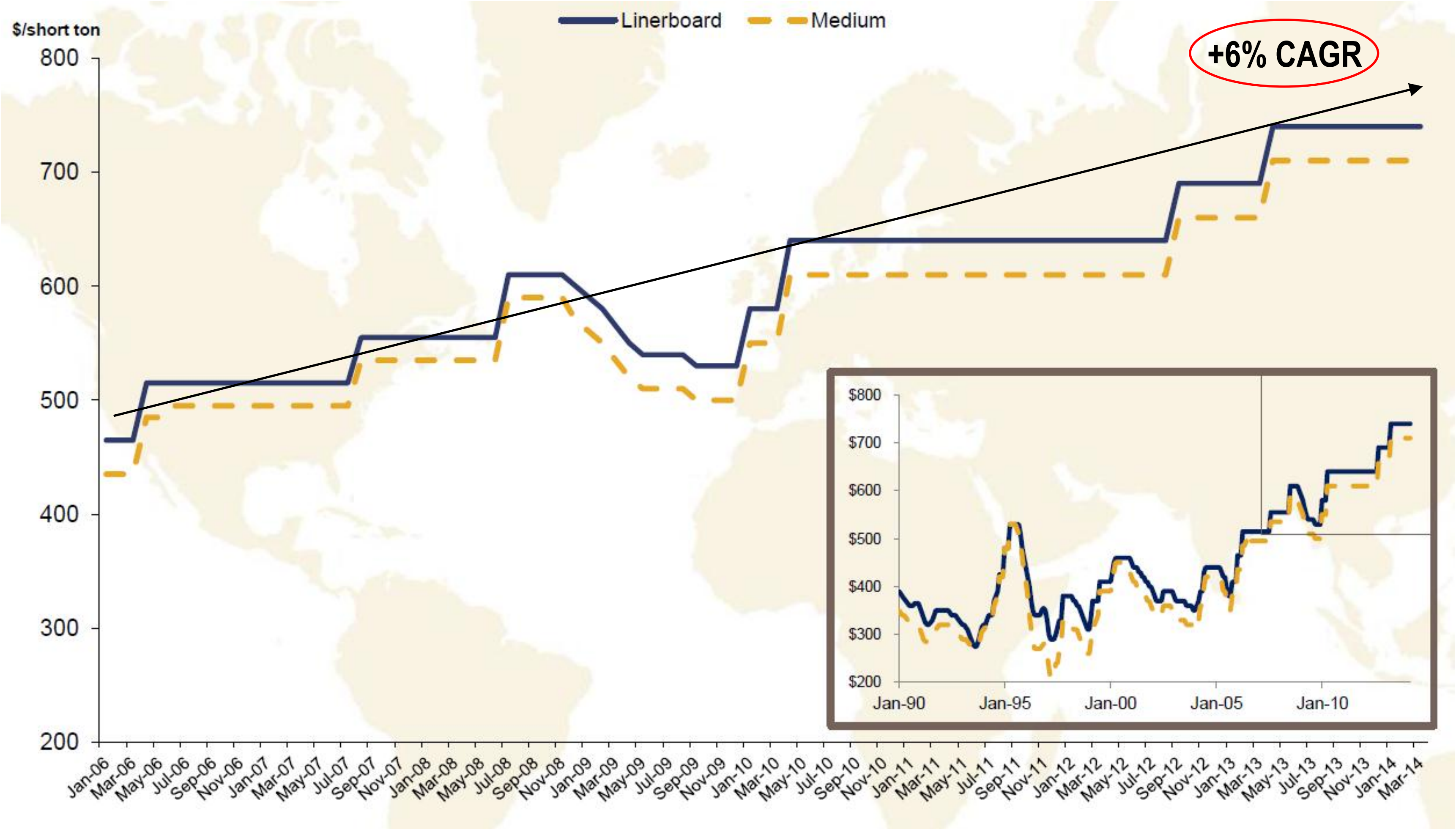


Top 4 = 73%

Source: Rock-Tenn Investor Presentation, November 2012; Marcato Estimates

CONTAINERBOARD PRICES HAVE RISEN STEADILY OVER TIME

CONTAINERBOARD PRICES ($ / TON)



Source: International Paper Roadshow Presentation, September 2014

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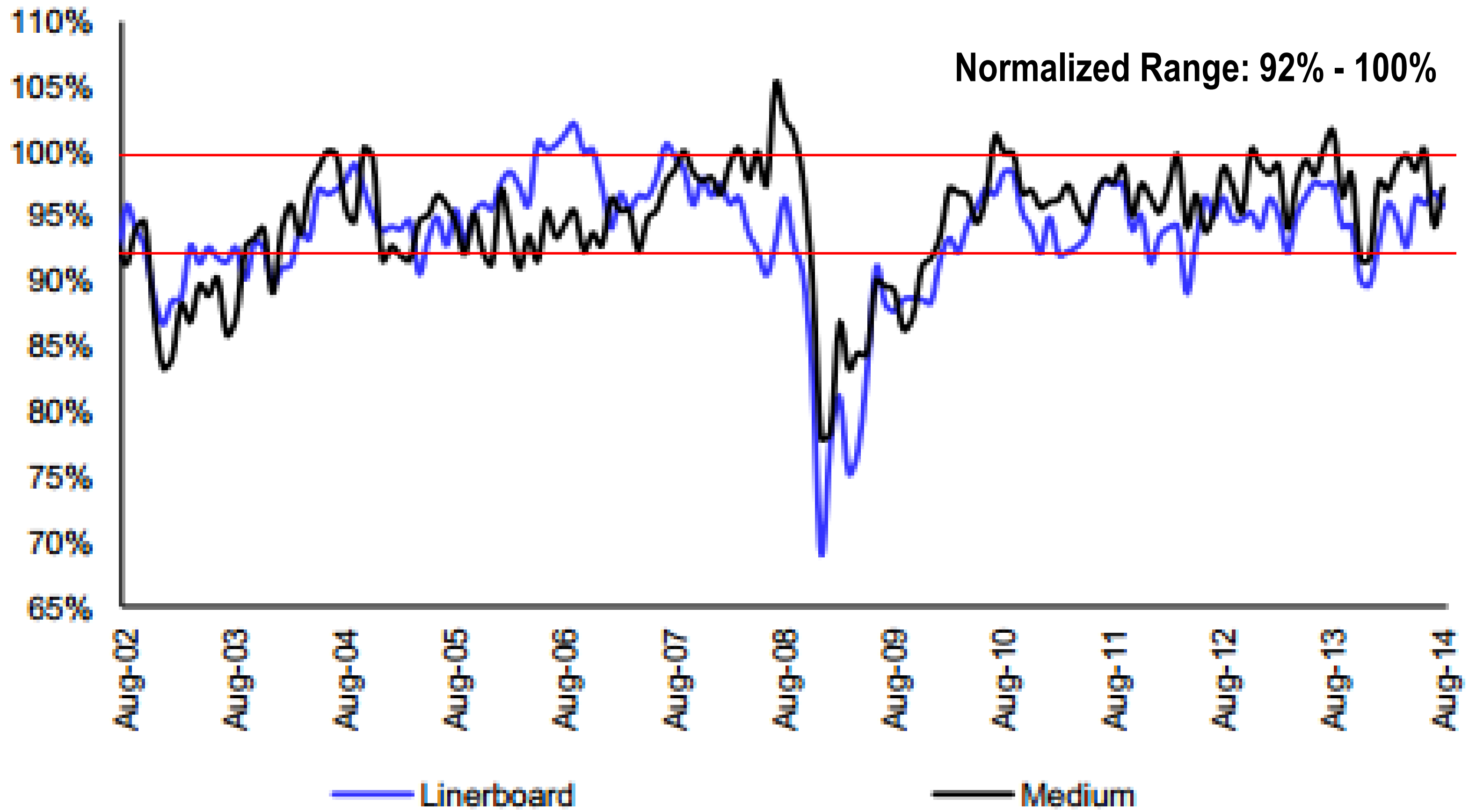
INDUSTRY UTILIZATION IS CURRENTLY ~98% VS. NORMAL LEVELS OF 92% - 100%

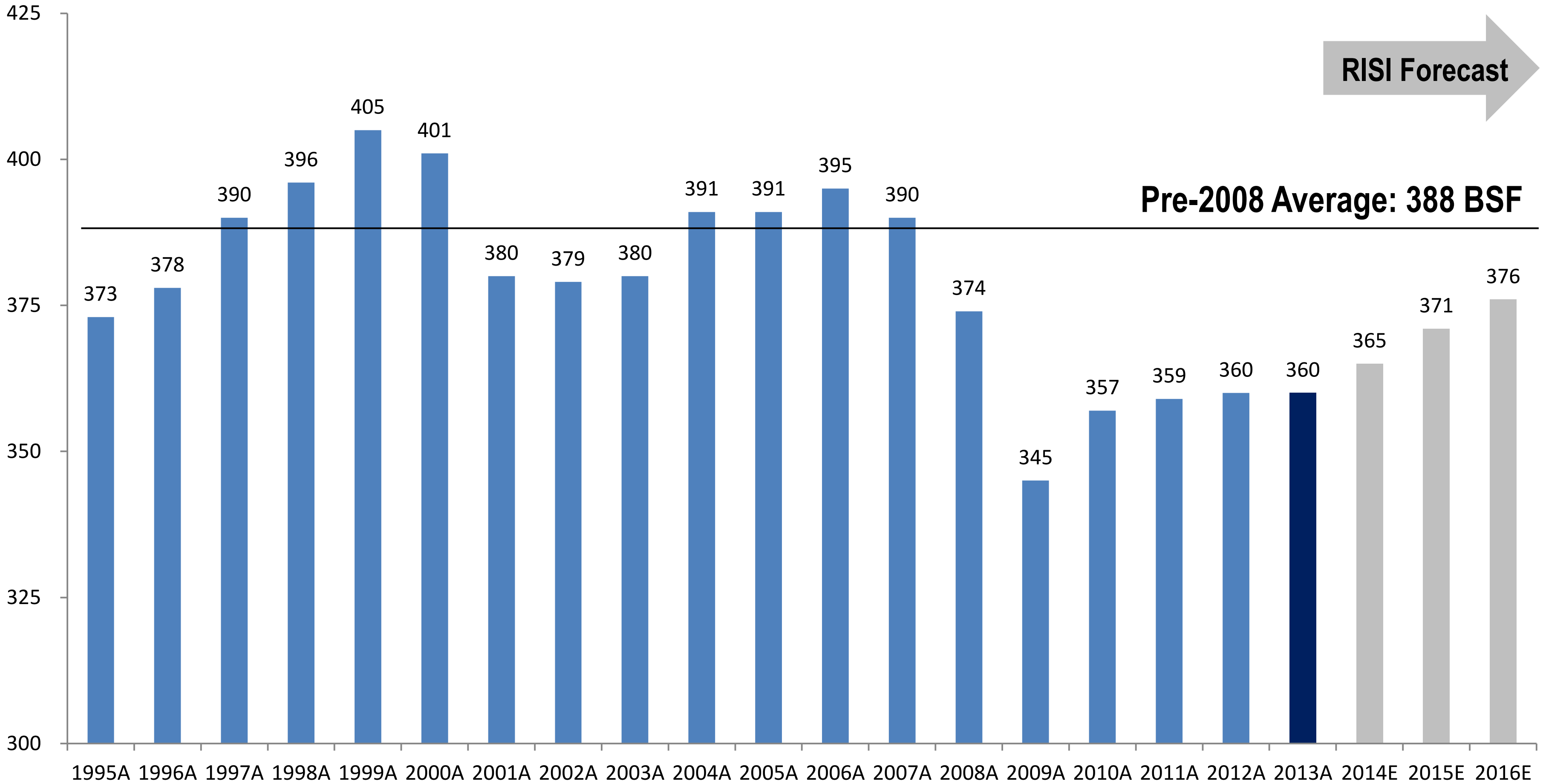
CONTAINERBOARD CAPACITY UTILIZATION



Source: Deutsche Bank Research, September 2014

DEMAND FOR CORRUGATED PRODUCTS ARE STILL CYCLICALLY DEPRESSED

US CORRUGATED PRODUCT DEMAND (BSF)



Source: International Paper Roadshow Presentation, September 2014

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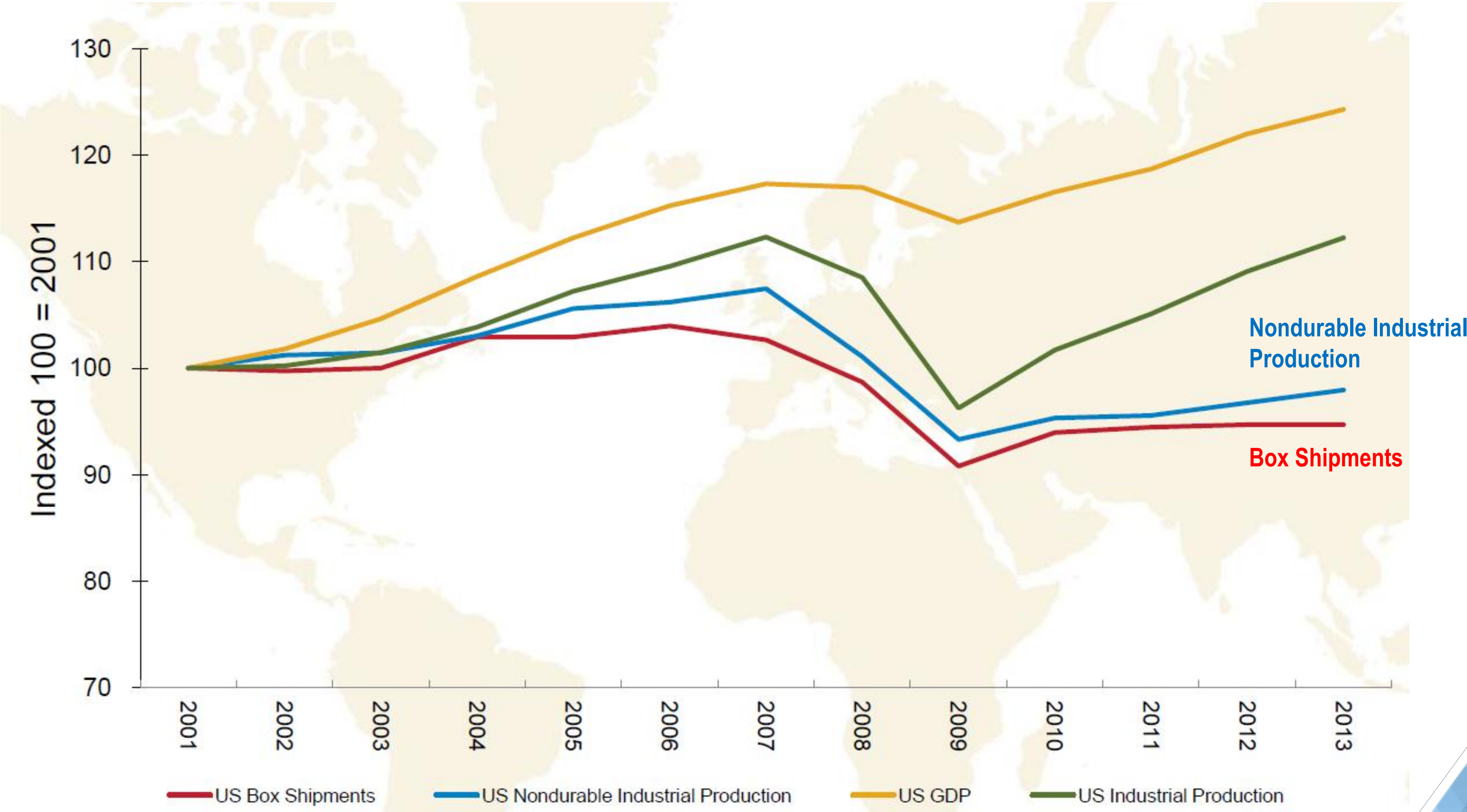
BOX SHIPMENTS CORRELATE WITH NON-DURABLE INDUSTRIAL PRODUCTION

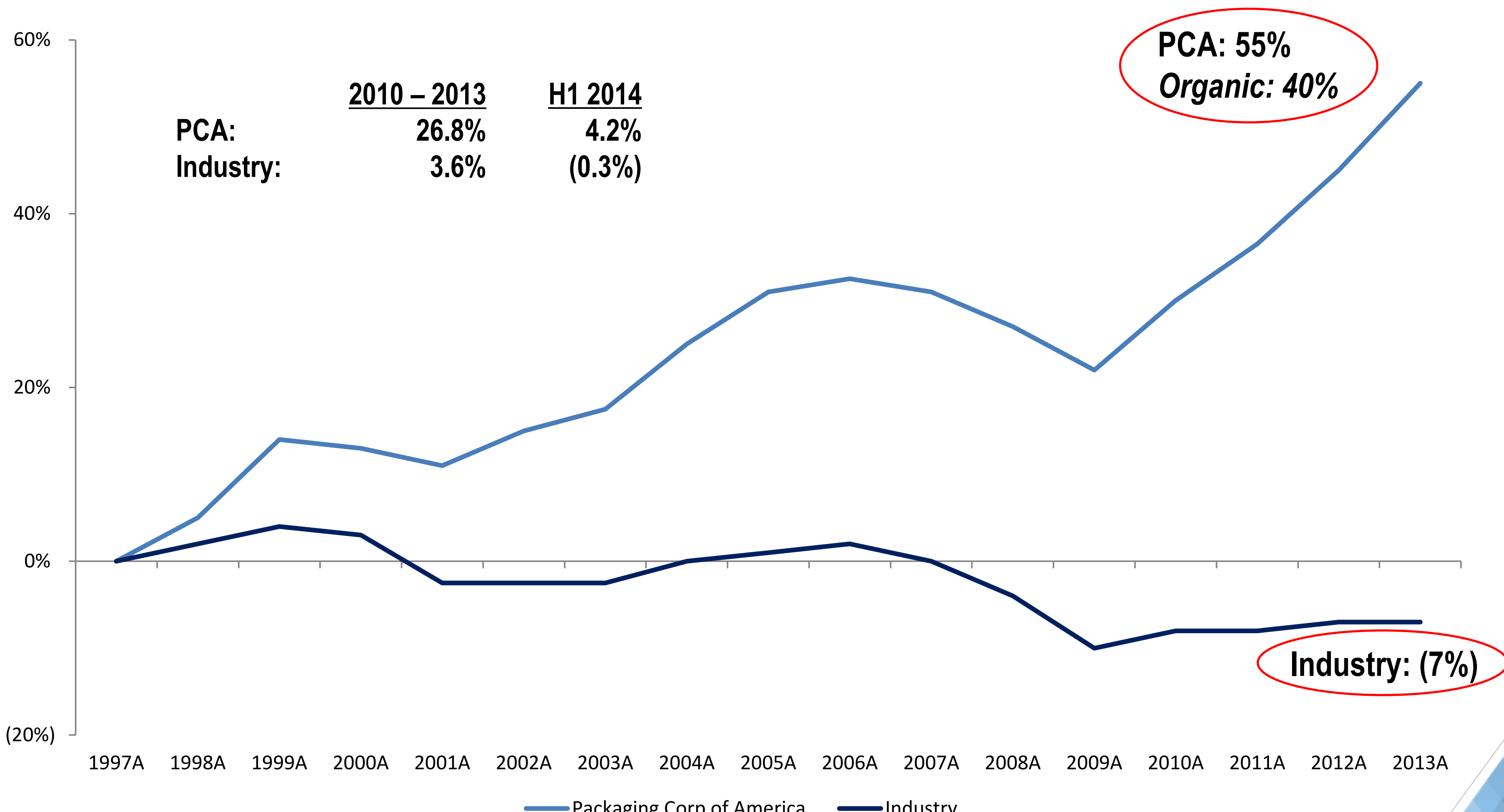
ECONOMIC INDICATORS AND US BOX DEMAND



Source: International Paper Roadshow Presentation, September 2014

PCA VOLUMES HAVE OUTPACED THE INDUSTRY BY A WIDE MARGIN

CORRUGATED PRODUCTS VOLUME GROWTH (% CUMULATIVE CHANGE) (1)



	2010 – 2013	H1 2014
PCA:	26.8%	4.2%
Industry:	3.6%	(0.3%)

(1) Excludes volumes from Boise Inc.

Source: PCA Investor Presentation, August 2014

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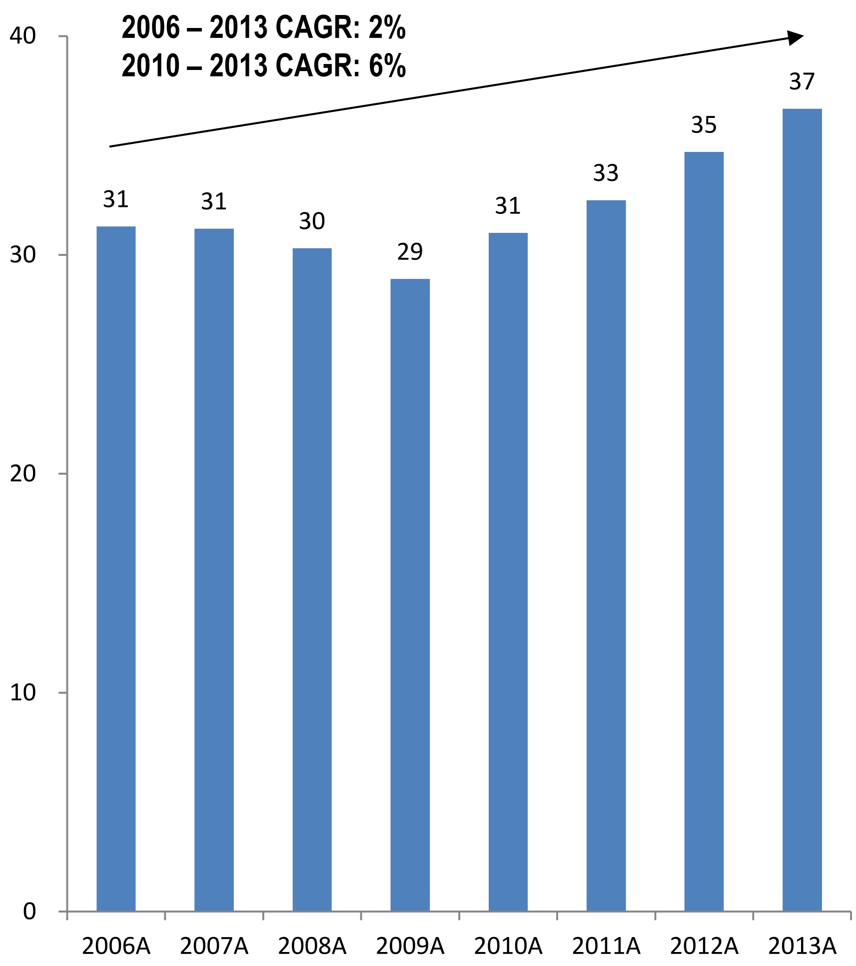
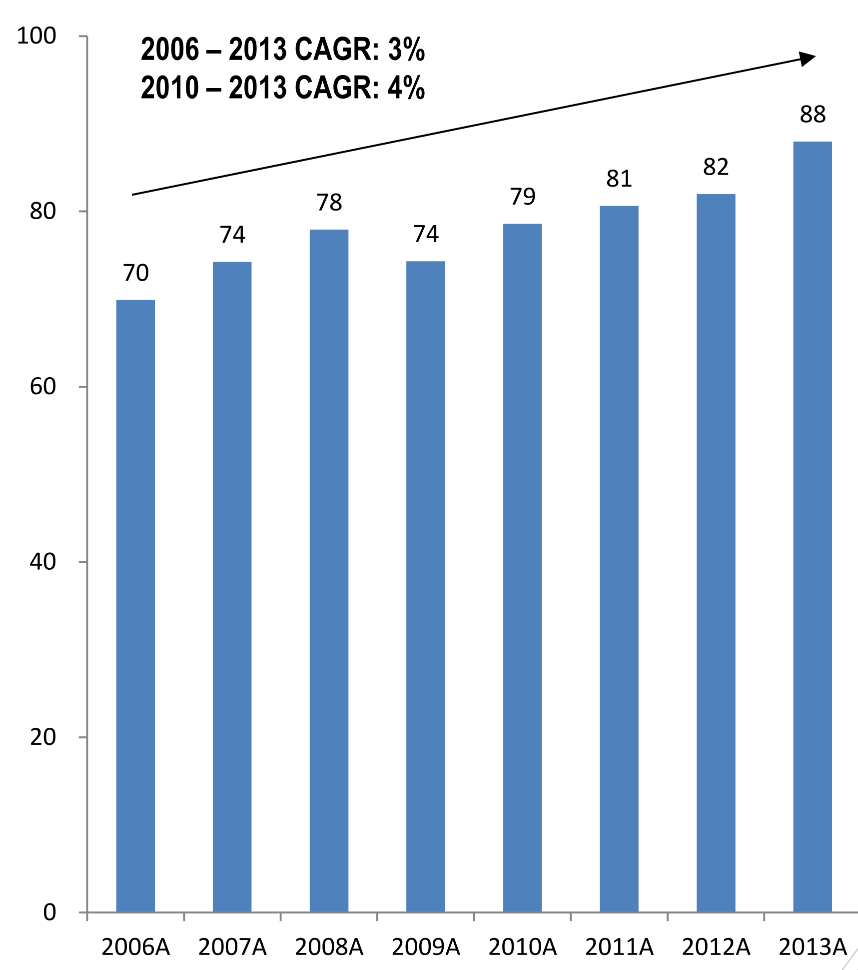
PCA EXHIBITS STRONG VOLUME AND PRICE / MIX TRENDS

PCA CORRUGATED SHIPMENTS (BSF)

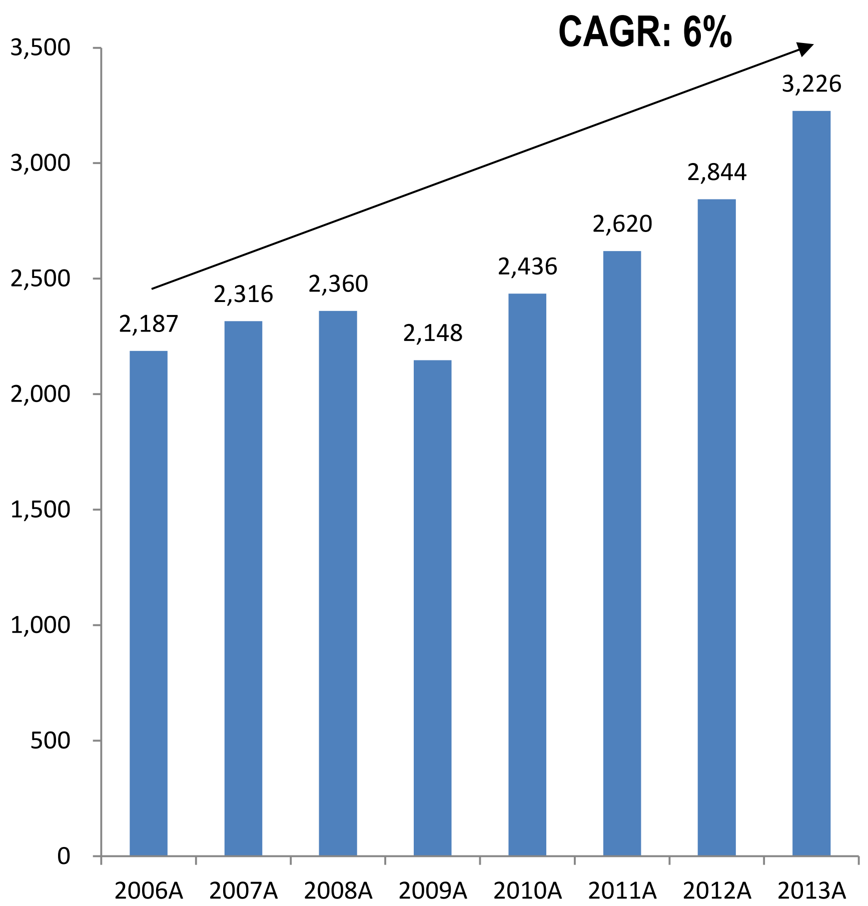


PCA REVENUE PER SHIPMENT ($MM / BSF)

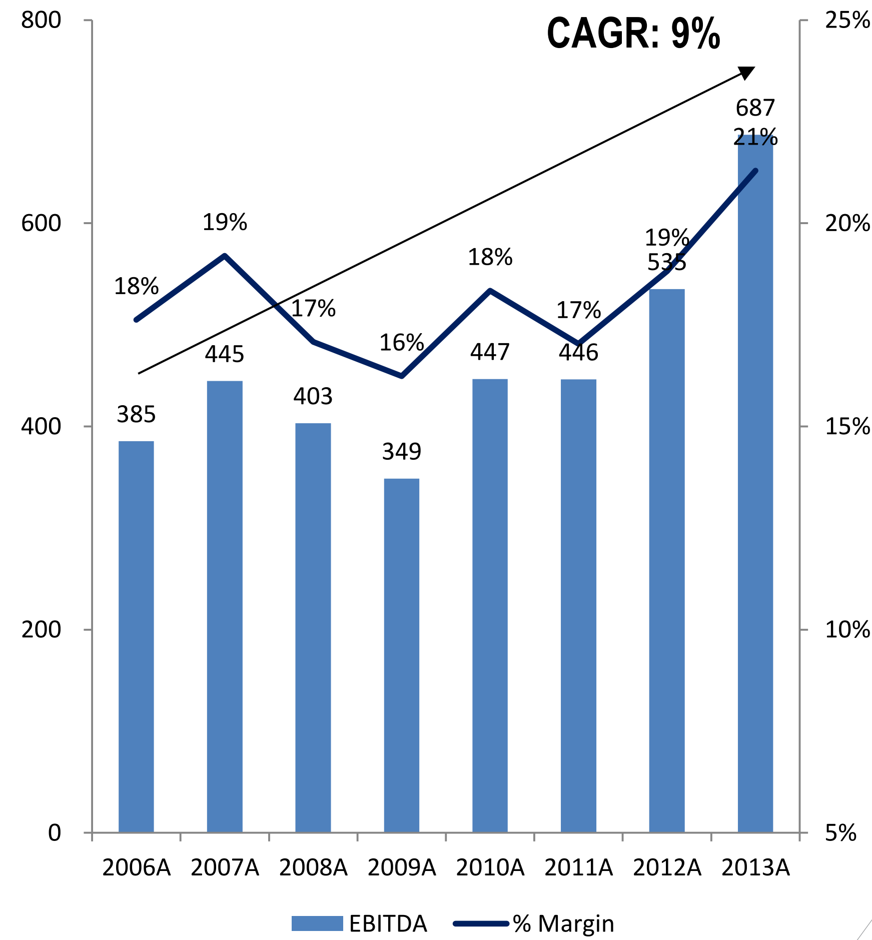


PCA STANDALONE REVENUE AND EBITDA

PCA STANDALONE REVENUE



PCA STANDALONE EBITDA



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PCA ACQUIRED BOISE IN A HIGHLY VALUE ACCRETIVE ACQUISITION

PCA acquired Boise for 4.3x EBITDA post-synergies in October 2013

BOISE ACQUISITION

Close Date	10/25/2013
Transaction Value	1,984
Revenue	2,501
EBITDA	292
Synergies	175
EBITDA (Post-Synergies)	467
EV / EBITDA	**6.8x**
EV / EBITDA (Post-Synergies)	**4.3x**

Guidance of "AT LEAST $175m" (revised upward from $105m)

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D3 CONVERSION IS EXPECTED TO ADD OVER $60M OF ANNUAL EBITDA

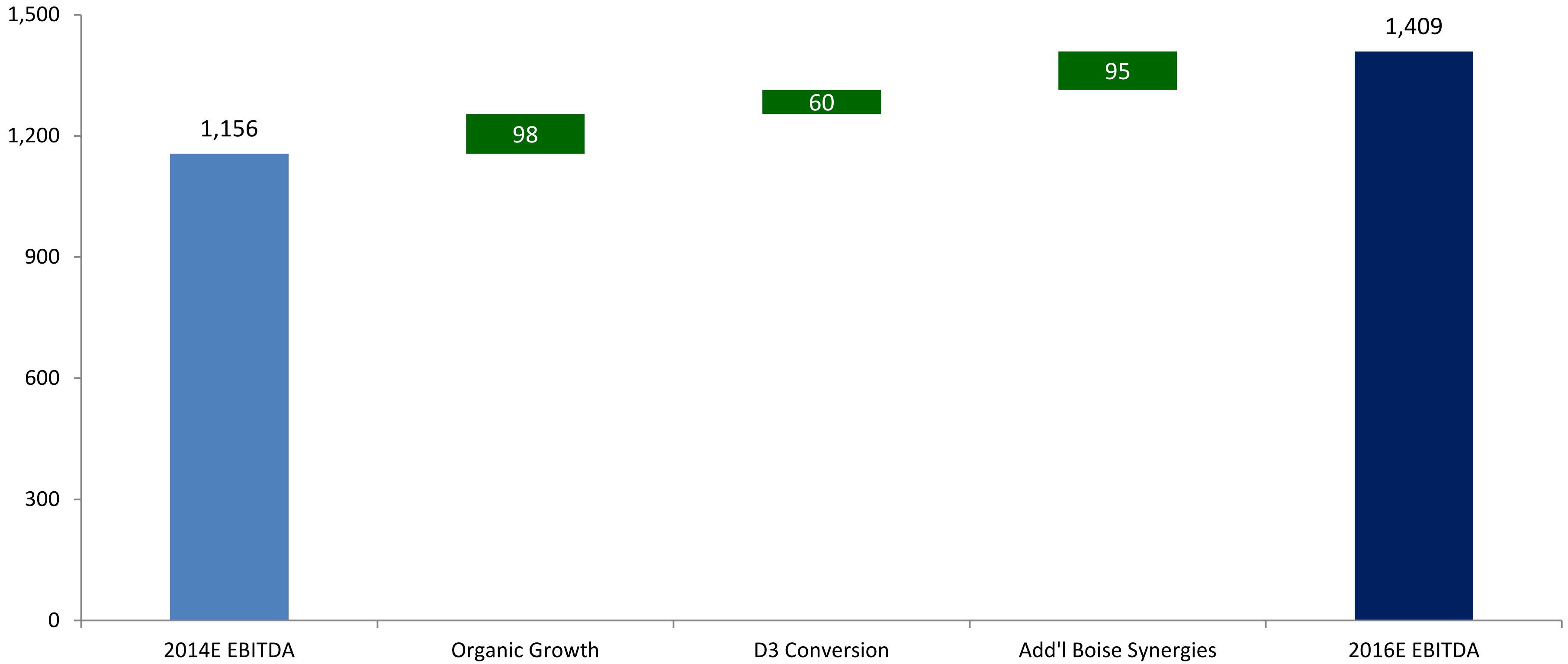
PCA recently converted one of its newsprint machines (D3) into a containerboard machine

D3 CONVERSION

Completion Date	10/17/2014
Capital Investment	$115
New Containerboard Capacity	355
Containerboard Price	$750
Incremental Revenue	266
% EBITDA Margin	22.5%
Incremental EBITDA	**$60**
Implied EV / EBITDA	**1.9x**
Taxes	22
% Marginal Tax Rate	*36.5%*
NOPAT	38
ROIC (After-Tax)	**33%**

WE EXPECT EBITDA TO GROW TO ~$1.4B BY 2016 (10% CAGR)

EBITDA BRIDGE: 2014E – 2016E



2014E EBITDA	Organic Growth	D3 Conversion	Add'l Boise Synergies	2016E EBITDA
Pre-Synergy Margin: 18% Reported Margin: 20%	Packaging Volume CAGR: 3% Packaging Price CAGR: 3% Flat Margins	Completed: Oct. 2014	Realized in 2014: $80m Target: **"AT LEAST"** $175m	Pre-Synergy / D3 Margin: 18% Reported Margin: 22%
EBITDA – Maint. CapEx: $890m				EBITDA – Maint. CapEx: $1,136m
Implied Multiple: 10.1x				**Implied Multiple: 7.9x**

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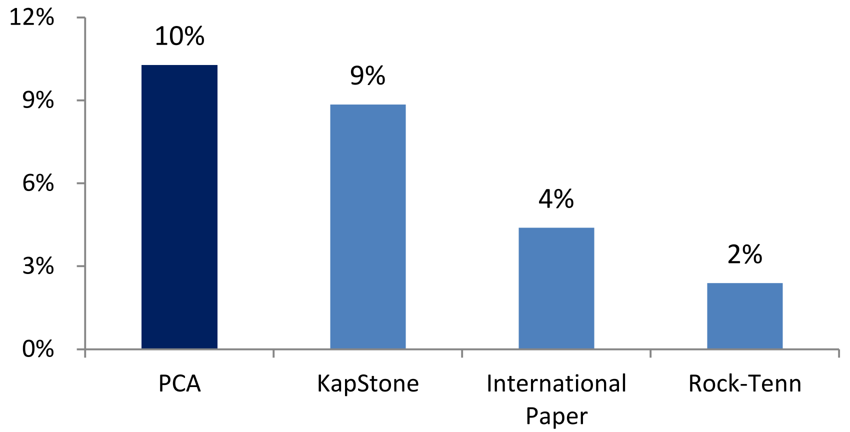
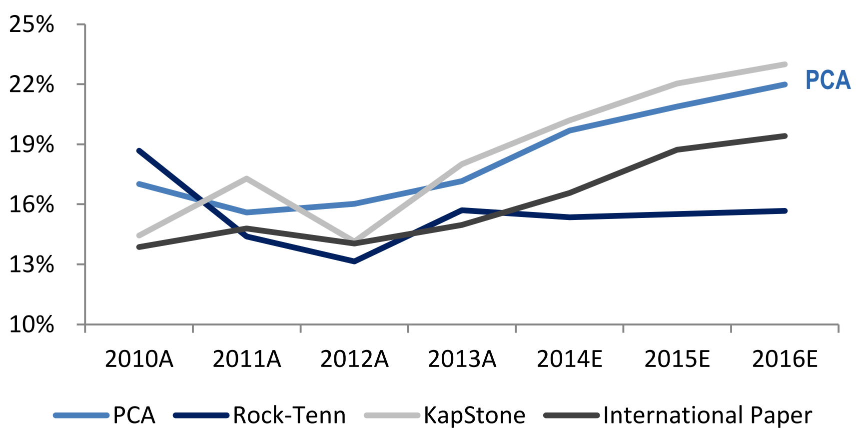
PCA HAS FASTER GROWTH AND HIGHER MARGINS, BUT TRADES IN-LINE WITH PEERS

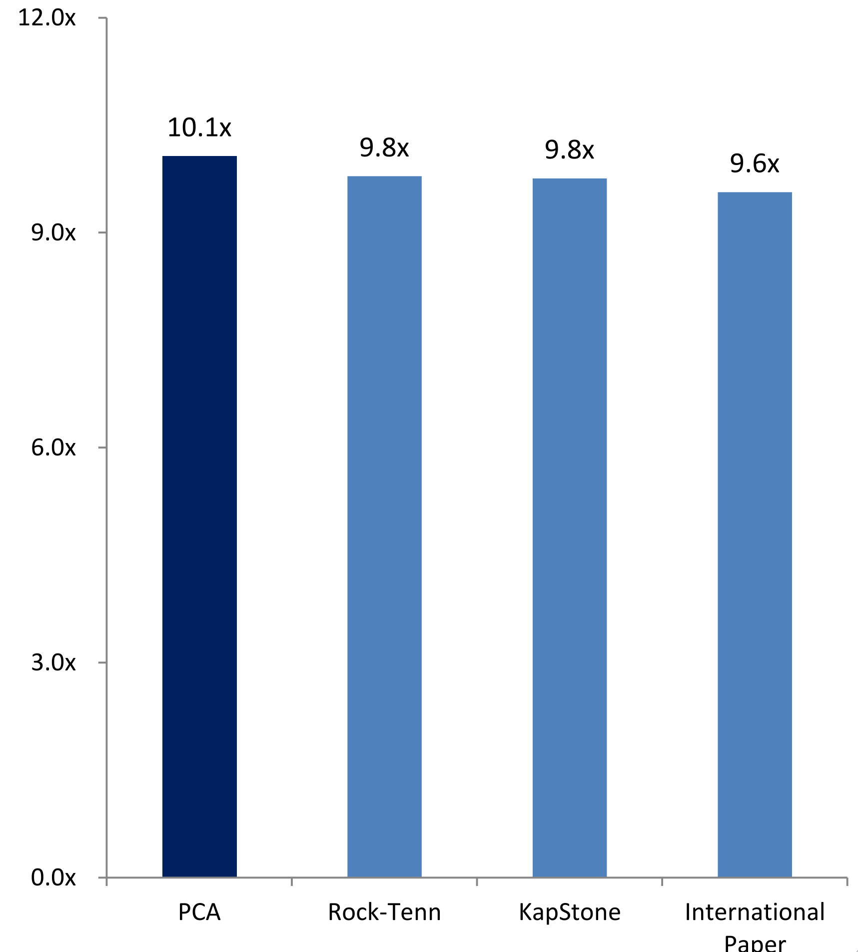
2014E – 2016E EBITDAP CAGR



2010A – 2014E EBITDAP MARGINS [1]



2014E ADJ. EV / EBITDAP – MAINT. CAPEX



(1) PCA margins are pro forma for Boise for all years

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INDUSTRY PARTICIPANTS ARE ACTIVELY CONSIDERING AN MLP STRUCTURE

Master Limited Partnerships ("MLPs") are a tax pass-through entity for income derived from the exploration, development, mining or production, **processing**, refining, transportation or marketing of any mineral or **natural resource**

The conversion of virgin fiber into containerboard is considered a processing of a natural resource

In September, all of PCA's peers announced they are actively exploring the MLP structure, a new development for the industry

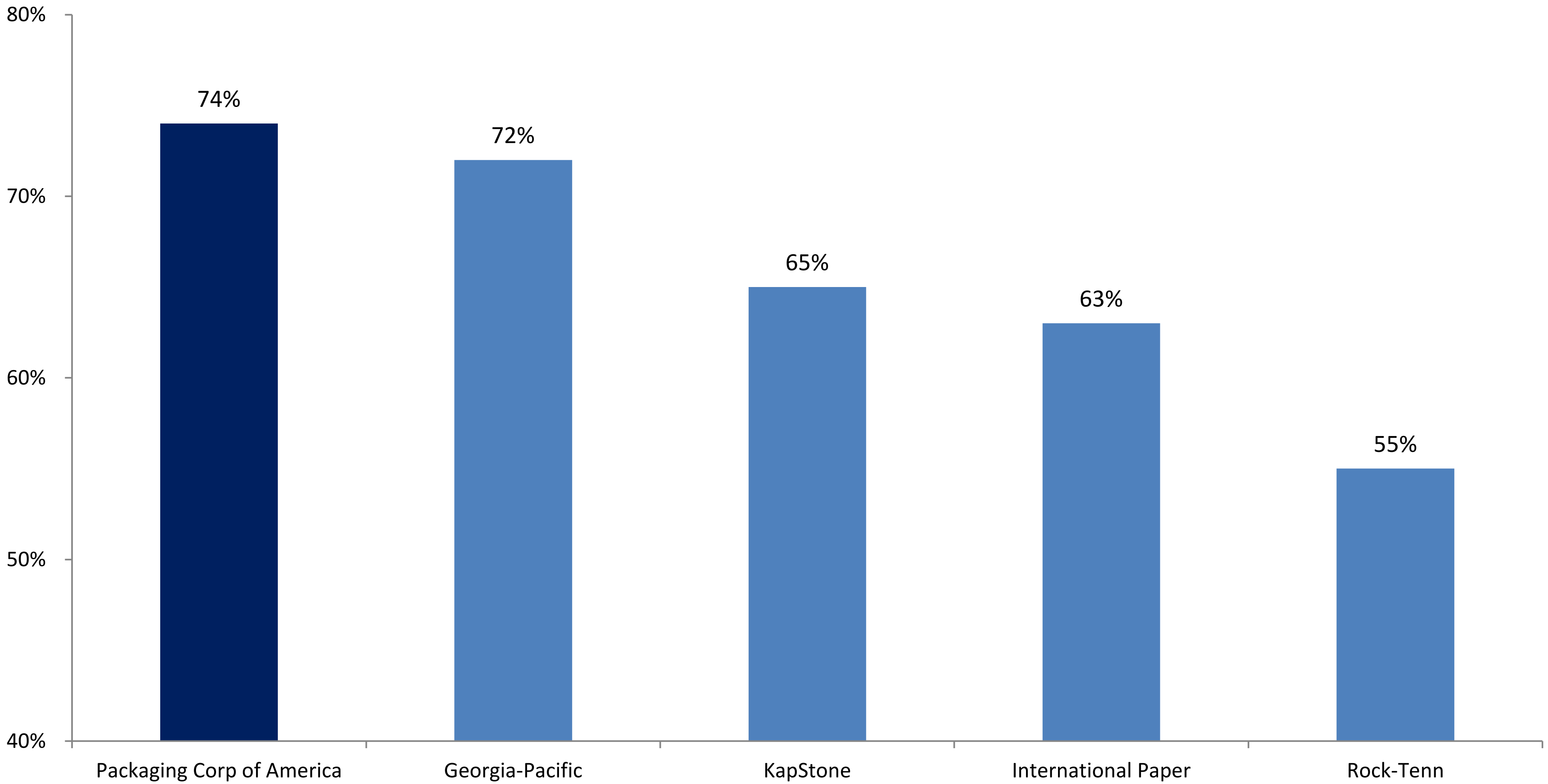
- "Carol said, we were studying the MLP structure. We've moved from a study phase to a ***more serious evaluation phase*** and we're going to do that on a timely basis." – John Faraci, Chairman and CEO of ***International Paper*** (Sept 2014)

- "We continue to ***seriously evaluate the opportunity*** to convert a portion of our business to master limited partnership structure." – Steve Voorhes, CEO of ***Rock-Tenn*** (Sept 2014)

- "We are ***taking a serious look*** at [MLP structures]. It's a ***very interesting concept***." – Andrea Tarbox, CFO of ***KapStone*** (Sept 2014)

PCA IS BEST POSITIONED FOR THIS STRUCTURE GIVEN OUTSIZED EXPOSURE TO VIRGIN FIBER

VIRGIN FIBER USE (%) (1)



(1) Packaging Corp of America is pro forma for D3 conversion
Source: PCA Investor Presentation, August 2014

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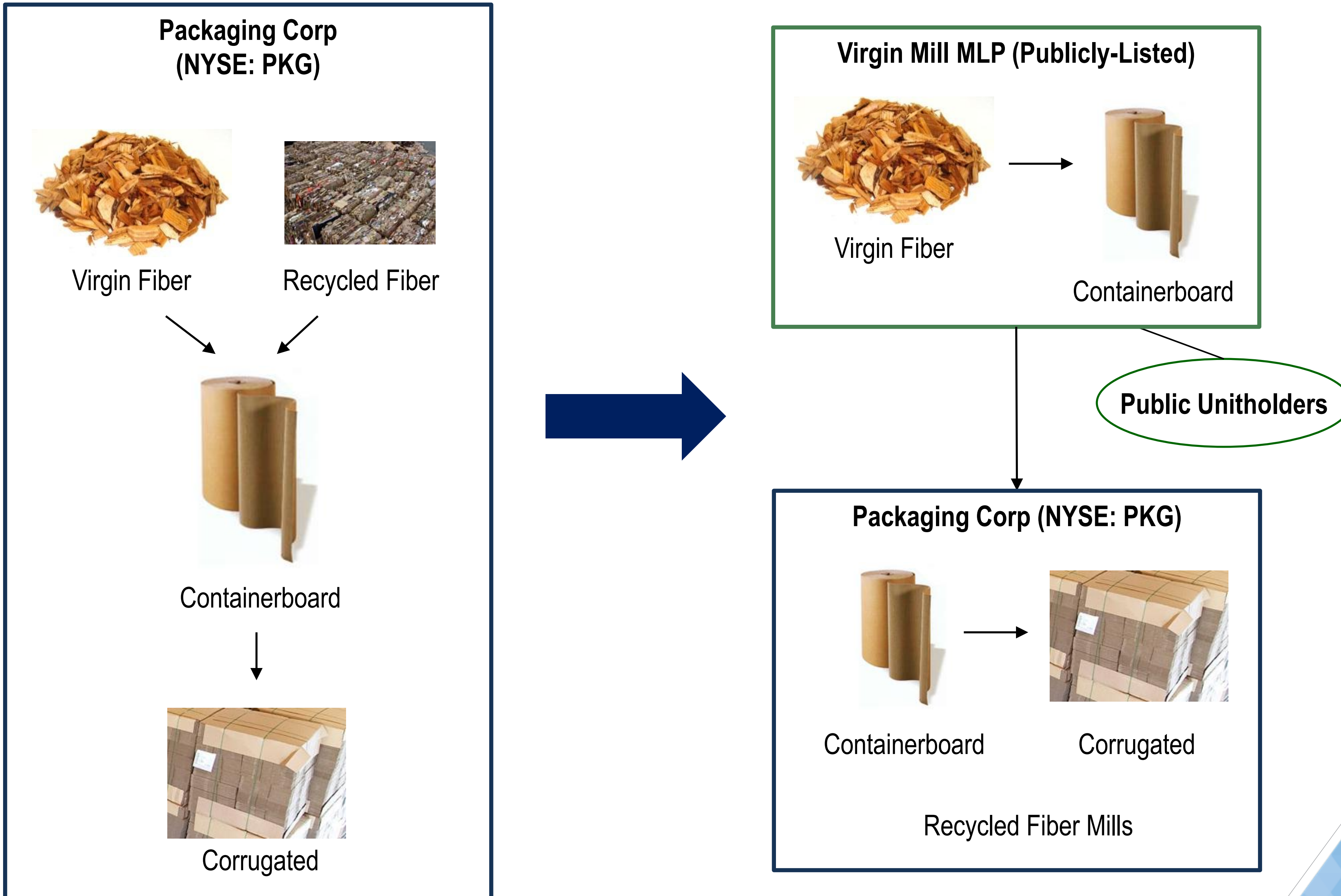
ON OCTOBER 21, PCA ANNOUNCED IT IS EXPLORING AN MLP STRUCTURE

- "We spend a lot of time on [exploring MLP structures] and we ***<u>have a good appreciation of its merits, both financially and strategically."</u>*** *– Mark W. Kowlzan, CEO and Director*

- "Our ***<u>ability to redeploy assets</u>*** should resonate well with any potential MLP investors and this ***<u>can create a lot of value for both the MLP investors and the PCA shareholders."</u>*** *– Mark W. Kowlzan, CEO*

- "We've ***<u>engaged legal and financial assistance</u>*** to provide the information that will allow us to submit a ***<u>request to the IRS for a Private Letter Ruling."</u>*** *– Mark W. Kowlzan, CEO*

- "As Mark said, we've ***<u>engaged auditors, legal and other advisers</u>*** to look at what we would need to do ***<u>for setting up the initial MLP IPO for carve-out audited financials."</u>*** *– Richard B. West, CFO*


Packaging Corp
(NYSE: PKG)
Virgin Fiber
Recycled Fiber
Containerboard
Corrugated
Virgin Mill MLP (Publicly-Listed)
Virgin Fiber
Containerboard
Public Unitholders
Packaging Corp (NYSE: PKG)
Containerboard
Corrugated
Recycled Fiber Mills

ILLUSTRATIVE VALUATION ANALYSIS

	2016E EBITDA - CapEx Multiple		
	9.0x	10.0x	11.0x
2016E EBITDA - CapEx	1,159	1,159	1,159
Enterprise Value	**10,432**	**11,591**	**12,750**
Debt (12/31/15)	(1,772)	(1,772)	(1,772)
Cash (12/31/15)	162	162	162
Dividends (Q3'14 - 2015)	205	205	205
Equity Value	**9,026**	**10,185**	**11,345**
Shares Outstanding	100	100	100
Share Price	**$91**	**$102**	**$114**
% Upside	**31%**	**48%**	**65%**
Est. MLP Value Creation / Share	$20+	$20+	$20+
Share Price	**$111**	**$122**	**$134**
% Upside	**60%**	**77%**	**94%**

MLP Assumptions:

60% of EBITDA in MLP

4.5x Debt / EBITDA

6.5% Div. Yield

Conservative Tax Leakage Estimates

Note:

Incentive comp based on share price, ROIC, EPS, and relative margins

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