



**PACKAGING CORPORATION OF AMERICA**  
**Pension Plan for Eligible Grandfathered Salaried Employees**

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**Effective May 1, 2004**

**Summary Plan Description**



**10/1/2015 (1<sup>st</sup> Edition)**

## **Introduction**

This booklet summarizes the main features of the **Packaging Corporation of America Pension Plan for Eligible Grandfathered Salaried Employees – the “PCA Plan”**. It generally explains how you earn your retirement benefits, how much they will be, and when and how they will be paid.

### **An Important Resource**

This booklet is intended to be a Summary Plan Description, or “SPD”; an easy-to-read guide that will help you understand how the Plan works. To make the best use of the Plan, we encourage you to take time to review and become familiar with this booklet and to use it as a reference guide in the future.

Although this SPD describes many of the principal features of the Plan, it is only a summary. The complete provisions of the PCA Plan are set forth in the plan document, which is available upon request from your PCA Benefits Department. In the event of any inconsistency between this SPD (and any other communication regarding the plan) and the plan document itself, the plan document controls.

### **Other Resources Available**

The PCA Benefits Center has been authorized to handle the day-to-day administration of the plan. If you have questions, call the PCA Benefits Center at 877-453-0945. Benefits Center representatives are available from 8:00 a.m. to 5:00 p.m. Central time, Monday through Friday. You should have your ID and Password to access your information or speak with a representative.

You may also obtain information on the Plan’s website at [benefitscenter.packagingcorp.com](http://benefitscenter.packagingcorp.com). Be sure to have your ID and Password to access your information.

# CONTENTS

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<b><u>SUBJECT</u></b>	<b><u>PAGE</u></b>
Plan Highlights	5
Background	5
In Brief	5
Participation	6
Eligibility	6
How The Plan Is Funded	6
Company Contributions	6
The Factors That Determine Your Benefit	7
Years Of Participation	7
Covered Compensation	7
Service and Participation	8
Years Of Service	9
Years Of Participation	9
One-Year Break In Service	10
How Your Benefit Is Calculated	10
The Standard Benefit	10
Timing And Form Of Benefits	11
When You Can Retire	12
Normal Retirement	12
Early Retirement	12
If You Become Disabled	13
Vesting	14
If Your Employment Terminates Before Retirement	14
Deferred Vested Benefits	14
When Deferred Vested Benefits Can Begin	14
How Deferred Vested Benefits Are Calculated	14
Pre-Retirement Death Benefits	15
If You Do Not Have An Eligible Spouse	16

How Benefits Are Paid	16
The Standard Payment Methods	16
Standard Payment Method If You Are Single	16
Standard Payment Method If You Are Married	16
Optional Payment Methods If You Are Single Or Married	16
More Facts About Payment Methods	17
Choosing A Payment Method	18
Small Benefit Amounts	18
 If You Return To Work After Leaving With A Vested Benefit	 18
 Applying For A Benefit	 18
Applying For Retirement Benefits	19
Applying For Survivor Benefits	19
Determination Of Benefits And Plan Interpretation	19
If A Benefits Is Denied	19
 Monthly Payment Disbursement Changes	 22
 Other Situations Affecting Benefits	 22
Assignment Of Benefits	23
Qualified Domestic Relations Order	23
Top-Heavy Requirements	23
Changes To The Plan	24
 Plan Administration	 26
Plan Name	26
Plan Type	26
Plan Sponsor And Administrator	26
Employer Identification Number	27
Plan Number	27
Official Plan Document	27
Plan Year	27
Plan Trustee	27
Agent For Service Of Legal Process	27
No Guarantee Of Employment	28
 Participating Employers	 28
 Your Rights Under ERISA	 28
Receive Information About Your Plan And Benefits	28
Prudent Actions By Plan Fiduciaries	29
Enforce Your Rights	29
Assistance With Your Questions	29

# **Plan Highlights**

## **Background**

PCA was formed on April 12, 1999 when Tenneco Packaging (now Pactiv Corporation) sold its containerboard and corrugated products division to Madison Dearborn Partners, a private equity investment firm. Under the terms of a transition agreement entered into between Pactiv and PCA, Pactiv provided continued coverage under its pension plan (the Pactiv Retirement Plan, sometimes referred to as the Pactiv plan) to salaried employees of PCA who were actively employed by PCA, or its predecessor Tenneco Packaging, prior to April 12, 1999.

The transition agreement between PCA and Pactiv expired on April 12, 2004. Effective May 1, 2004 PCA adopted a successor pension plan for salaried PCA employees covered by Pactiv's pension plan. PCA's successor pension plan is similar in design, but not identical to, the pension plan provided by Pactiv. Prior service credited under the Pactiv plan will be credited under PCA's plan. Upon retirement, a participant's total benefit will include both what was earned under the Pactiv plan through April 30, 2004 (as provided to PCA by Pactiv), and what he/she will earn under the successor PCA plan going forward.

## **In Brief**

In highlight form, here is a brief summary of how the Plan works.

- PCA pays the entire cost of the Plan—you are not required to contribute.
- Your retirement benefit is based on several factors, including your Years of Participation in the Plan, your Covered Compensation, and the benefit you earned in the Pactiv Retirement Plan.
- You can retire at age 65, or as early as age 55 if you meet certain service requirements.
- You can choose from several benefit payment options. You can receive payments for your lifetime alone; or all or part of your benefit may be continued to your spouse or beneficiary after your death.
- Your surviving spouse may be eligible to receive a benefit from the Plan in the event you die before retirement.
- You may be eligible for a deferred retirement benefit if your employment terminates before retirement.

## Participation

### Eligibility

You are eligible to participate in the Plan if you were actively earning a pension benefit under the Pactiv Retirement Plan as a salaried employee as of April 12, 2004 and you were actively employed by PCA as a salaried employee as of May 1, 2004. Generally, salaried employees of PCA who were actively earning a benefit under the Pactiv Retirement Plan as of April 30, 2004 include:

- Salaried employees of PCA who were actively employed by PCA, or its predecessor Tenneco Packaging, prior to April 12, 1999 and who remained actively employed as a salaried employee through May 1, 2004;
- Salaried employees of PCA who were actively employed by PCA, or its predecessor Tenneco Packaging, prior to April 12, 1999 and who were subsequently approved for Long Term Disability (LTD) Benefits and who remained on LTD status through May 1, 2004;
- Former hourly employees of PCA who were reassigned to salaried status on or before December 31, 2002, and who were already participating in a Pactiv pension plan;

There will be no new entrants into this Plan after May 1, 2004.

## How The Plan Is Funded

PCA and any other Participating Employers pay the full cost of the plan.

### Company Contributions

You make no contributions to the Plan. The Participating Employers pay all costs by making regular contributions to a trust fund.

Plans like this one are required to meet minimum funding requirements established by the U.S. government. The amount of the contribution is determined with the help of an independent actuary who uses employee census data and the provisions of the Plan to determine the amount the Participating Employer must contribute to cover the benefits provided.

The assets of the Plan are held by an independent Trustee. The money in the Trust can be used only to pay benefits and administrative costs of the Plan and cannot be returned to the Participating Employers until all benefit obligations have been satisfied. Refer to page 27 for more information about the **“Plan Trustee.”**

Your benefits are also protected by a federal agency, the Pension Benefit Guaranty Corporation (PBGC). The Participating Employers pay an annual premium to the PBGC to guarantee payment of your benefit up to certain limits. (Refer to page 25 for more information on the **“PBGC”** guarantee.)

## The Factors That Determine Your Benefit

The amount of your benefit is based on factors including your Years of Participation in the Plan and your Covered Compensation. In general, any Years of Participation you earned in the Pactiv Retirement Plan (as reported to PCA by Pactiv) will also be used in calculating your benefit under this Plan.

### Years Of Participation

In general, you began building Years of Participation when you entered the Pactiv Retirement Plan or, in certain cases, when you entered a prior plan that was merged with the Pactiv Plan. Generally, for each period of 12 full months that you are paid by a Participating Employer (measured from your date of initial participation), you earn a Year of Participation. You also earn partial Years of Participation based on the number of months you participate. The maximum number of Years of Participation that you can earn is 35, including Years of Participation earned under both the Pactiv Retirement Plan and the PCA Plan.

If you are absent from work for any length of time, your Years of Participation could be affected. (You can read more about “**Years of Participation**” and “**Break in Service**” starting on page 9.)

### Covered Compensation

The pay you earn during your career with PCA and any other Participating Employer plays an important role in determining your retirement plan benefits. Generally, your “Covered Compensation” under the Plan is the regular base compensation (or commissions) you receive, on and after **January 1, 2000**, as an eligible employee. The pre-tax contributions you make under the PCA Retirement Savings (401k) Plan, the PCA Employee Medical Plan, the PCA Employee Dental Plan and the PCA Flexible Spending Account Plan (or similar plans from another Participating Employer) do not reduce your Covered Compensation. Your benefit amount, and the Covered Compensation used to determine your benefit, may be limited by the Internal Revenue Code. Generally, base compensation does not include such items as incentive compensation, overtime pay, or bonuses.

Your Average Monthly Covered Compensation means the average of Covered Compensation paid to you since January 1, 2000. Pay periods in which you do not receive any compensation are not included in the average.

### *Example*

Assume you were an eligible employee of PCA until your retirement on June 30, 2008. The following chart shows how your Average Monthly Covered Compensation would be calculated:

<b>Year</b>	<b>Pay Periods</b>	<b>Covered Compensation</b>
2000	24	\$45,000
2001	24	\$46,000
2002	24	\$47,000
2003	24	\$48,000
2004	24	\$50,000
2005	24	\$52,000
2006	24	\$54,000
2007	24	\$56,000
2008	12	\$30,000
<b>Total</b>	<b>204</b>	<b>\$428,000</b>  <b>Monthly Average =</b> <b>\$428,000 / 204 x 2 =</b> <b>\$4,196.08</b>

## **Service and Participation**

Your time with a Participating Employer is measured as “Years of Service.” Your time as a participant in the PCA Plan (and the Pactiv Retirement Plan) is measured as “Years of Participation.” This section describes both of these terms. If you cease to be an employee of a Participating Employer you will not recommence participation in the PCA Plan if you are rehired after 12 months have elapsed, nor will your accrued benefit under the Plan be increased for any service, participation, or compensation you may earn following the date of your rehire.



## Years Of Service

Your Years of Service are generally measured from the date your employment with a Participating Employer begins to the date it ends. Years of Service are important because they determine whether and when you may elect early retirement.

You receive credit for 190 hours of service for each month you work at least one hour at a Participating Employer for pay (or receive back pay). You may also earn hours of service for time away from work when you are paid (such as vacation, holiday, sick time, and company-approved disability leave, jury duty, or authorized leave of absence). To the extent required by law, you also earn hours of service if you are on military duty.

The number of hours you are credited with during each 12-month period determines whether you earn a year of service. Generally, for each 12-month period - beginning from your date of hire - in which you are credited with at least 1,000 hours of service, you earn a year of service. (On a 40-hour-a-week basis, there are roughly 2,000 hours in a full work year.)

## *Maternity and Paternity Leaves*

You will receive service, according to the company's policies, if you are on an authorized leave of absence because of:

- Your pregnancy;
- The birth or adoption of your child; or
- Caring for your child immediately following birth or adoption.

If a maternity or paternity absence lasts longer than 12 months, you will not have a break in service until the second anniversary of your absence. However, you will not receive service for the period between the first and second anniversaries.

## Years Of Participation

Years of Participation are used in determining your retirement benefits. (Refer to **“The Standard Benefit”** formula on page 10.) Generally, you begin earning Years of Participation starting on the PCA Plan's effective date of May 1, 2004. For each period of 12 full months that you are an active participant in the PCA Plan, you earn a Year of Participation. You earn a month of participation as long as you are an active participant of a Participating Employer on the first day of any calendar month. This means you do not have to participate the entire month. Each month of participation will equal one-twelfth of a year of participation. If you are absent from work because of an authorized leave of absence, you will receive credit for participation during that period as long as you return to work prior to incurring a break in service. If you are disabled, please refer to the **“If You Become Disabled”** section on page 13 for information regarding participation service.

Years of Participation that you have earned under the Pactiv Retirement Plan as a salaried employee are also used in determining your total retirement benefits. The amount of your Years of Participation earned prior to May 1, 2004 was calculated by Pactiv Corporation and provided to the PCA Plan.

The maximum number of Years of Participation that can be credited under the PCA Plan benefit formula is 35, including Years of Participation earned under the Pactiv Retirement Plan.

### **One-Year Break In Service**

Generally, you have a one-year break in service on the twelve-month anniversary of your severance from service date. Your severance from service date is the earlier of the date on which you incur a voluntary or involuntary termination of employment, retire, or die, or the twelve-month anniversary of the date on which you began a leave of absence or layoff.

## **How Your Benefit Is Calculated**

The plan is a defined benefit plan. This means your retirement benefit is calculated under a specific formula. There are also maximum benefit amounts that could apply to you.

### **The Standard Benefit**

Your standard benefit (figured on a monthly basis as a life annuity and beginning at your normal retirement age) is calculated as follows:

<p>55% of your Average Monthly Covered Compensation</p> <p><b>times</b></p> <p>Years of Participation (up to 35, and including</p> <p>Years of Participation earned under the Pactiv Plan)</p> <p><b>divided by</b></p> <p>35</p> <p><b>reduced by</b></p> <p>Your accrued age 65 benefits from the Pactiv Retirement Plan</p> <p>and any other prior plan recognized under the Pactiv Plan.</p>
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### Example 1—Standard Benefit

Assume you retire at age 65 with these conditions:

Years of Participation: 35

Average Monthly Covered Compensation: \$4,000

Pactiv Plan Age 65 Benefit earned as of April 30, 2004: \$1,500

Payment method: Single Life Annuity (for your lifetime only)

Your benefit is figured as follows:

55% of Average Compensation	\$2,200
<b>times</b>	
Years of Participation ÷ 35 =	<u>x 35/35</u>
	\$2,200
<b>reduced by</b>	
Pactiv Plan Age 65 Benefit	<u>\$1,500</u>

Your final PCA benefit                      \$ 700 per month

### Example 2—Standard Benefit

Now, assume you retire at age 65 with these conditions:

Years of Participation: 20

Average monthly compensation: \$4,000

Pactiv Plan Age 65 Benefit earned as of April 30, 2004: \$1,000

Payment method: Single Life Annuity (for your lifetime only)

Your benefit is figured as follows:

55% of Average Compensation	\$2,200
<b>times</b>	
Years of Participation ÷ 35 =	<u>x 20/35</u>
	\$1,257
<b>reduced by</b>	
Pactiv Plan Age 65 Benefit	<u>\$1,000</u>

Your final PCA benefit                      \$ 257 per month

### **Timing And Form Of Benefits Affect The Amount**

Keep in mind that when benefits begin and how they are paid affect the monthly amount you receive. In the previous examples, if you had retired before reaching age 65, the monthly benefit from the retirement plan would generally have been reduced to cover the longer period of time you would be receiving payments.

Also, these benefits were calculated assuming that benefits would be paid for your lifetime alone. You could have chosen another payment method that would have paid reduced lifetime benefits, with continuing payments to someone else after your death. (See page 16 for more details on payment methods.)

## **When You Can Retire**

There are two types of retirement available under the plan: Normal and Early. In general, you can retire with a full benefit on or after your 65<sup>th</sup> birthday, or as early as age 55 with a reduced benefit if you meet certain criteria.

### **Normal Retirement**

You are eligible for normal retirement on or after your 65<sup>th</sup> birthday, with payments beginning on the first day of the month following the date your employment ends.

### **Early Retirement**

You may elect to take an early retirement if you reach age 55 while still employed by PCA or a Participating Employer, and you have completed at least 10 Years of Service (refer to page 9 for more information on “**Years of Service**”).

If you meet these requirements, early retirement benefits may begin on the first day of the calendar month following the date your employment ends. However, in no event will you be eligible to retroactively commence retirement benefits.

If you retire early, your benefit is figured in the same way as your normal retirement benefit. It will be based on your Average Covered Compensation and Years of Participation. However, if payments begin before age 62, they will be reduced. The amount of the reduction is based on the number of years and months you retire before age 62. The reduction is 3% for each year benefits commence between age 60 and age 62 and an additional 6% for each year benefits commence between age 55 and age 60, as shown in the examples on the following page.

## Examples

Here is what you could receive if you elected early retirement, assuming you would have been eligible for a normal retirement benefit equal to \$500 a month:

If payments begin at age:	You will receive this percentage of your normal retirement benefit:	Or this monthly amount:
64	100%	\$500
63	100%	\$500
62	100%	\$500
61	97%	\$485
60	94%	\$470
59	88%	\$440
58	82%	\$410
57	76%	\$380
56	70%	\$350
55	64%	\$320

If you retire before age 62 and between the above stated ages (i.e. 59 and six months) interpolation will be used to compute a “pro rata” early retirement factor.

The early retirement factors illustrated above are applied to the benefits available under “**The Standard Benefit**” formula described on page 10. The standard formula benefit may be reduced by other early commencement factors if both of the age and service requirements (described above) are not met. Please refer to the table on page 14 for the reduction factors used with deferred vested benefits.

## If You Become Disabled

If you are eligible to receive disability benefits under the PCA Employee Long Term Disability (LTD) Plan, you will earn Years of Participation for purposes of calculating your retirement benefit as long as you continue to receive LTD benefits (subject, of course, to the 35 year maximum). However, such period will not be considered in determining the Years of Service used to determine your eligibility for an Early Retirement Benefit.

If you are not otherwise eligible for a retirement benefit and you continue to receive disability benefits under the LTD plan from the date your disability begins until you reach your Normal Retirement Age (65), you will be eligible for a Normal Retirement Benefit at that time.

## Vesting

You are always fully vested in your benefit from the PCA Plan.

## If Your Employment Terminates Before Retirement

### Deferred Vested Benefits

If your employment terminates before you are eligible to retire (either Normal or Early Retirement), you will be entitled to a “deferred vested” benefit from the Plan. This means you have a permanent right to the benefit you have earned up to the time you leave the company. Once your employment terminates, you will no longer accumulate Years of Service or Years of Participation. In effect, your benefit will be frozen, based on the Years of Participation and your final Average Monthly Covered Compensation as of your termination date.

### When Deferred Vested Benefits Can Begin

Usually benefit payments begin at age 65. However, you may be able to have benefits start as early as age 55 (Early Deferred Vested Benefit), if your employment terminates before age 55 and you have completed at least 10 Years of Service. In no event will you be eligible to retroactively commence benefit payments.

### How Deferred Vested Benefits Are Calculated

In general, deferred vested benefits are calculated the same as a normal retirement benefit, taking into account your Years of Participation and Average Covered Compensation. Your benefits will be reduced if payments begin before age 65. If your employment terminates before age 55, the amount of the early retirement reduction is as follows:

If payments begin at age:	You will receive this percentage of your normal retirement benefit:	Or this monthly amount (if your benefit at age 65 would have been \$500):
64	89.18%	\$445.90
63	79.73%	\$398.65
62	71.46%	\$357.30
61	64.20%	\$321.00
60	57.80%	\$289.00
59	52.14%	\$260.70
58	47.12%	\$235.60
57	42.66%	\$213.30
56	38.69%	\$193.45
55	35.14%	\$175.70

If you elect to receive your deferred vested benefits before 65 and between the above stated ages (i.e. 59 and six months) interpolation will be used to compute a “pro rata” early commencement factor.

## **Pre-Retirement Death Benefits**

A special part of the Plan financially protects your spouse if you should die before retirement payments begin. If you die before your first retirement payment, even if you have elected to begin payments, the death benefit provisions described here govern the eligibility for a death benefit and how much of a benefit your surviving spouse will receive.

### **If You Die While Actively Employed, You Are Married at the Time of Your Death and You Are Eligible for Early or Normal Retirement Benefits**

If you die after reaching age 55 and with 10 or more Years of Service, your eligible surviving spouse will be eligible to receive the survivor portion of a 50% Joint and Survivor Annuity. This benefit will be calculated as if you had retired on the date before your death and had elected the 50% Joint and Survivor Annuity Option. Your spouse will receive 50% of the monthly benefit that you would have received.

You spouse may elect to begin receiving the survivor benefit as of the first of the month following your death or may defer receiving the benefit until no later than the first of the month following the month in which you would have turned age 65. The amount of the benefit will be increased to reflect any deferred commencement. If you die after reaching age 65, the survivor benefit will commence as of the first of the month following the date of your death.

### **If You Die While Actively Employed, You Are Married at the Time of Your Death but You Are Not Yet Eligible for Early or Normal Retirement Benefits**

If you die prior to reaching age 55 or attaining 10 or more Years of Service, your eligible surviving spouse will be eligible to receive the survivor portion of a 50% Joint and Survivor Annuity. This benefit will be calculated as if you had terminated employment on the date before your death and had elected the 50% Joint and Survivor Annuity Option had you lived to age 55. Your spouse will receive 50% of the monthly benefit that you would have received.

Your spouse may elect to begin receiving the survivor benefit as of the first of the month following the date on which you would have turned age 55 had you lived. Or your spouse may defer receiving the benefit until a later date, but no later than the first of the month following the month in which you would have turned age 65. The amount of the benefit will be increased to reflect any deferred commencement.

## **If You Do Not Have An Eligible Spouse**

If you were actively employed at the time of your death (or if you die before benefits are to commence under the Plan) and you have no surviving spouse, there are no survivor benefits payable. In addition, if you were not married to your spouse throughout the one-year period ending on the date of your death, your spouse is not an eligible spouse and no survivor benefits will be payable. To be eligible for benefits as a spouse, your spouse must also qualify as a spouse for purposes of the federal tax code.

## **How Benefits Are Paid**

The Plan offers several payment methods for you to choose from at retirement. Payments can be made for your lifetime only, your lifetime and that of someone else, or your lifetime with a certain number of payments guaranteed.

### **The Standard Payment Methods**

Unless you elect otherwise, your benefit payments will be made by a standard method. The standard method in effect for you depends on whether or not you are married at the time you commence your pension benefit.

#### **Standard Payment Method If You Are Single**

If you are not married when payments begin, your standard form of payment is a “single life annuity.” This method pays a benefit for your lifetime only, with payments stopping at your death.

#### **Standard Payment Method If You Are Married**

If you are married when payments begin, your standard form of payment is a “50% joint and survivor annuity.” This method pays you an income for life and, if your spouse is still living at your death, he or she will receive a monthly lifetime benefit equal to 50% of the amount you were receiving prior to your death. The amount of your monthly benefit will be lower than under a single life annuity because payments are expected to be made over two lifetimes instead of just one. The amount of the reduction is based on both your age and your spouse’s age when benefits begin.

#### **Optional Payment Methods If You Are Single Or Married**

Instead of one of the standard methods of payment described above, you can select one of the optional payment methods. These payment methods are available to single and married employees alike. If you are married, you may name someone other than your spouse as beneficiary-provided your spouse properly waives his or her right to a pension benefit in writing and it is witnessed by a notary public. Also, if you are married and do not elect the standard payment method, you may elect any of the following payment methods with your spouse or someone else as your beneficiary, again provided your spouse properly waives his or her right to the 50% joint and survivor annuity, in writing, and it is witnessed by a notary public.



### *50%, 75%, or 100% Joint and Survivor Annuities*

These payment forms pay you a reduced monthly benefit for as long as you live. Then, upon your death, either 50%, 75%, or 100% of your reduced benefit (whichever option you choose when you commence your benefit) will continue to your beneficiary for his or her lifetime. The amount of your reduced benefit depends on your age, your beneficiary's age, and the annuity option you choose to have continued after your death. The higher the percentage and the younger the beneficiary, the greater the reduction to your benefit.

### *10-Year Certain and Life Method*

This payment method pays you a reduced benefit for as long as you live. If you die before you receive 120 payments—the 10-year certain period—your beneficiary will receive the value of the remainder of the 120 guaranteed payments. Unless your beneficiary elects to continue to receive the monthly benefits for the remainder of the guaranteed period, he or she will receive the value of any unpaid benefits as a lump-sum payment. This method is available only if your life expectancy is at least 10 years when your payments begin.

### **More Facts About Payment Methods**

Here are some important facts about the payment methods available under the retirement plan:

- Under a joint and survivor benefit, if your spouse or other beneficiary dies before you do and after benefits begin, your benefits will continue to be paid according to the payment method you originally chose. You are not allowed to designate a new beneficiary after you commence benefits under a joint and survivor option.
- If you and your spouse become divorced after your benefits begin, your election will stay in effect and may not be changed. However, the recipient of the payments may be affected by a **“Qualified Domestic Relations Order,”** as described on page 23.
- If you name someone other than your spouse as your beneficiary, your actuarially expected portion of the benefit must be at least 50% of the total amount.
- Once payments begin, you may not change your payment method.
- The 10-year certain and life benefit is the only option that allows the beneficiary to be changed once payments have begun.

## Choosing A Payment Method

The greater the benefit you guarantee to a survivor, the smaller your benefit will be during your lifetime. For example, here is a comparison of the benefit payable to you, assuming you retire at age 65 and are eligible for a normal retirement benefit equal to \$500 per month and with a spouse **the same age** as you.

<b>If you choose this payment method:</b>	<b>Your monthly benefit will be:</b>	<b>Your spouse (or other beneficiary) will receive this monthly benefit after your death:</b>
Single life annuity	\$500.00	\$ -0-
50% joint and survivor annuity	\$454.95	\$227.48
75% joint and survivor annuity	\$435.35	\$326.51
100% joint and survivor annuity	\$417.40	\$417.40
10-year certain and life	\$459.60	\$459.60 (for the remainder of the 120 guaranteed payments)

## Small Benefit Amounts

If the total actuarial lump sum value of your benefit is less than \$1,000, your benefit will be automatically cashed out and paid to you in a lump sum. If the total actuarial lump sum value of your benefit is greater than \$1,000 but less than \$5,000, your benefit will be cashed out and paid to you in a lump sum, or transferred to an Individual Retirement Account (IRA) if you do not respond to the cash out notice. No additional benefits will be payable from the plan.

## If You Return To Work After Leaving With A Vested Benefit

If you leave the company, but return more than twelve months later, you will not re-enter this Plan. Any benefits earned from this Plan will remain unchanged. If you return within twelve months, you will re-enter this Plan and continue to accrue benefits.

If you return to work after benefit payments begin, the level of your benefits will remain unchanged and you will continue to receive them, but you will not re-enter this Plan.

## Applying For A Benefit

When you decide to retire and initiate your pension benefit, contact the PCA Benefits Center at 877-453-0945 and the Pactiv Benefits Center at 877-722-8481. Your benefits will be paid from two separate plans so you need to contact both Benefits Centers and complete each Plan's application procedures.

## **Applying For Retirement Benefits**

To apply for retirement benefits, please call the Benefits Centers at least 45 days but not more than 90 days before the date you wish to begin to receive your benefit payments.

## **Applying For Survivor Benefits**

In the event of your death, your spouse or other representative must contact the Benefits Centers. It will be necessary for your survivors to furnish a certified copy of your death certificate. The Benefits Centers can answer any questions regarding the information needed to claim benefits under the plan.

## **Determination Of Benefits And Plan Interpretation**

To the extent allowed by law, the PCA Benefits Administration Committee has full discretion to determine eligibility for benefits under the Plan and to interpret the terms of the Plan and Trust.

## **If A Benefit Is Denied**

If your application for a benefit is denied, you will receive an explanation in writing from the Plan Administrator or his or her delegate. This notice will state:

- The reasons for the denial;
- Specific references to the Plan provisions upon which the denial is based;
- A description of any additional material needed to complete the claim and why the information is needed;
- The necessary steps to appeal the denial decision; and
- The right of the claimant to bring a civil action under Section 502(a) of ERISA after an adverse determination on appeal.

You or your beneficiary should receive a notice of denial within 90 days after you file an application for benefits. You will be notified before the expiration of the 90 days if unusual circumstances will require an extension of another 90 days. If you or your beneficiary does not receive a denial or extension notice within 90 days, you may assume that your application for benefits has been denied. In this case, you may proceed directly to the appeal procedures for benefit denials.

To appeal the denial of an application for a benefit, you or your beneficiary should send your request to the Benefits Administration Committee (the “Committee”) within 60 days after you receive a notice of denial. When you request an appeal, you must state why you believe the application was improperly denied and submit any data, questions, or comments you deem appropriate.

The Committee will examine your information. You or your beneficiary may examine any pertinent documents, and you may have a representative present at any meetings concerning your claim. You or your beneficiary will receive the Committee's decision in writing, usually within 60 days of the request for review. In special cases, you may not receive a decision for 120 days, but you will be notified in writing before the expiration of the 60 days if a decision will be delayed. If an extension is necessary because you or your beneficiary fails to provide necessary information, the period for review will not continue to run from the date the notice is sent to you or your beneficiary until you or your beneficiary completely responds to the request for additional information. If you fail to provide the additional information requested within 60 days from the date of the Committee's request, your appeal time will expire.

The initial decision will be reversed if the Committee determines the decision was arbitrary and capricious. The Committee will provide you with a written notice of the decision on review. This notice will set forth:

- The reasons for the denial;
- Specific references to the Plan provisions upon which the denial is based;
- A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all relevant documents;
- A statement describing any voluntary appeal procedures; and
- A statement of the claimant's right to bring a civil action under Section 502(a) of ERISA after an adverse determination on review.

Eligibility for benefits is intended to be determined solely on the basis of information supplied to the Plan Administrator or the Committee. Benefits cannot be granted or denied on the basis of information that has not been submitted in connection with the claim.

Notwithstanding the foregoing, if your application for a benefit is based on disability and your application is denied, you will receive an explanation in writing from the Plan Administrator or his or her delegate within 45 days after you file an application for benefits. The notice will state:

- The reasons for the denial;
- Specific references to the Plan provisions upon which the denial is based;
- A description of any additional material needed to complete the claim and why the information is needed;
- The necessary steps to appeal the denial decision;
- The right of the claimant to bring a civil action under Section 502(a) of ERISA after an adverse determination on appeal;

- The right of the claimant to obtain a copy, upon request and free of charge, of any internal rule, guideline, protocol or criterion used by the Plan Administrator to decide the claim for disability benefits under the Plan; and
- The right of the claimant to obtain, upon request and free of charge, an explanation of any scientific or clinical judgment involved in the denial of the claim for disability benefits under the Plan and the application of the Plan terms to your medical circumstances.

You will be notified before the expiration of the 45-day period if unusual circumstances will require an extension of another 30 days. You will be notified before the expiration of the 30-day extension period if special circumstances will require a further extension of an additional 30 days.

To appeal the denial of an application for a benefit, you should send your request to the Committee within 180 days after you receive a notice of denial. When you request an appeal, you must state why you believe the application was improperly denied and submit any data, questions or comments you deem appropriate.

The Committee will examine your information. You may examine any pertinent documents, and you may have a representative present at any meetings concerning your claim. You will receive the Committee's decision in writing usually within 45 days of your request for a review. In special cases, you may not receive a decision for 90 days, but you will be notified in writing before the expiration of the 45-day period if a decision will be delayed. If an extension is necessary because you fail to provide necessary information, the period for review will not continue to run from the date the notice of extension is sent to you until you respond to the request for additional information.

The initial decision will be reversed if the Committee determines the decision was arbitrary and capricious. The Committee will provide you with a written notice of the decision on review. This notice will set forth:

- The reasons for the denial;
- Specific references to the Plan provisions upon which the denial is based;
- A statement that the claimant is entitled to receive, upon request and free of charge, reasonable access to and copies of all relevant documents;
- The right of the claimant to bring a civil action under Section 502(a) of ERISA after an adverse determination on review;
- The right of the claimant to obtain, upon request and free of charge, a copy of any internal rule, guideline, protocol or criterion used by the Committee to decide the claim for disability benefits under the Plan; and

- The right of the claimant to obtain, upon request and free of charge, an explanation of any scientific or clinical judgment involved in the denial of the claim for disability benefits under the Plan and the application of the Plan terms to your medical circumstances.

Eligibility for benefits is intended to be determined solely on the basis of information supplied to the Plan Administrator or the Committee. Benefits cannot be granted or denied on the basis of information that has not been submitted in connection with a claim.

## **Monthly Payment Disbursement Changes**

It is not uncommon that once your monthly benefit payments have commenced, your personal status may change. The following are examples of the changes that may occur:

- New address for your legal residence
- New address and direct deposit routing information for the financial institution to which your benefit is sent (if your payment is deposited directly to your checking or savings account)
- Request for direct deposit of your benefit
- Change to the amount of your federal or state withholding
- Notification of the death of the benefit recipient

All correspondence related to these changes should be directed to:

PCA Benefits Center  
P.O. Box 1489  
Lincolnshire, IL 60069-1489  
877-453-0945

## **Other Situations Affecting Benefits**

Under certain circumstances, your participation could stop, or your benefits might be forfeited, delayed, or less than you expected.

The Plan is designed to provide you with a continuing income after active employment ends. But there are some situations that could affect your benefits.

Your right to continue accumulating benefits under the Plan will be discontinued if:

- Your employer stops participating in the Plan, as each Participating Employer has the right to do;
- You become employed by a PCA company that does not participate in the Plan;

- Your job classification changes so that you no longer meet the eligibility requirements for participation;
- You accumulate benefits under another qualified PCA company retirement plan for the same period of service counted under this plan—unless your benefits under this Plan are reduced by any benefits payable under the other plan; or
- The Plan is terminated or amended.

Your benefit may be delayed, forfeited, or reduced under these circumstances:

- If you do not apply for benefits or fail to provide information as requested by the PCA Benefits Center, payments could be delayed; or
- If you are a highly paid employee, the law limits the benefits available to you from tax-qualified plans.

The amount of and your right to benefits will be determined by the Plan in effect on the date you terminate employment or cease to participate in the Plan. Your method of payment and any actuarial equivalence will be those in effect on the date your benefits begin.

### **Assignment Of Benefits**

This Plan is intended to pay benefits only to you or your beneficiaries. Except in very limited circumstances expressly permitted by law, no one can claim your retirement plan accrued benefit nor can you sign over your accrued benefit to someone else. For example, you cannot use your accrued benefit as collateral for a loan.

### **Qualified Domestic Relations Order**

If you become divorced or separated, certain court orders could require that part of your benefit be paid to someone else—your spouse or children, for example. This is known as a qualified domestic relations order (QDRO). This could affect benefits paid to you as well as to any beneficiary. For a court order to qualify under the Plan, certain procedures must be followed. As soon as you are aware of any court proceedings that could involve or affect your retirement benefit, contact the PCA Benefits Center at 877-453-0945 and ask for the QDRO team. To receive a copy of the Plan's procedures that govern QDRO determinations, contact the PCA Benefits Center and ask for the QDRO team. These procedures are available to you or your beneficiary free of charge.

### **Top-Heavy Requirements**

Special minimum vesting and minimum benefits provisions will apply if the Plan becomes top heavy. The Plan will be considered top heavy if the portion of the total benefits for highly paid employees is more than an amount specified by law. Due to the size of the Plan, it is unlikely that it will become top heavy. If the Plan does become top heavy, an alternate vesting schedule would apply.

## **Changes To The Plan**

While the Company expects to continue the Plan indefinitely, it reserves the right to amend, modify, suspend, or terminate the Plan at any time, in its sole discretion.

Each Participating Employer reserves the right to terminate the Plan, either completely or partially, with respect to its employees. If any material changes are made in the future, you will be notified about them.

### *If the Plan Is Amended*

PCA may make modifications or amendments to the Plan if appropriate or necessary. In general, amendments will normally not decrease your accrued benefit as of the time an amendment is adopted.

### *If the Plan Is Terminated*

If the Plan is terminated, or if there is a partial termination affecting you, as of the termination date you will be immediately 100% vested in your benefit, to the extent funded. (As determined by the IRS, partial termination may occur when a large group of employees covered by the Plan is excluded from coverage.) Benefits will be paid, according to law, as described below. Any money remaining in the trust fund will be returned to PCA after all required benefit obligations have been met. If PCA is dissolved prior to Plan termination, the Plan will terminate as of the date of dissolution.

### *Distribution of Benefits*

When terminating a plan, PCA must notify the Internal Revenue Service (IRS) and the Pension Benefit Guaranty Corporation (PBGC). Once approval has been received, benefits will be paid in the order prescribed by law. If for any reason the funds are insufficient to pay full benefits to all participants, funds will be used to pay full benefits to Plan members in this order:

- Benefits based on your contributions to the Plan.
- Benefits to retirees and beneficiaries who have already been receiving, or have been eligible to receive benefits for at least three years before plan termination, up to the maximum benefit guaranteed by the PBGC. (This includes active employees who were eligible to retire at least three years before plan termination.)
- Benefits to all other participants, including terminated vested participants not included in the previous bullet point, up to the maximum benefit guaranteed by the PBGC.
- Benefits in excess of the above that result from amendments in the last five years based on a formula in the Plan.
- Benefits to vested participants to provide the rest of their accrued benefits.
- Benefits to all other participants to provide the rest of their accrued benefits.



- Death benefits to beneficiaries of participants in prior plans, in excess of the above allocations.

If full benefits cannot be paid under any of the categories listed above, payments will be made on a pro rata basis as described by law.

In any case, benefits for certain highly paid employees are limited when the Plan is terminated. If this applies to you, you will be given the details.

If any assets remain after all accrued benefits have been paid, the assets will revert to PCA except as otherwise provided in the Plan. The Plan document contains further details of asset allocations in special situations.

### *Mergers, Consolidations, or Transfers*

If the Plan is merged or consolidated, or Plan assets are transferred to another plan, your current accrued benefit will be protected. Your accrued benefit under the new plan would, if the plan were to terminate immediately after the change, be at least equal to the amount you would be entitled to if the plan had been terminated just before the change.

If the Plan is terminated within five years following the date of any plan merger, consolidation, or transfer of assets, and if the assets are less than the total present values of the accrued benefits (whether or not vested) on a termination basis, special Plan provisions will determine the allocation of the Plan assets to participants.

### *Pension Benefit Guaranty Corporation (PBGC)*

Your pension benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits.

The PBGC guarantee generally covers normal and early retirement benefits, disability benefits if you become disabled before the Plan terminates, and certain benefits for your survivors.

The PBGC guarantee generally does not cover:

- Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates;
- Some or all of benefit increases and new benefits based on plan provisions that have been in place for fewer than five years at the time the Plan terminates;
- Benefits that are not vested because you have not worked long enough for the company;
- Benefits for which you have not met all of the requirements at the time the Plan terminates;

- Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the plan's normal retirement age; and
- Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

Even if a portion of your benefits is not guaranteed by the PBGC, you still may receive some of those benefits from the PBGC depending on how much money your plan has and on how much the PBGC collects from employers.

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator; or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000.

Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at <http://www.pbgc.gov>.

## **Plan Administration**

Here are some details about the Plan and how it is administered.

### **Plan Name**

The Plan name is the Packaging Corporation of America Pension Plan for Eligible Grandfathered Salaried Employees.

### **Plan Type**

This is a defined benefit pension plan.

### **Plan Sponsor And Administrator**

The Plan Sponsor is Packaging Corporation of America (also referred to as PCA, or the Company) and the Plan is administered by the PCA Benefits Administration Committee. The Plan Administrator has been delegated full and final authority and discretion to:

- Make all final determinations under the Plan, including eligibility for benefits; and
- Interpret and construe all the terms and provisions of the Plan.

Day-to-day operations of the Plan are carried out by the PCA Benefits Center, under the direction of the Plan Administrator, who authorizes benefit payments, considers appeals, resolves questions, and is responsible for maintaining records, filing reports, and distributing information to Plan participants and beneficiaries.

You may direct any questions to the PCA Benefits Administration Committee or the Plan Sponsor at any time by writing to this address:

Packaging Corporation of America  
Attn: Benefits Administration Committee  
1955 West Field Court  
Lake Forest, IL 60045  
847-482-3000

**Employer Identification Number**

36-4277050

**Plan Number**

004

**Official Plan Document**

This booklet describes the main provisions of the Plan, but not every detail is included. Your rights and benefits are governed solely by the official Plan document. If there is a disagreement between this booklet and the Plan document, the Plan document always governs.

**Plan Year**

Plan records are maintained on a calendar year basis, starting each January 1 and ending each December 31.

**Plan Trustee**

Benefits are paid from a Trust. The Trust is funded by contributions made by Participating Employers. The Plan Trustee is The Northern Trust Company, 50 South LaSalle Street, Chicago, IL 60675. The Plan Trustee makes benefit payments as authorized by the Plan Administrator.

**Agent For Service Of Legal Process**

Packaging Corporation of America  
Attn: Benefits Administration Committee  
1955 West Field Court  
Lake Forest, IL 60045  
847-482-3000

Service of legal process also may be made upon the Plan Administrator or the Plan Trustee at the above addresses.

## **No Guarantee Of Employment**

Your participation in this Plan, or in any PCA benefit program, does not establish a contract of employment between you and PCA or any Participating Employers. Neither does your participation in a benefit program guarantee your continued or future employment.

## **Participating Employers**

**As of May 1, 2004, the following companies participate in the Plan:**

Packaging Corporation of America

Packaging Credit Company, LLC

PCA International. Inc.

PCA International Services, LLC

Dixie Container Corporation d/b/a Packaging Corporation of Ohio

## **Your Rights Under ERISA**

As a participant in the Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to the following:

### **Receive Information About Your Plan And Benefits**

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of the latest annual report (Form 5500 Series) filed by the plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each participant with a copy of this summary annual report.

Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (age 65) and, if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every 12 months. The Plan must provide the statement free of charge.

## **Prudent Actions By Plan Fiduciaries**

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of employee benefit plans. The people who operate the Plan, called “fiduciaries,” have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

## **Enforce Your Rights**

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of plan documents or the latest annual report from the plan and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits that is denied or ignored, in whole or in part, you may file suit in a state or federal court, after proceeding through the Plan’s claims procedure.

In addition, if you disagree with the Plan’s decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that plan fiduciaries misuse the Plan’s money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

## **Assistance With Your Questions**

If you have any questions about the Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.



**Pension Plan Summary Plan Description for Salaried Employees  
DB 001**