

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

FORM 10-Q

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

For the quarterly period ended April 30, 2007

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-00566

**GREIF**  
**GREIF, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation or organization)

425 Winter Road, Delaware, Ohio  
(Address of principal executive offices)

31-4388903  
(I.R.S. Employer  
Identification No.)

43015  
(Zip Code)

Registrant's telephone number, including area code (740) 549-6000

Not Applicable

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

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

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

Large accelerated filer  Accelerated filer  Non-accelerated filer

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

The number of shares outstanding of each of the issuer's classes of common stock at the close of business on April 30, 2007 was as follows:

Class A Common Stock	23,613,318 shares
Class B Common Stock	22,985,666 shares

**PART I. FINANCIAL INFORMATION****ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS**

**GREIF, INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF INCOME**  
**(UNAUDITED)**

(Dollars in thousands, except per share amounts)

	Three months ended		Six months ended	
	April 30,		April 30,	
	2007	2006	2007	2006
Net sales	\$815,043	\$620,107	\$1,565,802	\$1,202,423
Cost of products sold	672,512	510,664	1,293,185	1,003,308
Gross profit	142,531	109,443	272,617	199,115
Selling, general and administrative expenses	77,670	62,378	152,279	121,832
Restructuring charges	4,049	10,287	6,086	15,755
Gain (loss) on sale of timberlands	(382)	9,238	(320)	40,807
Gain on sale disposal of properties, plants and equipment, net	3,448	5,548	8,587	7,190
Operating profit	63,878	51,564	122,519	109,525
Interest expense, net	10,046	9,794	22,080	18,967
Debt extinguishment charge	23,479	—	23,479	—
Other income (loss), net	(4,327)	1,186	(5,063)	793
Income before income tax expense	26,026	42,956	71,897	91,351
Income tax expense	7,278	13,365	18,837	28,319
Equity in earnings (loss) of affiliates and minority interests	(124)	(898)	(457)	(987)
Net income	<u>\$ 18,624</u>	<u>\$ 28,693</u>	<u>\$ 52,603</u>	<u>\$ 62,045</u>
<b>Basic earnings per share:</b>				
Class A Common Stock	\$ 0.32	\$ 0.50	\$ 0.91	\$ 1.08
Class B Common Stock	\$ 0.48	\$ 0.75	\$ 1.36	\$ 1.61
<b>Diluted earnings per share:</b>				
Class A Common Stock	\$ 0.32	\$ 0.49	\$ 0.89	\$ 1.06
Class B Common Stock	\$ 0.48	\$ 0.75	\$ 1.36	\$ 1.61

See accompanying Notes to Consolidated Financial Statements

**GREIF, INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands)

ASSETS

	<u>April 30,</u> 2007 (Unaudited)	<u>October 31,</u> 2006
<b>Current assets</b>		
Cash and cash equivalents	\$ 115,370	\$ 187,101
Trade accounts receivable, less allowance of \$11,896 in 2007 and \$8,575 in 2006	350,769	315,661
Inventories	247,489	205,004
Net assets held for sale	4,663	3,374
Deferred tax assets	15,118	15,814
Prepaid expenses and other current assets	<u>94,038</u>	<u>66,083</u>
	827,447	793,037
<b>Long-term assets</b>		
Long-term notes receivable	32,008	626
Goodwill, net of amortization	407,283	286,552
Other intangible assets, net of amortization	136,180	63,587
Assets held by special purpose entities (Note 8)	50,891	50,891
Other long-term assets	<u>72,786</u>	<u>52,359</u>
	699,148	454,015
<b>Properties, plants and equipment</b>		
Timber properties, net of depletion	193,974	195,115
Land	130,053	81,768
Buildings	340,127	317,110
Machinery and equipment	1,005,870	930,924
Capital projects in progress	<u>72,536</u>	<u>53,099</u>
	1,742,560	1,578,016
Accumulated depreciation	<u>(696,154)</u>	<u>(637,067)</u>
	<u>1,046,406</u>	<u>940,949</u>
	<u>\$2,573,001</u>	<u>\$2,188,001</u>

See accompanying Notes to Consolidated Financial Statements

**GREIF, INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Dollars in thousands)

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	<u>April 30,</u> 2007 (Unaudited)	<u>October 31,</u> 2006
<b>Current liabilities</b>		
Accounts payable	\$ 317,155	\$ 301,753
Accrued payrolls and employee benefits	53,314	65,513
Restructuring reserves	4,274	8,391
Short-term borrowings	53,036	29,321
Other current liabilities	103,773	86,321
	<u>531,552</u>	<u>491,299</u>
<b>Long-term liabilities</b>		
Long-term debt	723,120	481,408
Deferred tax liability	203,987	179,329
Pension liability	14,672	18,639
Postretirement benefit liability	47,534	47,702
Liabilities held by special purpose entities (Note 8)	43,250	43,250
Other long-term liabilities	114,842	77,488
	<u>1,147,405</u>	<u>847,816</u>
<b>Minority interest</b>	4,952	4,875
<b>Shareholders' equity</b>		
Common stock, without par value	67,747	56,765
Treasury stock, at cost	(86,304)	(81,643)
Retained earnings	933,076	901,267
Accumulated other comprehensive income (loss):		
- foreign currency translation	5,972	1,525
- interest rate derivatives	(377)	(1,861)
- energy and other derivatives	75	(945)
- minimum pension liability	(31,097)	(31,097)
	<u>889,092</u>	<u>844,011</u>
	<u>\$2,573,001</u>	<u>\$2,188,001</u>

See accompanying Notes to Consolidated Financial Statements

**GREIF, INC. AND SUBSIDIARY COMPANIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(UNAUDITED)**  
**(Dollars in thousands)**

For the six months ended April 30,

	2007	2006
<b>Cash flows from operating activities:</b>		
Net income	\$ 52,603	\$ 62,045
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	53,276	47,999
Asset impairments	939	5,525
Deferred income taxes	27,081	12,436
Gain on disposal of properties, plants and equipment, net	(8,587)	(7,190)
Loss (gain) on the sale of timberland (Note 8)	320	(40,807)
Loss on extinguishment of debt	23,479	—
Equity in losses (earnings) of affiliates and minority interests	457	987
Increase (decrease) in cash from changes in certain assets and liabilities:		
Trade accounts receivable	17,479	(28,970)
Inventories	(7,422)	(3,322)
Prepaid expenses and other current assets	(28,587)	(32,498)
Other long-term assets	(73,347)	1,353
Long-term notes receivable	(8,159)	626
Accounts payable	(4,844)	7,578
Accrued payroll and employee benefits	(12,874)	(176)
Restructuring reserves	(4,117)	(3,297)
Other current liabilities	(1,786)	(10,965)
Pension and postretirement benefit liability	(4,135)	2,138
Other long-term liabilities	59,931	35,032
Net cash provided by operating activities	<u>81,707</u>	<u>48,494</u>
<b>Cash flows from investing activities:</b>		
Acquisitions of companies, net of cash acquired	(311,108)	—
Purchases of properties, plants and equipment	(74,225)	(45,503)
Purchases of timber properties	(400)	(36,667)
Increase in notes receivable	(29,748)	—
Proceeds from the sale of properties, plants and equipment	13,122	52,282
Net cash used in investing activities	<u>(402,359)</u>	<u>(29,888)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of long-term debt	1,254,588	480,544
Payments on long-term debt	(1,012,876)	(458,685)
Proceeds from short-term borrowings	46,552	11,141
Payment of premiums for extinguishment of debt	(14,303)	—
Debt issuance costs	(2,839)	—
Dividends paid	(20,793)	(13,732)
Acquisitions of treasury stock	(5,338)	(5,733)
Exercise of stock options	9,001	1,916
Net cash provided by financing activities	<u>253,992</u>	<u>15,451</u>
<b>Effects of exchange rates on cash</b>	<u>(5,071)</u>	<u>(4,438)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<u>(71,731)</u>	<u>29,619</u>
<b>Cash and cash equivalents at beginning of period</b>	<u>187,101</u>	<u>122,411</u>
<b>Cash and cash equivalents at end of period</b>	<u>\$ 115,370</u>	<u>\$ 152,030</u>

See accompanying Notes to Consolidated Financial Statements

**GREIF, INC. AND SUBSIDIARY COMPANIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**April 30, 2007**

**NOTE 1 — BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The information furnished herein reflects all adjustments which are, in the opinion of management, necessary for a fair presentation of the consolidated balance sheets as of April 30, 2007 and October 31, 2006 and the consolidated statements of income and cash flows for the three-month and six-month periods ended April 30, 2007 and 2006 of Greif, Inc. and subsidiaries (the "Company"). These consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for its fiscal year ended October 31, 2006 (the "2006 Form 10-K").

The Company's fiscal year begins on November 1 and ends on October 31 of the following year. Any references to the year 2007 or 2006, or to any quarter of those years, relates to the fiscal year or quarter, as the case may be, ending in that year.

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make certain estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual amounts could differ from those estimates.

Certain prior year amounts have been reclassified to conform to the 2007 presentation.

***Industrial Packaging Acquisitions***

During the first quarter of 2007, the Company completed four acquisitions of industrial packaging companies for an aggregate purchase price of \$310.7 million. These four acquisitions were Blagden Packaging Group and two tuck-in North American companies in November 2006 as well as one tuck-in North African company in January 2007. These industrial packaging acquisitions are expected to complement the Company's existing product lines that together will provide growth opportunities and scale. These acquisitions, included in operating results from the acquisition dates, were accounted for using the purchase method of accounting and, accordingly, the purchase prices were allocated to the assets purchased and liabilities assumed based upon their estimated fair values at the dates of acquisition. The estimated fair values of the assets acquired were \$152.6 million (including \$43.5 million of inventory and \$61.2 million of accounts receivable) and liabilities assumed were \$52.2 million. Identifiable intangible assets, with a combined fair value of \$91.5 million, including trade-names, customer relationships, and certain non-compete agreements, have been recorded for these acquisitions. The excess of the purchase prices over the estimated fair values of the net tangible and intangible assets acquired of \$118.8 million was recorded as goodwill. The final allocation of the purchase prices may differ due to additional refinements in the fair values of the net assets acquired in accordance with SFAS No. 141, "Business Combinations."

In the fourth quarter of 2006, the Company completed two acquisitions for an aggregate purchase price of \$102.1 million. These two acquisitions were Delta Petroleum Company, Inc. and its subsidiaries ("Delta"), a blender and packager of lubricants, chemicals and glycol-based products in North America, and an industrial packaging company located in Russia. These acquisitions, included in operating results from the acquisition dates, were accounted for using the purchase method of accounting and, accordingly, the purchase prices were allocated to the assets purchased and liabilities assumed based upon their estimated fair values at the dates of acquisition. The estimated fair values of the assets acquired were \$106.4 million (including \$25.7 million of inventory and \$28.0 million of accounts receivable) and liabilities assumed were \$48.4 million. Identifiable intangible assets, with a combined fair value of \$17.4 million, including trade-names, customer relationships, and certain non-compete agreements, have been recorded for these acquisitions. The excess of the purchase prices over the estimated fair values of the net tangible and intangible assets acquired of \$26.7 million was recorded as goodwill. The final allocation of the purchase prices may differ due to additional refinements in the fair values of the net assets acquired in accordance with SFAS No. 141, "Business Combinations."

During the second quarter of 2007, we implemented various restructuring plans at certain of the acquired businesses discussed above that were previously in the planning and evaluation stages. As of the consummation date of the acquisitions, management began to assess and formulate plans to close certain acquired locations. The Company's restructuring activities, which were accounted for in accordance with Emerging Issues Task Force Issue No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination ("EITF 95-3"), primarily have included reductions in staffing levels, other exit costs associated with the consolidation of certain management or sales and marketing personnel, and the reduction

of excess capacity. In connection with these restructuring activities, as part of the cost of the above acquisitions, the Company established reserves, primarily for severance and excess facilities, in the amount of \$0.6, of which \$0.2 is restructuring charges, as of the end of the second quarter. These accruals have been recorded as adjustments to acquisition costs (increases to goodwill) pursuant to the provisions of EITF 95-3. These charges primarily reflect severance, other exit costs associated with the consolidation of certain sales and marketing personnel, and the reduction of excess capacity.

Had the transactions occurred on November 1, 2005, results of operations would not have differed materially from reported results.

### ***Stock-Based Compensation Expense***

On November 1, 2005, the Company adopted Statement of Financial Accounting Standards (“SFAS”) No. 123(R), “Share-Based Payment,” which requires the measurement and recognition of compensation expense, based on estimated fair values, for all share-based awards made to employees and directors, including stock options, restricted stock, restricted stock units and participation in the Company’s employee stock purchase plan. In adopting SFAS No. 123(R), the Company used the modified prospective application transition method, as of November 1, 2005, the first day of the Company’s fiscal year 2006. Share-based compensation expense recognized under SFAS No. 123(R) for the second quarter of 2006 was \$0.3 million and none in the second quarter of 2007.

SFAS No. 123(R) requires companies to estimate the fair value of share-based awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense in the Company’s consolidated statements of income over the requisite service periods. Share-based compensation expense recognized in the Company’s consolidated statements of income for the first three months of 2007 and the first six months of 2006 includes compensation expense for share-based awards granted prior to, but not yet vested as of October 31, 2005, based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123. No options have been granted in 2007 and 2006. For any options granted in the future, compensation expense will be based on the grant date fair value estimated in accordance with the provisions of SFAS No. 123(R).

The Company will use the straight-line single option method of expensing stock options to recognize compensation expense in its consolidated statements of income for all share-based awards. Because share-based compensation expense is based on awards that are ultimately expected to vest, share-based compensation expense will be reduced to account for estimated forfeitures. SFAS No. 123(R) requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

### **NOTE 2 — RECENT ACCOUNTING STANDARDS**

In May 2005, the FASB issued SFAS No. 154, “Accounting Changes and Error Corrections.” SFAS No. 154 replaces APB Opinion No. 20, “Accounting Changes”, and SFAS No. 3, “Reporting Accounting Changes in Interim Financial Statements.” It applies to all voluntary changes in accounting principle and requires that they be reported via retrospective application. It is effective for all accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005 (2007 for the Company). The adoption of this statement did not have a material impact on the consolidated financial statements.

In June 2006, the FASB issued FIN No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of SFAS No. 109, Accounting for Income Taxes, to create a single model to address accounting for uncertainty in tax positions. FIN No. 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The Company will adopt FIN 48 as of November 1, 2007, as required. The cumulative effect of adopting FIN No. 48 will be recorded in retained earnings and other accounts as applicable. The Company has not determined the effect, if any, the adoption of FIN No. 48 will have on the Company’s consolidated financial position and results of operations.

In September 2006, the FASB issued SFAS No. 157, “Fair Value Measurements”, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No.157 is effective in fiscal years beginning after November 15, 2007 (2008 for the Company). The adoption of this statement is not expected to have a material impact on the consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, “Employers’ Accounting for Defined Pension and Other Postretirement Plans”. This Statement requires recognition of the funded status of a single-employer defined benefit postretirement plan as an asset or liability in its statement of financial position. Funded status is determined as the difference between the fair value of plan assets and the benefit obligation. Changes in that funded status should be recognized in other

comprehensive income. This recognition provision and the related disclosures are effective as of the end of the fiscal year ending after December 15, 2006 (2007 for the Company). The Statement also requires the measurement of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position. This measurement provision is effective for fiscal years ending after December 15, 2008 (2009 for the Company). The effect of this pronouncement on the Company's consolidated financial statements for 2007 is expected to be an increase in the Company's liabilities of \$34 million and a decrease in shareholder's equity of \$34 million.

In February, 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities", which allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. Subsequent changes in fair value of these financial assets and liabilities would be recognized in earnings when they occur. SFAS No. 159 further establishes certain additional disclosure requirements. SFAS No. 159 is effective for the Company's financial statements for the fiscal year beginning on November 1, 2008, with earlier adoption permitted. Management is currently evaluating the impact and timing of the adoption of SFAS No. 159 on the Company's consolidated financial statements.

### **NOTE 3 — SALE OF EUROPEAN ACCOUNTS RECEIVABLE**

Pursuant to the terms of a Receivable Purchase Agreement (the "RPA") dated October 28, 2004 between Greif Coordination Center BVBA (the "Seller"), an indirect wholly-owned subsidiary of Greif, Inc., and a major international bank (the "Buyer"), the Seller agreed to sell trade receivables meeting certain eligibility requirements that Seller had purchased from other indirect wholly-owned subsidiaries of Greif, Inc., including Greif Belgium BVBA, Greif Germany GmbH, Greif Nederland BV, Greif Spain SA and Greif UK Ltd, under discounted receivables purchase agreements and from Greif France SAS under a factoring agreement. The RPA was amended on October 28, 2005 to include receivables originated by Greif Portugal Lda, also an indirect wholly-owned subsidiary of Greif, Inc. In addition, on October 28, 2005, Greif Italia S.P.A., also an indirect wholly-owned subsidiary of Greif, Inc., entered into the Italian Receivables Purchase Agreement with the Italian branch of the major international bank (the "Italian RPA") with Greif Italia S.P.A., agreeing to sell trade receivables that meet certain eligibility criteria to the Italian branch of the major international bank. The Italian RPA is similar in structure and terms as the RPA.

On April 30, 2007, the RPA was amended and restated and the Italian RPA was amended by the parties thereto. As a result of the amended and restated RPA and the amended Italian RPA: (i) the maximum amount of aggregate receivables that may be sold under the Company's European accounts receivable sales program was increased from €90.0 million to €118.0 million (\$160.6 million at April 30, 2007); (ii) Greif Packaging Belgium NV and Greif Packaging Spain S.A., both indirect wholly owned subsidiaries of Greif, Inc., have established discounted receivables purchase agreements with the Seller; and (iii) Greif Packaging France SAS, an indirect wholly owned subsidiary of Greif, Inc., has established a factoring agreement with the Seller.

The structure of the transaction provides for a legal true sale, on a revolving basis, of the receivables transferred from the various Greif, Inc. subsidiaries to Seller and from Seller to Buyer. The Buyer funds an initial purchase price of a certain percentage of eligible receivables based on a formula with the initial purchase price approximating 70 percent to 80 percent of eligible receivables, as defined. The remaining deferred purchase price is settled upon collection of the receivables. At the balance sheet reporting dates, the Company removes from accounts receivable the amount of proceeds received from the initial purchase price since they meet the applicable criteria of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," and continues to recognize the deferred purchase price in its accounts receivable. The receivables are sold on a non-recourse basis with the total funds in the servicing collection accounts pledged to Buyer between the semi-monthly settlement dates. At April 30, 2007, €89.7 million (\$122.0 million) of accounts receivable were sold under the RPA and Italian RPA.

At the time the receivables are initially sold, the difference between the carrying amount and the fair value of the assets sold are included as a loss on sale in the consolidated statements of income. Expenses, primarily related to the loss on sale of receivables, associated with the RPA and Italian RPA totaled €0.6 million (\$0.8 million) and €0.3 million (\$0.4 million) for the three months ended April 30, 2007 and 2006, respectively. Expenses associated with the RPA and Italian RPA totaled €1.1 million (\$1.4 million) and €0.5 million (\$0.7 million) for the six months ended April 30, 2007 and 2006, respectively. Additionally, the Company performs collections and administrative functions on the receivables sold similar to the procedures it uses for collecting all of its receivables, including receivables that are not sold under the RPA and Italian RPA. The servicing liability for these receivables is not material to the consolidated financial statements.



**NOTE 4 — INVENTORIES**

Inventories are summarized as follows (Dollars in thousands):

	April 30, 2007	October 31, 2006
Finished goods	\$ 76,901	\$ 53,621
Raw materials and work-in-process	204,211	186,065
	281,112	239,686
Reduction to state inventories on last-in, first-out basis	(33,623)	(34,682)
	<u>\$247,489</u>	<u>\$205,004</u>

**NOTE 5 — NET ASSETS HELD FOR SALE**

Net assets held for sale represent land, buildings and land improvements less accumulated depreciation for locations that meet the classification requirements of net assets held for sale as defined in SFAS No. 144, "Accounting for Impairment or Disposal of Long-Lived Assets." As of April 30, 2007, there were six facilities held for sale. The net assets held for sale are being marketed for sale and it is the Company's intention to complete the sales within the upcoming year.

**NOTE 6 — GOODWILL AND OTHER INTANGIBLE ASSETS**

The Company periodically reviews goodwill and indefinite-lived intangible assets for impairment as required by SFAS No. 142, "Goodwill and Other Intangible Assets." The Company has concluded that no impairment exists at this time.

Changes to the carrying amount of goodwill for the six-month period ended April 30, 2007 are as follows (Dollars in thousands):

	Industrial Packaging & Services	Paper Packaging & Services	Total
Balance at October 31, 2006	\$251,769	\$ 34,783	\$286,552
Goodwill acquired	123,065	—	123,065
Currency translation	(2,334)	—	(2,334)
Balance at April 30, 2007	<u>\$372,500</u>	<u>\$ 34,783</u>	<u>\$407,283</u>

The 2007 goodwill acquired of \$123.1 million is preliminary and primarily relates to acquisition of industrial packaging companies in Europe, Asia and North America.

All other intangible assets for the periods presented, except for \$9.1 million, related to the Tri-Sure Trademark, Blagden Express Tradename, Closed-loop Tradename and CP Louisiana Tradename, are subject to amortization and are being amortized using the straight-line method over periods that range from two to 20 years. The detail of other intangible assets by class as of April 30, 2007 and October 31, 2006 are as follows (Dollars in thousands):

	<u>Gross Intangible Assets</u>	<u>Accumulated Amortization</u>	<u>Net Intangible Assets</u>
<b>April 30, 2007:</b>			
Trademark and patents	\$ 33,911	\$ 10,336	\$ 23,575
Non-compete agreements	27,339	5,287	22,052
Customer relationships	85,879	5,044	80,835
Other	13,412	3,694	9,718
Total	<u>\$ 160,541</u>	<u>\$ 24,361</u>	<u>\$ 136,180</u>
<b>October 31, 2006:</b>			
Trademark and patents	\$ 17,290	\$ 7,992	\$ 9,298
Non-compete agreements	5,033	3,709	1,324
Customer relationships	43,115	2,343	40,772
Other	15,575	3,382	12,193
Total	<u>\$ 81,013</u>	<u>\$ 17,426</u>	<u>\$ 63,587</u>

During the first six months of 2007, other intangible assets increased by \$75.5 million. The increase in other intangible assets is based on preliminary purchase price allocations related to the acquisition of industrial packaging companies in Europe, Asia and North America. Amortization expense for the six months ended April 30, 2007 was \$6.9 million. Amortization expense for the next five years is expected to be \$17.2 million in 2008, \$14.2 million in 2009, \$13.2 million in 2010, \$11.8 million in 2011 and \$8.1 million in 2012.

#### **NOTE 7 — RESTRUCTURING CHARGES**

The focus for restructuring activities in 2007 will be on integration of acquisitions in the Industrial Packaging & Services segment and on alignment to market focused strategy and implementation of the Greif Business System in the Paper, Packaging & Services segment. During the first six months of 2007, the Company recorded restructuring charges of \$6.0 million, consisting of \$1.3 million in employee separation costs, \$0.9 million in asset impairments, \$1.0 million in professional fees and \$2.8 million in other costs. The remaining restructuring charges for the above activities are anticipated to be \$8.1 million for the remainder of 2007.

In 2006, the focus was on the final waves of global implementation of the Greif Business System. During the first six months of 2006, the Company recorded restructuring charges of \$15.7 million, consisting of \$6.8 million in employee separation costs, \$5.5 million in asset impairments, \$0.3 million of professional fees, and \$3.1 million in other costs. One company-owned plant in the Paper, Packaging & Services segment was closed. The Industrial Packaging & Services segment reduced the number of plants in the United Kingdom from five to three. In addition, severance costs were incurred due to the elimination of certain administrative positions.

For each business segment, costs incurred in 2007 are as follows (Dollars in thousands):

	Three months ended April 30, 2007	Six months ended April 30, 2007	Total Amounts Expected to be incurred
<b>Industrial Packaging &amp; Services:</b>			
Employee separation costs	\$ 560	\$ 893	\$ 3,395
Asset impairments	297	727	2,800
Professional fees	1	1	5
Other restructuring costs	811	1,221	4,600
	<u>1,669</u>	<u>2,842</u>	<u>10,800</u>
<b>Paper, Packaging &amp; Services:</b>			
Employee separation costs	23	437	450
Asset impairments	212	212	250
Professional fees	1,035	1,035	1,100
Other restructuring costs	1,110	1,560	1,600
	<u>2,380</u>	<u>3,244</u>	<u>3,400</u>
	<u>\$ 4,049</u>	<u>\$ 6,086</u>	<u>\$ 14,200</u>

The following is a reconciliation of the beginning and ending restructuring reserve balances for the six-month period ended April 30, 2007 (Dollars in thousands):

	Cash Charges		Non-cash Charges	
	Employee Separation Costs	Other Costs	Asset Impairments	Total
Balance at October 31, 2006	\$ 8,391	\$ —	\$ —	\$ 8,391
Costs incurred and charged to expense	1,330	3,817	939	6,086
Costs paid or otherwise settled	(5,911)	(3,353)	(939)	(10,203)
Balance at April 30, 2007	<u>\$ 3,810</u>	<u>\$ 464</u>	<u>\$ —</u>	<u>\$ 4,274</u>

**NOTE 8 — SIGNIFICANT NONSTRATEGIC TIMBERLAND TRANSACTIONS AND CONSOLIDATION OF VARIABLE INTEREST ENTITIES**

On March 28, 2005, Soterra LLC (a wholly owned subsidiary) entered into two real estate purchase and sale agreements with Plum Creek Timberlands, L.P. (“Plum Creek”) to sell approximately 56,000 acres of timberland and related assets located primarily in Florida for an aggregate sales price of approximately \$90 million, subject to closing adjustments. In connection with the closing of one of these agreements, Soterra LLC sold approximately 35,000 acres of timberland and associated assets in Florida, Georgia and Alabama for \$51.0 million, resulting in a pretax gain of \$42.1 million, on May 23, 2005. The purchase price was paid in the form of cash and a \$50.9 million purchase note payable by an indirect subsidiary of Plum Creek (the “Purchase Note”). Soterra LLC contributed the Purchase Note to STA Timber LLC (“STA Timber”), one of the Company’s indirect wholly owned subsidiaries. The Purchase Note is secured by a Deed of Guarantee issued by Bank of America, N.A., London Branch, in an amount not to exceed \$52.3 million (the “Deed of Guarantee”), as a guarantee of the due and punctual payment of principal and interest on the Purchase Note. The Company completed the second phase of its previously reported \$90 million sale of timberland, timber and associated assets in the first quarter of 2006. In this phase, the Company sold 15,300 acres of timberland holdings in Florida for \$29.3 million in cash, resulting in a pre-tax gain of \$27.4 million. The final phase of this transaction, approximately 5,700 acres sold for \$9.7 million, occurred on April 28, 2006 and the Company recognized additional timberland gains in its consolidated statements of income in the periods that these transactions occurred resulting in a pre-tax gain of \$9.0 million.

On May 31, 2005, STA Timber issued in a private placement its 5.20 percent Senior Secured Notes due August 5, 2020 (the “Monetization Notes”) in the principal amount of \$43.3 million. In connection with the sale of the Monetization Notes, STA Timber entered into note purchase agreements with the purchasers of the Monetization Notes (the “Note Purchase Agreements”) and related documentation. The Monetization Notes are secured by a pledge of the Purchase Note and the Deed of Guarantee. The Monetization Notes may be accelerated in the event of a default in payment or a breach of the other

obligations set forth therein or in the Note Purchase Agreements or related documents, subject in certain cases to any applicable cure periods, or upon the occurrence of certain insolvency or bankruptcy related events. The Monetization Notes are subject to a mechanism that may cause them, subject to certain conditions, to be extended to November 5, 2020. The proceeds from the sale of the Monetization Notes were primarily used for the repayment of indebtedness.

The Company has consolidated the assets and liabilities of STA Timber in accordance with FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities." Because STA Timber is a separate and distinct legal entity from Greif, Inc. and its other subsidiaries, the assets of STA Timber are not available to satisfy the liabilities and obligations of these entities and the liabilities of STA Timber are not liabilities or obligations of these entities. In addition, Greif, Inc. and its other subsidiaries have not extended any form of guaranty of the principal or interest on the Monetization Notes. Accordingly, Greif, Inc. and its other subsidiaries will not become directly or contingently liable for the payment of the Monetization Notes at any time.

The Company has also consolidated the assets and liabilities of the buyer-sponsored special purpose entity (the "Buyer SPE") involved in these transactions as the result of Interpretation 46R. However, because the Buyer SPE is a separate and distinct legal entity from the Company, the assets of the Buyer SPE are not available to satisfy the liabilities and obligations of the Company and the liabilities of the Buyer SPE are not liabilities or obligations of the Company.

Assets of the Buyer SPE at April 30, 2007 and October 31, 2006 consist of restricted bank financial instruments of \$50.9 million. STA Timber had long-term debt of \$43.3 million as of April 30, 2007 and October 31, 2006. STA Timber is exposed to credit-related losses in the event of nonperformance by the issuer of the Deed of Guarantee, but the Company does not expect that issuer to fail to meet its obligations. The accompanying consolidated income statements for the six month periods ended April 30, 2007 and 2006 includes interest expense on STA Timber debt of \$1.2 million and interest income on Buyer SPE investments of \$1.1 million.

## **NOTE 9 — DEBT**

Long-term debt is summarized as follows (Dollars in thousands):

	April 30, 2007	October 31, 2006
Credit Agreement	\$289,805	\$115,198
Senior Notes	300,000	—
Senior Subordinated Notes	2,496	242,560
Trade accounts receivable credit facility	99,232	120,000
Other long-term debt	31,587	3,650
	<u>\$723,120</u>	<u>\$481,408</u>

### **Credit Agreement**

The Company and certain of its international subsidiaries, as borrowers, have entered into a Credit Agreement (the "Credit Agreement") with a syndicate of financial institutions that provides for a \$450.0 million revolving multicurrency credit facility. The revolving multicurrency credit facility is available for ongoing working capital and general corporate purposes. Interest is based on a euro currency rate or an alternative base rate that resets periodically plus a calculated margin amount. As of April 30, 2007, \$289.8 million was outstanding under the Credit Agreement. The weighted average interest rate on the Credit Agreement was 5.16 percent for the six months ended April 30, 2007, and the interest rate was 5.32 percent at April 30, 2007 and 5.85 percent at October 31, 2006.

The Credit Agreement contains certain covenants, which include financial covenants that require the Company to maintain a certain leverage ratio and a minimum coverage of interest expense. At April 30, 2007, the Company was in compliance with these covenants.

### **Senior Notes**

On February 9, 2007, the Company issued \$300.0 million of 6.75 percent Senior Notes due February 1, 2017. Interest on the Senior Notes is payable semi-annually. Proceeds from the issuance of Senior Notes were principally used to fund the purchase of the Senior Subordinated Notes in the tender offer and for general corporate purposes.

The fair value of the Senior Notes was \$303.0 million at April 30, 2007 based on quoted market prices. The Indenture pursuant to which the Senior Notes were issued contains certain covenants. At April 30, 2007, the Company was in compliance with these covenants.

### **Senior Subordinated Notes**

On February 9, 2007, the Company completed a tender offer for its 8.875 percent Senior Subordinated Notes. In the tender offer, the Company purchased \$245.6 million aggregate principal amount of the outstanding \$248.0 million Senior Subordinated Notes. As a result of this transaction, a debt extinguishment charge of \$23.5 million (\$14.5 million in cash and \$9.0 million in non-cash items, such as write-off of unamortized capitalized debt issuance costs) was recorded. The fair value of the remaining Senior Subordinated Notes was \$2.5 million and \$256.0 million at April 30, 2007 and October 31, 2006, respectively, based upon quoted market prices. The remaining Senior Subordinated Notes are redeemable at the option of the Company beginning August 1, 2007, at a redemption price of 104.438 percent of principal amount, plus accrued interest, if any.

A description of the guarantees of the Senior Subordinated Notes by the Company's United States subsidiaries is included in Note 18.

### **Trade Accounts Receivable Credit Facility**

On October 31, 2003, the Company entered into a five-year, up to \$120.0 million, credit facility with an affiliate of a bank in connection with the securitization of certain of the Company's trade accounts receivable in the United States. The credit facility is secured by certain of the Company's trade accounts receivable in the United States and bears interest at a variable rate based on the London InterBank Offered Rate ("LIBOR") plus a margin or other agreed upon rate (5.86 percent interest rate at April 30, 2007 and 5.87 percent at October 31, 2006). The Company can terminate this facility at any time upon 60 days prior written notice. In connection with this transaction, the Company established Greif Receivable Funding LLC ("GRF"), which is included in the Company's consolidated financial statements. However, because GRF is a separate and distinct legal entity from the Company, the assets of GRF are not available to satisfy the liabilities and obligations of the Company and the liabilities of GRF are not the liabilities or obligations of the Company. This entity purchases and services the Company's trade accounts receivable that are subject to this credit facility. There was a total of \$99.2 million and \$120.0 million outstanding under the trade accounts receivable credit facility at April 30, 2007 and October 31, 2006, respectively.

The trade accounts receivable credit facility provides that in the event the Company breaches any of its financial covenants under the Credit Agreement, and the majority of the lenders thereunder consent to a waiver thereof, but the provider of the trade accounts receivable credit facility does not consent to any such waiver, then the Company must within 90 days of providing notice of the breach, pay all amounts outstanding under the trade accounts receivable credit facility.

### **Other**

In addition to the amounts borrowed against the Credit Agreement and proceeds from the Senior Subordinated Notes and the trade accounts receivable credit facility, the Company had outstanding debt of \$84.6 million and \$33.0 million, comprised of \$31.6 million and \$3.7 million in long-term debt and \$53.0 million and \$29.3 million in short-term borrowings, at April 30, 2007 and October 31, 2006, respectively.

### **NOTE 10 — FINANCIAL INSTRUMENTS**

The carrying amounts of cash and cash equivalents, trade accounts receivable, accounts payable, current liabilities and short-term borrowings at April 30, 2007 and October 31, 2006 approximate their fair values because of the short-term nature of these items.

The estimated fair values of the Company's long-term debt was \$726.1 million and \$499.2 million as compared to the carrying amounts of \$723.1 million and \$481.4 million at April 30, 2007 and October 31, 2006, respectively. The fair values of the Company's long-term obligations are estimated based on either the quoted market prices for the same or similar issues or the current interest rates offered for debt of the same remaining maturities.

The Company uses derivatives from time to time to partially mitigate the effect of exposure to interest rate movements, exposure to foreign currency fluctuations, and commodity cost fluctuations. The Company records derivatives based on SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," and related amendments. This Statement requires that all derivatives be recognized as assets or liabilities in the balance sheet and measured at fair value. Changes in the fair value of derivatives are recognized in either net income or in other comprehensive income, depending on the designated purpose of the derivative.

The Company had interest rate swap agreements with an aggregate notional amount of \$130.0 million at both April 30, 2007 and October 31, 2006 with various maturities through 2008. The interest rate swap agreements are used to fix a portion of the interest on the Company's variable rate debt. Under certain of these agreements, the Company receives interest monthly or quarterly from the counterparties equal to LIBOR and pays interest at a fixed rate of 5.56 percent over the life of the contracts. A liability for the loss on interest rate swap contracts, which represented their fair values, in the amount of \$0.6 million and \$1.0 million was recorded at April 30, 2007 and October 31, 2006, respectively.

At April 30, 2007, the Company had cross-currency interest rate swaps to hedge its net investment in its European subsidiaries. Under these agreements, the Company receives interest semi-annually from the counterparties equal to a fixed rate of 8.875 percent on \$248.0 million and pays interest at a fixed rate of 6.80 percent on €206.7 million. Upon maturity of these swaps on August 1, 2007, the Company will be required to pay €206.7 million to the counterparties and receive \$248.0 million from the counterparties. A liability for the loss on these agreements of \$33.8 million representing their fair values was recorded at April 30, 2007, and accumulated other comprehensive loss of \$33.8 million was recorded at April 30, 2007.

At April 30, 2007, the Company had outstanding foreign currency forward contracts in the notional amount of \$36.3 million (\$45.2 million at October 31, 2006). The purpose of these contracts is to hedge the Company's exposure to foreign currency transactions and short-term intercompany loan balances in its international businesses. The fair value of these contracts at April 30, 2007 resulted in a gain of \$0.1 million recorded in the consolidated statement of income and a favorable \$1.9 million recorded in the consolidated balance sheet. The fair value of similar contracts at October 31, 2006 resulted in a loss of \$0.1 million recorded in the consolidated statement of income and a favorable \$2.1 million recorded in the consolidated balance sheet.

The Company has entered into certain cash flow hedges to mitigate its exposure to cost fluctuations in natural gas prices through October 31, 2008. The fair value of the energy hedges was in a favorable position of \$0.1 million (\$0.1 million net of tax) at April 30, 2007, compared to an unfavorable position of \$1.5 million (\$0.9 million net of tax) at October 31, 2006. As a result of the high correlation between the hedged instruments and the underlying transactions, ineffectiveness has not had a material impact on the Company's consolidated statements of income for the quarter ended April 30, 2007.

The Company has entered into certain cash flow hedges to mitigate its exposure to cost fluctuations in Old Corrugated Containers ("OCC") prices through October 31, 2007. The fair value of these hedges was not significant at April 30, 2007. As a result of the high correlation between the hedged instruments and the underlying transactions, ineffectiveness has not had a material impact on the Company's consolidated statements of income for the quarter ended April 30, 2007.

While the Company may be exposed to credit losses in the event of nonperformance by the counterparties to its derivative financial instrument contracts, its counterparties are established banks and financial institutions with high credit ratings. The Company has no reason to believe that such counterparties will not be able to fully satisfy their obligations under these contracts.

The fair values of all derivative financial instruments are estimated based on current settlement prices of comparable contracts obtained from dealer quotes or published market prices. The values represent the estimated amounts the Company would pay or receive to terminate the agreements at the reporting date.

During the next six months, the Company expects to reclassify into earnings a net gain from accumulated other comprehensive income (loss) of approximately \$0.8 million after tax at the time the underlying hedge transactions are realized.

#### **NOTE 11 — CAPITAL STOCK**

Class A Common Stock is entitled to cumulative dividends of 1 cent a share per year after which Class B Common Stock is entitled to non-cumulative dividends up to one half cent per share per year. Further distribution in any year must be made in proportion of one cent a share for Class A Common Stock to one and a half cents a share for Class B Common Stock. The Class A Common Stock has no voting rights unless four quarterly cumulative dividends upon the Class A Common Stock are in arrears or unless changes are proposed to the Company's certificate of incorporation. The Class B Common Stock has full voting rights. There is no cumulative voting for the election of directors.

The following table summarizes the Company's Class A and Class B common and treasury shares at the specified dates:

	Authorized Shares	Issued Shares	Outstanding Shares	Treasury Shares
April 30, 2007:				
Class A Common Stock	128,000,000	42,281,920	23,613,318	18,668,602
Class B Common Stock	69,120,000	34,560,000	22,985,666	11,574,334
October 31, 2006:				
Class A Common Stock	128,000,000	42,281,920	23,268,306	19,013,614
Class B Common Stock	69,120,000	34,560,000	23,031,066	11,528,934

On February 26, 2007, shareholders approved an increase in the number of the Company's authorized shares to 128,000,000 shares of Class A Common Stock and 69,120,000 shares of Class B Common Stock. Subsequent to the aforementioned approval, the Company's Board of Directors authorized a 2-for-1 stock split of the Company's Class A Common Stock and Class B Common Stock. The split was payable on April 11, 2007 to shareholders of record on March 19, 2007. The stock split means that each holder of Class A Common Stock as of the close of business on March 19, 2007 received on April 11, 2007 one additional share of Class A Common Stock for every share they held of Class A Common Stock and each holder of Class B Common Stock as of the close of business on March 19, 2007 received on April 11, 2007 one additional share of Class B Common Stock for every share they held of Class B Common Stock. The day on which such shares began trading on the New York Stock Exchange reflecting the stock split was April 12, 2007.

All references to the number of shares and per share amounts in the Consolidated Financial Statements are presented on a post-split basis.

#### **NOTE 12 — STOCK OPTIONS**

In 2001, the Company adopted the 2001 Management Equity Incentive and Compensation Plan (the "2001 Plan"). The provisions of the 2001 Plan allow the awarding of incentive and nonqualified stock options and restricted and performance shares of Class A Common Stock to key employees. The maximum number of shares that may be issued each year is determined by a formula that takes into consideration the total number of shares outstanding and is also subject to certain limits. In addition, the maximum number of incentive stock options that will be issued under the 2001 Plan during its term is 5,000,000 shares.

Prior to 2001, the Company had adopted a Nonstatutory Stock Option Plan (the "2000 Plan") that provides the discretionary granting of nonstatutory options to key employees, and an Incentive Stock Option Plan (the "Option Plan") that provides the discretionary granting of incentive stock options to key employees and nonstatutory options for non-employees. The aggregate number of the Company's Class A Common Stock options that may be granted under the 2000 Plan and Option Plan may not exceed 400,000 shares and 2,000,000 shares, respectively.

Under the terms of the 2001 Plan, the 2000 Plan and the Option Plan, stock options are granted at exercise prices equal to the market value of the common stock on the date options are granted and become fully vested two years after date of grant. Options expire 10 years after date of grant.

In 2005, the Company adopted the 2005 Outside Directors Equity Award Plan (the "2005 Directors Plan"), which provides the granting of stock options, restricted stock or stock appreciation rights to directors who are not employees of the Company. Prior to 2005, the Directors Stock Option Plan (the "Directors Plan") provided the granting of stock options to directors who are not employees of the Company. The aggregate number of the Company's Class A Common Stock options that may be granted may not exceed 200,000 shares under each of these plans. Under the terms of both plans, options are granted at exercise prices equal to the market value of the common stock on the date options are granted and become exercisable immediately. Options expire 10 years after date of grant.

No stock options were granted during 2007 and 2006.

Stock option activity was as follows (Shares in thousands):

	Six month ended April 30, 2007		Year ended October 31, 2006	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Beginning balance	1,634	\$ 15.62	1,958	\$ 15.34
Granted	—	—	—	—
Forfeited	—	—	—	—
Exercised	356	\$ 15.59	324	\$ 13.94
Ending balance	<u>1,278</u>	<u>\$ 15.63</u>	<u>1,634</u>	<u>\$ 15.62</u>

As of April 30, 2007, outstanding stock options had exercise prices and contractual lives as follows:

Range of Exercise Prices	Number Outstanding	Weighted- Average Remaining Contractual Life
\$9 - \$ 14	606,374	5
\$14 - \$ 24	471,518	4
\$24 - \$ 33	199,846	8

All outstanding options were exercisable at April 30, 2007 and 1,415,644 options were exercisable at October 31, 2006.

#### **NOTE 13 — DIVIDENDS PER SHARE**

The following dividends per share were paid during the periods indicated:

	Three months ended April 30		Six months ended April 30	
	2007	2006	2007	2006
Class A Common Stock	\$ 0.18	\$ 0.12	\$ 0.36	\$ 0.24
Class B Common Stock	\$ 0.27	\$ 0.18	\$ 0.54	\$ 0.36

#### **NOTE 14 — CALCULATION OF EARNINGS PER SHARE**

The Company has two classes of common stock and, as such, applies the “two-class method” of computing earnings per share as prescribed in SFAS No. 128, “Earnings Per Share.” In accordance with the Statement, earnings are allocated first to Class A and Class B Common Stock to the extent that dividends are actually paid and the remainder allocated assuming all of the earnings for the period have been distributed in the form of dividends.



The following is a reconciliation of the average shares used to calculate basic and diluted earnings per share:

	Three months ended April 30		Six months ended April 30	
	2007	2006	2007	2006
<b>Class A Common Stock:</b>				
Basic shares	23,638,578	23,086,186	23,532,346	23,085,252
Assumed conversion of stock options	666,170	629,854	675,821	620,034
Diluted shares	<u>24,304,748</u>	<u>23,716,040</u>	<u>24,208,167</u>	<u>23,705,286</u>
<b>Class B Common Stock:</b>				
Basic and diluted shares	<u>23,016,580</u>	<u>23,060,974</u>	<u>23,023,824</u>	<u>23,069,132</u>

There were no stock options that were antidilutive for the three-month and six-month periods ended April 30, 2007 and no stock options and 12,000 stock options that were antidilutive for the three-month and six-month periods ended April 30, 2006, respectively.

**NOTE 15 — COMPREHENSIVE INCOME**

Comprehensive income is comprised of net income and other charges and credits to equity that are not the result of transactions with the Company's owners. The components of comprehensive income, net of tax, are as follows (Dollars in thousands):

	Three months ended April 30		Six months ended April 30	
	2007	2006	2007	2006
Net income	\$18,624	\$28,693	\$52,603	\$62,045
Other comprehensive income (loss):	—			
Foreign currency translation adjustment	16,400	(7,847)	4,447	(4,903)
Change in fair value of interest rate derivatives, net of tax	1,049	452	1,484	877
Changes in fair value of energy and other derivatives, net of tax	681	74	1,020	(508)
Minimum pension liability adjustment, net of tax	—	—	—	(2)
Comprehensive income	<u>\$36,754</u>	<u>\$21,372</u>	<u>\$59,554</u>	<u>\$57,509</u>

**NOTE 16 — RETIREMENT PLANS AND POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

The components of net periodic pension cost include the following (Dollars in thousands):

	Three months ended April 30		Six months ended April 30	
	2007	2006	2007	2006
Service cost	\$ 3,419	\$ 3,629	\$ 6,838	\$ 7,258
Interest cost	6,827	6,208	13,654	12,417
Expected return on plan assets	(7,767)	(7,361)	(15,534)	(14,723)
Amortization of prior service cost, initial net asset and net actuarial gain	1,309	1,533	2,618	3,066
	<u>\$ 3,788</u>	<u>\$ 4,009</u>	<u>\$ 7,576</u>	<u>\$ 8,018</u>

The Company made \$8.3 million in pension contributions in the first half of 2007. Based on minimum funding requirements, \$16.3 million of pension contributions are estimated for the entire 2007 fiscal year.

The components of net periodic cost for postretirement benefits include the following (Dollars in thousands):

	Three months ended April 30		Six months ended April 30	
	2007	2006	2007	2006
Service cost	\$ 11	\$ 8	\$ 22	\$ 17
Interest cost	527	586	\$1,054	1,171
Amortization of prior service cost and recognized actuarial gain	(269)	(163)	\$ (538)	(326)
	<u>\$ 269</u>	<u>\$ 431</u>	<u>\$ 538</u>	<u>\$ 862</u>

**NOTE 17 — BUSINESS SEGMENT INFORMATION**

The Company operates in three business segments: Industrial Packaging & Services; Paper, Packaging & Services; and Timber.

Operations in the Industrial Packaging & Services segment offer a comprehensive line of products and services, including steel, fibre, and plastic drums, intermediate bulk containers, closure systems for industrial packaging products, polycarbonate water bottles, blending and packaging services, logistics and warehousing. These products are manufactured and sold in over 40 countries throughout the world.

Operations in the Paper, Packaging & Services segment involve the production and sale of containerboard, both semi-chemical and recycled, corrugated sheets, corrugated containers and multiwall bags and related services. These products are manufactured and sold in North America.

In the Timber segment, the Company is focused on the active harvesting and regeneration of its United States timber properties (approximately 264,450 acres of timberland were owned at April 30, 2007) to achieve sustainable long-term yields. The Company also owns approximately 36,700 acres of timberland in Canada, which are not actively managed at this time. Timber management is focused on the active harvesting and regeneration of the Company's timber properties to achieve sustainable long-term yields on the Company's timberland. While timber sales are subject to fluctuations, the Company seeks to maintain a consistent cutting schedule, within the limits of available merchantable acreage of timber, market and weather conditions. The Company also sells, from time to time, timberland and special use land, which consists of surplus land, higher and better use ("HBU") land, and development land.

The Company's reportable segments are strategic business units that offer different products. The accounting policies of the reportable segments are substantially the same as those described in the "Description of Business and Summary of Significant Accounting Policies" note (see Note 1) in the 2006 Form 10-K.

The following segment information is presented for the periods indicated (Dollars in thousands):

	Three months ended April 30,		Six months ended April 30,	
	2007	2006	2007	2006
<b>Net sales:</b>				
Industrial Packaging & Services	\$ 647,345	\$ 459,008	\$ 1,229,049	\$ 888,728
Paper, Packaging & Services	163,662	156,483	328,488	303,522
Timber	4,036	4,616	8,265	10,173
Total net sales	<u>\$ 815,043</u>	<u>\$ 620,107</u>	<u>\$ 1,565,802</u>	<u>\$ 1,202,423</u>
<b>Operating profit:</b>				
Operating profit, before the impact of restructuring charges and timberland gains (losses):				
Industrial Packaging & Services	\$ 54,261	\$ 34,205	\$ 90,346	\$ 58,445
Paper, Packaging & Services	10,678	14,425	28,717	18,682
Timber	3,370	3,983	9,862	7,346
Operating profit, before the impact of restructuring charges and timberland gains (losses):	<u>\$ 68,309</u>	<u>\$ 52,613</u>	<u>\$ 128,925</u>	<u>\$ 84,473</u>
Restructuring charges:				
Industrial Packaging & Services	\$ 1,670	\$ 8,265	\$ 2,843	\$ 12,487
Paper, Packaging & Services	2,379	2,022	3,243	3,258
Timber	—	—	—	10
Total restructuring charges	<u>4,049</u>	<u>10,287</u>	<u>6,086</u>	<u>15,755</u>
Timberland gains (losses):				
Timber	(382)	9,238	(320)	40,807
Total	<u>\$ 63,878</u>	<u>\$ 51,564</u>	<u>\$ 122,519</u>	<u>\$ 109,525</u>
<b>Depreciation, depletion and amortization expense:</b>				
Industrial Packaging & Services	\$ 18,603	\$ 15,143	\$ 36,255	\$ 30,225
Paper, Packaging & Services	7,170	7,201	14,398	15,210
Timber	1,331	981	2,623	2,564
Total depreciation, depletion and amortization expense	<u>\$ 27,104</u>	<u>\$ 23,325</u>	<u>\$ 53,276</u>	<u>\$ 47,999</u>

	April 30, 2007	October 31, 2006
<b>Assets:</b>		
Industrial Packaging & Services	\$ 1,780,011	\$ 1,340,553
Paper, Packaging & Services	239,448	248,364
Timber	251,490	250,310
Total segments	<u>2,270,949</u>	<u>1,839,227</u>
Corporate and other	302,052	348,774
Total assets	<u>\$ 2,573,001</u>	<u>\$ 2,188,001</u>

The following table presents net sales to external customers by geographic area (Dollars in thousands):

	Three months ended April 30,		Six months ended April 30,	
	2007	2006	2007	2006
<b>Net sales:</b>				
North America	\$ 442,671	\$ 366,338	\$ 872,559	\$ 705,479
Europe	261,528	167,079	473,560	323,108
Other	110,844	86,690	219,683	173,836
Total net sales	<u>\$ 815,043</u>	<u>\$ 620,107</u>	<u>\$ 1,565,802</u>	<u>\$ 1,202,423</u>

The following table presents total assets by geographic area (Dollars in thousands):

	April 30, 2007	October 31, 2006
<b>Assets:</b>		
North America	\$ 1,469,919	\$ 1,474,095
Europe	853,290	482,505
Other	249,792	231,401
	<u>\$ 2,573,001</u>	<u>\$ 2,188,001</u>

**NOTE 18 — SUMMARIZED CONDENSED CONSOLIDATING FINANCIAL STATEMENTS**

The Senior Subordinated Notes, more fully described in Note 9 — Debt, are fully guaranteed, jointly and severally, by the Company's United States subsidiaries ("Guarantor Subsidiaries"). The Company's non-United States subsidiaries are not guaranteeing the Senior Subordinated Notes ("Non-Guarantor Subsidiaries"). Presented below are summarized condensed consolidating financial statements of Greif, Inc. (the "Parent"), which includes certain of the Company's operating units, the Guarantor Subsidiaries, the Non-Guarantor Subsidiaries and the Company on a consolidated basis. These summarized condensed consolidating financial statements are prepared using the equity method. Separate financial statements for the Guarantor Subsidiaries are not presented based on management's determination that they do not provide additional information that is material to investors. As discussed in Note 9, substantially all (99 percent) of the Senior Subordinated Notes outstanding were redeemed on February 9, 2007 pursuant to the Company's tender offer. The remaining Senior Subordinated Notes are redeemable at the option of the Company beginning August 1, 2007, at a redemption price of 104.438 percent of principal amount, plus accrued interest, if any.

Condensed Consolidating Statements of Operations  
For the six months ended April 30, 2007

	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net sales	\$ 1,030	\$ 942,087	\$ 806,647	\$ (183,962)	\$1,565,802
Cost of products sold	264	813,045	663,838	(183,962)	1,293,185
Gross profit	766	129,042	142,809	—	272,617
Selling, general and administrative expenses	690	66,952	84,637	—	152,279
Restructuring charges	—	3,938	2,148	—	6,086
Gain on sale of assets	—	6,757	1,510	—	8,267
Operating profit	76	64,909	57,534	—	122,519
Interest expense, net	16,400	1,618	4,062	—	22,080
Debt extinguishment charge	23,479	—	—	—	23,479
Other income (expense), net	1,763	(15,359)	8,076	—	(5,520)
Income before income taxes and equity in earnings of affiliates	(38,040)	47,932	61,548	—	71,440
Income taxes	(10,086)	12,558	16,365	—	18,837
Equity in earnings of affiliates	80,556	—	—	(80,556)	—
Net income (loss)	<u>\$ 52,602</u>	<u>\$ 35,374</u>	<u>\$ 45,183</u>	<u>\$ (80,556)</u>	<u>\$ 52,603</u>

Condensed Consolidating Statement of Operations  
Six months ended April 30, 2006

	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Non-Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
Net sales	\$ 2,555	\$ 661,641	\$ 578,130	\$ (39,903)	\$1,202,423
Cost of products sold	1,670	565,149	476,392	(39,903)	1,003,308
Gross profit	885	96,492	101,738	—	199,115
Selling, general and administrative expenses	579	62,773	58,480	—	121,832
Restructuring charges	(36)	5,417	10,373	1	15,755
Gain on sale of assets	—	45,407	2,590	—	47,997
Operating profit	342	73,709	35,475	(1)	109,525
Interest expense, net	14,468	2,244	2,180	75	18,967
Other income (expense), net	7	(8,066)	7,866	(1)	(194)
Income before income taxes and equity in earnings of affiliates	(14,119)	63,399	41,161	(77)	90,364
Income taxes	(4,377)	19,654	13,066	(24)	28,319
Equity in earnings of affiliates	71,787	—	—	(71,787)	—
Net income (loss)	<u>\$ 62,045</u>	<u>\$ 43,745</u>	<u>\$ 28,095</u>	<u>\$ (71,840)</u>	<u>\$ 62,045</u>

Condensed Consolidating Balance Sheets  
As of April 30, 2007

	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ —	\$ 13,449	\$ 101,921	\$ —	\$ 115,370
Trade accounts receivable	55,654	68,739	226,376	—	350,769
Inventories	287	93,919	153,283	—	247,489
Other current assets	406,937	57,453	75,557	(426,128)	113,819
	<u>462,878</u>	<u>233,560</u>	<u>557,137</u>	<u>(426,128)</u>	<u>827,447</u>
<b>Long-term assets</b>					
Goodwill and other intangible assets	—	258,697	284,766	—	543,463
Assets held by special purpose entities (Note 8)	—	50,891	—	—	50,891
Other long-term assets	1,230,554	1,762,180	204,743	(3,092,683)	104,794
	<u>1,230,554</u>	<u>2,071,768</u>	<u>489,509</u>	<u>(3,092,683)</u>	<u>699,148</u>
<b>Properties, plants and equipment, net</b>	(541)	706,579	340,368	—	1,046,406
	<u>1,692,891</u>	<u>3,011,907</u>	<u>1,387,014</u>	<u>(3,518,811)</u>	<u>2,573,001</u>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable	46,280	932,131	828,757	(1,490,013)	317,155
Short-term borrowings	—	—	53,036	—	53,036
Other current liabilities	—	517,496	48,655	(404,790)	161,361
	<u>46,280</u>	<u>1,449,627</u>	<u>930,448</u>	<u>(1,894,803)</u>	<u>531,552</u>
<b>Long-term liabilities</b>					
Long-term debt	723,120	—	—	—	723,120
Liabilities held by special purpose entities (Note 8)	—	43,250	—	—	43,250
Other long-term liabilities	34,398	160,796	247,136	(61,295)	381,035
	<u>757,518</u>	<u>204,046</u>	<u>247,136</u>	<u>(61,295)</u>	<u>1,147,405</u>
<b>Minority interest</b>	—	265	4,687	—	4,952
<b>Shareholders' equity</b>	889,093	1,357,969	204,743	(1,562,713)	889,092
	<u>1,692,891</u>	<u>3,011,907</u>	<u>1,387,014</u>	<u>(3,518,811)</u>	<u>2,573,001</u>

Condensed Consolidating Balance Sheets  
As of October 31, 2006

	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	\$ —	\$ 1,507	\$ 185,594	\$ —	\$ 187,101
Trade accounts receivable	55,729	59,916	200,016	—	315,661
Inventories	301	81,388	123,315	—	205,004
Other current assets	279,062	28,978	62,282	(285,051)	85,271
	<u>335,092</u>	<u>171,789</u>	<u>571,207</u>	<u>(285,051)</u>	<u>793,037</u>
<b>Long-term assets</b>					
Goodwill and other intangible assets	—	253,576	96,563	—	350,139
Assets held by special purpose entities (Note 8)	—	50,891	—	—	50,891
Other long-term assets	1,043,898	824,398	265,462	(2,080,773)	52,985
	<u>1,043,898</u>	<u>1,128,865</u>	<u>362,025</u>	<u>(2,080,773)</u>	<u>454,015</u>
<b>Properties, plants and equipment, net</b>	(616)	709,747	231,818	—	940,949
	<u>1,378,374</u>	<u>2,010,401</u>	<u>1,165,050</u>	<u>(2,365,824)</u>	<u>2,188,001</u>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>					
<b>Current liabilities</b>					
Accounts payable	51,692	66,438	502,677	(319,054)	301,753
Short-term borrowings	—	8,957	23,618	(3,254)	29,321
Other current liabilities	—	401,968	34,410	(276,153)	160,225
	<u>51,692</u>	<u>477,363</u>	<u>560,705</u>	<u>(598,461)</u>	<u>491,299</u>
<b>Long-term liabilities</b>					
Long-term debt	481,408	—	—	—	481,408
Liabilities held by special purpose entities (Note 8)	—	43,250	—	—	43,250
Other long-term assets	1,263	166,926	440,997	(286,028)	323,158
	<u>482,671</u>	<u>210,176</u>	<u>440,997</u>	<u>(286,028)</u>	<u>847,816</u>
<b>Minority interest</b>	—	265	4,610	—	4,875
<b>Shareholders' equity</b>	844,011	1,322,597	158,738	(1,481,335)	844,011
	<u>1,378,374</u>	<u>2,010,401</u>	<u>1,165,050</u>	<u>(2,365,824)</u>	<u>2,188,001</u>

Condensed Consolidating Statements of Cash Flows  
For the six months ended April 30, 2007

	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Cash flows from operating activities:</b>					
Net cash provided by (used in) operating activities	\$ (207,440)	\$ 90,757	\$ 198,390	\$ —	\$ 81,707
<b>Cash flows from investing activities:</b>					
Acquisitions of other companies, net of cash acquired	—	(37,635)	(273,473)	—	(311,108)
Purchases of properties, plants and equipment	—	(49,428)	(24,797)	—	(74,225)
Purchases of timber properties	—	(400)	—	—	(400)
Proceeds from the sale of properties, plants and equipment	—	8,648	4,474	—	13,122
Increase in note receivable	—	—	(29,748)	—	(29,748)
Net cash used in investing activities	—	(78,815)	(323,544)	—	(402,359)
<b>Cash flows from financing activities:</b>					
Proceeds from issuance of long-term debt	1,254,588	—	—	—	1,254,588
Payments on long-term debt	(1,012,876)	—	—	—	(1,012,876)
Proceeds on short-term borrowings	—	—	46,552	—	46,552
Payment of premiums for extinguishment of debt	(14,303)	—	—	—	(14,303)
Debt issuance costs	(2,839)	—	—	—	(2,839)
Dividends paid	(20,793)	—	—	—	(20,793)
Acquisition of treasury stock	(5,338)	—	—	—	(5,338)
Exercise of stock options	9,001	—	—	—	9,001
Net cash provided by financing activities	207,440	—	46,552	—	253,992
<b>Effects of exchange rates on cash</b>	—	—	(5,071)	—	(5,071)
<b>Net decrease in cash and cash equivalents</b>	—	11,942	(83,673)	—	(71,731)
<b>Cash and cash equivalents at beginning of period</b>	—	1,507	185,594	—	187,101
<b>Cash and cash equivalents at end of period</b>	<u>\$ —</u>	<u>\$ 13,449</u>	<u>\$ 101,921</u>	<u>\$ —</u>	<u>\$ 115,370</u>



Condensed Consolidating Statements of Cash Flows  
For the six months ended April 30, 2006

	<u>Parent</u>	<u>Guarantor Subsidiaries</u>	<u>Non- Guarantor Subsidiaries</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Cash flows from operating activities:</b>					
Net cash provided by (used in) operating activities	\$ (4,310)	\$ 29,687	\$ 23,117	\$ —	\$ 48,494
<b>Cash flows from investing activities:</b>					
Purchases of properties, plants and equipment	—	(68,324)	(13,846)	—	(82,170)
Proceeds from the sale of properties, plants and equipment	—	48,157	4,125	—	52,282
Net cash used in investing activities	—	(20,167)	(9,721)	—	(29,888)
<b>Cash flows from financing activities:</b>					
Proceeds from issuance of long-term debt	480,544	—	—	—	480,544
Payments on long-term debt	(458,685)	—	—	—	(458,685)
Proceeds on short-term borrowings	—	—	11,141	—	11,141
Other, net	(17,549)	—	—	—	(17,549)
Net cash provided by financing activities	4,310	—	11,141	—	15,451
<b>Effects of exchange rates on cash</b>	—	—	(4,438)	—	(4,438)
<b>Net decrease in cash and cash equivalents</b>	—	9,520	20,099	—	29,619
<b>Cash and cash equivalents at beginning of</b>	—	29,513	92,898	—	122,411
<b>Cash and cash equivalents at end of period</b>	<u>\$ —</u>	<u>\$ 39,033</u>	<u>\$ 112,997</u>	<u>\$ —</u>	<u>\$ 152,030</u>

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**GENERAL**

The terms "Greif," "our company," "we," "us" and "our" as used in this discussion refer to Greif, Inc. and its subsidiaries. Our fiscal year begins on November 1 and ends on October 31 of the following year. Any references in this Form 10-Q to the years 2007 or 2006, or to any quarter of those years, relates to the fiscal year or quarter, as the case may be, ending in that year.

The discussion and analysis presented below relates to the material changes in financial condition and results of operations for our consolidated balance sheets as of April 30, 2007 and October 31, 2006, and for the consolidated statements of income for the three-month and six-month periods ended April 30, 2007 and 2006. This discussion and analysis should be read in conjunction with the consolidated financial statements that appear elsewhere in this Form 10-Q and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the fiscal year ended October 31, 2006 (the "2006 Form 10-K"). Readers are encouraged to review the entire 2006 Form 10-K, as it includes information regarding Greif not discussed in this Form 10-Q. This information will assist in your understanding of the discussion of our current period financial results.

All statements, other than statements of historical facts, included in this Form 10-Q, including without limitation, statements regarding our future financial position, business strategy, budgets, projected costs, goals and plans and objectives of management for future operations, are forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "project," "believe," "continue" or "target" or the negative thereof or variations thereon or similar terminology. All forward-looking statements made in this Form 10-Q are based on information presently available to our management. Although we believe that the expectations reflected in forward-looking statements have a reasonable basis, we can give no assurance that these expectations will prove to be correct. Forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from those expressed in or implied by the statements. For a discussion of the most significant risks and uncertainties that could cause Greif's actual results to differ materially from those projected, see "Risk Factors" in Item 1A of the 2006 Form

10-K, which information is incorporated in this Form 10-Q by reference, updated by Part II, Item 1A of this Form 10-Q. All forward-looking statements made in this Form 10-Q are expressly qualified in their entirety by reference to such risk factors. Except to the limited extent required by applicable law, Greif undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## OVERVIEW

We operate in three business segments: Industrial Packaging & Services; Paper, Packaging & Services; and Timber.

We are a leading global provider of industrial packaging products such as steel, fibre and plastic drums, intermediate bulk containers, closure systems for industrial packaging products, and polycarbonate water bottles, which are complemented with a variety of value-added services, including blending, packaging, logistics and warehousing. We seek to provide complete packaging solutions to our customers by offering a comprehensive range of products and services on a global basis. We sell our products to customers in industries such as chemicals, paint and pigments, food and beverage, petroleum, industrial coatings, agricultural, pharmaceutical and mineral, among others. In addition, we provide a variety of blending and packaging services, logistics and warehousing to customers in many of these same industries in North America.

We sell our containerboard, corrugated sheets and other corrugated products and multiwall bags to customers in North America in industries such as packaging, automotive, food and building products. Our corrugated container products are used to ship such diverse products as home appliances, small machinery, grocery products, building products, automotive components, books and furniture, as well as numerous other applications. Our full line of multiwall bag products is used to ship a wide range of industrial and consumer products, such as fertilizers, chemicals, concrete, flour, sugar, feed, seed, pet foods, popcorn, charcoal and salt, primarily for the agricultural, chemical, building products and food industries

As of April 30, 2007, we owned approximately 264,450 acres of timberland in the southeastern United States, which is actively managed, and approximately 36,700 acres of timberland in Canada. Our timber management is focused on the active harvesting and regeneration of our timber properties to achieve sustainable long-term yields on our timberland. While timber sales are subject to fluctuations, we seek to maintain a consistent cutting schedule, within the limits of available merchantable acreage of timber, market and weather conditions. We also sell, from time to time, timberland and special use land, which consists of surplus land, higher and better use ("HBU") land, and development land.

In 2003, we began a transformation to become a leaner, more market-focused/performance-driven company, a transformation to what we call the "Greif Business System." We believe the Greif Business System has and will continue to generate productivity improvements and achieve permanent cost reductions. The Greif Business System continues to focus on opportunities such as improved labor productivity, material yield and other manufacturing efficiencies, along with further plant consolidations. In addition, as part of the Greif Business System, we have launched a strategic sourcing initiative to more effectively leverage our global spending and lay the foundation for a world-class sourcing and supply chain capability.

## CRITICAL ACCOUNTING POLICIES

The discussion and analysis of our financial condition and results of operations are based upon our consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). The preparation of these consolidated financial statements, in accordance with these principles, require us to make estimates and assumptions that affect the reported amount of assets and liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of our consolidated financial statements.

A summary of our significant accounting policies is included in Note 1 to the Notes to Consolidated Financial Statements included in the 2006 Form 10-K. We believe that the consistent application of these policies enables us to provide readers of the consolidated financial statements with useful and reliable information about our results of operations and financial condition. The following are the accounting policies that we believe are most important to the portrayal of our results of operations and financial condition and require our most difficult, subjective or complex judgments.

**Allowance for Accounts Receivable.** We evaluate the collectibility of our accounts receivable based on a combination of factors. In circumstances where we are aware of a specific customer's inability to meet its financial obligations to us, we record a specific allowance for bad debts against amounts due to reduce the net recognized receivable to the amount we reasonably believe will be collected. In addition, we recognize allowances for bad debts based on the length of time receivables are past due with allowance percentages, based on our historical experiences, applied on a graduated scale relative to the age of the receivable amounts. If circumstances change (e.g., higher than expected bad debt experience or an unexpected material adverse change in a major customer's ability to meet its financial obligations to us), our estimates of the recoverability of amounts due to us could change by a material amount.

**Inventory Reserves.** Reserves for slow moving and obsolete inventories are provided based on historical experience and product demand. We continuously evaluate the adequacy of these reserves and make adjustments to these reserves as required.

**Net Assets Held for Sale.** Net assets held for sale represent land, buildings and land improvements less accumulated depreciation for locations that have been closed. We record net assets held for sale in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 144, “Accounting for the Impairment or Disposal of Long-Lived Assets,” at the lower of carrying value or fair value less cost to sell. Fair value is based on the estimated proceeds from the sale of the facility utilizing recent purchase offers, market comparables and/or data obtained from our commercial real estate broker. Our estimate as to fair value is regularly reviewed and subject to changes in the commercial real estate markets and our continuing evaluation as to the facility’s acceptable sale price.

**Properties, Plants and Equipment.** Depreciation on properties, plants and equipment is provided on the straight-line method over the estimated useful lives of our assets.

We own timber properties in the southeastern United States and in Canada. With respect to our United States timber properties, which consisted of approximately 264,450 acres at April 30, 2007, depletion expense is computed on the basis of cost and the estimated recoverable timber acquired. Our land costs are maintained by tract. Merchantable timber costs are maintained by five product classes, pine sawtimber, pine chip-n-saw, pine pulpwood, hardwood sawtimber and hardwood pulpwood, within a “depletion block,” with each depletion block based upon a geographic district or subdistrict. Currently, we have 12 depletion blocks. These same depletion blocks are used for pre-merchantable timber costs. Each year, we estimate the volume of our merchantable timber for the five product classes by each depletion block. These estimates are based on the current state in the growth cycle and not on quantities to be available in future years. Our estimates do not include costs to be incurred in the future. We then project these volumes to the end of the year. Upon acquisition of a new timberland tract, we record separate amounts for land, merchantable timber and pre-merchantable timber allocated as a percentage of the values being purchased. These acquisition volumes and costs acquired during the year are added to the totals for each product class within the appropriate depletion block(s). The total of the beginning, one-year growth and acquisition volumes are divided by the total undepleted historical cost to arrive at a depletion rate, which is then used for the current year. As timber is sold, we multiply the volumes sold by the depletion rate for the current year to arrive at the depletion cost. Our Canadian timberland, which consisted of approximately 36,700 acres at April 30, 2007, did not have any depletion expense since it is not actively managed at this time.

We believe that the lives and methods of determining depreciation and depletion are reasonable; however, using other lives and methods could provide materially different results.

**Restructuring Reserves.** Restructuring reserves are determined in accordance with appropriate accounting guidance, including SFAS No. 146, “Accounting for Costs Associated with Exit or Disposal Activities,” and Staff Accounting Bulletin No. 100, “Restructuring and Impairment Charges,” depending upon the facts and circumstances surrounding the situation. Restructuring reserves are further discussed in Note 7 to the Notes to Consolidated Financial Statements included in this Form 10-Q.

**Pension and Postretirement Benefits.** Pension and postretirement benefit expenses are determined by our actuaries using assumptions about the discount rate, expected return on plan assets, rate of compensation increase and health care cost trend rates. Further discussion of our pension and postretirement benefit plans and related assumptions is contained in Note 16 to the Notes to Consolidated Financial Statement included in this Form 10-Q. The results would be different using other assumptions.

**Income Taxes.** Our effective tax rate is based on income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Significant judgment is required in determining our effective tax rate and in evaluating its tax positions. We establish reserves when, despite our belief that our tax return positions are fully supportable, we believe that certain positions are likely to be challenged and that we may not succeed. We adjust these reserves in light of changing facts and circumstances, such as the progress of a tax audit. Our effective tax rate includes the impact of reserve provisions and changes to reserves that we consider appropriate as well as related interest.

A number of years may elapse before a particular matter, for which we have established a reserve, is audited and finally resolved. The number of years with open tax audits varies depending on the tax jurisdiction. While it is often difficult to predict the final outcome or the timing of resolution of any particular tax matter, we believe that our reserves reflect the probable outcome of known tax contingencies. Unfavorable settlement of any particular issue would require use of our cash. Favorable resolution would be recognized as a reduction to our effective tax rate in the period of resolution.

Valuation allowances are established where expected future taxable income does not support the realization of the deferred tax assets.

**Environmental Cleanup Costs.** We expense environmental costs related to existing conditions caused by past or current operations and from which no current or future benefit is discernable. Expenditures that extend the life of the related property, or mitigate or prevent future environmental contamination, are capitalized.

Our reserves for environmental liabilities at April 30, 2007 amounted to \$27.3 million, which included reserves of \$3.8 million related to our facility in Lier, Belgium, \$6.0 million related to our blending facility in Chicago, Illinois, \$12.8 million related to the Blagden Packaging acquisition completed in the first quarter of 2007 (which amount is subject to post-closing purchase price adjustments) and \$4.7 million for asserted and unasserted environmental litigation, claims and/or assessments at several manufacturing sites and other locations where we believe the outcome of such matters will be unfavorable to us. The environmental exposures for those sites included in the \$4.7 million reserve were not individually significant. The reserve for the Lier, Belgium and Chicago, Illinois sites were based on environmental studies conducted at those locations. The Lier, Belgium site is being monitored by the Public Flemish Waste Company ("PFWC"), which is the Belgian body for waste control. PFWC must approve all remediation efforts that are undertaken by us at this site. Environmental expenses were \$0.3 million and insignificant for the six months ending April 30, 2007 and 2006, respectively. Environmental cash expenditures were \$0.3 million and insignificant for the six months ending April 30, 2007 and 2006, respectively.

We anticipate that cash expenditures in future periods for remediation costs at identified sites will be made over an extended period of time. Given the inherent uncertainties in evaluating environmental exposures, actual costs may vary from those estimated at April 30, 2007. Our exposure to adverse developments with respect to any individual site is not expected to be material. Although environmental remediation could have a material effect on results of operations if a series of adverse developments occur in a particular quarter or fiscal year, we believe that the chance of a series of adverse developments occurring in the same quarter or fiscal year is remote. Future information and developments will require us to continually reassess the expected impact of these environmental matters.

**Self-Insurance.** We are self-insured for certain of the claims made under our employee medical and dental insurance programs. We had recorded liabilities totaling \$2.8 million and \$2.7 million of estimated costs related to outstanding claims at April 30, 2007 and October 31, 2006, respectively. These costs include an estimate for expected settlements on pending claims, administrative fees and an estimate for claims incurred but not reported. These estimates are based on our assessment of outstanding claims, historical analysis and current payment trends. We record an estimate for the claims incurred but not reported using an estimated lag period based upon historical information. This lag period assumption has been consistently applied for the periods presented. If the lag period were hypothetically adjusted by a period equal to a half month, the impact on earnings would be approximately \$1.4 million. However, we believe the liabilities recorded are adequate based upon current facts and circumstances.

We have certain deductibles applied to various insurance policies including general liability, product, auto and workers' compensation. Deductible liabilities are insured primarily through our captive insurance subsidiary. We recorded liabilities totaling \$22.0 million and \$19.7 million for anticipated costs related to general liability, product, auto and workers' compensation at April 30, 2007 and October 31, 2006, respectively. These costs include an estimate for expected settlements on pending claims, defense costs and an estimate for claims incurred but not reported. These estimates are based on our assessment of outstanding claims, historical analysis, actuarial information and current payment trends.

**Contingencies.** Various lawsuits, claims and proceedings have been or may be instituted or asserted against us, including those pertaining to environmental, product liability, and safety and health matters. We are continually consulting legal counsel and evaluating requirements to reserve for contingencies in accordance with SFAS No. 5, "Accounting for Contingencies." While the amounts claimed may be substantial, the ultimate liability cannot currently be determined because of the considerable uncertainties that exist. Based on the facts currently available, we believe the disposition of matters that are pending will not have a material effect on the consolidated financial statements.

**Goodwill, Other Intangible Assets and Other Long-Lived Assets.** Goodwill and indefinite-lived intangible assets are no longer amortized, but instead are periodically reviewed for impairment as required by SFAS No. 142, "Goodwill and Other Intangible Assets." The costs of acquired intangible assets determined to have definite lives are amortized on a straight-line basis over their estimated economic lives of two to 20 years. Our policy is to periodically review other intangible assets subject to amortization and other long-lived assets based upon the evaluation of such factors as the occurrence of a significant adverse event or change in the environment in which the business operates, or if the expected future net cash flows (undiscounted and without interest) would become less than the carrying amount of the asset. An impairment loss would be recorded in the period such determination is made based on the fair value of the related assets.

**Other Items.** Other items that could have a significant impact on the financial statements include the risks and uncertainties listed in Part I, Item 1A - Risk Factors, of the 2006 Form 10-K. Actual results could differ materially using different estimates and assumptions, or if conditions are significantly different in the future.

## RESULTS OF OPERATIONS

The following comparative information is presented for the three-month and six-month periods ended April 30, 2007 and 2006. Historically, revenues or earnings may or may not be representative of future operating results due to various economic and other factors.

The financial measure of operating profit, before the impact of restructuring charges and timberland gains (losses), is used throughout the following discussion of our results of operations (except with respect to the segment discussions for Industrial Packaging & Services and Paper, Packaging & Services, where timberland gains (losses) are not applicable). Operating profit, before the impact of restructuring charges and timberland gains (losses), is equal to operating profit plus restructuring charges less timberland gains plus timberland losses. We use operating profit, before the impact of restructuring charges and timberland gains (losses), because we believe that this measure provides a better indication of our operational performance because it excludes restructuring charges, which are not representative of ongoing operations, and timberland gains (losses), which are volatile from period to period, and it provides a more stable platform on which to compare our historical performance.

### Second Quarter Results

#### Overview

Net sales increased 31 percent to \$815.0 million in the second quarter of 2007 compared to \$620.1 million in the second quarter of 2006 — an increase of 14 percent including 4 percent from foreign currency translation but excluding the impact to net sales with respect to the acquisitions of Blagden Packaging Group's steel drum manufacturing and closures businesses ("Blagden") in the first quarter of 2007 and Delta Petroleum Company, Inc.'s blending and filling businesses ("Delta") in the fourth quarter of 2006. The \$194.9 million increase primarily resulted from the positive contributions of Industrial Packaging & Services (\$188.3 million) and Paper, Packaging & Services (\$7.2 million). The increase in Industrial Packaging & Services is primarily due to generally higher sales volumes, especially steel and plastic drums, and, to a lesser extent, higher selling prices and foreign currency translation. Sales volumes benefited from the Industrial Packaging & Services' acquisitions. The increase in Paper, Packaging & Services is primarily due to improved containerboard pricing.

Operating profit was \$63.9 million in the second quarter of 2007 compared to \$51.6 million in the second quarter of 2006. Operating profit, before the impact of restructuring charges and timberland gains (losses), was \$68.3 million for the second quarter of 2007 compared to \$52.6 million for the second quarter of 2006. The \$15.7 million increase was primarily due to positive contributions from Industrial Packaging & Services (\$20.1 million), partially offset by Paper, Packaging & Services (\$3.7 million) compared to the same period last year. For the second quarter of 2007 and 2006, respectively, restructuring charges were \$4.0 million compared to \$10.3 million and there were \$0.4 million of timberland losses compared to \$9.2 million of timberland gains.

The following table sets forth the net sales and operating profit for each of our business segments (Dollars in thousands):

For the three months ended April 30,	2007	2006
<b>Net sales:</b>		
Industrial Packaging & Services	\$ 647,345	\$ 459,008
Paper, Packaging & Services	163,662	156,483
Timber	4,036	4,616
Total net sales	<u>\$ 815,043</u>	<u>\$ 620,107</u>
<b>Operating profit:</b>		
Operating profit, before the impact of restructuring charges and timberland gains:		
Industrial Packaging & Services	\$ 54,261	\$ 34,205
Paper, Packaging & Services	10,678	14,425
Timber	3,370	3,983
Total operating profit before the impact of restructuring charges and timberland gains	<u>68,309</u>	<u>52,613</u>
Restructuring charges:		
Industrial Packaging & Services	1,670	8,265
Paper, Packaging & Services	2,379	2,022
Timber	—	—
Total restructuring charges	<u>4,049</u>	<u>10,287</u>
Timberland gains (losses):		
Timber	(382)	9,238
<b>Operating profit:</b>		
Industrial Packaging & Services	52,591	25,940
Paper, Packaging & Services	8,299	12,403
Timber	2,988	13,221
Total operating profit	<u>\$ 63,878</u>	<u>\$ 51,564</u>

## Segment Review

### *Industrial Packaging & Services*

The Industrial Packaging & Services segment offers a comprehensive line of industrial packaging products and services, such as steel, fibre and plastic drums, intermediate bulk containers, closure systems for industrial packaging products, polycarbonate water bottles and blending, filling and packaging services. The key factors influencing profitability in the Industrial Packaging & Services segment are:

- Selling prices and sales volumes;
- Raw material costs, primarily steel, resin and containerboard;
- Energy and transportation costs;
- Benefits from executing the Greif Business System;
- Contributions from recent acquisitions; and
- Impact of foreign currency translation.

In this segment, net sales were up 41 percent to \$647.3 million in the second quarter of 2007 compared to \$459.0 million in the second quarter of 2006 — an increase of 18 percent including 5 percent from foreign currency translations but excluding the impact to net sales with respect to the Blagden and Delta acquisitions. The increase in net sales was primarily attributable to the recent acquisitions and organic growth, which included higher sales volumes across all regions with particular strength in the Americas, Europe and emerging markets. The second quarter of 2007 contributions from our acquisitions included a full quarter of sales volume for Blagden and Delta, which were acquired in the first quarter of 2007 and fourth quarter of 2006, respectively.

Gross profit margin for the Industrial Packaging & Services segment was 18.2 percent in the second quarter of 2007 versus 17.6 percent in the second quarter of 2006. This improvement was due to positive contributions from the continued execution of the Greif Business System.

Operating profit was \$52.6 million in the second quarter of 2007 compared to \$25.9 million in the second quarter of 2006. Operating profit before restructuring charges rose to \$54.3 million in the second quarter of 2007 from \$34.2 million in the second quarter of 2006 primarily due to the improvement in net sales and the execution of the Greif Business System. Restructuring charges were \$1.7 million in the second quarter of 2007 compared with \$8.3 million during the same period last year.

#### *Paper, Packaging & Services*

The Paper, Packaging & Services segment sells containerboard, corrugated sheets and other corrugated products and multiwall bags in North America. The key factors influencing profitability in the Paper, Packaging & Services segment are:

- Selling prices and sales volumes;
- Raw material costs, primarily old corrugated containers (OCC);
- Energy and transportation costs; and
- Benefits from executing the Greif Business System.

In this segment, net sales were \$163.7 million in the second quarter of 2007 compared to \$156.5 million in the second quarter of 2006. This was principally due to higher containerboard and corrugated sheet selling prices, partially offset by lower sales volumes primarily due to acceleration of major annual maintenance activities at one of our containerboard mills to the second quarter from the third quarter of 2007.

The Paper, Packaging & Services segment's gross profit margin decreased to 14.1 percent in the second quarter of 2007 from 16.9 percent in the second quarter of 2006. This reduction was primarily due to the accelerated major annual maintenance and higher average OCC costs, which were partially offset by initial contributions from execution of the Greif Business System. At April 30, 2007, OCC costs were below the near-term peak recorded earlier in the quarter but remained higher than the first quarter of 2007 levels.

Operating profit was \$8.3 million in the second quarter of 2007 compared to \$12.4 million in the second quarter of 2006. Operating profit before restructuring charges was \$10.7 million in the second quarter of 2007 compared to \$14.4 million in the second quarter of 2006 primarily due to the reduction in gross profit margin. Restructuring charges were \$2.4 million in the second quarter of 2007 compared to \$2.0 million in the second quarter of 2006.

#### *Timber*

The Timber segment consists of approximately 264,450 acres of timber properties in the southeastern United States, which are actively harvested and regenerated, and approximately 36,700 acres in Canada. The key factors influencing profitability in the Timber segment are:

- Planned level of timber sales;
- Gains (losses) on sale of timberland; and

- Sale of special use properties (surplus, higher and better use (HBU), and development properties).

Net sales were \$4.0 million in the second quarter of 2007, consistent with plan, compared to \$4.6 million in the second quarter of 2006. Operating profit was \$3.0 million in the second quarter of 2007 compared to \$13.2 million in the second quarter of 2006 primarily due to \$9.2 million of timberland gains in the second quarter of 2006. Operating profit, before the impact of restructuring charges and timberland gains (losses), was \$3.4 million (including \$2.0 million of profits on special use property sales) in the second quarter of 2007 compared to \$4.0 million (including \$1.5 million of profits on special use property sales) in the second quarter of 2006.

## **Other Income Statement Change**

### *Cost of Products Sold*

The cost of products sold, as a percentage of net sales, was 82.5 percent for the second quarter of 2007 versus 82.4 percent for the second quarter of 2006. The consistency in cost of products sold was achieved by the orderly integration of the newly acquired companies and positive contributions from the continued execution of the Greif Business System, partially offset by higher costs for OCC, which were at their highest level in over a decade.

### *Selling, General and Administrative (“SG&A”) Expenses*

SG&A expenses were \$77.7 million, or 9.5 percent of net sales, in the second quarter of 2007 compared to \$62.4 million, or 10.1 percent of net sales, in the second quarter of 2006. The dollar increase was primarily due to the Blagden and Delta acquisitions during the first quarter of 2007 and the fourth quarter of 2006, respectively.

### *Restructuring Charges*

During the second quarter of 2007, we recorded restructuring charges of \$4.0 million, consisting of \$0.6 million in employee separation costs, \$0.5 million in asset impairments and \$2.9 million in other costs. The focus of the 2007 restructuring activities will be on integration of acquisitions in the Industrial Packaging & Services segment and alignment of the market-focused strategy and implementation of the Greif Business System in the Paper, Packaging & Services segment.

During the second quarter of 2006, we recorded restructuring charges of \$10.3 million, consisting of \$3.9 million in employee separation costs, \$4.4 million in asset impairments and \$2.0 million in other costs. In 2006, our restructuring charges were primarily related to the final waves of the Industrial Packaging & Services segment’s global implementation of the Greif Business System.

### *Gain (Loss) on Sale of Timberland*

During the second quarter of 2007, we recorded a loss on sale of timber property of \$0.3 million compared to a gain of \$9.2 million in the second quarter of 2006. The timberland loss in the second quarter of 2007 resulted from a currency hedge on an anticipated Canadian timberland transaction that did not occur.

### *Gain on Disposal of Properties, Plants, and Equipment, Net*

During the second quarter of 2007, we recorded a net gain on disposal of properties, plants and equipment, net of \$3.4 million, primarily consisting of \$1.8 million in gains from the sale of surplus and HBU timber properties. During the second quarter of 2006, gain on disposals of properties, plants and equipment, net was \$5.5 million. This was primarily due to the sale of two held for sale properties.

### *Interest Expense, Net*

Interest expense, net was \$10.0 million and \$9.8 million for the second quarter of 2007 and 2006, respectively. The increase was primarily attributable to higher average debt outstanding due to our recent acquisitions partially offset by lower interest expense for the Senior Notes compared to the Senior Subordinated Notes.

### *Debt Extinguishment Charge*

During the second quarter of 2007, the Company issued \$300 million of 6<sup>3</sup>/<sub>4</sub> percent Senior Notes due 2017. At the same time, the Company completed a tender offer for its 8<sup>7</sup>/<sub>8</sub> percent Senior Subordinated Notes due 2012. In the tender offer, the Company purchased \$245.6 million aggregate principal amount of Senior Subordinated Notes, which represented 99 percent of the outstanding notes. As a result of this transaction, a debt extinguishment charge was recorded during the second quarter of 2007. This \$23.5 million charge included \$14.5 million in cash and \$9.0 million in non-cash items. Proceeds from the Senior Note issuance were primarily used to fund the purchase of the Senior Subordinated Notes in the tender offer. These actions, excluding the impact of the debt extinguishment charge, are immediately accretive to earnings.

### *Other Income (Expense) Net*

Other expense during second quarter of 2007 was \$4.3 million compared to other income of \$1.2 during the second quarter of 2006, resulting in an unfavorable variance of \$5.5 million. Zimbabwe hyperinflation for the second quarter of 2007 was an expense of \$1.1 million compared to income of \$2.4 million for the same period the previous year, resulting in an unfavorable variance of \$3.5 million. Revaluation of various intercompany loans, receivables and payables resulted in an expense of \$1.6 million during the second quarter of 2007 compared to short term income of \$0.3 million for the same period in the previous year, resulting in an unfavorable variance of \$1.9 million.



## Income Tax Expense

The effective tax rate was 28.0 percent and 31.1 percent in the second quarter of 2007 and 2006, respectively. The lower effective tax rate resulted from a change in the mix of income outside the United States in the second quarter 2007 compared to the same period last year.

## Net Income

Based on the foregoing, we recorded net income of \$18.6 million for the second quarter of 2007 compared to \$28.7 million in the second quarter of 2006.

## Year-to-Date Results

### Overview

Net sales were \$1.6 billion for the first half of 2007 compared to \$1.2 billion for the first half of 2006. Net sales increased 33 percent, including 3 percent from impact of foreign currency translation. The increase in net sales was attributable to the Industrial Packaging & Services segment (\$340.3 million increase), Paper, Packaging & Services segment (\$25.0 million increase) and the Timber segment (\$1.9 million decrease).

Operating profit was \$122.5 million for the first half of 2007 compared with \$109.5 million for the same period last year. Operating profit, before the impact of restructuring charges and timberland gains (losses), increased 53 percent to \$128.9 million for the first half of 2007 compared to \$84.5 million for the first half of 2006. This increase was attributable to the Industrial Packaging & Services segment (\$31.9 million increase), Paper, Packaging & Services segment (\$10.0 million increase) and the Timber segment (\$2.5 million increase). There were \$6.1 million and \$15.8 million of restructuring charges for the first half of 2007 and 2006, respectively, and \$0.3 million of timberland losses for the first half of 2007 and \$40.8 million of timberland gains for the first half of 2006.

The following table sets forth the net sales and operating profit for each of our business segments (Dollars in thousands):

For the six months ended April 30,	2007	2006
<b>Net sales:</b>		
Industrial Packaging & Services	\$1,229,049	\$ 888,728
Paper, Packaging & Services	328,488	303,522
Timber	8,265	10,173
Total net sales	<u>\$1,565,802</u>	<u>\$1,202,423</u>
<b>Operating profit:</b>		
Operating profit, before the impact of restructuring charges and timberland gains:		
Industrial Packaging & Services	\$ 90,346	\$ 58,445
Paper, Packaging & Services	28,717	18,682
Timber	9,862	7,346
Total operating profit before the impact of restructuring charges and timberland gains	<u>128,925</u>	<u>84,473</u>
Restructuring charges:		
Industrial Packaging & Services	2,843	12,487
Paper, Packaging & Services	3,243	3,258
Timber	—	10
Total restructuring charges	<u>6,086</u>	<u>15,755</u>
Timberland gains (losses):		
Timber	<u>(320)</u>	<u>40,807</u>
Operating profit:		
Industrial Packaging & Services	87,503	45,958
Paper, Packaging & Services	25,474	15,424
Timber	9,542	48,143
Total operating profit	<u>\$ 122,519</u>	<u>\$ 109,525</u>

## **Segment Review**

### *Industrial Packaging & Services*

In the Industrial Packaging & Services segment, we offer a comprehensive line of industrial packaging products, such as steel, fibre and plastic drums, intermediate bulk containers, closure systems for industrial packaging products and polycarbonate water bottles throughout the world. The key factors influencing profitability in the first half of 2007 compared to the first half of 2006 in the Industrial Packaging & Services segment were:

- Selling prices and sales volumes;
- Raw material costs, primarily steel, resin and containerboard;
- Benefits from executing the Greif Business System;
- Contributions from recent acquisitions; and
- Impact of foreign currency translation.

In this segment, net sales increased 38 percent to \$1.2 billion for the first half of 2007 compared to \$888.7 million for the same period last year, including 4 percent from impact of foreign currency translation. The improvement in net sales was primarily due to the Blagden and Delta acquisitions and organic growth, which included higher sales volumes across all regions with particular strength in the Americas, Europe and emerging markets.

The Industrial Packaging & Services segment's gross profit margin improved to 17.3 percent for the first half of 2007 from 16.9 percent in the first half of 2006. This improvement was primarily due to the improvement in net sales and positive contributions from the continued execution of the Greif Business System.

Operating profit was \$87.5 million for the first half of 2007 compared with \$46.0 million for the first half of 2006. Operating profit, before the impact of restructuring charges, rose to \$90.3 million for the first half of 2007 from \$58.4 million for the same period a year ago. Restructuring charges were \$2.8 million for the first half of 2007 compared with \$12.5 million a year ago.

### *Paper, Packaging & Services*

In the Paper, Packaging & Services segment, we sell containerboard, corrugated sheets and other corrugated products and multiwall bags in North America. The key factors influencing profitability in the first half of 2007 compared to the first half of 2005 in the Paper, Packaging & Services segment were:

- Selling prices and sales volumes;
- Raw material costs, primarily OCC;
- Energy and transportation costs; and
- Benefits from executing the Greif Business System.

In this segment, net sales were \$328.5 million for the first half of 2007 compared to \$303.5 million for the same period last year, an increase of 8 percent. The increase in net sales was due to improved selling prices for this segment's products.

The Paper, Packaging & Services segment's gross profit margin increase to 14.4 percent during the first half of 2007, compared to 14.0 percent for the same period last year. This change was due to the improvement in net sales, partially offset by higher OCC costs and the acceleration of major annual maintenance activities into the second quarter from the third quarter at one of our containerboard mills as compared to the same period last year.

Operating profit was \$25.5 million for the first half of 2007 compared with \$15.4 million for the first half of 2006. Operating profit, before the impact of restructuring charges, was \$28.7 million for the first half of 2007 compared with \$18.7 million the prior year. Restructuring charges were \$3.2 million for the first half of 2007 versus \$3.3 million a year ago.

### *Timber*

As of April 30, 2007, we owned approximately 264,450 acres of timber properties in southeastern United States, which are actively harvested and regenerated, and approximately 36,700 acres in Canada, which are harvested. The key factors influencing profitability in the first half of 2007 compared to the first half of 2006 in the Timber segment were:

- Planned level of timber sales;

- Gains (losses) on sale of timberland; and
- Sale of special use properties (surplus, HBU, and development properties).

In this segment, net sales were \$8.3 million for the first half of 2007 compared to \$10.2 million for the first half of 2006. Operating profit was \$9.5 million for the first half of 2007 compared with \$48.1 million for the first half of 2006. Operating profit, before the impact of restructuring charges and timberland gains (losses), was \$9.9 million for the first half of 2007 compared to \$7.3 million a year ago. Restructuring charges were insignificant for the first half in both years. Timberland losses were \$0.3 million for the first half of 2007 and timberland gains were \$40.8 million for the same period last year.

We completed the second and final phases of our previously reported \$90 million sales of timber, timberland and associated assets in the first quarter of 2006. In these phases, we sold 21,000 acres of timberland holdings in Florida for \$39.0 million, resulting in a gain of \$36.4 million.

## **Other Income Statement Changes**

### *Cost of Products Sold*

The cost of products sold, as a percentage of net sales, decreased to 82.6 percent for the first half of 2007 from 83.4 percent for the first half of 2006. The principal factor impacting this decrease was positive contribution from the continued execution of Greif Business system.

### *Selling, General and Administrative Expenses*

SG&A expenses were \$152.2 million, or 9.7 percent of net sales, for the first half of 2007 compared to \$121.8 million, or 10.1 percent of net sales, for the same period a year ago. The dollar increase was primarily due to the Blagden and Delta acquisitions during the first quarter of 2007 and the fourth quarter of 2006, respectively, and accruals related to performance based incentive plans.

### *Restructuring Charges*

During the first half of 2007, we recorded restructuring charges of \$6.1 million, consisting of \$1.3 million in employee separation costs, \$0.9 million in asset impairments and \$3.8 million in other costs. The focus of the 2007 restructuring activities are on integration of acquisitions in the Industrial Packaging & Services segment and on alignment of the market-focused strategy and implementation of the Greif Business System in the Paper, Packaging & Services segment.

During the first half of 2006, we recorded restructuring charges of \$15.8 million, consisting of \$6.8 million in employee separation costs, \$5.5 million in asset impairments and \$3.4 million in other costs. In 2006, our restructuring charges were primarily related to the final waves of the Industrial Packaging & Services segment's global implementation of the Greif Business System.

### *Gain (Loss) on Sale of Timberland*

During the first half of 2007, we recorded a loss of \$2 million compared to a \$40.8 million gain during the first half of 2006, which included from the second phase of a sale of timberland holdings in Florida, Georgia and Alabama.

### *Gain on Disposal of Properties, Plants and Equipment, Net*

During the first half of 2007, we recorded a net gain on disposal of properties, plants and equipment, net of \$8.6 million, primarily consisting of \$5.8 million in gains from the sale of surplus and HBU timber properties. During the first half of 2006, gain on disposals of properties, plants and equipment, net was \$7.2 million. This was primarily due to the sale of two held for sale properties.

### *Interest Expense, Net*

Interest expense, net was \$22.1 million and \$19.0 million for the first half of 2007 and 2006, respectively. The increase was primarily due to higher average debt outstanding due to our recent acquisitions partially offset by lower interest expenses for the Senior Notes compared to the Senior Subordinated Notes.

### *Debt Extinguishment Charge*

During the second quarter of 2007, the Company issued \$300 million of 6<sup>3</sup>/<sub>4</sub> percent Senior Notes due 2017. At the same time, the Company completed a tender offer for its 8<sup>7</sup>/<sub>8</sub> percent Senior Subordinated Notes due 2012. In the tender offer, the Company purchased \$245.6 million aggregate principal amount of Senior Subordinated Notes, which represented 99 percent of the outstanding notes. As a result of this transaction, a debt extinguishment charge was recorded during the second quarter of 2007. This \$23.5 million charge included \$14.5 million in cash and \$9.0 million in non-cash items. Proceeds from the Senior Note issuance were primarily used to fund the purchase of the Senior Subordinated Notes in the tender offer. These actions, excluding the impact of the debt extinguishment charge, are immediately accretive to earnings.

### *Other Income (Expense), Net*

Other expense during second half of 2007 was \$5.1 million compared to other income of \$0.8 during the first half of 2006, resulting in an unfavorable variance of \$5.9 million, primarily due to Zimbabwe hyperinflation for the first half of 2007, which was an expense of \$0.6 million compared to income of \$3.1 million during the first half of 2006, resulting in an unfavorable variance of \$3.7 million.

### *Income Tax Expense*

The effective tax rate was 26.2 percent and 31.0 percent in the first half of 2007 and 2006, respectively, resulting in an income tax expense of \$18.8 million for the first half of 2007 and an income tax expense of \$28.3 million for the first half of 2006. The lower effective tax rate resulted from a change in the mix of income outside the United States and the debt extinguishment charge of approximately \$23.5 million in the second quarter 2007.

### *Net Income*

Based on the foregoing, our net income was \$52.6 million for the first half of 2007 compared to net income of \$62.0 million in the same period last year.

## **LIQUIDITY AND CAPITAL RESOURCES**

Our primary sources of liquidity are operating cash flows, the proceeds from our trade accounts receivable credit facility, proceeds from the sale of our European accounts receivable and borrowings under our Credit Agreement, further discussed below. We have used these sources to fund our working capital needs, capital expenditures, cash dividends, common stock repurchases and acquisitions. We anticipate continuing to fund these items in a like manner. We currently expect that operating cash flows, the proceeds from our trade accounts receivable credit facility, proceeds from the sale of our European accounts receivable and borrowings under our Credit Agreement will be sufficient to fund our working capital, capital expenditures, debt repayment and other liquidity needs for the foreseeable future.

### **Capital Expenditures and Business Acquisitions**

During the first half of 2007, we invested \$74.2 million in capital expenditures, excluding timberland purchases of \$0.4 million, compared with capital expenditures of \$45.5 million, excluding timberland purchases of \$36.7 million, during the same period last year.

We expect capital expenditures excluding timberland purchases to be approximately \$110 million in 2007, which would be equal to our anticipated annual depreciation expense of approximately \$110 million.

We acquired Blagden's steel drum manufacturing and closures businesses in the first quarter of 2007. Net sales of the acquired operations, which are located in Europe and Asia, were approximately \$265 million for the annual period prior to the acquisition.

### **Balance Sheet Changes**

Cash and cash equivalents, along with short-term borrowings and long-term debt were all primarily impacted by the acquisition of Blagden and two small industrial packaging companies in the United States and one in North Africa (collectively, the "2007 Acquisitions").

Our trade accounts receivable increased \$35.1 million primarily due to the 2007 Acquisitions.

Inventories increased \$42.5 million, with \$32 million primarily due to the 2007 Acquisitions. Additionally, one of our subsidiaries had low inventory levels at October 31, 2006, which increased during the second quarter of 2007.

Goodwill increased \$120.7 million primarily due to the 2007 Acquisitions.

Intangible assets increased a net \$72.6 million primarily due to the 2007 Acquisitions. These assets, based on preliminary allocations of purchase price, were primarily related to trade name, customer relationship, and non-compete agreements.

Other long-term assets increased \$20.4 million, with \$14.7 million related to costs to be allocated in connection with the 2007 Acquisitions as purchase accounting is finalized.

Properties, plants and equipment increased \$105.5 million primarily due to the 2007 Acquisitions.

Deferred tax liability increased \$24.7 million primarily due to the 2007 Acquisitions.

Other long-term liabilities increased \$37.4 million, with \$10.2 million primarily due to the 2007 Acquisitions and \$18.6 due to the negative impact of interest rate swaps.

## **Borrowing Arrangements**

### ***Credit Agreement***

We and certain of our international subsidiaries, as borrowers, and a syndicate of financial institutions are parties to a Credit Agreement (the "Credit Agreement") that provides us with a \$450.0 million revolving multicurrency credit facility. The revolving multicurrency credit facility is available to us for ongoing working capital and general corporate purposes. Interest is based on a euro currency rate or an alternative base rate that resets periodically plus a calculated margin amount. There was \$289.8 million and \$115.2 million outstanding under the Credit Agreement at April 30, 2007 and October 31, 2006, respectively. The increase in outstanding debt under the Credit Facility was primarily due to funds borrowed to finance the Blagden acquisition which was completed in the first quarter of 2007.

The Credit Agreement contains certain covenants, which include financial covenants that require us to maintain a certain leverage ratio and a minimum coverage of interest expense. The leverage ratio generally requires that at the end of any fiscal quarter we will not permit the ratio of (a) our total consolidated indebtedness less cash and cash equivalents to (b) our consolidated net income plus depreciation, depletion and amortization, interest expense (including capitalized interest), income taxes, and minus certain extraordinary gains and non-recurring gains (or plus certain extraordinary losses and non-recurring losses) for the preceding twelve months ("EBITDA") to be greater than 3.5 to 1. The interest coverage ratio generally requires that at the end of any fiscal quarter we will not permit the ratio of (a) our EBITDA to (b) our interest expense (including capitalized interest) for the preceding twelve months to be less than 3.0 to 1. As of April 30, 2007, we were in compliance with these covenants. The terms of the Credit Agreement limit our ability to make "restricted payments," which include dividends and purchases, redemptions and acquisitions of our equity interests. The repayment of this facility is secured by a pledge of the capital stock of substantially all of our United States subsidiaries and, in part, by the capital stock of the international borrowers.

### ***Senior Notes***

On February 9, 2007, we issued \$300.0 million of our 6.75 percent Senior Notes due February 1, 2017. Proceeds from the issuance of the Senior Notes were principally used to fund the purchase of the Senior Subordinated Notes in the tender offer, discussed below, and for general corporate purposes. The Senior Notes are general unsecured obligations of Greif, provide for semi-annual payments of interest at a fixed rate of 6.75 percent, and do not require any principal payments prior to maturity on February 1, 2017. The Senior Notes are not guaranteed by any of our subsidiaries and thereby are effectively subordinated to all of our subsidiaries' existing and future indebtedness. The Indenture pursuant to which the Senior Notes were issued contains covenants, which, among other things, limit our ability to create liens on our assets to secure debt and to enter into sale and leaseback transactions. These covenants are subject to a number of limitations and exceptions as set forth in the Indenture. At April 30, 2007, we were in compliance with these covenants. The fair value of the Senior Notes was \$303.0 million at April 30, 2007 based upon quoted market prices.

### ***Senior Subordinated Notes***

On February 9, 2007, we completed a tender offer for our 8.875 percent Senior Subordinated Notes. In the tender offer, we purchased \$245.6 million aggregate principal amount of our outstanding Senior Subordinated Notes. As a result of this transaction, a debt extinguishment charge of \$23.5 million (\$14.5 million in cash and \$9.0 million in non-cash items, such as the write-off of unamortized capitalized debt issuance costs) was recorded during the second quarter 2007. The Indenture pursuant to which the Senior Subordinated Notes were issued contains certain covenants. At April 30, 2007, we were in compliance with these covenants. In connection with the completion of the tender offer for our Senior Subordinated Notes, we received the requisite consent and amended this Indenture to eliminate substantially all of the restrictive covenants and certain events of default contained in the Indenture. The fair value of the Senior Subordinated Notes was \$2.5 million and \$256.0 million at April 30, 2007 and October 31, 2006, respectively, based upon quoted market prices.

### ***Trade Accounts Receivable Credit Facility***

We have a \$120.0 million credit facility with an affiliate of a bank in connection with the securitization of certain of our United States trade accounts receivable. The credit facility is secured by certain of our United States trade accounts receivable and bears interest at a variable rate based on the London InterBank Offered Rate ("LIBOR") plus a margin or other agreed upon rate. We can terminate this facility at any time upon 60 days prior written notice. In connection with this transaction, we established Greif Receivables Funding LLC ("GRF"), which is included in our consolidated financial statements. However, because GRF is a separate and distinct legal entity from us, the assets of GRF are not available to satisfy our liabilities and obligations and the liabilities of GRF are not our liabilities or obligations. This entity purchases and services our trade accounts receivable that are subject to this credit facility. There was a total of \$99.2 million and \$120.0 million outstanding under the trade accounts receivable credit facility at April 30, 2007 and October 31, 2006, respectively.

The trade accounts receivable credit facility provides that in the event we breach any of our financial covenants under the Credit Agreement, and the majority of the lenders thereunder consent to a waiver thereof, but the provider of the trade accounts receivable credit facility does not consent to any such waiver, then we must within 90 days of providing notice of the breach, pay all amounts outstanding under the trade accounts receivable credit facility.

#### **Other**

In addition to the borrowings and facilities described above, we had outstanding debt of \$84.6 million and \$33.0 million, comprised of \$31.6 million and \$3.7 million in long-term debt and \$53.0 million and \$29.3 million in short-term borrowings, at April 30, 2007 and October 31, 2006, respectively.

#### **Sale of European Accounts Receivable**

Pursuant to the terms of a Receivable Purchase Agreement (the "RPA") between Greif Coordination Center BVBA (the "Seller"), an indirect wholly-owned subsidiary of Greif, Inc., and a major international bank (the "Buyer"), the Seller has agreed to sell trade receivables to Buyer that meet certain eligibility requirements and that Seller has purchased from other indirect wholly-owned subsidiaries of Greif, Inc. under discounted receivables purchase agreements and from Greif France SAS under a factoring agreement. In addition, Greif Italia S.p.A., also an indirect wholly-owned subsidiary of Greif, Inc., is a party to an Italian Receivables Purchase Agreement with the Italian branch of the major international bank (the "Italian RPA") pursuant to which it sells trade receivables that meet certain eligibility criteria to the Italian branch of the major international bank. The Italian RPA is similar in structure and terms as the RPA.

On April 30, 2007, the RPA was amended and restated and the Italian RPA was amended by the parties thereto. As a result of the amended and restated RPA and the amended Italian RPA: (i) the maximum amount of aggregate receivables that may be sold under our European accounts receivable sales program was increased from €90.0 million to €118.0 million (\$160.6 million at April 30, 2007); (ii) Greif Packaging Belgium NV and Greif Packaging Spain S.A., both indirect wholly owned subsidiaries of Greif, Inc., have established discounted receivables purchase agreements with the Seller; and (iii) Greif Packaging France SAS, an indirect wholly owned subsidiary of Greif, Inc., has established a factoring agreement with the Seller.

The structure of the transaction provides for a legal true sale, on a revolving basis, of the receivables transferred from the various Greif, Inc. subsidiaries to Seller and from Seller to Buyer. The Buyer funds an initial purchase price of a certain percentage of eligible receivables based on a formula with the initial purchase price approximating 70 percent to 80 percent of eligible receivables, as defined. The remaining deferred purchase price is settled upon collection of the receivables. At the balance sheet reporting dates, we remove from accounts receivable the amount of proceeds received from the initial purchase price since they meet the applicable criteria of SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities," and continues to recognize the deferred purchase price in its accounts receivable. The receivables are sold on a non-recourse basis with the total funds in the servicing collection accounts pledged to Buyer between the semi-monthly settlement dates. At April 30, 2007, €89.7 million (\$122.0 million) of accounts receivable were sold under the RPA and Italian RPA.

At the time the receivables are initially sold, the difference between the carrying amount and the fair value of the assets sold are included as a loss on sale in the consolidated statements of income. Expenses, primarily related to the loss on sale of receivables, associated with the RPA and Italian RPA totaled €0.6 million (\$0.8 million) and €0.3 million (\$0.4 million) for the three months ended April 30, of 2007 and 2006, respectively. Expenses associated with the RPA and Italian RPA totaled €1.1 million (\$1.4 million) and €0.5 million (\$0.7 million) for the six months ended April 30, 2007 and 2006, respectively. Additionally, we perform collections and administrative functions on the receivables sold similar to the procedures it uses for collecting all of its receivables, including receivables that are not sold under the RPA and Italian RPA. The servicing liability for these receivables is not material to the consolidated financial statements.

#### **SIGNIFICANT NONSTRATEGIC TIMBERLAND TRANSACTIONS**

In connection with one of our 2005 timberland transactions with Plum Creek Timberlands, L.P. ("Plum Creek"), Soterra LLC (one of our wholly owned subsidiaries) received cash and a \$50.9 million purchase note payable by an indirect subsidiary of Plum Creek (the "Purchase Note"). Soterra LLC contributed the Purchase Note to STA Timber LLC ("STA Timber"), one of our indirect wholly owned subsidiaries. The Purchase Note is secured by a Deed of Guarantee issued by Bank of America, N.A., London Branch, in an amount not to exceed \$52.3 million (the "Deed of Guarantee"). STA Timber has issued in a private placement 5.20 percent Senior Secured Notes due August 5, 2020 (the "Monetization Notes") in the principal amount of \$43.3 million. The Monetization Notes are secured by a pledge of the Purchase Note and the Deed of Guarantee. Greif, Inc. and its other subsidiaries have not extended any form of guaranty of the principal or interest on the Monetization Notes. Accordingly, Greif, Inc. and its other subsidiaries will not become directly or contingently liable for the payment of the Monetization Notes at any time.

## **Contractual Obligations**

As of April 30, 2007, we had the following contractual obligations (Dollars in millions):

	<u>Total</u>	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>After 5 years</u>
Long-term debt	\$ 977.5	\$ 21.4	\$ 524.0	\$ 40.9	\$ 391.2
Short-term borrowings	54.5	54.5	—	—	—
Non-cancelable operating leases	32.6	6.2	15.6	7.2	3.6
Timber note securitized	72.9	1.1	4.5	4.5	62.8
Total contractual cash obligations	<u>\$1,137.5</u>	<u>\$ 83.2</u>	<u>\$ 544.1</u>	<u>\$ 52.6</u>	<u>\$ 457.6</u>

## **Stock Repurchase Program**

Our Board of Directors has authorized us to purchase up to four million shares of Class A Common Stock or Class B Common Stock or any combination of the foregoing. During the first six months of 2007, we repurchased 100,000 shares of Class A and Class B Common Stock. As of April 30, 2007, we had repurchased 2,252,128 shares, including 1,358,008 shares of Class A Common Stock and 893,120 shares of Class B Common Stock, under this program. The total cost of the shares repurchased from 1999 through April 30, 2007 was approximately \$46.2 million.

## **Recent Accounting Standards**

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections." SFAS No. 154 replaces APB Opinion No. 20, "Accounting Changes", and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements." It applies to all voluntary changes in accounting principle and requires that they be reported via retrospective application. It is effective for all accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005 (2007 for us). The adoption of this statement did not have a material impact on our consolidated financial statements.

In June 2006, the FASB issued FIN No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of SFAS No. 109, Accounting for Income Taxes, to create a single model to address accounting for uncertainty in tax positions. FIN No. 48 clarifies the accounting for income taxes by prescribing a minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. We will adopt FIN 48 as of November 1, 2007, as required. The cumulative effect of adopting FIN No. 48 will be recorded in retained earnings and other accounts as applicable. We have not determined the effect, if any, the adoption of FIN No. 48 will have on our consolidated financial position and results of operations.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements", which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements. SFAS No.157 is effective in fiscal years beginning after November 15, 2007 (2008 for us). The adoption of this statement is not expected to have a material impact on our consolidated financial statements.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Pension and Other Postretirement Plans". This Statement requires recognition of the funded status of a single-employer defined benefit postretirement plan as an asset or liability in its statement of financial position. Funded status is determined as the difference between the fair value of plan assets and the benefit obligation. Changes in that funded status should be recognized in other comprehensive income. This recognition provision and the related disclosures are effective as of the end of the fiscal year ending after December 15, 2006 (2007 for us). The Statement also requires the measurement of plan assets and benefit obligations as of the date of the fiscal year-end statement of financial position. This measurement provision is effective for years ending after December 15, 2008 (2009 for us). The effect of this pronouncement on our consolidated financial statements for 2007 is expected to be an increase in our liabilities of \$34 million and a decrease in shareholder's equity of \$34 million.

In February 15, 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities", which allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement for certain financial assets and liabilities on a contract-by-contract basis. Subsequent changes in fair value of these financial assets and liabilities would be recognized in earnings when they occur. SFAS No. 159 further establishes certain additional disclosure requirements. SFAS No. 159 is effective for our financial statements for the fiscal year beginning on November 1, 2008, with earlier adoption permitted. We are currently evaluating the impact and timing of the adoption of SFAS No. 159 on our consolidated financial statements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK**

There has not been a significant change in the quantitative and qualitative disclosures about our market risk from the disclosures contained in the 2006 Form 10-K.

**ITEM 4. CONTROLS AND PROCEDURES**

With the participation of our principal executive officer and principal financial officer, Greif's management has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this report. Based upon that evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report:

- Information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission;
- Information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure; and
- Our disclosure controls and procedures are effective.

There has been no change in our internal controls over financial reporting that occurred during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

**PART II. OTHER INFORMATION**

**ITEM 1A. RISK FACTORS**

There have been no material changes in our risk factors from those disclosed in the 2006 Form 10-K under Part I, Item 1A – Risk Factors.



**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS****Issuer Purchases of Class A Common Stock**

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs (1)</u>
November 2006	—		—	1,848,872
December 2006	—		—	1,848,872
January 2007	—		—	1,848,872
February 2007	—		—	1,848,872
March 2007	54,600	\$ 55.08	54,600	1,781,072
April 2007	—		—	1,748,872
	<u>54,600</u>		<u>54,600</u>	

**Issuer Purchases of Class B Common Stock**

<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid Per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)</u>	<u>Maximum Number (or Approximate Dollar Value) of Shares that May Yet Be Purchased under the Plans or Programs (1)</u>
November 2006	—		—	1,848,872
December 2006	—		—	1,848,872
January 2007	—		—	1,848,872
February 2007	—		—	1,848,872
March 2007	13,200	\$ 50.97	13,200	1,781,072
April 2007	32,200	\$ 43.39	32,200	1,748,872
	<u>45,400</u>		<u>45,400</u>	

- (1) Our Board of Directors has authorized a stock repurchase program which permits us to purchase up to 4.0 million shares of our Class A Common Stock or Class B Common Stock, or any combination thereof. As of April 30, 2007, the maximum number of shares that may yet be purchased is 1,748,872, which may be any combination of Class A Common Stock or Class B Common Stock.

**ITEM 6. EXHIBITS**

## (a.) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibit</u>
3.1	Amendment to Amended and Restated Certificate of Incorporation of Greif, Inc..
10.1	Amended and Restated Receivables Purchase Agreement dated as of April 30, 2007, among Greif Coordination Center BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Seller, Greif Belgium BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Servicer, and ING Belgium S.A., as Purchaser and Transaction Administrator.
10.2	Receivables Purchase Agreement dated as of October 28, 2005, among Greif Italia S.p.A. (an indirect wholly owned subsidiary of Greif, Inc.), as Seller and Servicer, Greif Belgium BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Master Servicer, and ING Belgium S.A., as Purchaser and Transaction Administrator.
10.3	Amendment to Receivables Purchase Agreement dated as of June 29, 2006, among Greif Italia S.p.A. (an indirect wholly owned subsidiary of Greif, Inc.), as Seller and Servicer, Greif Belgium BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Master Servicer, and ING Belgium S.A., as Purchaser and Transaction Administrator.
10.4	Amendment to Receivables Purchase Agreement dated as of October 27, 2006, among Greif Italia S.p.A. (an indirect wholly owned subsidiary of Greif, Inc.), as Seller and Servicer, Greif Belgium BVBA (an indirect wholly owned subsidiary of Greif, Inc.), as Master Servicer, and ING Belgium S.A., as Purchaser and Transaction Administrator.
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31.1	Certification of Chief Executive Officer Pursuant to Rule 13a - 14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a - 14(a) of the Securities Exchange Act of 1934.
32.1	Certification of Chief Executive Officer required by Rule 13a - 14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.
32.2	Certification of Chief Financial Officer required by Rule 13a - 14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of Title 18 of the United States Code.

**SIGNATURES**

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

**Greif, Inc.**  
(Registrant)

Date: June 8, 2007

/s/ Donald S. Huml

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Donald S. Huml, Executive Vice President and Chief Financial Officer  
(Duly Authorized Signatory)

**GREIF, INC.**

**Form 10-Q  
For Quarterly Period Ended April 30, 2007**

**EXHIBIT INDEX**

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State of Delaware  
Secretary of State  
Division of Corporations  
Delivered 01:47 PM 03/21/2007  
FILED 01:47 PM 03/21/2007  
SRV 070343931 – 0195525 FILE

CERTIFICATE OF AMENDMENT  
TO  
AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION  
OF  
GREIF, INC.

Greif, Inc. (the “Company”), a corporation organized and existing under the General Corporation Law of Delaware (the “GCL”), hereby certifies as follows: (a) the resolution set forth below was duly adopted by the Board of Directors of the Company pursuant to Section 242 of the GCL at a meeting duly called and held on December 5, 2006; and (b) such resolution was duly adopted by the holders of a majority of the Company’s outstanding stock entitled to vote thereon, and a majority of the outstanding stock of each class entitled to vote thereon as a class, pursuant to Section 242 of the GCL at a meeting of the stockholders of the Company duly called and held on February 26, 2007, pursuant to Section 222 of the GCL. The resolution is as follows:

Increase in Authorized Common Stock

“RESOLVED, that the first paragraph of Article Fourth of the Company’s Amended and Restated Certificate of Incorporation be amended in its entirety and replaced by the following:

FOURTH: The total number of authorized shares of the capital stock of this Corporation is one hundred and ninety seven million one hundred and twenty thousand (197,120,000), divided into two classes, namely: Class A Common Stock and Class B Common Stock, all of which shall be without nominal or par value. The total number of shares of such Class A Common Stock authorized is one hundred twenty eight million (128,000,000) shares, without nominal or par value. The total number of shares of such Class B Common Stock authorized is sixty nine million one hundred and twenty thousand (69,120,000) shares, without nominal or par value. The description of said classes of stock and the designations, preferences and restrictions, if any, and the voting powers or restrictions or qualifications of such Class A Common Stock and Class B Common stock are as follows:

The remainder of Article Fourth of the Company’s Amended and Restated Certificate of Incorporation shall remain unchanged.”

This certificate has been signed by Michael J. Gasser, the Chairman and Chief Executive Officer of the Company, on March 15, 2007.

/s/ Michael J. Gasser  
\_\_\_\_\_  
Michael J. Gasser, Chairman,  
Chief Executive Officer and President

**AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT**

**originally dated 28 October 2004, amended and restated on 28 October 2005, amended on 29 June  
2006 and on 27 October 2006 and amended and restated on 30 April 2007**

**ING Belgium S.A.**

**as Purchaser and Transaction Administrator**

**Greif Coordination Center BVBA**

**as Seller**

**Greif Belgium BVBA**

**as Servicer**

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**Between:**

1. **ING BELGIUM S.A.**, a corporation organised under the laws of Belgium, having its registered office at Avenue Marnix 24, 1000 Bruxelles, registered with the register of legal entities (RPM/RPR) under the number 0403200393 represented by Mr. Pim Wagnon (proxyholder) (the **“Purchaser”**)
2. **Greif Coordination Center BVBA** (formerly known as “Van Leer Coordination Center B.V.B.A.”), a corporation organised under the laws of Belgium, having its registered office at Beukenlei 24, 2960 Brecht, registered with the register of legal entities (RPM/RPR) under the number 0438202052 represented by Mr. Michel Verholen (manager) (the **“Seller”**)
3. **Greif Belgium BVBA**, a corporation organised under the laws of Belgium, having its registered office at Bollaarstraat 6, 2500 Lier, registered with the register of legal entities (RPM/RPR) under the number 0407237771, represented by Ms. Wanda van Engelen (proxyholder) (the **“Servicer”**)
4. **ING BELGIUM S.A.**, a corporation organised under the laws of Belgium, having its registered office at Avenue Marnix 24, 1000 Brussels, registered with the register of legal entities (RPM/RPR) under the number 0403200393 represented by Mr. Pim Wagnon (proxyholder) and acting in its capacity as agent for the Purchaser and any assignee thereof or sub-agent thereof (the **“Transaction Administrator”**)

**WHEREAS**

- (A) The Seller purchases trade receivables that meet certain eligibility criteria from Greif Belgium BVBA, Greif Germany GmbH, Greif Nederland BV, Greif UK Ltd, Greif Spain SA, Greif Portugal Lda., Greif Packaging Belgium NV and Blagden Packaging Spain S.A. under discounted receivables purchase agreements and from Greif France SAS and Greif Packaging France SAS under a factoring agreement in the course of its business.
- (B) The Seller and the Purchaser agree, upon the terms and subject to the conditions hereof that the Seller will on a daily basis or, in relation to trade receivables originated by Greif France SAS and Greif Packaging France SAS on a periodical basis, sell and assign to the Purchaser all these trade receivables (the **“Programme”**).
- (C) The Servicer has agreed, upon the terms and subject to the conditions of the Servicing Agreement (as defined below) to act as the agent of the Purchaser and for the benefit of and in accordance with the sole instructions of the Purchaser and/or the Transaction Administrator in connection with the collection of the Receivables assigned to the Purchaser in accordance with the terms hereof.

**NOW IT IS HEREBY AGREED** as follows:

**Clause 1: Definitions**

Under this Receivables Purchase Agreement, in addition to the terms defined in the recitals, the following terms shall have the following meaning, unless the context otherwise requires :

Acceleration shall have the meaning ascribed to such term in Clause 17.1.



Adverse Right means any charge, encumbrance, proprietary or security interest, right of retention, lien or privilege (“*privèlge*”/“*voorrecht*”) or other right or claim in, over or on any person’s assets in favour of any other persons (other than the Originator with which the Obligor has entered into a contract of sale) (but excluding the rights of any Obligor in respect of the use or possession of goods in accordance with the sales contracts under which Purchased Receivables arise).

Agreement means this Receivables Purchase Agreement (with its Enclosures and Annexes) as it appears at all times, taking into account any amendments or changes that have been made thereto.

Amendment and Restatement Agreement means each of (i) the amendment and restatement agreement dated 28 October 2005 between the Purchaser, the Seller, the Servicer and the Transaction Administrator and (ii) the amendment and restatement agreement dated 30 April 2007 between the Purchaser, the Seller, the Servicer and the Transaction Administrator.

Available Amount has the meaning set out in Enclosure IV.

Backup Servicer means such person so designated from time to time in accordance with clause 7 of the Servicing Agreement.

Business Day means any Target Day (other than a Saturday or a Sunday) on which credit institutions are open for business in Belgium, Italy and France.

Calculation Date means each date which is two Business Days before a Settlement Date.

Cash Balancing Agreement means any of (i) the Cash Balancing Agreement EUR dated 13 September 2004 between Greif Coordination Center BVBA (as Master Account Holder) and Greif Belgium BVBA, Greif France SAS, Greif Spain S.A., Greif Germany GmbH, Greif UK Ltd and Greif Nederland BV (each as Participating Account Holder), the Purchaser (as Principal Bank) and ING Bank N.V., ING Bank Nederland and ING Bank France S.A. (as Affiliated Bank), (ii) the Cash Balancing Agreement GBP dated 13 September 2004 between Greif Coordination Center BVBA (as Master Account Holder) and Greif UK Ltd (as Participating Account Holder) and ING Belgium SA/NV (as Principal Bank) and ING Bank NV (as Affiliated Bank), (iii) the Cash Balancing Accession Agreement dated 30 November 2005 between, amongst others, Greif Coordination Center BVBA (as Master Account Holder), Greif Portugal Lda. (as Acceding Party) and the Purchaser (as Principal Bank), (iv) the Cash Balancing Accession Agreement dated 15 March 2007 between Greif Coordination Center BVBA (as Master Account Holder), Greif Packaging Belgium NV (as Acceding Party) and the Purchaser (as Principal Bank), (v) the Cash Balancing Accession Agreement with effect on 9 February 2007 between Greif Coordination Center BVBA (as Master Account Holder), Greif Packaging France SAS (as Acceding Party) and the Purchaser (as Principal Bank) and (vi) the Cash Balancing Accession Agreement with effect on 9 February 2007 between Greif Coordination Center BVBA (as Master Account Holder), Greif Packaging Spain S.A. (as Acceding Party) and the Purchaser (as Principal Bank).

Cash Deficiency means the balance of the Decrease of GIPP remaining outstanding after allocation of Available Amounts in accordance with Clause 11, as a result of the circumstance that insufficient Available Amounts are available in the Portfolio to allocate the Decrease of GIPP.

Charges has the meaning set out in Enclosure VI.

Collections means with respect to any Purchased Receivable, all cash proceeds, set off, other cash proceeds or other amounts received or recovered in respect thereof, including, without limitation, any payments made on any bill of exchange, promissory note or other negotiable instrument issued in respect of such Purchased Receivable to any holder thereof (whether or not issued in breach of any provisions of this Agreement), all cash proceeds from enforcement of security with respect to such Purchased Receivable, all recoveries of value added tax from any relevant tax authority relating to any Defaulted Receivable and all indemnities received pursuant to the Credit Insurance Contract.

Collection Period means, with respect to any Settlement Date, the Data Period immediately preceding such Settlement Date or, upon Acceleration or Termination Event, such period as the Transaction Administrator will designate.

Conical Obligor means each Obligor working in the food industry for the packaging of vegetables and fruit products and buying conical shaped steel drum.

Conical Season means the season starting in April of a calendar year and ending in March of the following calendar year.

Combined Portfolio means the aggregate of the Global Portfolio and the Italian Global Portfolio.

Compliance Certificate means the certificate substantially in the form of Enclosure VII.

Computer File means any of:

- a) the computer file, to be delivered, by no later than 12 a.m. on each Transmission Date and each Purchase Date, by the Seller to the Purchaser under which the Eligible Receivables for Purchase which are French Receivables are identified and individualised (*designées et identifiées*), without any ambiguity, for ownership purposes and comply with the Eligibility Criteria for Purchase; or
- b) the computer file to be delivered, (i) two Business Days before the date at which Purchased Receivables which are French Receivables are to be repurchased by the Seller to the Purchaser in accordance with Clauses 24.1 and 24.2 and (ii) on the corresponding repurchase date under which those French Receivables to be repurchased are identified and individualised (*designées et identifiées*), without any ambiguity, for ownership purposes

in each case, containing the following information:

- (i) the name and address of each Obligor;
- (ii) the date and the number of each invoice;
- (iii) the Outstanding Nominal Value;
- (iv) the invoice payment date;
- (v) the VAT number for each French Receivable as mentioned on the invoice or any other reference used by the Seller that permits the easy identification of the Obligor of such French Receivable;
- (vi) an indication of any bill of exchange, promissory note (*'lettre de change'*, *'LCR'*), letter of credit or any other means of payment issued in respect of any French Receivable;
- (vii) the face value of each French Receivable; and
- (viii) the aggregate value of all French Receivables listed in the relevant Computer File.

Conditions Precedent means the conditions precedent as set out in Clause 3.3 and/or Clause 3.4 (as applicable).

Confirmation of Transfer Deed means a confirmation of transfer deed, for the purposes, with the effects and in the form set out in Enclosure VIII of this Agreement, confirming the transfer in favour of the Purchaser of title, ownership and rights in respect of Spanish Receivables and all related security, which are purchased under this Agreement during the two preceding Data Periods.

Costs means the costs described in Enclosure VI.

Credit and Collection Policies means the credit and collection policies, including the responsibility matrices attached thereto as described in Enclosure V.

Credit Insurance Company means Coface Belgium.

Credit Insurance Contract means the existing insurance contract dated 29 June 2006 entered into by the Seller with the Insurance Company, as amended from time to time with the approval of the Purchaser/ Transaction Administrator.

Current Account has the meaning set out in Clause 12.1.

Cut-off Date means each day which is five Business Days before a Transmission Date.

Daily Sales Outstanding (D.S.O.) means :

(the Outstanding Nominal Value of the Global Portfolio on the last day of the relevant Data Period + the Outstanding Nominal Value of the Global Portfolio of the 2 previous months each time as existing on the last day of the relevant Data Period) \* 90

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(the Portfolio of the concerned Data Period + the Portfolio of the 2 previous Data Periods ) \* 3

Data Period means, in relation to any Cut-off-Date, the period starting the day following the preceding Cut-off Date and ending on the following Cut-off Date.

Decrease of GIPP has the meaning set out in Enclosure IV.

Deemed Collections has the meaning ascribed to such term in Clause 12.2.

Defaulted Receivable shall have the meaning ascribed to such term in paragraph 2.4 of part 2 (Eligibility Criteria for Calculation of GIPP) of Enclosure I.

Default Reserve Rate has the meaning set out in Enclosure IV.

Default Reserve Floor has the meaning set out in Enclosure IV.

Deferred Purchase Price ("DPP") means that portion of the Purchase Price of the Portfolio which is payable to the Seller on a deferred basis pursuant to the terms of this Agreement and calculated in accordance with Enclosure IV.

Dilution means any discount, rebate, refund, billing error, expense (including invoice substitution), credit against Purchased Receivables and against Eligible Receivables for Purchase which are French Receivables and which are originated by the French Originators and will be sold on the Purchase Date which coincides with the following Settlement Date and other adjustment or allowance in respect of Purchased Receivables permitted or incurred by the Seller.

Dilution Reserve Rate has the meaning set out in Enclosure IV.

Discounted Receivables Purchase Agreement means any of (i) the discounted receivables purchase agreement dated 28 October 2004 between Greif Germany GmbH as seller and the Seller as buyer, as amended on 27 October 2006 and from time to time thereafter, (ii) the discounted receivables purchase agreement dated 28 October 2004 between Greif Belgium BVBA as seller and the Seller as buyer, (iii) the discounted receivables purchase agreement dated 28 October 2004 between Greif Nederland BV as seller and the Seller as buyer, as amended on 27 October 2006 and from time to time thereafter, (iv) the discounted receivables purchase agreement

dated 28 October 2004 between Greif UK Ltd as seller and the Seller as buyer, as amended on 27 October 2006 and from time to time thereafter, (v) the discounted receivables purchase agreement dated 28 October 2004 between Greif Spain SA as seller and the Seller as buyer, as amended on 27 October 2006 and from time to time thereafter, and (vi) the Factoring Agreements, (vii) the discounted receivables purchase agreement dated 28 October 2005 between Greif Portugal Lda. as seller and the Seller as buyer, (viii) the discounted receivables purchase agreement dated 30 April 2007 between Greif Packaging Belgium NV as seller and the Seller as buyer and (ix) the discounted receivables purchase agreement dated 30 April 2007 between Greif Packaging Spain S.A. as seller and the Seller as buyer.

Dutch Originator means Greif Nederland B.V.

Eligible Receivables for Purchase means Receivables that, on the relevant Purchase Date for such Receivables, comply with all the Eligibility Criteria for Purchase listed in item 1 of Enclosure I of this Agreement.

Eligible Receivables for Calculation of GIPP means Receivables that, at the time of the relevant calculation, comply with all the Eligibility Criteria for Calculation of GIPP listed in item 2 of Enclosure I.

Euro or EUR means the currency of the participating member states of the European Communities in accordance with the definition given in article 109-L-4 of the European Union Treaty and in the Council Regulation (EC) n° 974/98 of May 3, 1998 on the introduction of the euro.

Excess Available Amount means the balance of the Available Amount after the payments and allocations made pursuant to Clause 11.1 (a) up to and including (f) or, as the case may be, pursuant to Clause 11.2(a) up to and including (f).

Exchange Rates means, in respect of each Receivable expressed in currencies other than Euro, the rate of exchange into Euro applied by the Seller when originally entering such receivable in its sales ledger.

Factoring Agreement means each of (i) the factoring agreement dated 28 October 2004 between Greif France SAS as seller and the Seller as buyer, as amended on 27 October 2006 and from time to time thereafter and (ii) the factoring agreement dated 30 April 2007 between Greif Packaging France SAS and the Seller as buyer, as amended from time to time thereafter.

Fees means the fees as described in the Fee Letter.

Fee Letter means the letter dated 30 April 2007 from the Purchaser to the Seller and countersigned for acceptance by the Seller, setting out the fees due by the Seller in relation to the Programme.

French Originator means each of (i) Greif France, SAS and (ii) Greif Packaging France SAS.

French Purchase Date has the meaning ascribed to such term in Clause 3.1.2.

French Receivables means any Receivables arising under sales contracts governed by French law and originated by the French Originators.

French Receivables Retransfer Procedure means the retransfer procedure to repurchase Purchased Receivables which are French Receivables pursuant to Clauses 5.5, 24.1 or 24.2 and complying with articles 1250-1 seq. of the French Civil Code as provided under Enclosure X.

French Receivables Transfer Procedure means the transfer procedure for Eligible Receivables for Purchase which are French Receivables and complying with articles 313-23 seq of the French Monetary and Financial Code (*Code Monétaire et Financier*) as provided under Enclosure IX.

French Transfer Document means a transfer document for the purposes, with the effects and in the form set out in Annex 1 to Enclosure IX.

Funding Costs means the costs of funds as defined in Enclosure VI.

GBP means the lawful currency, for the time being, of the United Kingdom.

German Receivables means Receivables arising under sales contracts governed by German law.

Global Deferred Purchase Price (“GDPP”) means, at any time, the Global Portfolio minus the GIPP and is calculated in accordance with Enclosure IV.

Global Initial Purchase Price (“GIPP”) means, at any time, the difference between the Global Portfolio and the GDPP.

Global Portfolio means, on any given date, the Outstanding Nominal Value of all the Receivables acquired by the Purchaser, after exclusion on that date of Written-off Receivables.

Group means the Seller, the Servicer, the Originators and all companies with which the Seller, the Servicer or the Originators are consolidated.

Important Obligor has the meaning ascribed to such term in paragraph 2.2.1 of item 2 (Eligibility Criteria for Calculation of GIPP) of Enclosure I.

Incremental Initial Purchase Price has the meaning set out in Enclosure IV. Indemnity means indemnity as described in Clause 21.

Ineligible Receivables for Purchase means any Receivables that, on the relevant Purchase Date for such Receivables, do not comply with all the Eligibility Criteria for Purchase listed in part 1 of Enclosure I.

Ineligible Receivables for Calculation of GPP means any Receivables that at any time do not comply with the Eligibility Criteria for Calculation of GIPP listed in part 2 of Enclosure I.

ING Bank, Milan branch means the branch of ING Bank N.V. (the Netherlands) located in Milan (Italy).

Initial Purchase Price (“IPP”) means, on each Calculation Date, that portion of the Purchase Price of the Portfolio equal to the aggregate of the Outstanding Nominal Value of each Receivable less the DPP as calculated with respect to the same Portfolio.

Instalment of GDPP means the balance of the Available Amount after the payments and allocations made pursuant to Clause 11.1(a) to (j) or, as the case may be, pursuant to Clause 11.2 (a) to (k).

Italian Cash Deficiency has the meaning described to this term in Clause 27.1.

Italian Data Period has the meaning ascribed to the term “Data Period” in the Italian Receivables Purchase Agreement.

Italian Effective Date means the date, following the signature of the Italian Receivables Purchase Agreement, on which all conditions precedent set forth in the Italian Receivables Purchase Agreement have been met.

Italian GIPP has the meaning ascribed to the term “Global Initial Purchase price (“GIPP”)” in the Italian Receivables Purchase Agreement.

Italian Global Portfolio has the meaning ascribed to the term “Global Portfolio” in the Italian Receivables Purchase Agreement.

Italian Portfolio means, from the Italian Effective Date, the Outstanding Nominal Value (as defined in the Italian Receivables Purchase Agreement) of all the Italian Purchased Receivables acquired by the Italian Purchaser during the preceding Italian Data Period pursuant to the Italian Receivables Purchase Agreement.

Italian Purchased Receivables has the meaning ascribed to the term “Purchased Receivables” in the Italian Receivables Purchase Agreement.

Italian Purchaser means ING Bank, Milan branch.

Italian Receivables Purchase Agreement means the receivables purchase agreement dated 28 October 2005 between ENG Bank, Milan branch (as Purchaser and Transaction Administrator), Greif Italia S.p.A. (as Seller and Servicer) and Greif Belgium BVBA (as Master Servicer), as amended on 29 June 2006, 27 October 2006 and 30 April 2007 and from time to time thereafter.

Late Interest Collection means, with respect to a Receivable, any late payment interest and/or indemnities which is effectively received or recovered by the Seller in respect of such Receivable from the Obligor.

Master Collection Account has the meaning ascribed to such term in the Servicing Agreement.

Material Adverse Effect means, as of any date of determination, (a) any event, circumstance, occurrence or condition which has caused (or would reasonably be expected to cause) a material adverse effect, or any condition or event that has resulted or could reasonably be expected to result in a material adverse effect, on the business, operations, financial condition, liabilities (contingent or otherwise) or prospects of the Seller, the Originators or the Servicer taken as a whole, (b) any event, circumstance, occurrence or condition which has caused (or would reasonably be expected to cause) a material adverse effect on the ability of the Seller or the Servicer to consummate in a timely manner the transactions contemplated under this Agreement or to perform any of their original obligations under any Transaction Document or (c) any event, circumstance, occurrence or condition which has caused (or would reasonably be expected to cause) a material adverse effect on the legality, binding effect or enforceability of any Transaction Document or any of the material rights and remedies of the Purchaser thereunder or the legality, priority or enforceability of the security granted under the Security Agreements on a material portion of the security or the value of the security.

Material Company means, at any time, a company of the Group which has net assets (excluding intra-group items) representing 5 per cent or more of the consolidated net assets of the Group in accordance with US GAAP.

Maximum Programme Amount means EUR 95,000,000 with respect to the Combined Portfolio.

Nominal Value means with respect to any Receivable, the principal amount of such Receivable, including VAT and other taxes if any, as reflected in the books of the Seller and mentioned on the invoice representing the Receivable.

Notarisation Period means the period starting on the second Transmission Date of each calendar month and ending on the second Settlement Date of each calendar month.

Obligor means a person set out in the records of the Seller as debtor of Receivables and obliged to make payment for the provision of goods or services evidenced by a contract for which an invoice has been issued (or, if different, the person so obliged).

Originator means each of the sellers under the Discounted Receivables Purchase Agreements.

Outstanding Global Conical Receivables means, at any time, the sum of (i) the Outstanding Nominal Value of Purchased Receivables towards all Conical Obligors and (ii) the Outstanding Nominal Value of Purchased Receivables (as defined in the Italian Receivables Purchase Agreement) towards Italian Conical Obligors (as defined in the Italian Purchase Agreement).

Outstanding Global Conical Receivables Limit means, EUR 18,000,000 or any other limit agreed between the Purchaser and the Seller on each anniversary of this Agreement.

Other Reserve Rate has the meaning set out in Enclosure IV.

Outstanding Nominal Value means, with respect to any Receivable, the Nominal Value of such Receivable less (a) any Dilution in relation to such Receivable and (b) any Collection received with respect to such Receivable.

Party means a party to this Agreement.

Portfolio means on any given date the Outstanding Nominal Value of all the Purchased Receivables acquired by the Purchaser during the preceding Data Period.

Portuguese Originator means Greif Portugal LDA.

Programme means the programme described in the recitals.

Purchase Date has the meaning ascribed to such term in Clause 3.

Purchased Receivables means, on any given date, all the Receivables assigned, sold, transferred or purported to be assigned, sold or transferred to the Purchaser hereunder and either totally or partially unpaid on such date.

Purchased Receivables with Set-Off Arrangements means Purchased Receivables for which the Obligor can, in its relationship with the Originator, make set-off arrangements due to the existence of a current account or related reciprocal debts.

Purchase Price shall have the meaning ascribed to such term in Clause 6.

Receivable means any and all present and future indebtedness coming or having come into existence prior to a Termination Date or the date at which this Agreement terminates in accordance with Clause 2.4, 2.5 or 2.6 and owed or purported to be owed to the Originator or the Seller by an Obligor and includes unless otherwise specified herein, any Purchased Receivable.

Relevant Originator has the meaning ascribed to such term under paragraph 1.8 of part 1 of Enclosure I (Eligibility Criteria for Purchase).

Security Agreement means each of the following agreements:

- (i) the commercial bank account agreement dated 28 October 2004 between the Seller as pledgor and the Purchaser as pledgee pertaining to the granting of a pledge on the Master Collection Account;
- (ii) each security agreement relating to the granting of a security interest over certain accounts listed in Schedule 1 to the Servicing Agreement to secure the obligations of the Seller and the Servicer under this Agreement and under the Servicing Agreement in accordance with the Undertaking to Grant Security.

Servicer means such person so designated from time to time in accordance with the Servicing Agreement.

Servicing Agreement means the servicing agreement dated 28 October 2004 between the Seller, the Servicer and the Purchaser, as amended and restated on 28 October 2005, on 30 April 2007 and from time to time thereafter.

Servicing Fee shall have the meaning ascribed in clause 5 of the Servicing Agreement.

Settlement Date means without prejudice to Clause 17, the 15<sup>th</sup> and the last day of each calendar month, save that the first Settlement Date shall coincide with the first Purchase Date and the first French Purchase Date, Any Settlement Date falling on a date which is not a Business Day will be postponed to the immediately following Business Day. If this immediately following Business Day falls in the following calendar month, the Settlement Date will be fixed on the immediately preceding Business Day.

Solidarity Amount has the meaning ascribed to such term in Clause 27.2.

Solidarity Excess Available Amount means the balance of the Available Amount after the payments and allocations made pursuant to Clause 11.1. (a) up and including (g) or, as the case may be, pursuant to Clause 11.2(a) up to and including (h).

Spanish Originator means each of (i) Greif Spain S.A. and (ii) Greif Packaging Spain S.A.

Spanish Receivables means Receivables arising under sales contracts governed by Spanish law.

Swedish Obligor means any Obligor acting out of an establishment in Sweden.

Target means Trans-European Automated Real-time Gross Settlement Express Transfer Payment System.

Target Day means any day on which Target is open for the settlement of payments in Euro.

Template means the template in Excel format substantially in the form of Enclosure II.

Termination Date means the earliest of:

- (i) the date of the occurrence of any event referred to in Clause 18.1.1;
- (ii) the third Business Day following the receipt of notice referred to in Clause 18.1.2 save if the Seller has exercised his repurchase option in accordance with Clause 24.2 before such date; and
- (iii) any date following the occurrence, and during the continuation, of any event referred to in Clause 18.1.3 which the Purchaser or the Transaction Administrator declares to be the Termination Date.

Termination Event means any of the events described in Clause 18.

Total Collections means, with respect to any Purchased Receivable the sum of all items booked in the Current Account under 12.2.1, 12.2.2, 12.2.3, 12.2.4, 12.2.5, 12.2.6, minus the items of 12.2.13.

Transaction Administrator Report means the report substantially in the form of Enclosure III.

Transactions Document means each of the following documents:

- (i) this Agreement;
- (ii) each Amendment and Restatement Agreement;
- (iii) the Servicing Agreement;
- (iv) each Cash Balancing Agreement;
- (v) each Discounted Receivables Purchase Agreement;
- (vi) the Undertaking to Grant Security;
- (vii) each Security Agreement; and
- (viii) each other document designated as such by the parties to this Agreement.



Transfer Date means any date resulting from an Acceleration pursuant to Clause 17 or 18.2.6. A Transfer Date falling on a date which is not a Business Day will be postponed to the next following Business Day.

Transmission Date means each date which is one Business Day before a Calculation Date.

Undertaking to Grant Security means the letter dated 28 October 2004 whereby the Seller procures and the Originators undertake to grant a security interest over certain accounts listed in Schedule 1 to the Servicing Agreement in favour of the Purchaser.

Written-off Receivable means a Receivable which has been written off, or qualifies or would qualify for a write-off, as irrecoverable for accounting purposes by the Seller in accordance with its general accounting practices.

Yield Reserve Rate has the meaning set out in Enclosure IV.

1.2 Any reference in this Agreement to:

- (i) 'bankruptcy proceeding', 'liquidation', 'proceedings for composition' of any person shall be construed as to include any equivalent or analogous proceedings under the laws of the jurisdiction in which such person is incorporated or any jurisdiction in which such person has its principal place of business;
- (ii) 'attachment' of any asset shall be construed as to include any equivalent or analogous proceedings under the laws of the jurisdiction in which such asset is located;
- (iii) 'temporary administrator' appointed with respect to any person shall be construed as to include any equivalent or analogous officer appointed under the laws of the jurisdiction in which such person is incorporated or any jurisdiction in which such person has its principal place of business; and
- (iv) Clause, Enclosure or Annex is a reference to a clause, enclosure or annex of this Agreement.

**Clause 2: Purposes of the Agreement**

2.1 2.1.1 The Seller hereby sells to the Purchaser, with successive effect on each Purchase Date until (and not including) the Termination Date or the date of termination of this Agreement in accordance with Clause 2.4, 2.5 or 2.6, all Eligible Receivables for Purchase other than French Receivables that the Seller will own on each such date, in accordance with the provisions of this Agreement and with Article 1690 of the Belgian Civil Code.

Subject to the Conditions Precedent and the provisions of this Agreement, the Purchaser hereby accepts all such successive sales.

2.1.2 The Seller hereby assigns and transfers to the Purchaser all present and future Eligible Receivables for Purchase which are German Receivables together with all the associated rights and accessories, options, privileges and interest linked to the German Receivables, subject to the condition that a purchase contract under this Agreement with respect to the respective German Receivables is validly in place. The Purchaser accepts this assignment and transfer. This assignment and transfer is governed by German law.

2.1.3 The Seller agrees to sell to the Purchaser from the first French Purchase Date until (and not including) the Termination Date or the date of termination of this Agreement in accordance with Clause 2.4, 2.5 or 2.6, all of its title to and rights and interests in the Eligible Receivables for Purchase which are French Receivables in accordance with the terms and conditions of this Agreement and pursuant to the French Receivables Transfer Procedure.

- 2.2 The Seller may at any time give notice to the Purchaser who shall accept with a copy to the Servicer, that it wishes to interrupt the continuation of these sales and assignments. In order to be effective from a particular Business Day, this notice must be given by 10 am (Brussels time) on that day. The sales of Receivables will recommence upon ten Business Days' prior written notice from the Seller to the Transaction Administrator and subject to the satisfaction of all conditions as provided for in this Agreement and the receipt of all reports and information that the Transaction Administrator may reasonably request as to cover the period of interruption of sales.
- 2.3 The Purchaser hereby appoints the Transaction Administrator to act as its agent and representative and to perform certain tasks in the name and on behalf of the Purchaser under this Agreement.
- 2.4 The Programme will terminate at the latest on the date falling 364 days after the date of this Agreement, subject to the right of the Seller to request an extension of the Programme for a further period of 364 days by giving notice to the Purchaser not less than 30 Business Days before the expiry of the 364 days. If the Seller and the Servicer agree to the request, the Programme will be extended for a further period of 364 days. This extension right applies to the first, second, third and fourth anniversary of this Agreement.
- 2.5 The Seller may at any time terminate this Agreement by 30 days prior notice to the Transaction Administrator. Without prejudice to the foregoing, the Purchaser may at any time interrupt the purchase of Receivables on Conical Obligors for the remaining period of the then applying Conical Season, if the Limit of Liability (as defined in the Credit Insurance Contract) is utilised for an amount exceeding 50%.
- 2.6 The Purchaser may terminate this Agreement by 30 days prior notice to the Seller if (i) any payment to be made by the Seller or the Servicer to the Purchaser is or shall be subject to any taxes on or measured by the overall net income or profit of the Purchaser and (ii) the Seller refuses to indemnify the Purchaser.
- 2.7 Clauses 18.2.1 to 18.2.8 (including) and Clause 18.3 shall apply, govern the effects of and survive a termination of this Agreement in accordance with Clauses 2.4, 2.5 and 2.6, except for Clause 18.2.5 which shall only apply upon the occurrence of an event as described in Clause 18.1.

***Clause 3: Purchase Dates and Conditions Precedent***

**3.1 Purchase Dates**

3.1.1 Purchases of Eligible Receivables for Purchase (other than French Receivables) will take place on each Business Day until (and not including) the Termination Date (each a "Purchase Date"), provided that:

- (i) the Seller owns Eligible Receivables for Purchase (other than French Receivables) on such date; and
- (ii) the Conditions Precedent set out in Clause 3.4 are then satisfied.

3.1.2 Purchase of Eligible Receivables for Purchase which are French Receivables will take place on each Settlement Date until (and not including) the Termination Date, provided that:

- (i) the Seller owns Eligible Receivables for Purchase which are French Receivables on such date;

- (ii) the Conditions Precedent set out in Clause 3.4 are then satisfied; and
  - (iii) the Seller has performed all steps as required pursuant to the French Receivables Transfer Procedure.
- 3.2 The first Purchase Date will be October 29, 2004, subject to Clauses 3.3 and 3.4.
- 3.3 The first Purchase Date shall not take place before the second Business Day after satisfaction of the following Conditions Precedent:
- 3.3.1 completion of a due diligence review by the Purchaser of the Seller's portfolios of Receivables, systems and practices, the outcome of this due diligence being satisfactory to the Purchaser and delivery of a due diligence report accepted and countersigned by the Seller;
  - 3.3.2 signing of the due diligence key finance report including the agreed recommendations and adaptations;
  - 3.3.3 delivery of documents evidencing that the Seller has the powers to validly commit itself in this Agreement and holds all authorisations for such commitment and delivery of specimen of signatures;
  - 3.3.4 delivery of legal opinions of Allen & Overy LLP addressed to the Purchaser and satisfactory to the Purchaser and the Transaction Administrator as to the civil law true sale character of the sales of Receivables in accordance with this Agreement and in accordance with the Discounted Receivables Purchase Agreement and as to the powers and authorisations of the Seller in connection with this Agreement;
  - 3.3.5 delivery by the Servicer of the Template on the performance of the portfolio to be purchased on the first Purchase Date for the month prior to the first Purchase Date;
  - 3.3.6 execution of the Transaction Documents by all parties thereto;
  - 3.3.7 delivery of a power of attorney pursuant to Clause 18.2.5; and
  - 3.3.8 payment by the Seller of the fees and expenses set out in the [Fee Letter].
- 3.4 The Seller hereby represents to the Purchaser and the Transaction Administrator that, unless it will have notified the Transaction Administrator otherwise in accordance with this Agreement, on the relevant Purchase Date:
- 3.4.1 the representations and warranties set out in Clause 15 shall be true and correct in all material respects, except for those representations or warranties which are already qualified as to materiality and for the representations and warranties under Clauses 15.11 to 15.16 (including), which shall be true and correct;
  - 3.4.2 there shall be no breach of any of the undertakings set out in Clause 16;
  - 3.4.3 no event has occurred and is continuing, or would result from such purchase, that constitutes a Termination Event or that, with the giving of notice or passage of time, would constitute a Termination Event;
  - 3.4.4 the Termination Date has not occurred;

- 3.4.5 the purchase of such Receivable will not result in the aggregate of the GIPP and the Italian GIPP exceeding the Maximum Programme Amount;
- 3.4.6 no applicable law, regulation, judgement or decree of any governmental entity prohibits the making of such purchase or remittance of Total Collections in accordance with the provisions of this Agreement; and
- 3.4.7 the Seller and/or the Servicer will comply with the conditions set out in Clause 4.1 and 4.2.

To the extent that the Purchaser acquires any Receivable on a Purchase Date it shall be considered to have reiterated the representations and warranties set out in Clause 15.

**Clause 4: Terms and Conditions governing purchases**

- 4.1 On each Transmission Date, the Servicer will deliver to the Transaction Administrator by electronic mail or by fax, not later than 10 a.m. Brussels time the Template and the relevant information as required for the calculations to be made pursuant to Enclosure IV with the data related to the preceding Data Period so that the performance of the Global Portfolio since the previous Template may be assessed.
- 4.2 On each Transmission Date, the Servicer will send to the Transaction Administrator (acting on behalf of the Purchaser) by modem or express delivery service, not later than 2 p.m. Brussels time, the detailed ageing list of all Receivables other than French Receivables sold hereunder and outstanding at the end of the relevant Data Period and the list of daily collection. The same day, the Seller will send to the Transaction Administrator the list of invoices representing all Receivables sold during the relevant Data Period. This list and the detailed ageing list will include the following information for each Receivable:
  - the name of the Obligor;
  - the address of the Obligor;
  - the date of the invoice;
  - the number of the invoice;
  - the Outstanding Nominal Value;
  - the invoice payment date;
  - the VAT number as mentioned on the invoice or any other reference used by the Seller that permits the easy identification of the Obligor;
  - indication of any bill of exchange, promissory note, letter of credit or any other means of payment issued in respect of the relevant Receivable.On each Transmission Date, the Seller will send to the Transaction Administrator the Computer File listing all Eligible Receivables for Purchase which are French Receivables originated by the French Originator during the preceding Data Period and to be purchased by the Purchaser on the following French Purchase Date.
- 4.3 On the Calculation Date, the Transaction Administrator will notify to the Seller by electronic mail or by fax, not later than 4 p.m. Brussels time, the IPP for the Receivables other than the French Receivables sold during the relevant Data Period and for Eligible Receivables for Purchase which are French Receivables originated by the French Originator during the relevant Data Period and to be sold on the following French Purchase Date pursuant to the French Receivables Transfer Procedure, as defined in Clause 7, by means of the Transaction Administrator Report.
- 4.4 The Transaction Administrator is authorised to take such measures, including a deferral of the Settlement Date, as may be necessary in the event that the Seller and/or the Servicer is late in delivering the information required under Clause 4.1 and 4.2.

Such measures shall be binding on the Seller, and shall be without prejudice to the Seller's obligations to indemnify the Purchaser against the losses that may result from such delay or to pay late payment interest on any amount payable by it under this Agreement and without prejudice to the other rights of the Purchaser under this Agreement.

- 4.5 Any delay in the delivery of the above referred information and/or any inaccuracy in the information as provided for by the Seller and/or the Servicer will allow the Transaction Administrator to request from the Seller the payment of a penalty fee of 0.01% calculated on the [Nominal Value] of Eligible Receivables for Calculation of GIPP with a minimum of Euro 1000, unless the non-delivery and/or inaccuracy is remedied within two Business Days of the due date and provided that such non delivery and/or inaccuracy does not occur during two consecutive months.

**Clause 5: Consequences of the purchase**

- 5.1 This Agreement constitutes and, upon their due execution, each French Transfer Document, shall constitute a true sale of the Eligible Receivables for Purchase under this Agreement and under each such French Transfer Document, and not a security arrangement for any obligations of the Seller. The Purchaser shall have full title and interest in and to the Purchased Receivables as from the Purchase Date or the French Purchase Date (as applicable), shall be free to further dispose of such Purchased Receivables, and shall be fully entitled to receive and retain for its own account the Total Collections in respect of such Purchased Receivables.
- 5.2 With respect to Eligible Receivables for Purchase which are Spanish Receivables, the Seller will grant in favour of and together with the Purchaser on a monthly basis as of the date of this Agreement and within the Notarisation Period, a duly completed and signed Confirmation of Transfer Deed. Confirmation of Transfer Deeds will relate to Spanish Receivables that are purchased in accordance with this Agreement during the two Data Periods preceding the relevant Notarisation Period and will be executed by the Purchaser and the Seller before a notary public with the purpose of reaching a certainty of the date and of obtaining the benefits of Article 1526 of the Spanish Civil Code. The Purchaser reserves the right to request at any time to proceed to notarisation on a two-monthly basis by a written notice to the Seller at least 5 Business Days prior to the first day of the next Notarisation Period.
- 5.3 The Eligible Receivables for Purchase will be purchased on the Purchase Date or the French Purchase Date (as applicable) with all the associated rights and accessories, options, privileges, and interest linked to such Receivables as well as any sum due on such Receivables or which may become due subsequently, and all the advantages and benefits ensuing therefrom.
- 5.4 Without prejudice to the provisions of Clause 18.2.5 and except as otherwise provided hereafter, the Obligors will not be notified by the Purchaser, or any successor or assignee, of the assignment of the Purchased Receivables.

The Swedish Obligors will be notified of all assignment of Receivables pursuant to the Transaction Documents by means of the following wording to be included on the related invoices:

*“Our claim according to this invoice is sold to Greif Coordination Center BVBA and subsequently to ING Belgium NV. We will administrate the invoice as agent of ING Belgium NV and all payments under this invoice shall be made to the account set out in the invoice, unless otherwise notified by ING Belgium NV.”*

Without prejudice to the provisions of clause 2.2 of the Discounted Receivables Purchase Agreement entered into by the Seller with the Dutch Originator, the Seller undertakes not to notify any Obligor of new payment instructions, whether under this Agreement or under a Discounted Receivables Purchase Agreement, unless expressly instructed by the Purchaser to do so.

- 5.5 Should a Purchased Receivable be an Ineligible Receivable for Purchase, and as soon as any Party becomes aware of the ineligibility of such Receivable, the Purchaser shall have the option to reassign such Ineligible Receivables with all the associated rights and accessories, options, privileges, and interest linked to the Ineligible Receivables to the Seller. To reassign an Ineligible Receivable which is a French Receivable, the Purchaser shall comply with the French Receivables Retransfer Procedure.
- The Seller shall repurchase such Receivables, at its expenses and without any recourse, for a price corresponding to the Outstanding Nominal Value of the Ineligible Receivables. Such amount shall be credited in favour of the Purchaser to the Current Account and, with respect to French Receivables, upon performance by the Purchaser of all steps (if any) required under the French Retransfer Procedure, in accordance with clause 12.2.4. The Purchased Receivables that would appear to be Ineligible Receivable will remain the property of the Purchaser until their reassignment to the Seller.
- Should an Ineligible Receivable for Purchase have been taken into consideration for the calculation of the Purchase Price payable for a Portfolio on a Settlement Date, but not have been sold and assigned to the Purchaser under this Agreement, the Purchaser shall be entitled to reimbursement of a portion of the Purchase Price for the Portfolio in an amount corresponding to the Outstanding Nominal Value of the Ineligible Receivables.
- 5.6 Upon satisfaction or waiver of the Conditions Precedent set forth under Clause 3.3 and/ or Clause 3.4 (as applicable), the Seller may demand performance by the Purchaser of its obligations to pay IPP and GDPP in accordance with Clauses 7 and 8 and enforce these obligations subject to Clause 22 and without prejudice to the application of Clause 8.2, but waives the right to demand rescission of any purchase. The Seller waives any unpaid seller's lien that it may have under Clause 20, 5° of the Mortgage Law or otherwise.

**Clause 6: Determination of the Purchase Price**

- 6.1 On each Purchase Date and French Purchase Date, the Purchaser will acquire the Eligible Receivables for Purchase owned by the Seller at a Purchase Price based on the Outstanding Nominal Value of the Receivables and which comprises the IPP payable on the next succeeding Settlement Date or, in relation to Eligible Receivables for Purchase which are French Receivables on the French Purchase Date which coincides with the Settlement Date, according to the provisions of Clause 7, and the DPP payable according to the provisions of Clause 8. Purchase Price determinations are made for the Portfolio as a whole, and not separately for each Receivable.
- If a Receivable is expressed in a currency other than Euro, the Outstanding Nominal Value of the Receivable shall be converted in Euro, using the Exchange Rate.
- 6.2 The determination of the IPP and the DPP shall be made in accordance with the calculation principles provided in Enclosure IV.

**Clause 7: The Initial Purchase Price and Global Initial Purchase Price**

- 7.1 The IPP is the first part of the Purchase Price payable for the Portfolio on a Settlement Date.  
The IPP is calculated on each Calculation Date in accordance with Enclosure IV, and is paid according to Clauses 11 and 12.2. The computation of the IPP shall bind the parties except in case of manifest error.
- 7.2 At any Calculation Date, the GIPP applicable to the Global Portfolio will be calculated in accordance with Enclosure IV. The aggregate of the GIPP and the Italian GIPP shall never be higher than the Maximum Programme Amount.
- 7.3 The IPP and the DPP determined in accordance with this Clause 7 will be allocated proportionally to the French Receivables acquired on the French Purchase Date which coincides with the Settlement Date and the Spanish Receivables acquired during the relevant Data Period based upon the ratio that the Outstanding Nominal Value of such French Receivables and Spanish Receivables respectively will bear to the Portfolio as a whole.

**Clause 8: The Global Deferred Purchase Price**

- 8.1 At any Calculation Date, the GDPP as applicable to the Global Portfolio will be calculated in accordance with Enclosure IV.
- 8.2 The Instalment of GDPP is payable by the Purchaser on each Settlement Date in accordance with Clause 12.2.10.  
From the occurrence of a Termination Date, no further Instalment of GDPP shall be paid unless and until the balance of the GIPP has been reduced to zero and any credit balance of the Current Account shall have been duly paid to the Purchaser. Thereafter, the Instalment of GDPP will be payable on each Settlement Date in accordance with Enclosure IV.
- 8.3 In no circumstances will the Purchaser be liable to pay any Instalment of GDPP as a separate liability, since the Purchaser's liability vis-à-vis the Seller under this Agreement is limited to the net balance on the Current Account as specified in Clause 12.2. For the avoidance of doubt, the GDPP does not represent a liability of the Purchaser other than to the extent of the Instalments of GDPP payable pursuant hereto.
- 8.4 No interest will be paid by the Purchaser on the GDPP.

**Clause 9: Appointment of a Servicer**

The servicing, the administration and collection of the Purchased Receivables (the Services) shall be conducted by the Servicer or by such person appointed by the Servicer pursuant to the Servicing Agreement. Without prejudice to the rights of the Servicer under the Servicing Agreement to sub-contract or delegate the performance of any of its obligations in relation to the Services, the Servicer will remain fully liable to the Purchaser to the same extent and under the same terms as if it was itself rendering the Services.

**Clause 10: Fees**

- 10.1 All the Fees incurred under this Agreement and determined in accordance with the Fee Letter will be borne by the Seller or reimbursed by the Seller to the Purchaser.
- 10.2 The Transaction Administrator will supply the Seller with reasonable details and justification of any such Fees.

**Clause 11: Waterfall**

- 11.1 Prior to the occurrence of a Termination Date and in accordance with Enclosure IV, the Available Amount shall be applied by the Purchaser to the payments or internal allocations as stipulated in Clause 12 in the following order of priority and if and to the extent that the payments or the allocations ranking higher have been made in full:
- (a) to pay all liabilities then due and payable on account of taxes and VAT due in relation to the Programme for such part of those amounts that has not been paid through the Current Account;
  - (b) to pay the Costs;
  - (c) to cover the Indemnities referred to in Clause 21 unpaid by the Seller and/or Servicer;
  - (d) to pay the Servicing Fee;
  - (e) to allocate to the Minimum Initial Purchase Price;
  - (f) to allocate to the Decrease of the GIPP if any;
  - (g) to allocate to the Italian Cash Deficiency, if any;
  - (h) to allocate to the Solidarity Amount, if any;
  - (i) to allocate to any other amount as agreed between the Seller and the Purchaser, without such agreement being unreasonably withheld by either party;
  - (j) to allocate to the Incremental Initial Purchase Price, if any; and
  - (k) to allocate to the Instalment of the GDPP.
- 11.2 After the occurrence of a Termination Date and in accordance with Enclosure IV, the Available Amount shall be applied by the Purchaser to the payments or internal allocations as stipulated in Clause 12 in the following order of priority, if and to the extent that the payments or the allocations ranking higher have been made in full:
- (a) to pay any fees then due and payable to the Backup Servicer;
  - (b) to pay all liabilities then due and payable on account of taxes and VAT due in relation to the Programme for such part of those amounts that have not been paid through the Current Amount;
  - (c) to pay the Costs;
  - (d) to cover the Indemnities referred to in Clause 21 unpaid by the Seller and/or the Servicer;



- (e) to allocate to the Minimum Initial Purchase Price, if applicable;
- (f) to allocate to any other amount;
- (g) to allocate to the Incremental Purchase Price, if any;
- (h) to allocate to the Decrease of the GIPP, if any;
- (i) to allocate to the Servicing Fee;
- (j) to allocate to the Italian Cash Deficiency, if any;
- (k) to allocate to the Solidarity Amount, if any; and
- (l) subject to Clause 8.2, to allocate to the Instalment of the GDPP.

**Clause 12: Payments**

12.1 As they are expected to become obligor and creditor of each other for the duration of this Agreement, the Seller and the Purchaser will enter into a current account legal relationship (the "Current Account") so that the payments of the various sums due by one Party to the other Party will take place by booking the amount due on this Current Account.

Such payments shall be entered in the Current Account and settled exclusively in Euro.

This Current Account is indivisible. However, for administrative purposes, the subheadings described below will be created. The creation of these subheadings will in no way affect the indivisibility of the Current Account.

The amounts to be booked to the Current Account on any Calculation Date shall include solely those amounts payable on the Settlement Date immediately following such Calculation Date in accordance with the order of priority provided for in Clause 11.

12.2 Unless the amounts referred to in the subheadings 12.2.1 to 12.2.6 have been transferred by the Servicer after an Acceleration on the bank account mentioned in Clause 4.4 of the Servicing Agreement, the following amounts will be booked to the Current Account:

**IN FAVOUR OF THE PURCHASER:**

**12.2.1 Collections (information supplied by the Servicer)**

These are the cash payments with respect to the Purchased Receivables, whoever makes such payment and whatever the modalities of such payment are and irrespective of whether amounts equal to such payments have been credited to the Master Collection Accounts.

In case one of the Obligors of the Purchased Receivables makes a partial payment (by means of set-off or any other method) which cannot be applied to a particular Receivable, the Servicer will allocate such payment proportionally to all Receivables, whether assigned or not, on such Obligor.

Irrespective of whether amounts equal to such payments have been credited to the Master Collection Accounts, these amounts will be deemed to be booked on the Current Account on the Calculation Date on which they are due to be transferred to the Purchaser pursuant to Clauses 4.3 or 4.4 of the Servicing Agreement.

For the avoidance of doubt, indemnities received under the Credit Insurance Contract shall be included in the Collections.

12.2.2 Late Interest Collections (information supplied by the Servicer)

This represents late interest amounts calculated as from the maturity date of the invoice and/or indemnities paid because of late payment by the Obligor.

These amounts will be deemed to be booked on the Current Account on the Calculation Date on which they are due to be transferred to the Purchaser pursuant to clauses 4.3 or 4.4 of the Servicing Agreement.

12.2.3 Deemed Collections (information supplied by the Servicer)

This represents the amount by which the Outstanding Nominal Value of Purchased Receivables has been reduced as the consequence of one of the following events:

- i) Dilution as from the preceding Cut-off Date, other than the Dilution which has been deducted from the Nominal Value of the Purchased Receivables when calculating the Purchase Price of such Receivables in accordance with Clause 6.1; or
- ii) in case of the sale of a fully or partially paid Receivable at the end of the preceding Data Period for which no adjustment of the Outstanding Nominal Value has been made as per Clause 6.1, the amount of the Dilution corresponds to the amount of such total or partial payment; or
- iii) any other element admitted by the Seller or recognised in a court of law.

For the purposes of this Agreement, the Deemed Collections will be assimilated to a payment made by the Obligor whose Receivables have been purchased.

The Deemed Collections will be deemed to be booked on the Current Account on the Calculation Date immediately following the Collection Period during which the events referred to in i), ii) or iii) arise.

Furthermore, if the Seller or the Servicer breaches its undertaking set out in Clause 16.2.3 (not to draw any bill of exchange in connection with a Purchased Receivable other than a French Receivable or a Spanish Receivable, nor to demand or receive from any Obligor, or otherwise permit the creation by any Obligor of, any promissory note in connection with a Purchased Receivable other than a French Receivable or a Spanish Receivable, save if immediately endorsed to the Purchaser) or, in relation to Purchased Receivables which are French Receivables or Spanish Receivables, not to transmit or endorse to the benefit of a third party (other than the Purchaser) any bill of exchange or promissory note created or existing, a Deemed Collection shall arise in the amount of that Receivable and will be deemed to be booked on the Current Account on the day such a breach arises.

12.2.4 The Outstanding Nominal Value of Ineligible Receivables for Purchase that have been purchased as Eligible Receivables for Purchase or that have been taken into consideration for the determination of the Purchase Price of a Portfolio in accordance with this Agreement (information supplied by the Servicer)

This amount will be assimilated to a payment by the Seller to the Purchaser.

This amount will be deemed to be booked on the Current Account on the day the Purchaser has exercised its reassignment option or demanded reimbursement of a portion of the Purchase Price for a Portfolio in accordance with Clause 5.5.

12.2.5 Indemnities in respect of foreign currency conversions (information supplied by the Servicer)

Any foreign currency indemnity payable in accordance with clause 4.5 of the Servicing Agreement will be deemed to be booked on the Current Account on the Calculation Date.

12.2.6 Any Indemnity due by the Seller or the Servicer to the Purchaser (information supplied by the Servicer)

These are the amounts due by the Seller or the Servicer to the Purchaser pursuant to Clause 21.

The amount of the Indemnity will be deemed to be booked on the Current Account on the day the Indemnity is payable.

12.2.7 Any other amount due under this Agreement by the Seller or the Servicer to the Purchaser (information supplied by the Servicer)

The amount due will be deemed to be booked on the Current Account on the day the Seller or the Servicer or a court order recognises that the Purchaser is entitled to this amount.

12.2.8 Payment made by the Purchaser (information supplied by the Servicer)

This amount represents the balance of the Current Account to be paid by the Purchaser to the Seller pursuant to Clause 13.1.

It will be deemed to be booked on the Current Account on the Calculation Date.

It is well understood that the above entries will be made without duplication, so that the same amount in respect of the same Receivable will not be entered more than once in the Current Account under Clauses 12.2.1 to 12.2.4.

IN FAVOUR OF THE SELLER :

12.2.9 The Initial Purchase Price paid for the Portfolio acquired by the Purchaser

This amount will be deemed to be booked on the Current Account on the Calculation Date immediately following the Cut-off Date of the preceding Data Period.

12.2.10 The Instalment of GDPP

This amount is payable in accordance with Clause 8.2 on each Settlement Date.

This amount will be deemed to be booked on the Current Account on the Calculation Date immediately preceding the relevant Settlement Date.

12.2.11 The total amount of the payment cancellations (information supplied by the Servicer)

Certain forms of payment used by an Obligor can give rise to the cancellation of the payment of Receivables previously booked on the Current Account and thus paid to the Purchaser.

The amount of the cancellation will be deemed to be booked on the Current Account on the Calculation Date immediately following the Collection Period during which the payment is cancelled.

12.2.12 The Servicing Fee

This fee is determined in accordance with clause 5 of the Servicing Agreement.

This amount will be deemed to be booked on the Current Account on the Calculation Date and will be received by the Seller acting, as the case may be, as agent (*gevolmachtigde/ mandataire*) of the Servicer in accordance with Article 1239 of the Belgian Civil Code.

12.2.13 Refunds in respect of foreign currency conversions (information supplied by the Servicer)

Any foreign currency refund payable in accordance with Clause 4.5 of the Servicing Agreement will be deemed to be booked on the Current Account on the Calculation Date.

12.2.14 Any other amount due under this Agreement by the Purchaser to the Seller or the Servicer

The amount due will be deemed to be booked on the Current Account on the day the Purchaser, or a court order, recognises that the Seller or the Servicer is entitled to this amount.

12.2.15 Payments made by the Seller or the Servicer

This amount represents the balance of the Current Account as calculated pursuant to Clause 13.1.

It will be deemed to be booked on the Current Account on the Settlement Date.

**Clause 13: Intermediate closing of the Current Account**

13.1 The Transaction Administrator shall calculate on each Calculation Date the intermediate closing balance of the Current Account to be paid as of the immediately following Settlement Date, taking into account all entries scheduled to take place until the Calculation Date. The balance resulting from each intermediate closing will be paid in favour of the Seller or of the Purchaser, as the case may be. The intermediate closing shall take into account the consequences that a seizure or any other similar measure imposed on the whole or part of the amounts due by one Party to the other would have on such balance.

The payment will take place on the Settlement Date following the relevant Calculation Date.

The provisions of this Clause 13.1 are without prejudice to the obligation of the Servicer, upon an Acceleration to pay to the Purchaser on each Transfer Date the amount of the Total Collections in accordance with clause 4 of the Servicing Agreement.

## 13.2 Terms and conditions governing payments

- 13.2.1 On the Transmission Date immediately following the end of a Data Period, the Seller (in relation to the information of the Template be delivered in accordance with Clause 4.1) or the Servicer (in relation to any other information) will inform the Transaction Administrator of the global amounts booked for each subheading on the Current Account since the previous intermediate closing, as well as any corrective entries, insofar as such data has to be supplied by them in compliance with Clause 12.2. They will do so by electronic mail or by fax, not later than at 10 a.m. Brussels time, by means of the Template.
- 13.2.2 On the Calculation Date immediately following the end of a Data Period, on the basis of the information supplied by the Seller and the Servicer and the information available to it, the Transaction Administrator will compute the balance of the Current Account and the Instalment of GDPP payable on the relevant Settlement Date and communicate them to the Seller by means of the Transaction Administrator Report, such report being sent by electronic mail or by fax before 16.00 Brussels time.
- This computation will bind the parties, absent manifest error.
- 13.2.3 The Seller irrevocably authorises the Transaction Administrator to debit its account n° 320-0837369-38 under value Settlement Date with the amount of the balance of the Current Account, if this balance is in favour of the Purchaser. The Seller undertakes to fund said account in due course with the amounts necessary for the required payment.
- 13.2.4 If, following a lack of funds, the balance due to the Purchaser on the Settlement Date (whether pursuant to Clause 13.1 or clause 4.3 of the Servicing Agreement) cannot be paid in full or in part to the Purchaser, the Seller will owe late interest to the Purchaser, calculated at the Euribor Rate (one month) (as such term is defined in Enclosure VII of this Agreement), plus 2 % per annum on the amount to be paid, until the Business Day following receipt of full payment of the amount due and an administration fee of Euro 1,000 covering the follow-up of such late payment.
- 13.2.5 The Purchaser undertakes to credit, under value Settlement Date, the Seller's account n° 320-0837369-38, except for the payment of the balance of the Current Account in favour of the Seller on the first Settlement Date, which shall be made by crediting the Seller's account IBAN NL 15 ING 0651 66 35 98.

### **Clause 14: Tax Gross-Up**

- 14.1 All payments to be made by the Seller or the Servicer to the Purchaser shall be made free and clear of and without withholding or deduction for or payment of or on account of tax unless the Seller or the Servicer is required by law to make such a payment subject to the deduction or withholding or payment of or on account of tax, excluding any taxes on or measured by the overall net income or profit of the Purchaser (hereinafter referred to as "Applicable Taxes"). In such a case the sum payable by the Seller or the Servicer in respect of which such deduction or withholding or payment which is required to be or is made shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding or payment (and any additional deduction or withholding or payment for or on account of tax in respect of such increased amount), the Purchaser receives and retains (free from liability in respect of any such deduction or withholding or payment) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding or payment been made or required to be made.

- 14.2 Without prejudice of the Purchaser's right in accordance with Clause 2.6, the Seller agrees to pay any present or future stamp, court or documentary taxes or any other excise or property taxes, value added tax, charges or similar levies imposed by any governmental entity or taxing authority therein which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to this Agreement or which may be required to assure the admissibility in evidence of this Agreement (hereinafter referred to as "Other Applicable Taxes").
- 14.3 The Seller hereby indemnifies the Purchaser and the Transaction Administrator for the full amount of Applicable Taxes and Other Applicable Taxes (including, without limitation, any Applicable Taxes and Other Applicable Taxes imposed on amounts payable under this Clause 14) paid by the Purchaser or the Transaction Administrator and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto.
- 14.4 Within 30 days after the date of any payment of Applicable Taxes, the Seller or the Servicer (as applicable) shall provide the Transaction Administrator with a copy of a receipt evidencing payment thereof. The Transaction Administrator shall provide the Purchaser with a copy of such receipt. If Applicable Taxes are payable in respect of any payment hereunder by the Seller or the Servicer (as applicable) but an exemption in relation to such Applicable Taxes is available, the Seller shall, upon the reasonable request of the Transaction Administrator, provide the Transaction Administrator with a certificate from each relevant taxing authority, or an opinion of tax counsel acceptable to the Transaction Administrator, in either case stating that such payment is exempt from or not subject to Applicable Taxes. This indemnification shall be made within thirty days from the date the Purchaser makes written demand thereof.
- 14.5 If the Seller or the Servicer becomes obliged to pay any Applicable Taxes or Other Applicable Taxes with respect to any amounts payable to the Purchaser or the Transaction Administrator hereunder, the Purchaser or the Transaction Administrator (as applicable) shall use its reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to take such steps as would avoid or reduce the amount of such Applicable Taxes or Other Applicable Taxes; provided that no such steps shall be required to be taken if, in the reasonable judgement of the Purchaser or the Transaction Administrator, such steps would be disadvantageous to the Purchaser or the Transaction Administrator.
- 14.6 Provided that no Termination Event has occurred and is continuing, all amounts payable under and pursuant to this Clause 14 shall be paid on the Settlement Date immediately following the date the Purchaser or the Transaction Administrator makes written demand therefor or if the immediately following Settlement Date occurs less than 10 Business Days after the date of such demand, the next following Settlement Date provided that if after the date of such demand the relevant Settlement Date contemplated in this paragraph will not occur, the amounts contemplated in this paragraph shall be paid no later than 45 Business Days after the date of such demand. If a Termination Event has occurred and is continuing, all amounts payable under and pursuant to this Clause 14 shall become immediately due and payable upon demand being made by the Purchaser or Transaction Administrator.

***Clause 15: Representations and Warranties***

During the time this Agreement remains applicable, each of the Seller and the Servicer represents and warrants to the Purchaser that:

- 15.1 it is a company validly constituted in accordance with Belgian law, with power to enter into this Agreement;

- 15.2 it has validly executed this agreement and that the entry into and performance by it, and the transactions contemplated by this Agreement do not and will not conflict with its constitutional documents;
- 15.3 it complies with the laws and regulations applicable to its activities, except to the extent that non-compliance would not, individually or in the aggregate, have a Material Adverse Effect;
- 15.4 none of the events listed in Clauses 17 and 18 exists;
- 15.5 there has been no material adverse change in the collectibility of the Receivables or in the operating condition of the Seller;
- 15.6 there has been no change with respect to the Seller or the Servicer since the date of the most recent audited financial accounts delivered under Clause 16.1.1 which has had or would have, individually or in the aggregate, a Material Adverse Effect;
- 15.7 no legal proceedings (including insolvency) exist or are threatening against the Seller or the Servicer which would, individually or in the aggregate, have a Material Adverse Effect or would reasonably be expected to give rise to any legal restraint or prohibition against or challenge the Transaction Documents or any of the transactions contemplated therein;
- 15.8 this Agreement is not contrary to any legal or contractual provisions applicable to them, and that no purchase of Receivables hereunder will breach the terms of any facility or other covenants of the Seller, or constitute an event of default under such facilities;
- 15.9 no event of default, failure to pay or enforcement of security exist under any credit facility or other financial borrowing of the Seller in respect of amounts in excess of Euro 1,000,000;
- 15.10 any factual information taken (as a whole) provided to the Purchaser or the Transaction Administrator under this Agreement is true, accurate and complete in all material respects;
- 15.11 without prejudice to Clause 18.1.3 (1), the Receivables presented for purchase are Eligible Receivables for Purchase as defined in Clause 1 to this Agreement;
- 15.12 it has complied with the Credit and Collection Policies and will not make any material change in such policies unless with the prior written consent of the Purchaser;
- 15.13 it owns the Receivables free and clear of any Adverse Right, and such Receivables are not subject to any attachment (*“saisie mobilière”, “saisie-arrêt” / “roerend beslag”, “derdenbeslag”*);
- 15.14 it uses Exchange Rates which do not differ significantly from official exchange rates;
- 15.15 there is no floating charge (*“pand op de handelszaak”/“gage sur fonds de commerce”*) or similar encumbrance under the law of any jurisdiction over its business, nor any undertaking or mandate with a view to create of any such floating charge or similar encumbrance;
- 15.16 it has the capability (i) at any given time to identify each individual Purchased Receivable, and (ii) to track Total Collections in respect of each of the Purchased Receivables;
- 15.17 each of the representations and warranties under this Clause 15 by each of the Seller and the Servicer shall be true and correct on each Purchase date, in all material respects, except for those representations or warranties which are already qualified as to materiality and for representations under Clauses 15.11 to 15.16 (including), which shall be true and correct;

- 15.18 it is not in default of payment of any amount in excess of Euro 1,000,000 owing by it to the tax authorities or social security authorities unless contested in good faith; and
- 15.19 subject to Clause 16.3, the Discounted Receivables Purchase Agreements contain or will contain similar representations, warranties and covenants as the ones set out under this Clause 15 and which are customary for similar transactions and there is no breach of any of these representations, warranties and covenants.

**Clause 16: Undertakings**

16.1 Information, Accounts, Records.

Each of the Seller and the Servicer undertakes:

- 16.1.1 (i) to supply to the Transaction Administrator its annual balance sheet and profit and loss statement, approved by the General Assembly as soon as possible and at any rate within the 180 days following the end of its accounting year, and (ii) to provide its semi-annual interim balance-sheet as well as the interim profit and loss statement, on an unaudited basis and without approval by the General Assembly, as soon as possible and at any rate within 90 days following the end of the first half of each one of the accounting years;
- 16.1.2 to keep proper documents, books, records and other information necessary or useful for the control and the recovery of the Purchased Receivables and the monitoring of the Programme;
- 16.1.3 (A) once per calendar year as well as at any time following the occurrence and during the continuance of any of the events provided for in Clauses 17 and 18, subject to two Business Days' notice period, except for events referred to in Clauses 17.1 (d) and 18.1.3 (n) or in case of suspicion of fraud referred to in Clause 16.1.6 in which cases no notice shall be required,
- (i) to give the Transaction Administrator, its agents or representatives, access to the premises where they operate their activities in order to enable them to carry out a due diligence; and
  - (ii) to inspect, verify, remove and take copies (at the expenses of the Originators and the Servicer) of any books, orders, accounts, records, correspondence documents regardless of the medium on which they are contained and which contain information in respect of or are relevant for the Purchased Receivables and the Ancillary Rights; and
  - (iii) to implement within the time framework required by the Transaction Administrator, its agent or representatives, any recommendations relating to any of their obligations under this Agreement issued by the Transaction Administrator, its agent or representatives any recommendation;
- (B) by 31 July 2007,
- (i) to give the Transaction Administrator, its agents or representatives, access to the premises where they operate their activities in order to enable them to carry out a due diligence in relation to the Seller's portfolio of Receivables originated by Greif Packaging France SAS or Greif Packaging Spain S.A., its systems and practices; and



- (ii) to inspect, verify, remove and take copies (at the expenses of the Originators and the Servicer) of any books, orders, accounts, records, correspondence documents regardless of the medium on which they are contained and which contain information in respect of or are relevant for the portfolio, systems and practices referred to under (i); and
  - (iii) to implement within the time framework required by the Transaction Administrator, its agent or representatives, any recommendations relating to any of their obligations under this Agreement issued by the Transaction Administrator, its agent or representatives any recommendation.
- 16.1.4 to implement the agreed recommendations and adaptations as provided for in the due diligence key report referred to under clause 3.3.2 by March 2005 or in any subsequent letter resulting from the annual audit by the time indicated in such letter, which time shall be reasonable;
- 16.1.5 to supply the Purchaser and the Transaction Administrator with all documents available and purported to be available and needed for the recovery of an unpaid Purchased Receivable or all documents available and purported to be available from Obligor certifying the existence and the amount of the Purchased Receivables and each of the Seller and the Servicer procures that all documents representing the Purchased Receivables (including without limitation documents relating to the payment and/ or collection of the Purchased Receivables) and all information in relation to the Purchased Receivables will be remitted and communication to the Purchaser at first demand;
- 16.1.6 at any time, at the request of the Purchaser or the Transaction Administrator in case of suspicion of fraud and if such suspicion is not cleared by the delivery of appropriate documents to the Transaction Administrator, to request its auditors to contact at the expense of the Seller a sample of Obligor to ensure the existence of the Purchased Receivables.
- 16.1.7 to notify for consent the Transaction Administrator of any major change in the Credit and Collection Policies;
- 16.1.8 to notify the Transaction Administrator of any major legal proceeding filed against them;
- 16.1.9 to notify the Transaction Administrator of any major legal, financial or other changes in their structure, activity, patrimonies or economical and financial situation which could materially affect the Programme;
- 16.1.10 at any time within business hours, subject to two Business Days' notice period, except if an event referred to in Clauses 17.1 (d) or 18.1.3 (n) or in case of suspicion of fraud referred to in Clause 16.1.6., to allow and each of the Seller and the Servicer procures that the Originators and the Servicer will allow the Transaction Administrator and its agents or representatives to conduct an on-site examination of the books, records and documents of the Seller, the Originators or the Servicer as to check the compliance with the transmission or endorsement to the Purchaser of all bills of exchange or promissory notes, to the extent transmission or endorsement is required under this Agreement;
- 16.1.11 to send the Compliance Certificate on a semi annual basis within two weeks after publication of the balance-sheet and profit and loss statement.

## 16.2 Concerning the Purchased Receivables

Each of the Seller and the Servicer undertakes:

- 16.2.1 not to dispossess itself from any document representing a Purchased Receivable, and to remit them to the Purchaser or to the Transaction Administrator, at first demand;
- 16.2.2 without prejudice to the obligation to fulfil its duties as Servicer or provided for in the Servicing Agreement, not to use the rights, options, privileges (“*privèges*”/“*voorrechten*”), appeals, title deeds and/or interests linked to the Receivables without having obtained the prior written approval of the Transaction Administrator;
- 16.2.3 (i) in relation to each Purchased Receivable other than a French Receivable or a Spanish Receivable: not to draw any bill of exchange in connection with a Purchased Receivable, nor to demand or receive from any Obligor, or otherwise permit the creation by any Obligor of, any promissory note in connection with a Purchased Receivable, except if that bill of exchange or promissory note is immediately endorsed to the Purchaser; and  
(ii) in relation to each Purchased Receivable which is a French Receivable or a Spanish Receivable, unless if first approved in writing by the Purchaser, not to transmit or endorse to the benefit of a third party (other than the Purchaser) any bill of exchange or promissory note created or existing.
- 16.2.4 not to sell, assign, or dispose of any Purchased Receivables;
- 16.2.5 except as permitted under the Servicing Agreement, not without the prior consent of the Transaction Administrator, extend, amend or otherwise modify the terms of any Purchased Receivable;
- 16.2.6 not to grant security over any of the Purchased Receivables to any third party; and
- 16.2.7 to comply with the terms of the Credit and Collection Policies and to ensure that the Credit and Collection Policies will be implemented in all respects by the Originators, the Servicer and the Seller by March 2005 at the latest.

## 16.3 Concerning the Discounted Receivables Purchase Agreements

- (a) The Seller undertakes to comply with the following procedure in order to amend, modify or waive or permit the amendment, modification or waiver of any term or condition of any of the Discounted Receivables Purchase Agreements:
  - (i) the Seller shall notify the Purchaser of a proposed amendment, modification or waiver of any term or condition of any of the Discounted Receivables Purchase Agreements;
  - (ii) the Purchaser shall inform the Seller not later than 5 Business Days after the notification referred to under (i) above whether or not it consents to the proposed amendment, modification or waiver; and
  - (iii) the Programme will be terminated in accordance with Clause 18.1.3 (a) if the Purchaser has refused to give its consent in accordance with paragraph (ii) and if within a period of 3 Business Days after the notification of such refusal:
    - (A) the Parties have not reached an agreement;
    - (B) the Seller has not withdrawn its request for consent to a proposed amendment, modification or waiver; or
    - (C) the Seller has not notified the Purchaser of an alternative proposal in accordance with paragraph (i) above.

- (b) Without prejudice to paragraph (a) above, the Seller shall supply the Purchaser and the Transaction Administrator with a copy of any amendment, modification or waiver to any term or condition of any Discounted Receivables Purchase Agreement.
- (c) The Seller undertakes to exercise its right under clause 2.9 of the Discounted Receivables Purchase Agreement entered into with the French Originators and to impose a weekly transfer by way of subrogation on the French Originators upon request of the Purchaser. Such request shall be made by a written notice from the Purchaser to the Seller at least 5 Business Days prior to the next French Purchase Date.

16.3 Concerning the Credit Insurance Contract

- (a) The Seller undertakes to arrange for an endorsement to the Credit Insurance Contract, providing for the appointment of the Purchaser as the sole loss payee, upon the written request of the Purchaser; and
- (b) The Seller will not agree to the appointment of any loss payee under the Credit Insurance Contract, except as provided in paragraph (a) above.

**Clause 17: Acceleration of the Transfer Dates**

17.1 The Transaction Administrator reserves the right to impose daily, bi-weekly or weekly Transfer Dates (such acceleration of Transfer Dates shall be referred to as an "Acceleration") as well as weekly Settlement Dates, subject to 3 Business Days' notice. The Transaction Administrator may exercise its right by giving such notice as from the date on which the Purchaser or the Transaction Administrator is informed of the occurrence of one of the following events:

- (a) if one or more bill of exchange, with a minimum aggregate amount of Euro 1,000,000, bearing the signature of the Seller or the Servicer in whatever capacity, is protested or is not paid within the month of its due date;
- (b) if one or more cheques, with a minimum aggregate amount of Eur 1,000,000, bearing the signature of the Seller or the Servicer is not paid within the month of its due date, is protested or subject to an equivalent procedure if the Purchaser believes that this leads or is likely to lead to a Material Adverse Effect;
- (c) in the event of a delay in the execution of any obligation of the Seller or the Servicer towards the tax authorities or a social security body or in the event that legal proceedings are instituted against it by one of these authorities or bodies except if the Seller or the Servicer provides a justification acceptable to the Transaction Administrator;
- (d) in the event a preliminary investigation conducted in accordance with applicable law for fraud, theft, breach of trust, forgery or corruption is issued against a de jure or de facto body ("*administrateur / gérant de droit ou de fait*" / "*wettelijke of feitelijke bestuurder/zaakvoerder*") of the Seller or the Servicer;
- (e) if the Servicer breaches a covenant as listed in clause 6 of the Servicing Agreement;
- (f) if a temporary administrator ("*administrateur provisoire*" / "*voorlopige bewindvoerder*") is appointed to manage the business of the Seller or the Servicer;

- (g) if an event arises or is announced which could reasonably be expected to have a Material Adverse Effect;
- (h) if the Seller extends terms of payment for Purchased Receivables representing more than 10% of the Global Portfolio; and
- (i) if there occurs a major legal, financial or other change in the structure, activity, assets and liabilities or economical and financial situation of the Seller and/or the Servicer which has a Material Adverse Effect and jeopardises the Programme, in particular by deteriorating their capacity to fulfil the obligations under the Programme, or by deteriorating the quality and collectibility of Purchased Receivables.

The Seller and the Servicer shall inform the Transaction Administrator as soon as they are aware of the occurrence of one of these events.

17.2 The consequences of an Acceleration are the following:

- a) the Purchaser will impose daily, bi-weekly or weekly Transfer Dates, or any other frequency;
- b) in accordance with clause 4.4 of the Servicing Agreement, the Servicer will pay to the Purchaser on the Transfer Date the Total Collections received until such date to the account number as designated by the Purchaser;
- c) the Purchaser will reduce the Collection Period and the regularity of the sending of the Template as the case may be;
- d) at first request of the Purchaser or the Transaction Administrator, the Seller will and procures that the French Originators and the Spanish Originators will transmit to the Purchaser or endorse to the benefit of the Purchaser any bill of exchange or promissory note created or existing in connection with any Eligible Receivable for Purchase which is a French Receivable or a Spanish Receivable; and
- e) the Purchaser may change the regularity of the Settlement Date and of the Transmission Date to a weekly Settlement Date and Transmission Date.

#### **Clause 18: Termination**

18.1 Termination Events :

18.1.1 The Programme will be terminated without notice, and a Termination Event will occur, if, with respect to the Seller, the Servicer, any Originator and/or a Material Company, one of the following events arises:

- a. any person presents a petition, or files documents with a court or any register, for bankruptcy;
- b. any corporate action is taken or legal proceedings have commenced against it for its liquidation (“*dissolution et liquidation*”/ “*ontbinding en vereffening*”);
- c. in case of proceedings for composition (“*concordat judiciaire*” / “*gerechtelijk akkoord*”):
  - (i) in case the Seller, the Servicer, any Originator and/or a Material Company file(s) for composition;

- (ii) in case the application for composition of the Seller, the Servicer or any Originator is refused; the Seller, the Servicer or the Originator does not anymore meet the conditions for composition; the court does not authorise payment to be deferred; the provisional or final payment deferment is terminated; the Purchaser or any creditor regains its full rights;
  - d. this Agreement ceases to be legal, valid and binding for any reason.
- 18.1.2 Except if during such notice period the Seller has exercised its repurchase option in accordance with Clause 24.2, the Programme will be terminated and a Termination Event will occur upon 3 Business Days' notice as from the date on which the Seller received the relevant notification confirming that:
- (i) at any date the GIPP exceeds (or would exceed as a result of a transfer of Receivables to take place on that date) the aggregate Outstanding Nominal Value of all Receivables then constituting the Global Portfolio minus the GDPP;
  - (ii) the weighted average contractual term for payment of the Purchased Receivables exceeds 90 days;
- 18.1.3 Except if during such period the Seller proves that it has remedied the situation as invoked by the Purchaser or the Transaction Administrator to support its decision or if, in relation to paragraphs (b), (f), (g), (h), (i), (j), (k), (l) and (m) below, the Seller has exercised its repurchase option in accordance with Clause 24.2 or if, in case of paragraph (b) below, the Purchaser and the Seller have agreed that the Programme will not be terminated, the Programme will be terminated and a Termination Event will occur, upon the date on which the Purchaser has determined that a termination of the Programme is required in the case referred to under Clause 18.1.3(b) below, upon 1 Business Day notice as from the date on which the Seller received the relevant notification in the case referred to under Clause 18.1.3 (j) (i) below and upon 3 Business Days' notice as from the date on which the Seller received the relevant notification in the following cases (except the case referred to under Clause 18.1.3 (j)(i) below):
- a. a representation and/or undertaking listed in Clauses 15 and 16.1.2, 16.1.3, 16.1.5, 16.1.6, 16.1.8, 16.1.9, 16.1.10, 16.2, 16.3 and 16.4 is inaccurate or not complied with respectively;
  - b. the outcome of the due diligence report referred to under Clause 16.1.3 (B) is not satisfactory to the Purchaser, provided that, after a reasonable consultation period during which the Purchaser and the Seller will enter into negotiations to determine whether a termination will be required, the Purchaser has determined that a termination of the Programme will be required;
  - c. the Purchaser has refused to give its consent to and the Seller and the Purchaser have not reached an agreement in relation to a proposed amendment, modification or waiver of any term or condition or any of the Discounted Receivables Purchase Agreements in accordance with Clause 16.3(a) of this Agreement;
  - d. the Seller and/or the Servicer, if the Seller is Servicer, fails to pay during at least 2 Business Days any amount due under this Agreement;
  - e. without prejudice to paragraph (a), the Seller and/or the Servicer, if the Seller is Servicer, does not comply with one or several of its other obligations under this Agreement, in whatever capacity and this failure, if capable of remedy, remains unremedied (i) in the event of non-compliance with its obligations under Clause 16.1.1, 16.1.4, 16.1.7 and

16.1.11 for 30 Business Days after notice thereof from the Purchaser or the Transaction Administrator or (ii) in the event of non-compliance with any obligations under this Agreement (other than referred to under paragraph (i)), for 3 Business Days after notice thereof from the Purchaser or the Transaction Administrator;

- f. the Monthly Default Ratio as calculated in accordance with Enclosure IV and stated in the Transaction Administrator Report, exceeds 3.14%;
- g. the Monthly Dilution Ratio as calculated in accordance with Enclosure IV and stated in the Transaction Administrator Report, exceeds 5.5%;
- h. the D.S.O. (Days Sales Outstanding) calculated by the Transaction Administrator has been exceeding 65 days for 2 consecutive months.

The D.S.O equals to :

(the Outstanding Nominal Value of the Global Portfolio on the last day of the relevant Data Period + the Outstanding Nominal Value of the Global Portfolio of the 2 previous months each time as existing on the last day of the relevant Data Period) \* 90

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(the Portfolio of the concerned Data Period + the Portfolio of the 2 previous Data Periods ) \* 3

the result being expressed in number of days;

- i. the GIPP at any time becomes less than Eur 15,000,000;
- j. after notification by the Transaction Administrator of the persistence of an event described in Clause 17 which is reasonably likely to lead to a Material Adverse Effect (without prejudice, for the avoidance of doubt, to any other provision of this Clause 18), provided that:
  - (i) for events as described in Clause 17.1(i), the persistence lasts during more than 3 Business Days;
  - (ii) for events as described in Clause 17.1 (e) and (h), the persistence lasts during more than two months; and
  - (iii) for any other events as described in Clause 17.1, the persistence lasts during more than one month.
- k. in case of merger of the Seller or the Servicer with another company, or demerger;
- l. a significant change occurs in the shareholding structure of the Seller, and if the Transaction Administrator considers that such event is likely to modify the risks relating to the Seller and/or the Servicer under this Agreement; a significant change is considered to occur if existing shareholders would cease having de jure or de facto, direct or indirect control (as defined in Article 5 of the Belgian Companies Code) over the Seller and/or the Servicer;
- m. on any Settlement Date, Ineligible Receivables for Purchase assigned by the Seller and still outstanding represent more than 5% of the Global Portfolio;
- n. The net worth of the Purchaser becomes less than €250 mio; For the purpose of this Clause, “net worth” means common stock, paid in capital, currency translation, revaluation reserves, retained earnings and treasury stock;

- o. an indictment for fraud, theft, breach of trust, forgery or corruption is initiated against a de jure or de facto body (“*administrateur / gérant de droit ou de fait*” / “*wettelijke of feitelijke bestuurder/zaakvoerder*”) of the Seller or the Servicer except if the Seller or the Servicer provides a justification acceptable to the Transaction Administrator;
- p. the Seller or the Servicer is in breach of any financial covenant or ratio in any of its existing and future syndicated credit facilities or its existing and future securitisation programme;
- q. in case of termination of the Servicing Agreement.

The Seller and the Servicer shall inform the Transaction Administrator as soon as they are aware of the occurrence of any of these events or of their likely occurrence, in which latter case the Transaction Administrator undertakes to inform the Seller and the Servicer as soon as possible whether such event is susceptible to trigger the termination of this Agreement.

## 18.2 Consequences of a Termination Event

Save in relation to the consequences mentioned under 18.2.4 to 18.2.7 for the events 18.1.3 (a) if the latter refers to clauses 19 and 20 when a Termination Date occurs:

- 18.2.1 the Purchaser ceases to purchase new Receivables as from the day of the Termination Date;
- 18.2.2 the Servicer, and if he fails to do so, the Seller, will provide without delay the ageing balance detailed per Obligor, cut-off at the Termination Date;
- 18.2.3 no further Instalment of GDPP shall fall due unless and until the balance of the GIPP shall have been reduced to zero and any credit balance of the Current Account shall have been duly paid to the Purchaser. Thereafter, payment of Instalments of GDPP will be resumed in accordance with Clause 8.2.
- 18.2.4 the Servicing Fee shall continue to be paid when the balance of the GIPP shall have been reduced to zero;
- 18.2.5 the Purchaser or the Transaction Administrator on its behalf is allowed to (i) give formal notice of a legal transfer or assignment of each Receivable to the relevant Obligor in the form as set out in Annex II to Enclosure IX (with respect to French Receivables) and Enclosure XI (with respect to Receivables other than French Receivables) and (ii) notify new payment instructions or have them notified to the Obligors whose Receivables have been purchased; for that purpose the Seller shall grant in favour of the Purchaser and the Transaction Administrator, prior to the first Purchase Date a power of attorney that will allow the Purchaser or the Transaction Administrator to notify the Obligor on behalf the Seller;
- 18.2.6 the Transfer Dates become daily (*i.e.* take place on each Business Day);
- 18.2.7 the Seller will and procures that the French Originators and the Spanish Originators will transmit to the Purchaser or endorse to the benefit of the Purchaser any bill of exchange or promissory note created or existing in connection with any Eligible Receivable for Purchase which is a French Receivable or a Spanish Receivable; and
- 18.2.8 the Purchaser or the Transaction Administrator may appoint a Backup Servicer for the collection of the Receivables according to the terms and conditions specified in the Servicing Agreement. In the event that a Backup Servicer is appointed, the Seller shall deliver to the Backup Servicer all documents and means of payment corresponding to the Purchased Receivables.

except if within the respective periods of notice as provided for in Clause 18, a bank guarantee, the issuer and amount of which shall be acceptable and approved by the Transaction Administrator, is issued in favour of the Purchaser, or, if within the same period the Seller has exercised the repurchase option set out in Clause 24 and paid the price thereof to the Purchaser and the credit balance of the Current Account if any.

18.3. Insofar the provisions contained in this Clause do not derogate therefrom, the other Clauses of this Agreement will remain applicable until the parties have conclusively executed their obligations under this Agreement.

**Clause 19: Exclusive rights**

Throughout the duration of this Agreement the Seller will not enter into an agreement or an arrangement with a third party involving similar objectives as those contained in this Agreement and concerning the purchase of trade receivables, excluding lines of credit to the Seller by third parties or affiliates of Seller, without the Purchaser's prior written consent such consent not to be unreasonably withheld.

**Clause 20: Confidentiality**

20.1 Each Party agrees to treat all information of any kind transmitted by the other Party as confidential. The parties agree not to divulge such information to any other person and to ensure that their respective personnel similarly respect the confidential nature of such information.

20.2 This provision shall not prevent:

20.2.1 either Party from transmitting such information as may be required by its statutory auditors, public organisations or any governmental, regulatory, fiscal, or monetary institution or other authority, in so far as it is obliged to do so by the applicable laws and regulations in force;

20.2.2 the Purchaser from transmitting such information to any person who will provide or will undertake to provide directly or indirectly funds to the Purchaser or any agent appointed by the Purchaser, provided that the Purchaser undertakes that such person shall be bound to treat such information as confidential under the same terms and subject to the same conditions as provided for in the Transaction Documents;

20.2.3 the Purchaser from using any original or duplicate copy of the contractual documentation or any computer information referred to in this Agreement in order to take all such measures deemed necessary by the Purchaser to preserve, and/or enforce its rights under the Transaction Documents, including without limitation any legal actions;

20.2.4 either Party from providing the Rating Agencies with any information they may require;

20.2.5 either Party from transmitting such information as may be in the public domain other than as a result of a breach of this Clause by such Party;

20.2.6 the Purchaser from using exclusively the following information: the amount involved in the transaction, the countries concerned, the number of originators in such countries, the structure of the transaction, the identity of the legal counsels involved in the transaction, the closing date of the transaction, the maturity of the transaction and the identity of the parties to the transaction.



20.3 This obligation to preserve confidentiality shall remain valid for 2 years from the Termination Date.

**Clause 21: Indemnity**

**21.1. Increased Costs**

- 21.1.1 If as a result of (1) either the introduction of or any change in, or in the interpretation or application of, any law or regulation, or (2) the compliance by the Purchaser with any law or regulation made after the date of this Agreement, the Purchaser suffers or incurs:
- a) a reduction in the rate of return from a commitment under or in respect of this Agreement or on its capital employed in respect of obligations under this Agreement or arising in connection herewith or therewith; or
  - b) an additional or increased cost which is attributable to the Purchaser (or any affiliate thereof) having entered into a commitment in respect of this Agreement or funding or performing its obligations hereunder or thereunder, including, without limitation, any increased cost arising as a result of a requirement to increase the amount of capital required or expected to be maintained by the Purchaser against any commitment entered into in respect of this Agreement; or
  - c) a reduction of any amount due and payable under this Agreement,

then the Seller shall, forthwith upon receipt of a written demand therefore from the Purchaser pay directly to the Purchaser or (if so specified in the written demand) to the Transaction Administrator on its behalf such amount or amounts as shall be sufficient to compensate the Purchaser for such additional or increased cost incurred or such reduction suffered. A certificate setting forth in reasonable detail any amounts claimed by the Purchaser under this Clause 21.1 shall be conclusive and binding for all purposes, except in case of manifest error.

- 21.1.2 Anything in this Clause 21.1 to the contrary notwithstanding, if the Purchaser has entered into an agreement to purchase Receivables from or to make loans to one or more other persons ("Other Persons"), the Purchaser shall allocate in a reasonable manner the liability for any amounts under this Clause 21.1 to the Seller and each Other Person; provided, however, that if in the Purchaser's reasonable opinion such costs are attributable to the Seller and/or the transactions contemplated by this Agreement, and not attributable to any Other Person or any other transactions, the Seller shall be solely liable for such costs.

The agreements and obligations of the Seller contained in this Clause 21.1 shall survive the termination of this Agreement.

**21.2. Indemnities by the Seller**

- 21.2.1 Without limiting any other rights which the Transaction Administrator or the Purchaser may have hereunder or under applicable law, the Seller hereby agrees to indemnify the Transaction Administrator, the Purchaser and their assigns, and each of their respective directors, officers, employees, agents and attorneys (all of the foregoing being collectively referred to as "Indemnified Parties") from and against any and all damages, losses, claims,, taxes, liabilities and related costs and expenses, including reasonable attorneys' fees (which

attorneys may be employees of the Transaction Administrator or the Purchaser) and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts") awarded against or incurred by any of them arising out of or resulting from this Agreement.

- a) the sale of any Receivable under this Agreement or, in relation to French Receivables, under a French Transfer Document, which is not at the date of purchase an Eligible Receivable for Purchase;
- b) reliance on any representation or warranty made or deemed made by the Seller, the Servicer or any of their respective officers under or in connection with this Agreement which shall have been false or incorrect in any material respect when made or deemed made or delivered;
- c) the failure by the Seller or the Servicer to comply with any term, provision or covenant contained with this Agreement, or with any applicable law, rule or regulation with respect to any Receivable, the related commercial contract or the nonconformity of any Receivable or the related commercial contract with any such applicable law, rule or regulation and irrespective whether or not such failure was caused by the non-compliance of any Originator with any term, provision or covenant contained in the Discounted Receivables Purchase Agreement, in the contracts of sale entered into by any Originator with any Obligor or with any applicable law or regulation with respect to any Receivable;
- d) the failure to vest and maintain vested in the Purchaser or to transfer to the Purchaser ownership of the Receivables and the ancillary assets which are, or are purported to be, sold by the Seller hereunder in each case free and clear of any Adverse Claim whether existing at the time of the purchase of any such Receivable or at any time thereafter;
- e) the failure by the Seller to make any payment required on its part to be made hereunder;
- f) the failure to file, or any delay in filing, instruments or documents under the laws of any applicable jurisdiction or other applicable laws with respect to any Receivables and the ancillary assets which are, or are purported to be, sold by the Seller hereunder, whether at the time of any purchase or at any subsequent time;
- g) any dispute, claim, offset or defence (other than the discharge in bankruptcy or similar proceeding of an Obligor under a Receivable) of an Obligor to the payment of any Receivable which is, or is purported to be sold by the Seller hereunder (including, without limitation, a defence based on such Receivable or the related commercial 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 merchandise or services related to such Receivable or the furnishing or failure to furnish such merchandise or services;
- h) any failure by the Seller to perform its duties or obligations in accordance with the provisions of this Agreement or any failure by the Seller or any affiliate thereof to perform its respective duties under the commercial contracts relating to the Receivables;
- i) any products liability claim or personal injury or property damage suit or other similar or related claim or action of whatever sort arising out of or in connection with goods and/or merchandise which are the subject of any Receivable or related commercial contract;
- j) the failure to pay when due any taxes, including without limitation, sales, excise or personal property taxes payable in connection with any Receivables and ancillary assets;

- k) the commingling of Total Collections of any Purchased Receivables and ancillary assets at any time with other funds;
  - l) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of purchases or the ownership by the Purchaser of any Receivables and ancillary assets except any such investigation, litigation or proceeding arising from the negligence or wilful misconduct of the Purchaser or breach by the Purchaser of any of its obligations hereunder; or
  - m) any attempt by any person to void or otherwise avoid any transfer of a Receivable or ancillary asset from the Seller to the Purchaser.
- 21.2.2. The Seller shall be under no liability under Clause 21.2.1 above to pay:
- a) Indemnified Amounts to the extent a final judgement of a court of competent jurisdiction considers such Indemnified Amounts resulting from gross negligence or wilful misconduct on the part of the Indemnified Party seeking indemnification;
  - b) Indemnified Amounts to the extent the same constitute losses solely by reason of the Receivables being uncollectable on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor (as distinguished from losses arising in respect of any representation, warranty or covenant made by the Seller where applicable hereunder);
  - c) taxes imposed by the jurisdiction in which such Indemnified Party's principal executive office is located, on or measured by the overall net income of such Indemnified Party; or
  - d) except with respect to any claim arising out of the wilful misconduct or negligence of the Seller, Indemnified Amounts constituting indirect and unforeseeable ("*dommage imprevisible*" / "*onvoorzienbare schade*") damages,
- provided however, that nothing contained in this Clause 21.2.2 shall limit the liability of the Seller or limit the recourse of the Indemnified Parties to the Seller for amounts otherwise specifically provided to be paid by the Seller under the terms of this Agreement.
- 21.2.3 Any indemnification in accordance with this Clause 21 shall be paid within 30 days of demand.
- 21.2.4 The Seller or the Servicer shall cease to have any liability under or in respect of this Clause on the date which is two years after the date of termination of this Agreement, provided that no GIPP is outstanding at that time and except in respect of a claim of which the Purchaser gives written notice to the Seller or the Servicer before that relevant date.

**Clause 22: Recourses**

No recourse under any obligation, covenant or agreement of the Purchaser as contained in this Agreement shall be made against any incorporator, stockholder, affiliate, officer, employee or director of the Purchaser, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that the agreements of the Purchaser contained in this Agreement are solely the corporate obligations of the Purchaser, and that no personal liability whatsoever shall attach to or be incurred by the incorporators, stockholders, affiliates, officers, employees or directors of the Purchaser or any of them, under or by reason of any of the respective obligations, covenants or agreements of the Purchaser contained in this Agreement, or implied therefrom, and that any and all personal

liability of every such incorporator, stockholder, affiliate, officer, employee or director of the Purchaser for breaches by the Purchaser of any such obligation, covenant or agreement, whether such liability arises under the Belgian law by statute or constitution or otherwise, is hereby expressly waived as a condition of and in consideration of the execution of this Agreement.

**Clause 23: Survival of Clauses**

The agreements and obligations of the Seller contained in the Clause 20 shall survive the termination of this Agreement.

**Clause 24: Repurchase Option**

24.1 Without prejudice to Clause 5.1 and Clause 24.2, after the Termination Date has occurred, the Seller shall be entitled to request the Purchaser to repurchase the Global Portfolio at a price corresponding to the Nominal Value of all Receivables of the Global Portfolio subject to the balance of GIPP being reduced to zero as a result of such repurchase and that the credit balance of the Current Account (taking into account the treatment of that price as a Collection) shall have been duly paid to the Purchaser.

To that effect, the Seller shall notify the Purchaser of its intention to repurchase the Global Portfolio five Business Days before the requested date of repurchase. The Purchaser shall not be obliged to accept such offer and shall notify the Seller of its decision no later than three Business Days after the receipt of the Seller's notice. If such offer relates to French Receivables and the Purchaser accepts such offer, the Purchaser will have to perform all steps contemplated in the French Receivables Retransfer Procedure. If such offer relates to German Receivables and the Purchaser accepts such offer, the Purchaser will have to retransfer and reassign the respective German Receivables as contemplated in Clause 2.1.2. If such offer relates to Spanish Receivables and the Purchaser accepts such offer, the Purchaser will have to repurchase such Receivables as contemplated in Clauses 2.1.1 and 5.2.

24.2 During the 3 Business Days' notice period referred to under Clause 18.1.2 and Clause 18.1.3, (e), (f), (g), (h), (i), (j), (k) and (l), the Seller shall be entitled to request the Purchaser to repurchase the Global Portfolio at a price corresponding to the Nominal Value of all Receivables of the Global Portfolio subject to the balance of GIPP being reduced to zero as a result of such repurchase and that the credit balance of the Current Account (taking into account the treatment of that price as a Collection) shall have been duly paid to the Purchaser at the latest at the time of such repurchase. Provided that the repurchase option is exercised before the end of the notice period, the Programme will not be terminated and a Termination Date will not occur in accordance with Clause 18.1.2 and 18.1.3. The repurchase will occur within the 3 Business Days' notice period. If such request relates to French Receivables, the Purchaser will have to perform all steps contemplated in the French Receivables Retransfer Procedure. If such request relates to German Receivables, the Purchaser will have to retransfer and reassign the respective German Receivables as contemplated in Clause 2.1.2. If such request relates to Spanish Receivables, the Purchaser will have to repurchase such Receivables as contemplated in Clauses 2.1.1 and 5.2.

24.3 The payment by the Seller of the repurchase price will take place:

- (i) in the event of a repurchase in accordance with Clause 24.1, on the Settlement Date following its decision to repurchase the Global Portfolio and at the latest at the time of such repurchase and, with respect to French Receivables, upon performance of all steps (if any) required under the French Retransfer Procedure;

- (ii) in the event of a repurchase in accordance with Clause 24.2, within the 3 Business Days' notice period and with respect to French Receivables, upon performance of all steps (if any) required under the French Retransfer Procedure.

The Seller will pay the repurchase price as follows:

- a) by way of set-off with the Instalment of GDPP, if any, that would be payable as at the repurchase date;
- b) the balance will be paid in cash.

***Clause 25: Sale by the Purchaser of the Global Portfolio***

- 25.1 The Purchaser shall be entitled to assign or transfer, wholly or partially, its rights, interest in or title to (i) the Purchased Receivables, without any requirement for the consent of the Seller, and (ii) this Agreement, provided that the prior consent of the Seller is obtained, except if a Termination Event has occurred or is continuing or if such consent is unreasonably withheld. Following such an assignment or transfer, each of the Transaction Administrator, the Servicer and the Seller hereby agrees that any assignee or transferee of the rights assigned or transferred under this Agreement or of all or any of the Receivables purchased by the Purchaser hereunder shall have all of the rights and benefits and be bound by all of the obligations and duties under this Agreement and in respect of the Receivables so assigned or transferred as if the term "Purchaser" explicitly refers to such assignees or transferees, and no such assignment shall in any way impair the rights or the benefits of the Purchaser from time to time hereunder.
- 25.2 Neither the Seller nor the Servicer shall be entitled to assign or transfer all or any of its rights or obligations under this Agreement at any time except with the prior written consent of the Transaction Administrator.

***Clause 26: Compensation***

- 26.1 Each Party is allowed to claim compensation from the other Party if, following the inexecution of all or part of the obligations of the latter, such Party suffers a loss.
- 26.2 The amounts claimed or received by any Party in application of Clause 22 do not reduce in any way the amounts that may be claimed or received from the other Party in any other way.

***Clause 27: Solidarity between the Portfolio and the Italian Portfolio***

- 27.1 If, following the Italian Effective Date and during the term of the Programme under this Agreement, a Cash Deficiency as defined in the Italian Receivables Purchase Agreement (an **Italian Cash Deficiency**), occurs in relation to the Italian Portfolio in relation to the Italian Data Period preceding the Settlement Date, the Excess Available Amounts of the Portfolio in relation to the Data Period preceding such Settlement Date will be allocated to decrease such Italian Cash Deficiency. The Seller specifically agrees that Excess Available Amounts may be allocated to and applied against an Italian Cash Deficiency as from the Italian Effective Date as provided for in the preceding sentence, on the condition that the Italian Receivables Purchase Agreement contains a similar provision permitting Excess Available Amounts (as defined under the Italian Receivables Purchase Agreement) to be allocated to a Cash Deficiency in the Portfolio.

- 27.2 If, following the Italian Effective Date and during the term of the Programme under this Agreement, Excess Available Amounts (as defined under the Italian Receivables Purchase Agreement) are allocated to decrease a Cash Deficiency in the Portfolio as provided for in the Italian Receivables Purchase Agreement, and later Solidarity Excess Available Amounts are available in the Portfolio, such Solidarity Excess Available Amounts will be used to reimburse the Excess Available Amounts (as defined under the Italian Receivables Purchase Agreement) that have been allocated to decrease the Cash Deficiency of the Portfolio (the **Solidarity Amount**).
- 27.3 The Seller specifically agrees that Solidarity Excess Available Amounts may be allocated to and applied against a Solidarity Amount as from the Italian Effective Date as provided for in Clause 27.2 on the condition that the Italian Receivables Purchase Agreement contains a similar provision permitting Solidarity Excess Available Amounts (as defined in the Italian Receivables Purchase Agreement) to reimburse Excess Available Amounts of the Portfolio that have been allocated to decrease an Italian Cash Deficiency.

**Clause 28: Communications**

- 28.1 Any notification or communication under this Agreement will be addressed to the other Party in the following manner:

**To the Seller :**

(name) : Greif Coordination Center BVBA  
(address) : Beukenlei 24  
: B-2960 Brecht  
Attn. : Michel Verholen  
Fax : +32 (0)3 670 02 04  
E-mail : Michel.Verholen@Greif.com/Factoring@Greif.com

**To the Servicer:**

(name) : Greif Belgium BVBA  
(address) : Bollaarstraat 6  
: B - 2500 Lier  
Attn. : Carlo Boudewijns  
Fax : +32 (0)3 491 06 51  
E-mail : Factoring@Greif.com

**To the Purchaser:**

(name) : ING Belgium S.A.  
(address) : avenue Marnix 24  
: 1000 Brussels  
Attn.: : Valérie Jordens  
Fax: : 32.2-547.20.55.

with a copy to the Transaction Administrator and to:

(name) : ING Belgium S.A.  
(address) : avenue Marnix 24  
: 1000 Brussels  
Attn.: : Valérie Jordens  
Fax: : 32.2-547.20.55.  
E-mail : valerie.jordens@ing.be

Any change to the data relating to the Seller, the Servicer, the Transaction Administrator or the Purchaser mentioned above will only take effect on the 5th day following the delivery by post of a registered letter containing the change.

- 28.2 Unless otherwise specified in this Clause, all notifications or communications will be effected by registered mail, express courier or fax. These notifications and communications will be deemed to have been made on the date (i) of their delivery by post in the case of a registered letter, or (ii) indicated on the document established by the fax and confirming the dispatch.
- 28.3 Any notification referred to in Clauses 17 and 18 will be made by registered letter at the post with acknowledgement of receipt. A copy of this letter will be addressed to the addressee by fax on the day the letter is dispatched by post. The notification will take effect on the date of delivery.
- 28.4 Each of the Seller and the Servicer authorises the Purchaser and the Transaction Administrator to act on the basis of the notifications received at the fax number of the Purchaser or the Transaction Administrator, indicated under 28 if:
- 28.4.1 the fax has been sent from the Seller's or the Servicer's fax number, as indicated under Clause 28; and
  - 28.4.2 the signatures appended on the fax are apparently those of the officers empowered to issue such notifications for account of the Seller or the Servicer.

The Seller and the Servicer bear full responsibility for all damages that may result from the fact that the Purchaser or the Transaction Administrator may have acted on the basis of such notification.

- 28.5 The communications referred to in Clause 4 will be carried out exclusively by computer, i.e. by transfer, by phone (modem) of computer records or on a computer disk sent by mail. The electronic records thereof maintained by the Purchaser or the Transaction Administrator shall constitute *prima facie* evidence of the existence, time and contents of such communications.
- 28.6 Each of the Seller and the Servicer authorises the Purchaser and the Transaction Administrator to act on the basis of communications received in accordance with Clause 28 and bears full responsibility for any damage that may result from the fact that the Purchaser or the Transaction Administrator may have acted on the basis of such communications.

#### **Clause 29: Absence of Revocation**

If a Party abstains from invoking a violation by the other Party of one of the provisions of the Agreement or a failure to comply with one of its obligations, this may in no way be construed as a revocation of the right to invoke subsequently such violation or failure or any other violations or failures that may arise under this Agreement. Likewise, failure to exercise a right arising under this Agreement may in no way be construed as a revocation to use this right in the future.

#### **Clause 30: Amendments**

No amendment to this Agreement will be effective unless made in writing and signed by the Parties.

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**Clause 31: Law and jurisdiction**

- 31.1 This Agreement shall be governed by, and construed in accordance with, the law of Belgium and the Belgian courts will solely be competent to settle any disputes.
- 31.2 Clause 2.1.2 of this Agreement is governed by German law.
- 31.3 For the avoidance of doubt, the following matters in relation to the Receivables originated by the Portuguese Originator are governed by Portuguese law: (i) all matters relating to the transferability of such Receivables; (ii) the relationship between the Seller and the Obligors of such Receivables, (iii) the effectiveness of the transfer of such Receivables towards the debtors and (iv) the transfer of any retention of title rights relating to such Receivables.



**SIGNATORIES**

Signed in 5 originals on the date specified below the parties' signature

**ING BELGIUM S.A.**

the Purchaser

\_\_\_\_\_

name:

title:

**GREIF COORDINATION CENTER BVBA**

the Seller

\_\_\_\_\_

name:

title:

**ING BELGIUM S.A.**

the Transaction Administrator

\_\_\_\_\_

name:

title:

**GREIF BELGIUM BVBA**

the Servicer

\_\_\_\_\_

name:

title:

ELIGIBILITY CRITERIA

There are 2 types of eligibility criteria:

- a) Eligibility criteria for purchase
- b) Eligibility criteria for calculation of the GIPP

**1. ELIGIBILITY CRITERIA FOR PURCHASE**

The Receivables that satisfy each of the following criteria are Eligible Receivables for Purchase:

- 1.1 the Obligor is not an individual;
- 1.2 the Receivable is owed by an Obligor acting out of an establishment located in any of the following countries: Belgium, France, Germany, the Netherlands, Spain, England and Wales, Portugal, Switzerland and Sweden;
- 1.3 the Obligor is not a consumer as defined in the Credit Law of June 12, 1991 or of the Law of 20 December 2002 on the amicable recovery of debt or as defined in §13 of the German Civil Code (*Bürgerliches Gesetzbuch*);
- 1.4 the Obligor is not a connected company (*verbonden vennootschap/ société liée*) as defined in Article 11 of the Belgian Company Code, of the Originator, or a *verbundenes Unternehmen* pursuant to §15 of the German Act on Stock Corporations (*Aktiengesetz*) of the Originator;
- 1.5 the Seller has full ownership of the Receivable;
- 1.6 the Receivable is a receivable due by an Obligor with which an Originator has entered into a contract of sale or from which the Originator has accepted a purchase order;
- 1.7 the Receivable constitutes a collection obligation which is legally valid, enforceable and unconditional other than conditional on the performance of the contract;
- 1.8 the Receivable arises from an agreement complying with the mandatory rules of the law of the Originator with which the Obligor has entered into a contract of sale or purchase order (the Relevant Originator) and of the Obligor;
- 1.9 the Receivable is generated in the ordinary course of business of the Relevant Originator;
- 1.10 the Receivable is free from any privilege, surety or charge;
- 1.11 the Obligor is not a company belonging to the ING group;
- 1.12 the Receivable is the Receivable with regard to which, at the time of sale, there is no dispute or litigation or which, in the view of the Seller and the Servicer, is not likely to be the subject of a dispute or litigation;
- 1.13 the Receivable is represented by an invoice;
- 1.14 the Obligor is not an exclusive distributor of the products of the Relevant Originator, nor a franchisee;

- 1.15 the Obligor is not in state of suspension of payments, legal settlement with creditors, bankruptcy or subject to protests or attachments;
- 1.16 the Obligor is not a government or a public entity, and the Receivable did not arise in connection with a contract which is subject to public procurement laws and regulations, except if no specific transfer formalities or restrictions apply for the transfer of this type of Receivable in the jurisdiction of the Obligor and provided that the portion of Purchased Receivables towards governments or public entities taken as a whole does not represent more than 10% of the Global Portfolio;
- 1.17 the contractual term for payment does not exceed (i) for the Obligors which are not Conical Obligors, 150 days from the date of invoice and (ii) for the Conical Obligors, 364 days from the date of invoice;
- 1.18 the terms of contract do not require the consent of the Obligor to assign the Receivable, except when such consent is needed, such consent has been obtained, and there is no other restriction to the assignability of the Receivable;
- 1.19 the Receivable satisfies the Seller's credit policy and the general sale conditions of the Relevant Originator;
- 1.20 the Receivable does not carry interest (other than, as the case may be, late payment interest);
- 1.21 the Receivable is a Receivable for which any licences, approvals or registration procedures that may be necessary have been obtained, given or effected in a satisfactory manner, and this as long as the Receivable is outstanding;
- 1.22 the Receivable did not originate from the resale of products which had been acquired by the Relevant Originator subject to a reservation of title, unless the reservation of title has lapsed already due to the payment of the original acquisition price;
- 1.23 the Receivable does not represent claims in connection with the execution by the Relevant Originator of a contract which is partly subcontracted to a third party;
- 1.24 no bill of exchange, promissory note or other negotiable instrument has been issued in respect of the Receivable, except if that bill of exchange or promissory note has immediately been endorsed to the Purchaser or, in relation to French Receivables and Spanish Receivables, except if first approved in writing by the Purchaser, no bill of exchange promissory note or other negotiable instrument has been transmitted or endorsed in respect of the receivable to the benefit of a third party (other than the Purchaser);
- 1.25 the Receivable is not a receivable on an Obligor who has to pay in advance or who pays cash;
- 1.26 the Obligor of the receivable is not an agent of the Relevant Originator acting on a commission basis (as opposed to an agent acting as principal and on a full price basis);
- 1.27 the Receivable is governed by the law of the jurisdiction of incorporation of the Relevant Originator;
- 1.28 the Receivable is expressed and payable in Euro or GBP. Any new currency shall be submitted to the written approval of the Purchaser or Transaction Administrator on its behalf. The Purchaser and the Transaction Administrator on its behalf reserve the right at any time after having informed the Seller to exclude any of the above-mentioned currencies;
- 1.29 the Receivable ensues solely from the delivery of goods and/or services already provided;
- 1.30 the Receivable is a Receivable for which, on the Purchase Date, the Relevant Originator (i) will have performed all the required obligations, and (ii) will not have undertaken any action that may affect the rights of the Purchaser in relation to the Receivable or that may affect its validity, its legality or its enforceable nature;

- 1.31 the Receivable does not arise from the provisions of services performed on behalf of the French Originator by a third party under a sub-contract qualifying as sous-traitance pursuant to the provision of French law n°75-1334 dated 31 December 1975;
- 1.32 in relation only to Receivables towards the Conical Obligors, the Receivable is covered under the Credit Insurance Contract, and
- 1.33 with respect to Receivables towards the Conical Obligors, the purchase of such Receivables does not make the Outstanding Global Conical Receivables exceed the Outstanding Global Conical Receivables Limit.

If the Receivable is an Ineligible Receivable for Purchase at the time it arises, it will be purchased and assigned under this Agreement as soon as it becomes Eligible for Purchase, i.e. as soon as the purchase of such Receivable will not make the Outstanding Global Conical Receivables exceed the Outstanding Global Conical Receivables Limit. Such Eligible Receivables for Purchase are purchased, transferred and assigned in the order in which they came into existence (the oldest receivable first) until again the limit is exceeded.

## 2. ELIGIBILITY CRITERIA FOR CALCULATION OF GIPP

The Receivables that qualify for calculation of GIPP are the Receivables:

- 2.1 that qualify for purchase;
- 2.2 that do not cause the relevant Obligor to become an Important Obligor (defined in Clause 2.2.1 of this enclosure), or if they do so that the relevant Obligor is listed in Clause 2.2.3 below and that the Receivables do not cause that Obligor's concentration limit mentioned therein to be exceeded.
  - 2.2.1 No Obligor may represent more than a percentage of the Portfolio equal to 1/5 of the Default Reserve Floor (any Obligor in excess thereof being an "Important Obligor"), except for those Obligors for whom a specific concentration limit will be determined.
  - 2.2.2 The Purchaser and the Transaction Administrator on its behalf reserve the right at any time after having informed the Seller to decide to exclude an Obligor or to modify its concentration limit. Such decision shall only become effective for the calculation of GIPP in relation to Purchased Receivables that arise after the Cut-off Date following such decision.
  - 2.2.3 For calculating the limit for being an Important Obligor it will be taken into account the sum of the Purchased receivables of all the Obligors of the Global Portfolio belonging to the same group.
  - 2.2.4 The initial list of the Important Obligors (listed per group) as well as their concentration limit are the following (these limits are expressed as a percentage of the sum of the Outstanding Nominal Values of all Receivables from time to time forming part of the Combined Portfolio on a pro rata basis). The concentration limits on Ineos and Croda shall expire on [27 April 2007], except if the Transaction Administrator confirms in writing to the Seller that such limit is extended. Such extension shall not exceed one month: **[to be reviewed]**

<u>Important Obligor</u>	<u>Limit</u>
BASF	Default Reserve Floor * Combined Portfolio
BAYER	50% * Default Reserve Floor * Combined Portfolio
DOW CHEMICAL	50% * Default Reserve Floor * Combined Portfolio
ICI	50% * Default Reserve Floor * Combined Portfolio
EXXON MOBIL	Default Reserve Floor * Combined Portfolio
INEOS	1/5 of Default Reserve Floor * Combined Portfolio + a Special Limit of EUR 500,000
CRODA	1/5 of Default Reserve Floor * Combined Portfolio + a Special Limit of EUR 1,000,000
Shell	Default Reserve Floor * Combined Portfolio
Total Fina Elf	Default Reserve Floor * Combined Portfolio Y
BP	Default Reserve Floor * Combined Portfolio
DSM	50% * Default Reserve Floor * Combined Portfolio

- 2.2.5 Any change to the initial list of the Important Obligors shall be submitted to the written approval of the Purchaser.
- 2.3 which have not been the subject of a payment extension in excess of 60 days over the period stipulated in the underlying contract; no postponement is permitted when the due date is evidenced by a bill of exchange, promissory note or other negotiable instrument;

- 
- 2.4 which are not Defaulted Receivables, i.e.:
    - 2.4.1 which have not become past due for more than 60 days, taking into account a possible payment extension as provided for in Clause 2.3 of this Enclosure; or
    - 2.4.2 which, in accordance with the Seller's credit policy, have not been registered as doubtful receivables and accordingly provisioned by the Seller; or
    - 2.4.3 of which the Obligor has not become bankrupt or insolvent;
  - 2.5 of which the Obligor is not the Obligor of Defaulted Receivables which exceed 15% of the sum of the Outstanding Nominal Value of all Purchased Receivables on this Obligor;
  - 2.6 of which the Obligor is not the Obligor of Purchased Receivables with Set-Off Arrangements which exceed 3 per cent of the Global Portfolio;
  - 2.7 which, if expressed in GBP does not cause the sum of the Outstanding Nominal Value of all Purchased Receivables included in the Global Portfolio and denominated in such currencies to exceed on a Settlement Date 40%.

The Purchaser and the Transaction Administrator on its behalf reserve the right at any time after having informed the Seller to modify within 3 Business Days' notice any of the above-mentioned limits.

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**ENCLOSURE II**

**TEMPLATE**

Template

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ENCLOSURE III

TRANSACTION ADMINISTRATOR REPORT

Transaction Administrator Report

To be sent to the Seller by fax or by electronic mail on the Calculation Date before 4 pm Brussels time

Calculation Date : \_\_\_\_/\_\_\_\_/\_\_\_\_

Settlement Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

Reserve rate applicable for this Settlement Date	: _____ %
Portfolio (cf Clause 4.1.1)	: _____
Opening GIPP	: _____
Initial Purchase Price (cf Clause 7)	: _____
Deferred Purchase Price	: _____
Global Initial Purchase Price (cf Clause 7)	: _____
Global Portfolio (cf Clause 4.1.1)	: _____
Global Deferred Purchase Price	: _____
Instalment of GDPP to be paid (cf article 13.2.10)	: _____
Charges (Enclosure VII)	: _____
• Costs	: _____
• Funding Costs	: _____
• Administration fee	: _____
• Concentration fee	: _____
• Dilution fee	: _____
• Servicing fee	: _____
Balance of the Current Account	: _____
in favour of	: _____
Next Settlement Date.	: _____



**PART I - CALCULATION OF THE PURCHASE PRICE**

**1. General principles**

Based on the data provided by the Originator in accordance with Clause 4.1 (the “Data”), the Transaction Administrator shall calculate the purchase price for the Portfolio and the amounts of the other items included in clauses 6, 7, 8, 10, 11, 12, 14, and 21 of the Agreement on the basis of the calculation principles listed in this Enclosure IV.

After having checked the consistency of the Data, the Transaction Administrator shall on each Calculation Date compute the following payments and internal allocations as defined in subheading 3 below and Enclosure IV, Part II.

- A. The Eligible Receivables for Calculation of the GIPP
- B. The Total Reserve Rate
- C. The Theoretical Global Initial Purchase Price and the Theoretical Global Deferred Price
- D. The variation of the GIPP
- E. the Available Amount
- F. The Deferred Purchase Price and Initial Purchase Price
- G. The Global Initial Purchase Price and the Global Deferred Purchase Price

In case of bi-monthly settlements, the Transaction Administrator shall calculate the Total Reserve Rate only on one out of two consecutive Calculation Dates and this on the basis of the aggregated Data of the Data Period and the Preceding Data Period (totalling a period of one month).

Said calculated Total Reserve Rate shall be applied for two consecutive Calculation Dates, including the Calculation Date on which said Total Reserve Rate is calculated.

**2. Applying the Available Amount**

Subsequent to performing the calculations listed above, the Transaction Administrator shall apply the Available Amount to the relevant payments or internal allocations in accordance with the applicable order of priority included in clause 11 of the Agreement.

**3. The calculation principles**

**A. The Eligible Receivables for Calculation of the GIPP**

On the basis of the provided Data, the Transaction Administrator shall calculate the Eligible Receivables for Calculation of the GIPP (the “E.R.C.G.”) in accordance with paragraph 2 of Enclosure I of the Agreement.

**B. The Total Reserve Rate**

The Total Reserve Rate (“R”) is the sum of the Default Reserve Rate, the Dilution Reserve Rate, the Yield Reserve Rate and Other Reserves Rate (if any) and shall be calculated in accordance with the calculation methods listed hereinafter.

### **B.1. The calculation method for the Default Reserve Rate**

The Default Reserve Rate is the higher of

- the Default Reserve Floor; and
- Default Ratio \* Loss Horizon Ratio \* the Default Stress Factor

where:

- The 'Default Reserve Floor' is the minimum - expressed as a percentage- level of the 'Default Reserve Rate'.
- The 'Default Stress Factor' is a multiplier set in function of targeted credit rating for the Default Reserve Rate, in accordance with Standard & Poor's ("S&P") methodology. The applied Default Stress Factor is listed in Enclosure IV, Part II.
- The 'Default Ratio' is the greatest three-month moving average of the Monthly Default Ratio over the previous 12 months.
- The 'Monthly Default Ratio' is calculated as follows:

Defaulted Receivables Proxy

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Sales Generating the Defaulted Receivables Proxy

- Where
  - the "Defaulted Receivables Proxy" includes the receivables between W and W plus 30 days past due; "W" is determined by the Transaction Administrator in accordance with a decrease in the probability of payment of the aged receivables. The applied "W" is listed in Enclosure IV, Part II.
  - The "Sales Generating the Defaulted Receivables Proxy" are the sales of the Data Period during which the receivables included in the Defaulted Receivables Proxy were generated; i.e. the sales generated in the Data Period which ended on or about "X" days before the Cut Off Date of the relevant Calculation Date.
  - "X" is equal to the rounding up or down to the closest multiple of 30 of the sum of (i) the Weighted Average Contractual Payment term of the purchased receivables (in days)-as determined by the Transaction Administrator following the initial due diligence and reviewed during (and possibly adjusted as a result of) the annual due diligence and/or the due diligence carried out in accordance with Clause 16.1.3.(B) of this Agreement--and (ii) W. The applied Weighted Average Contractual Payment Term is listed in Enclosure IV, Part II.
- The Loss Horizon Ratio of a Data Period is calculated as follows:

Cumulated monthly sales over the Adjusted Loss Horizon \* Loss Rolling  
Sales Adjustment Factor

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E.R.C.G.

where

The “Adjusted Loss Horizon” is equal to the rounding up or down of the Loss Horizon to the closest multiple of 30.

The “Loss Horizon” is equal to “Y” increased with 30 days.

“Y” is equal to the sum of (i) the Weighted Average Contractual Payment Term, and (ii) the period from the due date until the receivables are no longer eligible for the calculation of the GIPP in accordance with paragraph 2 of Enclosure I.

The “Loss Rolling Sales Adjustment Factor” is equal to the Loss Horizon divided by the Adjusted Loss Horizon.

### **B.2. The calculation method for the Dilution Reserve Rate**

The Dilution Reserve Rate is the sum of the Dynamic Dilution Reserve Rate and the Non-Stressed Dilution Reserve Rate.

B. 2.1 The Dynamic Dilution Reserve Rate is the higher of

- the “Dilution Reserve Floor”; and
- $[(\text{Dilution Stress Factor} * \text{Expected Dilution}) + \text{Dilution Volatility Factor}] * \text{Dilution Horizon Ratio}$ ,

where:

- The Dilution Reserve Floor is the minimum - expressed as a percentage - level of the ‘Dynamic Dilution Reserve Rate’;
- The “Dilution Stress Factor” is a multiplier set in function of targeted credit rating for the Dilution Reserve Rate in accordance with S&P’s methodology. The applied Dilution Stress Factor is listed in Enclosure IV, Part II;
- The “Expected Dilution” corresponds to the average of the Monthly Dilution Ratio over a 12 month period;
- The Monthly Dilution Ratio is calculated as follows:

Dilution of the Data Period

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Sales generating the Dynamic Dilution of the Data Period

- where:
  - the “Sales generating the Dilution of the Data Period” are the sales generated in the Data Period to which the Dilution of the Data Period of the relevant Calculation Date is related, i.e. the sales generated in the Data Period which ended on or about “Z” days before the Cut Off Date of the relevant Calculation Date.
  - “Z” is equal to the rounding up or down to the closest multiple of 30 of the average period between the issuance of an invoice and the issuance of a related credit note (or equivalent) as determined by the Transaction Administrator following the initial due diligence and reviewed during (and possibly adjusted as a result of) the annual due diligence and/or the due diligence carried out in accordance with Clause 16.1.3.(B) of this Agreement. The applied “Z” is listed in Enclosure IV, Part II.

The Dilution Volatility Factor is calculated as follows

$$\text{Deviance} * \text{Gross up Factor}$$

where:

- The “Deviance” is the amount by which the maximum over the previous 12 months of the moving average over the Dilution Horizon of the Monthly Dilution Ratio (“Dilution Spike”) exceeds the Expected Dilution.

The Deviance is calculated as follows:

$$\text{Dilution Spike} - \text{Expected Dilution}$$

- The “Gross up Factor” is calculated as follows:

$$\frac{\text{Dilution Spike}}{\text{Expected Dilution}}$$

---

$$\text{Expected Dilution}$$

- The Dilution Horizon Ratio is calculated as follows:

$$\frac{\text{Sum of the monthly sales over the Adjusted Dilution Horizon} * \text{Dilution Rolling Sales Adjustment Factor}}{\text{E.R.C.G.}}$$

---

$$\text{E.R.C.G.}$$

where:

- The “Adjusted Dilution Horizon” is equal to the rounding up or down of the Dilution Horizon to the closest multiple of 30.
- The “Dilution Horizon” is equal to “Z” increased with 30 days.
- The “Dilution Rolling Sales Adjustment Factor” is equal to the Dilution Horizon divided by the Adjusted Dilution Horizon.

## B.2.2. The Non-stressed Dilution Rate

The “Non-Stressed Dilution Rate” amounts to the non-stressed outstanding dilution figures (*e.g. outstanding bonuses*) reported in the Data divided by the E.R.C.G.

## B.3. The calculation method for the Yield Reserve Rate

The Yield Reserve Rate is the higher of

- the Yield Reserve Floor; or
- the Yield Reserve Rate.

where the Yield Reserve Rate amounts to sum of the Reserve Rate for Costs and Reserve Rate for the Backup Servicing Fee.

### B.3.1. Reserve Rate for Costs

where:

- The “Reserve Rate for Costs” is equal to

$$[(a+b+c+d) * \text{Assumed Liquidation Period}] / \text{E.R.C.G}$$

where

“a” is calculated as follows:

$$[(\text{EURIBOR stress factor} * \text{EURIBOR}) + \text{Applicable Margin}] * \text{Maximum Financed Amount}$$

where

- The Applicable Margin is listed in Enclosure VI.
- The applied EURIBOR stress factor is listed in Enclosure IV, Part II.
- The Maximum Financed Amount is the lower of:
  - Maximum Programme Amount; or
  - (1- sum of the (i) Default Reserve Floor, (ii) Dilution Reserve Floor, (iii) Yield Reserve Floor and (iv) the Other Reserve Floor (if any)) \* E.R.C.G.

“b” is calculated as follows:

$$\text{Administration Fee Rate} * \text{Global Portfolio} * 30/360$$

The applied Administration Fee Rate is listed in Enclosure VI.

“c” is calculated as follows:

$$\text{Commitment Fee Rate} * (\text{Maximum Programme Amount as applicable on the preceding Calculation Date} - \text{Opening GIPP}) * 30/360$$

where:

- The applied Commitment Fee Rate is listed in Enclosure VI.

- The “Opening GIPP” is equal to the GIPP of the previous Data Period as stated in the Transaction Administrator Report.

“d” is calculated as follows:

Sum for each Important Obligor listed in clause 1.2 of the Eligibility Criteria for Calculation of the GIPP of the following result:

(Amount for Fee \* Concentration Fee Rate)

where:

- the Amount for Fee is defined in Enclosure IV, Part II.
- the Concentration Fee Rate is listed in Enclosure VI.

the “Assumed Liquidation Period” is calculated as follows:

(Liquidation Stress Factor \* D.S.O.) / 30

where the “Liquidation Stress Factor” is a multiplier set in function of the required credit rating for the Yield Reserve Rate in accordance with S&P’s methodology. The applied Liquidation Stress Factor is listed in Enclosure IV, Part II.

### B.3.2. The Reserve Rate for the Backup Servicing Fee

- The “Reserve Rate for the Backup Servicing Fee” is calculated as follows

Assumed Liquidation Period \* Backup Servicing Fee Rate for the Yield Reserve \* Global Portfolio \* 30/360

where:

- The “Backup Servicing Rate Fee for the Yield Reserve” is listed in Enclosure IV, Part II.

## C. The Theoretical Global Deferred Price (the “ThGDPP”) and the Theoretical Global Initial Purchase Price (the “ThGIPP”)

### C.1. The Theoretical Global Deferred Purchase Price (the “ThGDPP”)

The **ThGDPP** is the sum of the following elements:

- The “Ineligible Receivables for calculation of the GIPP” which is obtained by subtracting the E.R.C.G. from the Global Portfolio;
- The “Reserve in Eligible Receivables for financing” which is the sum of the Default Reserve Rate, the Dilution Reserve Rate, the Yield Reserve Rate and Other Reserve Rate (if any) applied to the E.R.C.G.;
- An “Additional Reserve” which is the maximum between zero and the result of the following calculation:

$$[(E.R.F.* (1-R) - \text{Maximum Programme Amount})]$$

**C.2. The Theoretical Global Initial Purchase Price (the “ThGIPP”) applicable to the current Data Period.**

The **ThGIPP** is equal to the lower of the following amounts:

- E.R.C.G. \*[1-R]; or
- the Maximum Programme Amount.

**D. The variation of the GIPP**

The “Variation of the GIPP” is calculated as follows:

$$\text{Variation of the GIPP} = \text{ThGIPP} - \text{Opening GIPP}$$

- In case the variation of the GIPP is greater than zero, said result will be referred to as the “Increase of GIPP”.
- In case the variation of the ThGIPP is less than zero, said result will amount be referred to as the “Decrease of the GIPP”.

**E. The Available Amount**

The Available Amount is equal to the sum of the following items

- the Total Collections of the Data Period;
- Indemnities to be paid by the Originator and/or Servicer (if any);
- the Increase of the GIPP (if any).

**F. The Deferred Purchase Price (the “DPP”) and the Initial Purchase Price (the “IPP”)**

The **DPP** is calculated as follows:

$$\text{DDP} = \text{Portfolio} - \text{IPP}$$

where

- the IPP is equal to the part of the Available Amount that could be allocated to the payment of the Minimum Initial Purchase (the “MinIPP”) and the Incremental Initial Purchase Price (the “IncrIPP”) in accordance with clause 11 of the Agreement.
- the MinIPP is calculated as follows:

$$\text{MinIPP} = \text{ThIPP} * (1 - \text{MaxDPPrate})$$

where

- The applied MaxDPPrate is listed in Enclosure IV, Part II
- The Theoretical Initial Purchase Price (the “ThIPP”) is calculated as follows

$$\text{ThIPP} = \text{Portfolio} * (1 - R)$$

- 
- The **IncrIPP** is calculated as follows

$$\text{IncrIPP} = \text{ThIPP} - \text{MinIPP}$$

#### **G. The Global Initial Purchase (the “GIPP”) and the Global Deferred Purchase Price (the “GDPP”)**

The **GIPP** is calculated as follows

$$\text{GIPP}(t) = \text{Opening GIPP} + \text{IPP} - \text{allocation to the Decrease of the GIPP}$$

For the first Calculation Date the Opening GIPP amounts to zero and the GIPP is equal to the IPP

The **GDPP** is calculated as follows

$$\text{GDPP} = \text{Global Portfolio} - \text{GIPP}$$



**PART II – CALCULATION SPECIFICS AND APPLIED PARAMETERS FOR THE  
CALCULATION OF THE PURCHASE PRICE**

**1. Applied variables for the calculation of the purchase price**

**Backup Servicing Fee for the Yield Reserve Rate** means 40 bps per annum.

**Default Reserve Floor** means 13%.

**Default Stress Factor** means 2.25%.

**Dilution Reserve Floor** means 0%, as long as the Monthly Dilution Ratio, as calculated in accordance with Enclosure IV, is lower than 3.29%, and 4 % thereafter.

**Dilution Stress Factor** means 2.25%.

**Liquidation Stress Factor** means 2%.

**MaxDPPrate** means 50 %.

**Other Reserves Rate(s)** means 0.

**Weighted Average Contractual Payment Terms** means 80 days.

**W** means 90 days.

**X** means 180 days.

**Y** means 140 days.

**Yield Reserve Floor** means 1 %.

**Z** means 30 days.

**2. Calculation Specificities**

1. The calculation specificities listed hereafter modify and/or complete the standard calculation principles listed in Enclosure IV:

- Subject to Clause 17.2 e) of this Agreement, settlements occur on a bi-monthly basis;
- Total Reserve Rate and the Important Obligors are calculated on the basis of the Data of the Combined Portfolio;
- All other calculations shall be made solely on the basis of the Data relating to the Programme.

2. If the Monthly Dilution Ratio, as calculated in accordance with Enclosure IV is lower than 3.29%, the Dilution Reserve Rate will be reduced with a percentage equal to  $\text{EUR } 4,500,000.00 / \text{E.R.F.}$ . The Dilution Reserve Rate applicable to the Global Portfolio was calculated as follows:

$$(\text{EUR } 4,500,000.00/\text{E.R.F.}) * (\text{Global Portfolio}/\text{Combined Portfolio})$$

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If the Monthly Dilution Ratio, as calculated in accordance with Enclosure IV is higher than 3.29%, the Dilution Reserve Rate will be applicable.

The Dilution Fee will be included in the Transaction Administrator Report under the heading "Concentration Fee".

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**ENCLOSURE V**

**DESCRIPTION OF CREDIT AND COLLECTION POLICIES OF THE SELLER**

Description of Credit Policies of the Seller

CHARGES AND OTHER COSTS

1. **Definitions**

**Administration Fee Rate** means the fee as specified in the Fee Letter [and supported by the Seller, deducted from the Total Collections and remitted to the Programme Administrator to cover the administration of the Programme].

**Applicable Margin** means the applicable margin as specified in the Fee Letter.

**Backup Servicing Fee** means the backup servicing fee as defined in the Servicing Agreement.

**Charges** means the sum of (i) the Backup Servicing Fee; (ii) the Costs and (iii) the Servicing Fee, including any value added tax payable by the Purchaser with respect to any Servicing Fee payable under this Agreement.

**Charges Period** means each successive period from and including a Settlement Date to but not including the next following Settlement Date, or such shorter period as the Transaction Administrator may notify following the occurrence of any of the events listed in Clauses 17 or 18.

**Commitment Fee Rate** means the commitment fee as specified in the Fee Letter.

**Concentration Fee Rate** means the concentration fee as specified in the Fee Letter [and incurred by the Seller, deducted from the Total Collections and remitted to the Transaction Administrator to cover the risk supported by the Purchaser on Important Obligors as specified in paragraph 2.2.3 of Enclosure I],

**Costs** means the sum of the (i) the Funding Cost; (ii) the Administration Fee (iii) the Commitment Fee; and (iv) the Concentration Fee and (iv) the Dilution Fee.

**Dilution Fee Rate** means the fee rate as specified in the Fee Letter.

**EURIBOR** means in relation to any Purchase, the rate for deposits in Euro for a period equal to the required period, which appears on the Reuters Index Page "Euribor 01" (or such other page on that service or such other service as may, in the Transaction Administrator's determination, replace it for the purposes of displaying such rate) as of 11:00 a.m., Brussels time, on the relevant quotation date. If such rate does not appear on the Reuters Index page Euribor 01, the rate for that period will be determined on the basis of the rates at which deposits Euro are offered by the reference banks at approximately 11:00 a.m., Brussels time, on the relevant quotation date to prime banks in Euro-zone interbank market for a period equal to the period considered and for deposits in an amount comparable to the amounts concerned.

**Funding Rate** means Applicable Margin + EURIBOR.

**Servicing Fee Rate** means 0.06 % per annum.

**Backup Servicing Fee** as defined in the Servicing Agreement.

## **2. Method of calculation applicable to Charges and Costs**

(a) For each Charges Period, the Charges shall be calculated as follows:

- (i) Funding Costs = the Funding Rate \* by GIPP as of the previous Calculation Date \* number of days in the current Charges Period / 360 days;
- (ii) Servicing Fee = the Servicing Fee Rate \* the Combined Portfolio as of the previous Calculation Date \* number of days in the current Charges Period / 360 days \* Global Portfolio/Combined Portfolio;
- (iii) Backup Servicing Fee (if any) = Backup Servicing Fee Rate \* the Combined Portfolio as of the previous Calculation Date \* number of days in the current Charges Period / 360 days \* Global Portfolio/Combined Portfolio;
- (iv) Administration Fee = Administration Fee Rate \* the Combined Portfolio as of the previous Calculation Date \* number of days in the current Charges Period / 360 days \* Global Portfolio/Combined Portfolio;
- (v) Commitment Fee = the Commitment Fee \* Global Portfolio/Combined Portfolio.

the Commitment Fee is calculated as follows:

the Maximum Programme Amount \* Commitment Fee Rate \* number of days in the current Charges Period/360 days.

- (vi) Concentration Fee: Concentration Fee Rate \* Concentration Limit \* number of days in the current Charges Period / 360 days;
- (vii) Dilution Fee = EUR 4,500,000.00.

(b) In accordance with Enclosure IV, the Charges will (i) start accruing from the first Settlement Date; (ii) will be payable in arrears on each Settlement Date; and (iii) be deducted from the Total Collections according to the priority of allocation defined in Clause 11 and Enclosure IV.

(c) The selection of the source of funding shall in all events be in the sole discretion of the Purchaser.

## **3. Other costs**

Other Costs means the other net costs incurred by the Purchaser from time to time to enable it to conduct its activities and to perform its duties under this Agreement.

Other Costs in particular include:

- (the expenses of registration from time to time of the Dutch Pledge with the Dutch tax authorities;) (if applicable)

In addition to the rights of indemnification granted to the Purchaser, the Transaction Administrator and the Indemnified Parties under Clause 21 hereof, the Seller agrees to pay on demand all reasonable costs and expenses of the Transaction Administrator incurred in connection with the preparation, execution, delivery, administration (including periodic auditing as envisaged in Clause 16.1.3. hereof), amendment or modification of, or any waiver or consent issued in connection with, this Agreement and the other documents to be delivered hereunder or in connection herewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Transaction Administrator with respect thereto, and with respect to advising the Purchaser, and the Transaction Administrator as to their respective rights and remedies under this Agreement and the other documents to be delivered hereunder and thereunder or in connection herewith and therewith, and all out of pocket costs and expenses, if any (including reasonable counsel fees and expenses), incurred by the Transaction Administrator and the Purchaser in connection with the enforcement of this Agreement and the other documents to be delivered hereunder and thereunder or in connection herewith and therewith, including any restructuring or workout of this Agreement, or such documents, or the administration of this Agreement following a Termination Date.

**ENCLOSURE VII**

**COMPLIANCE CERTIFICATE**

Compliance Certificate

Reference is made to that certain Receivables purchase Agreement dated as of [...] (as modified and supplemented and in effect from time to time, the “Receivables Purchase Agreement”) between Greif Coordination Center BVBA (the “Seller”) and TNG Belgium S.A. (the “Purchaser” and the “Transaction Administrator”) and Greif Belgium BVBA (the “Servicer”).

Capitalised terms used herein have the meanings ascribed thereto in the Receivable Purchase Agreement.

Pursuant to Section 18 of this Agreement, the undersigned hereby certifies that to the best of my knowledge and belief, the Seller is not in default as stated under 18.1.3 (m) and (o).

In witness whereof, I have hereunto set my hand and seal of the Seller this [...]

**ENCLOSURE VIII**

**SPANISH NOTARISATION PROCEDURE**

The transfer of Eligible Receivables for Purchase that are Spanish Receivables will take place in accordance with the terms and conditions of the agreement and will be governed by Belgian law. In addition, the steps and procedure as described below will be followed for the transfer of such Receivables.

**Part A**

**Spanish Notarisation Procedure**

The assignment of each Spanish Receivable by the Seller to the Purchaser shall be completed in accordance with Article 1526 of the Spanish Civil Code.

The Purchaser and the Seller agree that, subject to the operational procedure set out in Clauses 4 and 5 of the Agreement, the compliance with the terms and conditions contained therein will result in the transfer (*cesión*) of all the relevant Seller's title to and rights and interest in the relevant Spanish Receivables.

However, the Purchaser and the Seller agree that the transfer and assignment (*cession*) shall be effective (including but not limited to effects for Spanish law purposes) between the relevant Seller and the Purchaser on the corresponding Purchase Date, and that such Purchase Date shall be specified in the relevant Confirmation of Transfer Deed.

**Part B**

**Procedure**

Neither the Seller, nor the Purchaser shall follow any other specific procedures for the transfer of the Spanish Receivables to the Purchaser other than the procedure described or contemplated in this Agreement and in the Confirmation of Transfer Deed.

In order to identify the Spanish Receivables that are transferred and the purchase price for such transfer, the following documents shall be delivered:

- (a) on the Transmission Date:
  - (i) a detailed ageing list of the Receivables transferred during the relevant Data Period and including the Spanish Receivables and the list of daily collection in accordance with Clause 4.2 of this Agreement;
  - (ii) the list of invoices representing all Receivables (including Spanish Receivables) sold during the relevant Data Period in accordance with Clause 4.2 of this Agreement.
- (b) on the Calculation Date:

the Transaction Administration Report in accordance with Clause 4.3 of the Agreement that will contain the IPP and DPP for all Receivables sold during the Relevant Period and that will be allocated proportionally to the Spanish Receivables transferred during such Data Period in accordance with Clause 7.3 of the Agreement.

**ANNEX TO ENCLOSURE VIII - NOTARIAL DEED  
CONFIRMATION OF TRANSFER**

In [·], my residence, on the [·], 200 [7].

Before me, [·], Notary Public of [·] and of its Bar.

**APPEAR**

OF ONE PART,

Mr [·], of legal age, [single/married], [profession], nationality, with domicile in [·], holder of [Spanish identity card/passport] number [·].

ON THE SECOND PART,

Mr [·], of legal age, [single/married], [profession], nationality, with domicile in [·], holder of [Spanish identity card/passport] number [·].

**WHO ACT**

The first one, on behalf of, [**SELLER**], with registered address in [full details to be completed], registered with the [Mercantile Registry of [·] at [full details to be completed], and Tax Identification Number (C.I.F.) [·] / [full details to be completed] under number [full details to be completed] (hereinafter, the "**Seller**"). The attorney is acting [in conformity with a resolution of its Board of Directors of [·]] or [pursuant to the powers of attorney granted to him in a deed executed before the Notary Public [·], Mr. [·]].

And the second one, on behalf of **PURCHASER**, a company organised under [·] law, having its registered office at [·], registered with the [·], under n° [·], whose representative is [to be completed], duly authorised for the purpose of this Agreement (the "**Purchaser**").

**WHEREAS**

- (A) Pursuant to a receivables purchase agreement] dated [·], 2004 raised to a public deed before the Notary Public of [·], Mr. [·], on [date], (the "**RPA**") executed between the Seller, the Purchaser and Greif Belgium BVBA as Servicer and governed by the laws of Belgium, the Purchaser has agreed, subject to the terms thereof, to purchase from the Seller the Purchased Receivables (as defined therein).
- (B) Pursuant to the RPA, the Seller has delivered to the Purchaser:
- (a) on the [insert relevant Transmission Date]:
- (i) a detailed ageing list of the Receivables transferred during the relevant Data Period and including the Spanish Receivables and the list of daily collection in accordance with Clause 4.2 of this Agreement;
- (ii) the list of invoices representing all Receivables (including Spanish Receivables) sold during the relevant Data Period in accordance with Clause 4.2 of this Agreement;
- (b) on the [insert relevant Calculation Date]:
- the Transaction Administration Report in accordance with Clause 4.3 of the Agreement that will contain the IPP and DPP for all Receivables sold during the Relevant Period and that will be allocated proportionally to the Spanish Receivables transferred during such Data Period in accordance with Clause 7.3 of the Agreement



in order to identify the receivables and their price, identified in Annex [·] hereto (the “**Relevant Spanish Receivables**”), and the Purchaser has agreed to purchase and to accept the assignment of the Relevant Receivables set forth in such documentation in accordance with the terms and conditions of the RPA.

Both parties hereby execute this Deed, as provided in the following:

## **CLAUSES**

**NOW IT IS HEREBY AGREED** as follows:

### **CLAUSE 1.-**

In this deed, capitalised terms defined in the RPA shall have the same meaning when used herein, unless otherwise defined.

### **CLAUSE 2.-**

In accordance with the provision of Clause 5.2 of the RPA, the Seller hereby confirms the assignment in favour of the Purchaser of all its rights, actions and privileges that the former holds by virtue of the Relevant Spanish Receivables, and all related security relating or attached thereto, as described below, for a total amount as determined in Annex [·] hereto [*determination of price*].

The Relevant Spanish Receivables of which the assignment is confirmed by virtue of this execution document are those set out in the Annex [·] hereto [*identification of each Receivable*].

### **CLAUSE 3.-**

This document will be part of the RPA, which will, therefore, be fully applicable to the assignment of the Relevant Spanish Receivables to which it refers.

### **CLAUSE 4.-**

The Seller confirms to the Purchaser that each and all the representations and warranties established in Clause 15 of the RPA are still true and accurate in all material aspects, except for these representations or warranties which are already qualified as to materiality and for the representations and warranties under Clause 15.11 to 15.16 (including) of the RPA, which shall be true and correct at the date hereof and are confirmed and repeated by the Seller on the date hereof.

### **CLAUSE 5.-**

The Seller acknowledges that the payment of the Purchase Price for the Relevant Spanish Receivables sold to the Purchaser has been made or will be made in accordance with the provisions set out in Clause 12 of the RPA.

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After reading this notarial deed, the appearers agree to it, approve it, ratify it and sign with me, The Notary.

I give faith that I have identified the appearers by their aforementioned identity documents, and of all which has been agreed, to all necessary effects. This notarial deed has been executed on [·].



FRENCH RECEIVABLES TRANSFER PROCEDURE

Receivables Transfer Mode for the French Receivables

The Seller and the Purchaser shall follow the steps and procedure described below:

1. Receivables Transfer Mode for the French Receivables

Each transfer of Receivable governed by French law from the Seller to the Purchaser shall be performed by way of a transfer document (*acte de cession de créances professionnelles*) complying with Article 313\_23 seq. of the French Monetary and Financial Code (Code Monétaire et Financier) (formerly French law no. 81-1 dated 2 January 1981).

2. Procedure

The Seller shall send to the Purchaser the original of the corresponding transfer document (*acte de cession de créances*) strictly complying with the Annex of this Enclosure IX, duly executed by the Seller, by no later than [12:00 a.m.] on each French Purchase Date (to the extent that the Seller owns French Receivables at this date).

A Computer File shall be delivered to the Purchaser with the said transfer document (*acte de cession de créances*).

By no later than [6:00 p.m.] (and in any case, after the purchase of Eligible Receivables for Purchase that are French Receivables has occurred under the Factoring Agreement between the Seller and the French Originator) on the relevant French Purchase Date, the Purchaser shall affix the date on the said transfer document (*acte de cession de créances*).

3. Legal Consequences

Upon the dating of the transfer document (*acte de cession de créances*) by the Purchaser, the Eligible Receivables for Purchase which are French Receivables and all of the Seller's title to, and rights and interest in, such Eligible Receivables for Purchase, together with the related associated rights and accessories, options, privileges, and interest linked to the Eligible Receivables for Purchase which are French Receivables shall thereupon be transferred to the Purchaser and such transfer shall be:

- (a) valid between the Purchaser and the Seller;
- (b) enforceable against the corresponding Obligors; and
- (c) enforceable against third parties,

in accordance with Article L. 313-23 seq. of the French Monetary and Financial Code (*Code monétaire et financier*) (formerly French law no. 81-1 dated 2 January 1981) and French Decree no. 81-862 dated 9 September 1981 and provided however that:

- (i) the corresponding Obligors may validly discharge their respective debts under the corresponding Purchased Receivables by making payment to the Seller until the Notice of Transfer in the form of Annex II is served to them; and

- (ii) the corresponding Obligors may assert all defences (including set-off) arising prior to the Notice of Transfer referred to in Sub-clause (i) above is served to them.

Notwithstanding any provision of Article L. 313-24 of the French Monetary and Financial Code (*Code monétaire et financier*) (formerly French law no. 81-1 dated 2 January 1981) and French Decree no. 81-862 dated 9 September 1981, the Seller shall be several (*non solidaire*) with the Obligors *vis-à-vis* the Purchaser in relation to the payment of the relevant Purchased Receivables.

**ACTE DE CESSION DE CRÉANCES PROFESSIONNELLES**

(soumis aux dispositions des articles L. 313-23 à L. 313-34 du Code monétaire et financier)

1°) CÉDANT:

**GREIF COORDINATION CENTER B.V.B.A.**, société de droit belge immatriculée au registre du commerce et des sociétés (RPM/RPR) de [·] sous le numéro [·], dont le siège social est situé Heidestatiestraat 38/1, 2920 Heide-Kalmthout, Belgique, représentée par [·], dûment habilité aux fins des présentes (le *Cédant*).

2°) ÉTABLISSEMENT DE CRÉDIT CESSIONNAIRE:

**ING BELGIUM S.A.**, société anonyme de droit belge, agréée en qualité d'établissement de crédit en Belgique par [·] et autorisée à effectuer des opérations de crédit en France, dont le siège social est situé Avenue Marnix 24, 1000 Bruxelles, Belgique immatriculée au Registre du Commerce et des Sociétés de [·] sous le numéro [·], représentée par [·], dûment habilité aux fins des présentes (le *Cessionnaire*).

Le présent Acte de Cession de Créances Professionnelles, établi conformément aux articles L. 313-23 et suivants du Code monétaire et financier (anciennement loi no. 81-1 du 2 janvier 1981), intervient en application des stipulations du contrat de cession rédigé en anglais et intitulé *Receivables Purchase Agreement* conclu en date du [·] entre, notamment, le Cédant et le Cessionnaire (le *Contrat*).

3°) CRÉANCES CÉDÉES

Conformément aux articles L. 313-23 et suivants du Code monétaire et financier, les Créances Éligibles à l'Achat (*Eligible Receivables for Purchase*) qui sont des Créances Françaises (*French Receivables*) (tel que ce terme est défini dans le Contrat) sont cédées par un procédé informatique.

Le Fichier Informatique (Computer File) joint au présent Acte de Cession de Créances Professionnelles et portant la référence [·] identifie les Créances Éligibles à l'Achat (*Eligible Receivables for Purchase*) qui sont des Créances Françaises (*French Receivables*), générées par Greif France SAS entre le [·] et le [·] (inclus) [to insert first and last day of the preceding Data Period] et cédées ce jour au Cédant, que nous vous cédon.

Nombre de Créances Cédées: \_\_\_\_\_

Montant global de Créances Cédées: \_\_\_\_\_]\*

**DATE DE CESSION (apposée par le Cessionnaire): [à compléter]**

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**CÉDANT**

GREIF COORDINATION CENTER

B.V.B.A.,

Par: [·]

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**CESSIONNAIRE**

ING BELGIUM S.A.

Fonctions: [à compléter]

Par: [·]

PJ: Fichier Informatique (*Computer File*)

[En-tête de ING Belgium S.A.]

[*nom du Dbiteur*][*adresse*][place], le [*date*]**Lettre Recommandée avec Accusé de Réception**

Monsieur,

Dans les conditions prévues par l'article L. 313-23 et suivants du Code monétaire et financier (anciennement Loi n°81-1 du 2 Janvier 1981) et du Décret n°81-862 du 9 septembre 1981, [*nom du Cédant*] nous a cédé les créances suivantes dont vous êtes débiteur envers elle listées dans le document joint contenant pour chaque créance les informations suivantes:

- Numéro Facture
- Date d'Emission
- Montant TTC
- Date d'échéance

Conformément aux dispositions de l'article L.313-28 du Code monétaire et financier, nous vous demandons de cesser, à compter de la présente notification, tout paiement au titre des créances identifiées dans le tableau ci-dessus à [Greif France SAS].

En conséquence, le règlement de votre dette devra être effectué au profit de:

**ING BELGIUM S.A.** [ou autr entité désignée par elle], [par chèque / par virement] sur le compte dont les coordonnées sont les suivantes:

**Code Banque :** [à compléter]

**Code Guichet :** [à compléter]

**Numéro de Compte :** [à compléter]

**Clé Rib :** [à compléter]

Veuillez agréer, Monsieur, l'expression de notre considération distinguée.

---

**ING BELGIUM S.A.**

Nom: [à compléter]

Fonctions: [à compléter]

FRENCH RECEIVABLES RETRANSFER PROCEDURE

1. Retransfer of Ineligible Receivables that are French Receivables

In the event that the provisions of Clause 5.2 shall apply, neither the Seller nor the Purchaser shall follow any other specific procedure than the following:

In this case:

- (a) the transfer of the relevant Ineligible Receivables that are French Receivables shall automatically and without any further formality terminated (*résolu de plein droit*) on the relevant French Purchase Date]; and
- (b) the Purchaser's title to, and rights and interest in, the Ineligible Receivables that are French Receivables and, subject to Clause 5.3, the related associated rights and accessories, options, privileges, and interest linked to those Ineligible Receivables, shall be transferred to the Seller with effect as from the said French Purchase Date (*effet rétroactif de la résolution*).

2. Retransfer of Purchased Receivables that are French Receivables pursuant to clauses 24.1 and 24.2

In the event that the Seller elects to repurchase Purchased Receivables that are French Receivables in accordance with Clause 24.1 or 24.2, the Seller and the Purchaser shall follow the steps described below:

- (a) The retransfer of the relevant Purchased Receivables that are French Receivables shall be governed by Articles 1250-1 seq. of the French Civil Code (*subrogation conventionnelle*).
- (b) The Purchaser shall deliver to the Seller a subrogation notice (*quittance subrogative*) with respect to the corresponding Purchased Receivables that are French Receivables (which shall be identified and individualised (*désignées et individualisées*) in the Computer File accompanying the corresponding subrogation notice), in the form set out as Annex to this Enclosure X to the Seller.
- (c) Simultaneously with the delivery of the subrogation notice (*quittance subrogative*) referred to in Sub-clause (b) above by the Purchaser, the Seller shall pay to the Purchaser the corresponding repurchase price calculated in accordance with clause 24.3.
- (d) Upon delivery of the subrogation notice (*quittance subrogative*) referred to in Sub-clause (b) above by the Purchaser and simultaneous payment of the corresponding repurchase price, the relevant Purchased Receivables that are French Receivables and all the Purchaser's title to, and rights and interest in, such French Receivables, together with the related associated rights and accessories, options, privileges, and interest linked to these French Receivables, shall thereupon be transferred to the Seller and such transfer shall be:
  - (i) valid between the Purchaser and the Seller; and
  - (ii) enforceable against the corresponding Debtors; and
  - (iii) enforceable against third parties,as provided for under Articles 1250-1 seq. of the French Civil Code.



ANNEX TO ENCLOSURE X – FORM OF SUBROGATION NOTICE

[En-tête de ING Belgium S.A.]

QUITTANCE SUBROGATIVE

Au titre du versement du prix de rachat (*repurchase price*) des Créances Achetées (*Purchased Receivables*) mentionné dans l’offre individuelle de rachat n°[·].

En vertu des stipulations du contrat de cession et de gestion de créances rédigé en anglais et intitulé *Receivables Purchase Agreement* en date du [·] (le **Contrat**) entre, notamment, Greif Coordination Center B.V.B.A. (le **Cédant**) et ING Belgium S.A. (le **Cessionnaire**).

Nous soussignés, agissant au nom et pour le compte du Cessionnaire,  
Consentons à ce que:

Simultanément à la réception, ce jour, par Greif Coordination Center B.V.B.A. du paiement du prix de rachat (*repurchase price*) au titre des Créances Achetées (*Purchased Receivables*) mentionnées dans l’offre individuelle de rachat n°[à compléter] et désignées et individualisées dans le Fichier Informatique (*Computer File*) qui nous a été adressé par [·],

Greif Coordination Center B.V.B.A. se trouve, en vertu de la présente quittance subrogative, automatiquement subrogé, en vertu des articles 1250-1° et suivants du Code civil, dans tous les droits, actions, privilèges ou hypothèques du Cessionnaire contre les Obligés (*Obligors*) respectifs de chacune desdites créances, en ce compris les droits accessoires s’y rapportant.

Les mots et expressions en italique et commençant par une majuscule ont le sens qui leur est donné dans le Contrat.

Fait à [·], le [date]

---

**ING Belgium S.A.**

Par: [à compléter]

Fonctions: [à compléter]

ENCLOSURE XI

FORM OF NOTICE OF TRANSFER FOR PURCHASED RECEIVABLES OTHER THAN  
FRENCH RECEIVABLES

[letterhead of ING BELGIUM S.A.]

[name of the debtor]

[address]

[place] [date]

Gentlemen,

**Transfer of receivables**

This is to give you notice that, pursuant to a Receivables Purchase Agreement dated 28 October 2004 (the "Agreement"), we have purchased and acquired all receivables owing from you to [NAME OF LOCAL ENTITY] as identified in the annexed document (the "Receivables"), as well as all the associated rights and accessories, options and interest linked to the Receivables.

Pursuant to the terms of the Agreement, you should in the future make all payments in connection with the Receivables exclusively to our account n° [·] opened with [·].

Yours sincerely,

---

ING BELGIUM S.A.

**Annex: list of Receivables**

ANNEX TO ENCLOSURE XI – LIST OF RECEIVABLES

Invoice number

Invoice date

Invoice amount

Due date

**RECEIVABLES PURCHASE AGREEMENT**

ING BANK NV, Milan branch

as Purchaser and Transaction Administrator

and

Greif Italia S p A  
as Seller

and

Greif Belgium BVBA  
as Master Servicer

and

Greif Italia S p A  
as Servicer

28 October, 2005

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**THIS AGREEMENT** is made on the 28th day of October, 2005 between:

- (1) **ING BANK NV, MILAN BRANCH**, a corporation organised under the laws of the Netherlands, having its registered office at Amstelveenseweg 500, 1081 KL Amsterdam - the Netherlands, acting through its Milan branch, whose registered office is at Via Paleocapa 5, 20121 Milano (Italy), Milan, registered in the Companies Registry of Milan and with Tax Identification Number 11241140158, represented by (the **Purchaser or ING Milan**).
- (2) **Greif Italia S.p.A.**, a company governed by the laws of Italy, whose registered office is located at Via A Vespucci 1, 20066 Melzo, Milano, Italy registered with the Companies Registry of Milano under number 515170 represented by Michel Verholen (the **Seller**).
- (3) **Greif Belgium BVBA**, a corporation organised under the laws of Belgium, having its registered office at Bollaarstraat 6, B – 2500 Lier, registered with the register of legal entities (RPM/RPR) under the number 0407237771, represented by Chris Henderyckx (the **Master Servicer**).
- (4) **Greif Italia S.p.A.**, a company governed by the laws of Italy, whose registered office is located at Via A Vespucci 1, 20066 Melzo, Milano, Italy registered with the Companies Registry of Milano under number 515170, represented by Michel Verholen (the **Servicer**).
- (5) **ING BANK NV, MILAN BRANCH**, a corporation organised under the laws of the Netherlands, having its registered office at Amstelveenseweg 500, 1081 KL Amsterdam - the Netherlands acting through its Milan branch, whose registered office is at Via Paleocapa 5, 20121 Milano (Italy), registered in the Companies Registry of Milan and with Tax Identification Number 11241140158, represented by (the **Transaction Administrator**).

**WHEREAS:**

- (A) The Purchaser wishes to purchase trade receivables that meet certain eligibility criteria from Greif Italia S p A arisen in the ordinary course of its business.
- (B) The Seller and the Purchaser agree, upon the terms and subject to the conditions hereof that the Seller will on a periodical basis sell and assign to the Purchaser all these trade receivables (the **Programme**).
- (C) The Servicer has agreed, upon the terms and subject to the conditions of the Servicing Agreement to act as the agent of the Purchaser and for the benefit of and in accordance with the sole instructions of the Purchaser and/or the Transaction Administrator in connection with the collection of the Receivables assigned to the Purchaser in accordance with the terms hereof.
- (D) The Master Servicer has agreed, upon the terms and subject to the conditions of the Servicing Agreement to act as the agent of the Purchaser and for the benefit of and in accordance with the sole instructions of the Purchaser and/or the Transaction Administrator in connection with some reporting duties relating to the Receivables assigned to the Purchaser in accordance with the terms hereof.

**NOW IT IS HEREBY AGREED** as follows:

**1. DEFINITIONS**

- 1.1 Under this Receivables Purchase Agreement, in addition to the terms defined in the recitals, the following terms shall have the following meanings, unless the context otherwise requires:

**Acceleration** shall have the meaning ascribed to such term in Clause 17.1.

**Adverse Right** means any charge, encumbrance, proprietary or security interest, right of retention, lien or privilege or other right or claim in, over or on any person's assets in favour of any other persons (other than the Seller with which the Obligor has entered into a contract of sale) (but excluding the rights of any Obligor in respect of the use or possession of goods in accordance with the sales contracts under which Purchased Receivables arise).

**Agreement** means this Receivables Purchase Agreement (with its Enclosures and Annexes) as it appears at all times, taking into account any amendments or changes that have been made thereto.

**Available Amount** means at each Calculation Date the sum of (i) Total Collections and (ii) the variation of GIPP if above zero when compared to the preceding Settlement Date, and determined in accordance with the Spreadsheet Programme.

**Backup Servicer** means such person so designated from time to time in accordance with clause 9 of the Servicing Agreement.

**Business Day** means any Target Day (other than a Saturday or a Sunday) on which credit institutions are open for business in Belgium and Italy.

**Calculation Date** means each date which is two Business Days before a Settlement Date.

**Cash Deficiency** means the balance of the Decrease of GIPP remaining outstanding after allocation of Available Amounts in accordance with Clause 11, as a result of the circumstance that insufficient Available Amounts are available in the Portfolio to allocate to the Decrease of GIPP.

**Charges** has the meaning set out in Schedule 4.

**Collections** means with respect to any Purchased Receivable all cash proceeds, set off, other cash proceeds or other amounts received or recovered in respect thereof, including, without limitation, any payments made on any bill of exchange, promissory note or other negotiable instrument issued in respect of such Purchased Receivable to any holder thereof (whether or not issued in breach of any provisions of this Agreement), all cash proceeds from enforcement of security with respect to such Purchased Receivable and all recoveries of value added tax from any relevant tax authority relating to any Defaulted Receivable.

**Collection Period** means, with respect of any Settlement Date, the Data Period immediately preceding such Settlement Date or, upon Acceleration or Termination Event, such period as the Transaction Administrator will designate.

**Combined Portfolio** means the aggregate of the Global Portfolio and the Pan-European Global Portfolio.

**Computer File** means the computer file, to be delivered, by no later than 12 a.m on each Transmission Date and a print out of which shall be delivered on each Purchase Date, by the Seller to the Purchaser under which the Receivables are identified and individualised, without any ambiguity, for ownership purposes and comply with the Eligibility Criteria for Purchase, containing the following information:

- (i) the name and address of each Obligor;
- (ii) the date and the number of each invoice;
- (iii) the Outstanding Nominal Value;

- (iv) the invoice payment date;
- (v) the VAT number for each Receivable as mentioned on the invoice or any other reference used by the Seller that permits the easy identification of the Obligor of such Receivable;
- (vi) an indication of any bill of exchange, promissory note, letter of credit or any other means of payment issued in respect of any Receivable;
- (vii) the face value of each Receivable; and
- (viii) the aggregate value of all Receivables listed in the relevant Computer File

**Conditions Precedent** means the conditions as set out - in the exclusive interest of the Purchaser (*condizioni unilaterali*) - in Clause 3.3 and/or Clause 3.4 (as applicable).

**Conical Obligor** means each Obligor included in the list of Schedule 1, Part 1, Annex 1, as may be amended from time to time by mutual agreement between the Seller and the Purchaser.

**Costs** means the costs described in Schedule 6.

**Credit and Collection Policies** means the credit and collection policies, including the responsibility matrices attached thereto as described in Schedule 5.

**Current Account** has the meaning set out in Clause 12.

**Cut-off Date** means each day which is five Business Days before a Transmission Date.

**Data Period** means, in relation to any Cut-off-Date, the period starting the day following the preceding Cut-off Date and ending on the following Cut-off Date, provided that the first data Period will start on 9 July, 2003 and will end on 19 October, 2005.

**Decrease of GIPP** means the amount as calculated on each Calculation Date by the Transaction Administrator in accordance with the Spreadsheet Programme.

**Deemed Collections** has the meaning ascribed to such term in Clause 12.3.

**Defaulted Receivable** shall have the meaning ascribed to such term in paragraph 1 4 of part 2 (Eligibility Criteria for Calculation of GIPP) of Schedule 1.

**Default Reserve** has the meaning set out in Schedule 4.

**Default Reserve Floor** has the meaning set out in Schedule 4.

**Deferred Purchase Price (DPP)** means that portion of the Purchase Price of the Portfolio which is payable to the Seller on a deferred basis pursuant to the terms of this Agreement and the Spreadsheet Programme.

**Dilution** means any discount, rebate, refund, billing error, expense (including invoice substitution), credit against Purchased Receivables and other adjustment or allowance in respect of Purchased Receivables permitted or incurred by the Seller.

**Dilution Reserve** has the meaning set out in Schedule 4.



**Eligible Receivables for Purchase** means Receivables that, on the relevant Purchase Date for such Receivables, comply with all the Eligibility Criteria for Purchase listed in Part 1 of Schedule 1 of this Agreement.

**Eligible Receivables for Calculation of GIPP** means Receivables that, at the time of the relevant calculation, comply with all the Eligibility Criteria for Calculation of GIPP listed in Part 2 of Schedule 1.

**Euro** or **EUR** means the currency of the participating member states of the European Communities in accordance with the definition given in article 109-L.4 of the European Union Treaty and in the Council Regulation (EC) n° 974/98 of May 3,1998 on the introduction of the euro.

**Excess Available Amount** means the balance of the Available Amount after the payments and allocations made pursuant to Clause 11.1(a) up to and including 11.1(f) or, as the case may be, pursuant to Clause 11.2(a) up to and including 11.2(g).

**Fees** means the fees as described in the Fee Letter.

**Fee Letter** means the letter of even date herewith from the Purchaser to the Seller and counter signed for acceptance by the Seller, setting out the fees due by the Seller in relation to the Programme.

**Global Deferred Purchase Price (GDPP)** means, at any time, the sum of the Default Reserve, the Dilution Reserve, the Yield Reserve and Ineligible Reserve, except in the specific cases as provided for in Schedule 4.

**Global Initial Purchase Price (GIPP)** has the meaning ascribed to such term in Schedule 4.

**Global Portfolio** means, on any given date, the Outstanding Nominal Value of all the Receivables acquired by the Purchaser, after exclusion on that date of Written-off Receivables.

**Greif Collection Account** means the account number 051832934, ABI 3475 1, CAB 01601, SWIFT INGBITMMICM, opened with ING Bank NV, Milan branch under the name of Greif Italia S p A.

**Group** means the Seller, the Servicer, the Master Servicer and all companies with which the Seller the Servicer or the Master Servicer are consolidated.

**Important Obligor** has the meaning ascribed to such term in paragraph 1 2(a) of Part 2 (Eligibility Criteria for Calculation of GIPP) of Schedule 1.

**Indemnity** means indemnity as described in Clause 21.

**Ineligible Receivables for Purchase** means any Receivables that, on the relevant Purchase Date for such Receivables, do not comply with all the Eligibility Criteria for Purchase listed in part 1 of Enclosure I.

**Ineligible Receivables for Calculation of GIPP** means any Receivables that at any time do not comply with the Eligibility Criteria for Calculation of GIPP listed in Part 2 of Schedule 1.

**Ineligible Reserve** has the meaning set out in Schedule 4.

**ING Account** means the account which will be opened with ING Bank NV, Milan branch under the name of ING Bank NV, Milan branch, whose details will be communicated in writing by ING Milan to the other Parties of this Agreement.

**Initial Purchase Price (IPP)** means, on each Calculation Date, that portion of the Purchase Price of the Portfolio equal to the aggregate of the Outstanding Nominal Value of each Receivable less (i) the DPP as calculated with respect to the same Portfolio.

**Initial Purchase Price Cash Portion (IPP Cash Portion)** means 1% of the IPP to be paid in relation to a Portfolio in accordance with Clause 12.

**Insolvency Proceedings** means proceedings and circumstances of the type referred to in Clause 18.1(a)(i), (ii) and (iii).

**Instalment of GDPP** means the amount as calculated on each Calculation Date by the Transaction Administrator in accordance with Clause 8.1 and the Spreadsheet Programme.

**Late Interest Collection** means, with respect to a Receivable, any late payment interest and/or indemnities which is effectively received or recovered by the Seller in respect of such Receivable from the Obligor.

**Master Servicer** means such person so designated from time to time in accordance with the Servicing Agreement.

**Master Servicer Fee** shall have the meaning ascribed to such term in clause 7.3 of the Servicing Agreement.

**Material Adverse Effect** means, as of any date of determination, (a) any event, circumstance, occurrence or condition which has caused (or would reasonably be expected to cause) a material adverse effect, or any condition or event that has resulted or could reasonably be expected to result in a material adverse effect, on the business, operations, financial condition, liabilities (contingent or otherwise) or prospects of the Seller or the Servicer or the Master Servicer taken as a whole, (b) any event, circumstance, occurrence or condition which has caused (or would reasonably be expected to cause) a material adverse effect on the ability of the Seller or the Servicer or the Master Services to consummate in a timely manner the transactions contemplated under this Agreement or to perform any of their original obligations under any Transaction Document or (c) any event, circumstance, occurrence or condition which has caused (or would reasonably be expected to cause) a material adverse effect on the legality, binding effect or enforceability of any Transaction Document or any of the material rights and remedies of the Purchaser thereunder.

**Material Company** means, at any time, a company of the Group which has net assets (excluding intra-group items) representing 5 per cent or more of the consolidated net assets of the Group in accordance with US GAAP.

**Nominal Value** means with respect to any Receivable, the principal amount of such Receivable, including VAI and other taxes if any, as reflected in the books of the Seller and mentioned on the invoice representing the Receivable.

**Obligor** means a person set out in the records of the Seller as debtor of Receivables and obliged to make payment for the provision of goods or services evidenced by a contract for which an invoice has been issued (or, if different, the person so obliged).

**Outstanding Nominal Value** means, with respect to any Receivable, the Nominal Value of such Receivable less (a) any Dilution in relation to such Receivable and (b) any Collection received with respect to such Receivable.

**Pan-European Data Period** has the meaning ascribed to the term "Data Period" in the Pan European Receivables Purchase Agreement.

**Pan-European Global Portfolio** has the meaning ascribed to the term “Global Portfolio” in the Pan-European Receivables Purchase Agreement.

**Pan-European Portfolio** means the Outstanding Nominal Value of all of the Pan-European Purchased Receivables acquired by the Pan-European Purchaser during the preceding Pan-European Data Period pursuant to the Pan-European Receivables Purchase Agreement.

**Pan-European Purchased Receivables** has the meaning ascribed to the term “Purchased Receivables” in the Pan-European Receivables Purchase Agreement.

**Pan-European Purchaser** means ING Belgium NV/SA.

**Pan-European Receivables Purchase Agreement** means the Receivables Purchase Agreement dated 28 October 2004 between ING Belgium NV/SA, Greif Coordination Center SA and Greif Belgium BVBA, as amended from time to time.

**Party** means a party to this Agreement.

**Portfolio** means on any given date the Outstanding Nominal Value of all the Purchased Receivables acquired by the Purchaser during the preceding Data Period.

**Programme** means the programme described in the recitals.

**Programme Amount** means EUR 23,000,000.

**Purchase Date** has the meaning ascribed to such term in Clause 3.

**Purchased Receivables** means, on any given date, all the Receivables assigned, sold, transferred or purported to be assigned, sold or transferred to the Purchaser hereunder.

**Purchased Receivables with Set-Off Arrangements** means Purchased Receivables for which the Obligor can, in its relationship with the Seller, make set-off arrangements due to the existence of a current account or related reciprocal debts.

**Purchase Price** means the purchase price for Eligible Receivables for Purchase calculated in accordance with Clause 6 and the formulas contained in the Spreadsheet Programme.

**Receivable** means any and all present and future indebtedness coming or having come into existence prior to a Termination Date or the date at which this Agreement terminates in accordance with Clause 2.4, 2.6 or 2.7 and owed or purported to be owed to the Seller by an Obligor, arising from an agreement for the provision of goods and/or services entered in the course of business of the Seller and includes unless otherwise specified herein, any Purchased Receivable.

**Seller’s Account** means the account which will be indicated in writing by the Seller to the Purchaser.

**Servicer** means such person so designated from time to time in accordance with the Servicing Agreement.

**Servicer Fee** shall have the meaning ascribed to such term in clause 7.2 of the Servicing Agreement.

**Servicing Agreement** means the servicing agreement dated on or about the date hereof between the Seller, the Servicer and the Purchaser.

**Servicing Fee** means the Master Servicer Fee and the Servicer Fee.

**Settlement Date** means without prejudice to Clause 17, the 15th and the last day of each calendar month, save that the first Settlement Date shall coincide with the first Purchase Date Any Settlement Date falling on a date which is not a Business Day will be advanced to the immediately preceding Business Day.

**Solidarity Amount** shall have the meaning ascribed to such term in Clause 26.2.

**Solidarity Excess Available Amount** means the balance of the Available Amount after the payments and allocations made pursuant to Clause 11.1(a) up to and including 11.1(g) or, as the case may be, pursuant to Clause 11.2(a) up to and including 11.2(h).

**Spreadsheet Programme** means the Spreadsheet Programme which will be deposited by the Transaction Administrator with notary Gilberte Raucq, Rue du Monastère 22, 1000 Brussels, Belgium and of which a printout with the initial date is attached as substantially Schedule 4.

**Stamp Duty** means any stamp duty, registration, tax or other transaction or documentary tax (including, without limitation, any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**Target** means Trans-European Automated Real-time Gross Settlement Express Transfer Payment System.

**Target Day** means any day on which Target is open for the settlement of payments in Euro.

**Taxes** means all present and future transfer tax, value added tax (VAI), sales tax, notarial and registration fees, Stamp Duties or other charge or withholding taxes or substitute taxes, applied as final or provisional taxes on account of income tax (including without limitation, any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

**Taxation** shall imply and shall be construed according to the definition of Taxes.

**Template** means the template in Excel format substantially in the form of Schedule 2.

**Termination Date** means the earliest of:

- (i) the date of the occurrence of any event referred to in Clause 18.1(a);
- (ii) the third Business Day following the receipt of notice referred to in Clause 18.1(b) save if the Seller has exercised his repurchase option in accordance with Clause 24.2 before such date; and
- (iii) any date following the occurrence, and during the continuation, of any event referred to in Clause 18.1(c) which the Purchaser or the Transaction Administrator declares to be the Termination Date

**Termination Event** means any of the events described in Clause 18.

**Total Collections** means, with respect to any Purchased Receivable the sum of all items booked in the Current Account under 12.3(a), 12.3(b), 12.3(c), 12.3(d), 12.3(e).

**Transaction Administrator Report** means the report substantially in the form of Schedule 3.

**Transaction Document** means each of the following documents:

- (i) this Agreement;

- (ii) each Transfer Proposal and Transfer Acceptance;
- (iii) the Servicing Agreement; and
- (iv) any other document designated as such by the parties to this Agreement

**Transfer Acceptance** means the acceptance of a Transfer Proposal for the sale of Receivables, substantially in the form of Schedule 10.

**Transfer Date** means any date resulting from an acceleration of the dates for remittance of Collections by the Seller or the Servicer to the Purchaser pursuant to Clause 17 or 18.2(f) A Transfer Date falling on a date which is not a Business Day will be postponed to the next following Business Day.

**Transfer Proposal** means a proposal for the sale of Receivables, substantially in the form of Schedule 9.

**Transmission Date** means each date which is one Business Day before a Calculation Date.

**Written off Receivable** means a receivable which has been written off, or qualifies or would qualify for a write-off, as irrecoverable for accounting purposes by the Seller in accordance with its general accounting practices.

**Yield Reserve** has the meaning set out in Schedule 4.

1.2 Any reference in this Agreement to:

- (a) 'bankruptcy proceeding', liquidation', 'proceedings for composition' of any person shall be construed as to include any equivalent or analogous proceedings under the laws of the jurisdiction in which such person is incorporated or any jurisdiction in which such person has its principal place of business;
- (b) 'attachment' of any asset shall be construed as to include any equivalent or analogous proceedings under the laws of the jurisdiction in which such asset is located;
- (c) 'temporary administrator' appointed with respect to any person shall be construed as to include any equivalent or analogous officer appointed under the laws of the jurisdiction in which such person is incorporated or any jurisdiction in which such person has its principal place of business; and
- (d) Clause, Enclosure or Annex is a reference to a clause, enclosure or annex of this Agreement

## 2 PURPOSES OF THE AGREEMENT

- 2.1 The Seller agrees to sell to the Purchaser, with effect on each Purchase Date, from the first Purchase Date until (and not including) the Termination Date or the date of termination of this Agreement in accordance with Clauses 2.4, 2.6, or 2.7, subject to the Conditions Precedent and the provisions of this Agreement and pursuant to the procedure set out in Clause 4 all Receivables originated by the Seller during the preceding Data Period towards the Obligors and listed in the Computer File, provided that the Seller shall have to include in such list all Eligible Receivables for Purchase originated by the Seller during the preceding Data Period. The Computer File shall be printed and attached to each Transfer Proposal and each Transfer Acceptance. The Parties agree that the Receivables are assigned and transferred pursuant to Law No 52 of 21st February 1991, as amended from time to time (the **Factoring Law**) and the applicable provisions of the Italian civil code

- 2.2 The Seller may at any time give notice to the Purchaser, who shall accept with a copy to the Servicer and the Master Servicer that it wishes to interrupt the continuation of these sales and assignments. In order to be effective from a particular Business Day, this notice must be given by 10 am (Milan time) on that day. The sales of Receivables will recommence upon ten Business Days' prior written notice from the Seller to the Transaction Administrator and subject to the satisfaction of all conditions as provided for in this Agreement and the receipt of all reports and information that the Transaction Administrator may reasonably request as to cover the period of interruption of sales
- 2.3 The Purchaser hereby appoints the Transaction Administrator to act as its agent and representative and to perform certain tasks in the name and on behalf of the Purchaser under this Agreement
- 2.4 Unless terminated or cancelled earlier in accordance with this Agreement, the commitment of the Purchaser to purchase Receivables is given for a duration of 364 (three hundred and sixty-four) calendar days commencing on the date hereof. At any time between 90 and 30 days before the expiry of the 364 days, the Seller may request the Purchaser in writing to extend its commitment to purchase Receivables. The Purchaser may agree to extend the commitment by entering into an amendment letter relating to this Agreement with the Seller to that effect, provided that the expiration date shall not be later than the earlier of:
- (i) 364 days from the date upon which such extension comes into effect; and
  - (ii) the fourth anniversary date of the date of this Agreement.
- 2.5 The Purchaser shall notify the Seller of its decision on such extension not later than the date which is 15 days after the Seller's request
- 2.6 The Seller may at any time terminate this Agreement by 30 days prior notice to the Transaction Administrator
- 2.7 The Purchaser may terminate this Agreement by 30 days prior notice to the Seller if (i) any payment to be made by the Seller or the Servicer to the Purchaser is or shall be subject to any taxes on or measured by the overall net income or profit of the Purchaser and (ii) the Seller refuses to indemnify the Purchaser
- 2.8 Clauses 18.2(a) to 18.2(g) (including) and Clause 18.3 shall apply, govern the effects of and survive a termination of this Agreement in accordance with Clauses 2.4, 2.6 and 2.7

### 3. PURCHASE DATES AND CONDITIONS PRECEDENT

- 3.1 Purchases of Receivables will take place on each Settlement Date until (and not including) the Termination Date (each a **Purchase Date**), provided that:
- (a) the Conditions Precedent set out in Clause 3.4 are then satisfied or waived by the Purchaser in accordance with Clause 4.6; and
  - (b) the procedure set out in Clause 4 is followed
- 3.2 The first Purchase Date will be 31st October, 2005 subject to Clauses 3.3 and 3.4

- 3.3 The first Purchase Date shall not take place before the second Business Day after satisfaction of the following Conditions Precedent - set out in the exclusive interest of the Purchaser (*condizioni unilaterali*):
- (a) completion of a due diligence review by the Purchaser of the Seller's portfolios of Receivables, systems and practices, the outcome of this due diligence being satisfactory to the Purchaser and delivery of a due diligence report accepted and countersigned by the Seller;
  - (b) signing of the due diligence key finance report including the agreed recommendations and adaptations;
  - (c) delivery of original or certified conformed copy of all necessary board and shareholder resolutions approving the terms of, and the transactions contemplated by, the Transaction Documents to which Greif Italia/Greif Belgium is party and (in the case of board resolutions) authorising a specified person or persons to execute those Transaction Documents on its behalf and to sign and/or despatch all other documents and notices to be signed and/or despatched by it under or in connection with those Transaction Documents and delivery of specimen of signatures;
  - (d) delivery of legal opinions of Allen & Overy Italy addressed to the Purchaser and satisfactory to the Purchaser and the Transaction Administrator as to the civil law true sale character of the sales of Receivables in accordance with this Agreement and as to the powers and authorisations of the Seller in connection with this Agreement and tax opinion of Allen & Overy Italy addressed to the Purchaser;
  - (e) delivery by the Master Servicer of the Template on the performance of the portfolio to be purchased on the first Purchase Date until the month prior to the first Purchase Date;
  - (f) execution of the Transaction Documents by all parties thereto;
  - (g) payment by the Seller of the fees and expenses set out in the Fee Letter
- 3.4 The Seller hereby represents and warrants to the Purchaser and the Transaction Administrator that, unless it will have notified the Transaction Administrator otherwise in accordance with this Agreement, on the relevant Purchase Date:
- (a) the representations and warranties set out in Clause 15 shall be true and correct in all material respects, except for those representations or warranties which are already qualified as to materiality and for the representations and warranties under Clauses 15.12 to 15.17 (including), which shall be true and correct;
  - (b) there shall be no breach of any of the undertakings set out in Clause 16;
  - (c) no event has occurred and is continuing, or would result from such purchase, that constitutes a Termination Event or that, with the giving of notice or passage of time, would constitute a Termination Event;
  - (d) the Termination Date has not occurred;
  - (e) the purchase of such Receivable will not result in the GIPP exceeding the Programme Amount;
  - (f) no applicable law, regulation, judgement or decree of any governmental entity prohibits the making of such purchase or remittance of Total Collections in accordance with the provisions of this Agreement and the Servicing Agreement; and

(g) the Seller and/or the Master Servicer and/or the Servicer have duly fulfilled the activities set out in Clause 4.1, 4.2 and 4.4

To the extent that the Purchaser acquires any Receivable on a Purchase Date, the Seller shall be considered to have reiterated the representations and warranties set out in Clause 15.

The truthfulness and the correctness of the representations and warranties set out in this Clause 3.4(a) to (g), shall also constitute a Conditions Precedent - set out in the exclusive interest of the Purchaser (*condizioni unilaterali*) - to the obligation of the Purchaser to purchase the Receivables offered by the Seller, as set out in Clause 4.6.

#### 4. TERMS AND CONDITIONS GOVERNING PURCHASES

- 4.1 On each Transmission Date, the Master Servicer will deliver to the Transaction Administrator by electronic mail or by fax, not later than 10 a.m. Milan time the Template duly completed with the data related to the preceding Data Period so that the performance of the Global Portfolio since the previous Template may be assessed
- 4.2 On each Transmission Date, the Seller will send to the Transaction Administrator the Computer File listing all Eligible Receivables for Purchase originated by the Seller during the preceding Data Period and to be purchased by the Purchaser on the following Purchase Date
- 4.3 On each Calculation Date the Transaction Administrator, also on the basis of the information contained in the Template delivered by the Master Servicer and the Computer File sent by the Seller on the preceding Transmission Date, will calculate and notify to the Seller by electronic mail or by fax, not later than 4 p.m. Milan time, the IPP for the Receivables originated by the Seller during the relevant Data Period and to be sold on the following Purchase Date from the Seller to the Purchaser pursuant to the Transfer Proposal and the Transfer Acceptance
- 4.4 On each Purchase Date, by no later than 10 a.m. (Milan time), the Seller shall send by fax to the Purchaser the Transfer Proposal - to which shall be attached a printed copy of the Computer File - which shall constitute an offer to sell the Receivables listed on such Computer File
- 4.5 On each Purchase Date by no later than 2 p.m. (Milan time), the Purchaser shall execute and subsequently send by fax to the Seller the Transfer Acceptance - to which shall be attached a printed copy of the Computer File, which shall constitute an acceptance of the offer made by the Seller pursuant to paragraph 4.4
- 4.6 The obligation of the Purchaser to accept the offer for sale made by the Seller in the Transfer Proposal, shall be subject to the Condition Precedent - set out in the exclusive interest of the Purchaser (*condizione unilaterale*) - that the representations and warranties made by the Seller on such Purchase Date pursuant to Clause 3.4(a) to (g) are true and correct, provided that if the Purchaser shall send to the Seller the executed copy of the Transfer Acceptance, such Condition Precedent shall be deemed to be in any case satisfied or waived by the Purchaser, but in any case without prejudice, for (i) the right of the Purchaser to subsequently avail himself of the provisions of Clause 5.3; (ii) the right of the Purchaser to be fully indemnified by the Seller pursuant to Clause 21 for the resulting breach of Clause 3.4; as well as (iii) any other remedy available to the Purchaser under this Agreement and any applicable law
- 4.7 The Transaction Administrator is authorised to take such measures, including a deferral of the Settlement Date, as may be necessary in the event that the Seller and/or the Master Servicer is late in delivering the information required under Clause 4.1 and 4.2 or such information appears to be incorrect



- 4.8 Such measures shall be binding on the Seller, and shall be without prejudice to the Seller's obligations to indemnify the Purchaser against the losses that may result from such delay or to pay late payment interest on any amount payable by it under this Agreement and without prejudice to the other rights of the Purchaser under this Agreement
- 4.9 Any delay in the delivery of the above referred information and/or any inaccuracy in the information as provided for by the Seller and/or the Master Servicer will allow the Transaction Administrator to request from the Seller the payment of a penalty fee of 0.01% calculated on the Programme Amount with a minimum of Euro 1000, unless the non-delivery and/or inaccuracy is remedied within two Business Days of the due date and provided that such non delivery and/or inaccuracy does not occur during two consecutive months

## 5. CONSEQUENCES OF THE PURCHASE

- 5.1 The sale of Receivables made under this Agreement and, upon their due execution, each Transfer Proposal and Transfer Acceptance, shall constitute a true sale without recourse (*pro-soluto*) pursuant to article 1267 of the Italian Civil Code of the Receivables, and not a security arrangement for any obligations of the Seller. The Purchaser shall have full title and interest in and to the Purchased Receivables as from the Purchase Date, shall be free to further dispose of such Purchased Receivables, and shall be fully entitled to receive and retain for its own account the Total Collections in respect of such Purchased Receivables
- 5.2 The Receivables will be purchased on the Purchase Date with all the associated rights and accessories, options, privileges, and interest linked to such Receivables as well as any sum due on such Receivables or which may become due subsequently, and all the advantages and benefits ensuing therefrom, to the extend permitted by law
- 5.3 Should a Purchased Receivable be found at any time by the Purchaser or the Transaction Administrator to be, or should the Seller, Servicer or Master Servicer inform at any time the Purchaser that a Purchased Receivables is an Ineligible Receivable for Purchase, the Purchaser shall have the option to reassign such Ineligible Receivables with all the associated rights and accessories, options, privileges, and interest linked to the Ineligible Receivables to the Seller at any time by executing a notice in the form set out in Schedule 8 (the **Notice**) and sending the Notice to the Seller, who shall immediately copy the content of the Notice on its letterhead, sign and fax back the Notice to the Purchaser
- The Seller shall repurchase such Receivables, at its expenses and without any recourse, for a price corresponding to the Outstanding Nominal Value of the Ineligible Receivables Such amount shall be credited in favour of the Purchaser to the Current Account. The Purchased Receivables that would appear to be Ineligible Receivable will remain the property of the Purchaser until their reassignment to the Seller
- 5.4 Upon satisfaction or waiver of the Conditions Precedent set forth under Clause 3.3 and/or Clause 3.4 (as applicable), the Seller may demand performance by the Purchaser of its obligations to pay the IPP and GDPP in accordance with Clauses 7 and 8 and enforce these obligations subject to Clause 22 and without prejudice to the application of Clause 8.2 and 8.3, but waives the right to demand rescission of any purchase

## 6. DETERMINATION OF THE PURCHASE PRICE

- 6.1 On each Purchase Date, the Purchaser will acquire the Receivables owned by the Seller and listed in the relevant Computer File at a Purchase Price based on the Outstanding Nominal Value of the Receivables and which comprises (i) the IPP Cash Portion and the IPP payable on the Purchase Date, which coincides with the Settlement Date, both according to the provisions of Clause 7, and (ii) the DPP payable according to the provisions of Clause 8 Purchase Price determinations are made for the Portfolio, as a whole, and not separately for each Receivable

6.2 The determination of the IPP and the DPP shall be made in accordance with the formulas contained in the Spreadsheet Programme. In case of inconsistency between the Spreadsheet Programme and the formulas or other calculation methods set out in this Agreement, the Spreadsheet Programme shall prevail except in case of manifest error

## 7. THE INITIAL PURCHASE PRICE AND GLOBAL INITIAL PURCHASE PRICE

7.1 The IPP is the first part of the Purchase Price payable for the Portfolio on a Purchase Date

The IPP is calculated on each Calculation Date in accordance with the Spreadsheet Programme, and is paid according to Clauses 11 and 12. The computation of the IPP shall bind the parties except in case of manifest error

7.2 The GIPP will be calculated on each Calculation Date in accordance with the Spreadsheet Programme. The GIPP shall never be higher than the Programme Amount

## 8. THE GLOBAL DEFERRED PURCHASE PRICE

8.1 At any Calculation Date, the GDPP as applicable to the Global Portfolio corresponds to the intermediate Global Deferred Purchase Price (**Intermediate GDPP**) minus the instalment of GDPP (**Instalment of GDPP**)

The Intermediate GDPP equals:

- a) the GDPP at the preceding Calculation Date;
- b) less the sum of the Charges and the Written-off Receivables;
- c) plus the DPP applicable to the Portfolio

The Instalment of GDPP equals:

- a) the Available Amount;
- b) less the sum of all payments and allocations provided for in Clause 11.1 (a) to (i) and 11.2(a) to (j)

8.2 The Instalment of GDPP is payable by the Purchaser on each Settlement Date according to Clauses 11 and 12. From the occurrence of a Termination Date, no further Instalment of GDPP shall be paid unless and until the balance of the GIPP has been reduced to zero and any credit balance of the Current Account shall have been duly paid to the Purchaser. Thereafter, the Instalment of GDPP will be payable on each Settlement Date in accordance with the Spreadsheet Programme

8.3 In no circumstances will the Purchaser be liable to pay any Instalment of GDPP as a separate liability, since the Purchaser's liability *vis-a-vis* the Seller under this Agreement is limited to the net balance on the Current Account as specified in Clause 12. For the avoidance of doubt, the GDPP does not represent a liability of the Purchaser other than to the extent of the Instalments of GDPP payable pursuant hereto. Accordingly, the Seller acknowledges and agrees that the limited recourse nature of the obligation to pay any Instalment of GDPP under this Agreement produces the effect of a *contratto aleatorio* and accepts the consequences thereof, including but not limited to the provision of article 1469 of the Italian civil code and will have an existing claim against the Purchaser only in

respect of the net balance of the Current Account and will not have any claim, by operation of law or otherwise, against, or recourse to, the Purchaser's assets (other than the net balance of the Current Account) or its contributed equity capital or any other assets of the Purchaser whatsoever

8.4 No interest will be paid by the Purchaser on the GDPP

## 9. APPOINTMENT OF A SERVICER

The servicing, administering and collection of the Purchased Receivables (the **Services**) shall be conducted by the Servicer pursuant to the Servicing Agreement, while reporting duties relating to the Purchased Receivables shall be conducted by the Master Servicer pursuant to the Servicing Agreement.

## 10. FEES

10.1 All the Fees incurred under this Agreement and determined in accordance with the Fee Letter will be borne by the Seller or reimbursed by the Seller to the Purchaser

10.2 The Transaction Administrator will supply the Seller with reasonable details and justification of any such Fees

## 11. WATERFALL

11.1 Prior to the occurrence of a Termination Date and in accordance with the Spreadsheet Programme, the Available Amount shall be applied by the Purchaser on each Settlement Date to the payments or internal allocations as stipulated in Clause 12 in the following order of priority and if and to the extent that the payments or the allocations ranking higher have been made in full:

- (a) to pay all liabilities then due and payable on account of Taxes due in relation to the Programme for such part of those amounts that has not been paid through the Current Account;
- (b) to pay the Costs;
- (c) to cover the Indemnities referred to in Clause 21 unpaid by the Seller and/or Servicer;
- (d) to pay the Servicing Fee;
- (e) to allocate to the IPP;
- (f) to allocate to the Decrease of the GIPP if any;
- (g) to allocate to the Pan-European Cash Deficiency, if any;
- (h) to allocate to the Solidarity Amount, if any;
- (i) to allocate to any other amount as agreed between the Seller and the Purchaser, without such agreement being unreasonably withheld by either party;
- (j) to allocate to the Instalment of the GDPP

11.2 After the occurrence of a Termination Date and in accordance with the Spreadsheet Programme, the Available Amount shall be applied by the Purchaser on each Settlement Date to the payments or internal allocations as stipulated in Clause 12 in the following order of priority, if and to the extent that the payments or the allocations ranking higher have been made in full:

- (a) to pay any fees then due and payable to the Backup Servicer;

- (b) to pay all liabilities then due and payable on account of Taxes due in relation to the Programme for such part of those amounts that have not been paid through the Current Amount;
- (c) to pay the Costs;
- (d) cover the Indemnities referred to in Clause 21 unpaid by the Seller and/or the Servicer;
- (e) to allocate to the IPP, if applicable;
- (f) to allocate to the Decrease of the GIPP if any;
- (g) to allocate to the Servicing Fee;
- (h) to allocate to the Pan-European Cash Deficiency, if any;
- (i) to allocate to the Solidarity Amount, if any;
- (j) to allocate to any other amount due if any;
- (k) subject to Clause 8.2, to allocate to the Instalment of the GDPP

## 12. PAYMENTS

12.1 As they are expected to become obligor and creditor of each other or the duration of this Agreement, the Seller also in its capacity as Servicer and the Purchaser also in its capacity as Transaction Administrator will enter into a current account legal relationship (the **Current Account**) so that the payments of the various sums due by one Party to the other Party (other than the IPP Cash Portion) will take place by booking the amount due on this Current Account. Such payments shall be entered in the Current Account and settled exclusively in Euro. No interests will accrue on the amounts booked on the Current Account. This Current Account is indivisible. However, for administrative purposes, the subheadings described below will be created. The creation of these subheadings will in no way affect the indivisibility of the Current Account.

The IPP Cash Portion in respect of each Portfolio shall be paid on the relevant Purchase Date by way of a wire transfer with the BIREL system by the Purchaser to the Seller's Account.

12.2 The amounts to be booked to the Current Account on any Calculation Date shall include solely those amounts payable on the Settlement Date immediately following such Calculation Date in accordance with the order of priority provided for in Clause 11.

12.3 Unless the amounts referred to in the subheadings 12.3(a) to 12.3(e) have been transferred by the Servicer after an Acceleration on the bank account mentioned in Clause 4.5 of the Servicing Agreement, the following amounts will be booked to the Current Account:

### IN FAVOUR OF THE PURCHASER:

- (a) **Collections:** (information supplied by the Servicer)

These are the cash payments with respect to the Purchased Receivables, whoever makes such payment and whatever the modalities of such payment.

In case one of the Obligor of the Purchased Receivables makes a partial payment (by means of compensation or any other method) which cannot be applied to a particular Receivable, the Servicer will allocate such payment proportionally to all Receivables, whether assigned or not, on such Obligor.

These amounts will be deemed to be booked on the Current Account on the Calculation Date immediately preceding the Settlement Date on which they are due to be transferred to the Purchaser pursuant to Clauses 6.3 or 6.4 of the Servicing Agreement.

(b) **Late Interest Collections** (information supplied by the Servicer)

This represents late interest amounts calculated as from the maturity date of the invoice and/or indemnities paid because of late payment by the Obligor.

These amounts will be deemed to be booked on the Current Account on the Calculation Date immediately preceding the Settlement Date on which they are due to be transferred to the Purchaser pursuant to clauses 6.3 or 6.4 of the Servicing Agreement.

(c) **Deemed Collections** (information supplied by the Servicer)

This represents the amount by which the Outstanding Nominal Value of Purchased Receivables has been reduced as the consequence of one of the following events:

- (i) Dilution as from the preceding Cut-off Date, other than the Dilution which has been deducted from the Nominal Value of the Purchased Receivables when calculating the Purchase Price of such Receivables in accordance with Clause 6; or
- (ii) in case of the sale of a fully or partially paid Receivable at the end of the preceding Data Period for which no adjustment of the Outstanding Nominal Value has been made as per Clause 6, the amount of the Dilution corresponds to the amount of such total or partial payment; or
- (iii) any other element admitted by the Seller or recognised in a court of law

For the purposes of this Agreement, the Deemed Collections will be assimilated to a payment made by the Obligor whose Receivables have been purchased.

The Deemed Collections will be deemed to be booked on the Current Account on the Calculation Date immediately following the Collection Period during which the events referred to in i), ii) or iii) arise.

Furthermore, if the Seller or the Servicer breaches its undertaking set out in Clause 16.2(c) (not to draw any bill of exchange in connection with a Purchased Receivable, nor to demand or receive from any Obligor, or otherwise permit the creation by any Obligor of, any promissory note in connection with a Purchased Receivable, save if immediately endorsed to the Purchaser), a Deemed Collection shall arise in the amount of that Receivable and will be deemed to be booked on the Current Account on the day such a breach arises.

(d) **The Outstanding Nominal Value of Ineligible Receivables for Purchase** that have been purchased as Eligible Receivables for Purchase or that have been taken into consideration for the determination of the Purchase Price of a Portfolio in accordance with this Agreement (information supplied by the Master Servicer)

This amount will be assimilated to a payment by the Seller to the Purchaser.

This amount will be deemed to be booked on the Current Account on the day the Purchaser has exercised its reassignment option in accordance with Clause 5.3.

(e) **Any Indemnity due by the Seller or the Servicer** to the Purchaser (information supplied by the Master Servicer)

These are the amounts due by the Seller or the Servicer to the Purchaser pursuant to Clause 21.

The amount of the Indemnity will be deemed to be booked on the Current Account on the day the Indemnity is payable.

(f) **Any other amount due under this Agreement** by the Seller or the Servicer to the Purchaser (information supplied by the Master Servicer)

The amount due will be deemed to be booked on the Current Account on the day the Seller or the Servicer or a court order recognises that the Purchaser is entitled to this amount.

(g) **Payment made by the Purchaser** (information supplied by the Master Servicer)

This amount represents the balance of the Current Account to be paid by the Purchaser to the Seller pursuant to Clause 13.1.

It will be deemed to be booked on the Current Account on each Calculation Date.

It is well understood that the above entries will be made without duplication, so that the same amount in respect of the same Receivable will not be entered more than once in the Current Account under Clauses 12.3(a) to 12.3(d).

IN FAVOUR OF THE SELLER:

(a) **The Initial Purchase Price** paid for the Portfolio acquired by the Purchaser less the IPP Cash Portion

This amount will be deemed to be booked on the Current Account on the Calculation Date immediately following the Cut-off Date of the preceding Data Period.

(b) **The Instalment of GDPP**

This amount is payable in accordance with Clause 8.2 on each Settlement Date.

This amount will be deemed to be booked on the Current Account on the Calculation Date immediately preceding the relevant Settlement Date.

(c) **The total amount of the payment cancellations** (information supplied by the Master Servicer)

Certain forms of payment used by an Obligor can give rise to the cancellation of the payment of Receivables previously booked on the Current Account and thus paid to the Purchaser.

The amount of the cancellation will be deemed to be booked on the Current Account on the Calculation Date immediately following the Collection Period during which the payment is cancelled.

(d) **The Servicing Fee**

This fee is determined in accordance with clause 7 of the Servicing Agreement.

This amount will be deemed to be booked on the Current Account on the Calculation Date and will be received by the Seller acting as agent and on behalf of the Servicer and the Master Servicer.

(e) **Any other amount due** under this Agreement by the Purchaser to the Seller or the Servicer or the Master Servicer, if any

The amount due will be deemed to be booked on the Current Account on the day the Purchaser, or a court order, recognises that the Seller or the Servicer is entitled to this amount.

The amount due to the Master Servicer will be booked in the Current Account in favour of the Seller acting in his capacity as agent of the Master Servicer.

(f) **Payments made by the Seller or the Servicer**

This amount represents the balance of the Current Account as calculated pursuant to Clause 13.1.

It will be deemed to be booked on the Current Account on the Settlement Date.

### 13. INTERMEDIATE CLOSING OF THE CURRENT ACCOUNT

13.1 The Transaction Administrator shall calculate on each Calculation Date the intermediate closing balance of the Current Account to be paid as of the immediately following Settlement Date, taking into account all entries scheduled to take place until the Calculation Date. The balance resulting from each intermediate closing will be paid in favour of the Seller or of the Purchaser, as the case may be. The intermediate closing shall take into account the consequences that a seizure or any other similar measure imposed on the whole or part of the amounts due by one Party to the other would have on such balance.

The payment will take place on the Settlement Date following the relevant Calculation Date in accordance with the order of priority set out in Clauses 11.1 and 11.2, as applicable and Clause 13.2 below.

The provisions of this Clause 13.1 are without prejudice to the obligation of the Servicer, upon an Acceleration to pay to the Purchaser on each Transfer Date the amount of the Total Collections in accordance with clause 4 of the Servicing Agreement.

#### 13.2 Terms and conditions governing payments

(a) On the Transmission Date immediately following the end of a Data Period, the Seller (in relation to the information of the Template be delivered in accordance with Clause 4.1) or the Servicer or the Master Servicer (in accordance with the respective provisions of the Servicing Agreement) will inform the Transaction Administrator of the global amounts booked for each subheading on the Current Account since the previous intermediate closing, as well as any corrective entries, insofar as such data has to be supplied by them in compliance with Clause 1.2. They will do so by electronic mail or by fax, not later than at 10 am Milan time, by means of the Template.

(b) On the Calculation Date immediately following the end of a Data Period, on the basis of the information supplied by the Seller, the Servicer and the Master Servicer and the information available to it, the Transaction Administrator will compute the balance of the Current Account and the Instalment of GDPP payable on the relevant Settlement Date and

communicate them to the Seller by means of the Transaction Administrator Report, such report being sent by electronic mail or by fax before 4 p.m Milan time.

This computation will bind the parties, absent manifest error.

- (c) The Seller irrevocably authorises the Transaction Administrator to debit the Greif Collection Account under value Settlement Date with the amount of the balance of the Current Account, if this balance is in favour of the Purchaser. The Seller undertakes to fund said account in due course with the amounts necessary for the required payment
- (d) If, following a lack of funds, the balance due to the Purchaser on the Settlement Date (pursuant to Clause 13.1) cannot be paid in full or in part to the Purchaser, the Seller will owe late interest to the Purchaser, calculated at the Euribor Rate (one month) (as such term is defined in Schedule 6 of this Agreement), plus 2% per annum on the amount to be paid, until the Business Day following receipt of full payment of the amount due and an administration fee of Euro 1,000 covering the follow-up of such late payment
- (e) The Purchaser undertakes to credit by way of a wire transfer with the BIREL system, under value Settlement Date, the Seller's Account with the amount of the balance of the Current Account, if this balance is in favour of the Seller
- (f) The Seller shall co-operate fully with the Purchaser in establishing that the payment of the Purchase Price bears a *data certa* (date certain at law) in accordance with Article 5 Factoring Law and Article 2470 of the Italian civil code
- (g) For the purposes of Article 5 of the Factoring Law, upon the receipt of the payment of the IPP Cash Portion, IPP, DPP, GIPP and the GDPP, as the case may be, on any Settlement Date, the Seller shall deliver to the Purchaser a document (*quietanza di pagamento*), bearing the so called data certa (*date certain*) stating and confirming that the payment of the IPP Cash Portion, IPP, DPP, GIPP and the GDPP, as the case may be, occurred on the date thereof

#### 14. TAX GROSS-UP

- 14.1 All payments to be made by the Seller or the Servicer to the Purchaser shall be made free and clear of and without withholding or deduction for or payment of or on account of any present or future Tax unless the Seller or the Servicer is required by law to make such a payment subject to the deduction or withholding or payment of or on account of tax, excluding any taxes on or measured by the overall net income or profit of the Purchaser. If any Tax or amounts in respect of Tax must be deducted or withheld from any amounts payable or paid by the Seller or the Service, the Seller or the Servicer shall pay such additional amounts as may be necessary to ensure that the Purchaser receives a net amount equal to the full amount which would have been received in the absence of the withholding or deduction
- 14.2 Without prejudice of the Purchaser's right in accordance with Clause 2.7, the Seller agrees to pay any sales, excise, registration and other Taxes, duties and fees payable in connection with the execution, delivery, filing or recording of this Agreement, any other documents to be delivered in connection with this Agreement or in connection with any transaction contemplated by this Agreement (hereinafter referred to as "**Other Applicable Taxes**")
- 14.3 The Seller hereby indemnifies the Purchaser and the Transaction Administrator for the full amount of Taxes and Other Applicable Taxes (including, without limitation, any Taxes and Other Applicable Taxes imposed on amounts payable under this Clause 14) paid by the Purchaser or the Transaction Administrator and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto



- 14.4 Within 30 days after the date of any payment of Taxes, the Seller or the Servicer (as applicable) shall provide the Transaction Administrator with a copy of a receipt evidencing payment thereof. The Transaction Administrator shall provide the Purchaser with a copy of such receipt. If Taxes are payable in respect of any payment hereunder by the Seller or the Servicer (as applicable) but an exemption in relation to such Taxes is available, the Seller shall, upon the reasonable request of the Transaction Administrator, provide the Transaction Administrator with a certificate from each relevant taxing authority, or an opinion of tax counsel acceptable to the Transaction Administrator, in either case stating that such payment is exempt from or not subject to Taxes. This indemnification shall be made within thirty days from the date the Purchaser makes written demand thereof.
- 14.5 Provided that no Termination Event has occurred and is continuing, all amounts payable under and pursuant to this Clause 14 shall be paid on the Settlement Date immediately following the date the Purchaser or the Transaction Administrator makes written demand thereof or if the immediately following Settlement Date occurs less than 10 Business Days after the date of such demand, the next following Settlement Date provided that if after the date of such demand the relevant Settlement Date contemplated in this paragraph (6) will not occur, the amounts contemplated in this paragraph (6) shall be paid no later than 45 Business Days after the date of such demand. If a Termination Event has occurred and is continuing, all amounts payable under and pursuant to this Clause 14 shall become immediately due and payable upon demand being made by the Purchaser or Transaction Administrator.

## 15. REPRESENTATIONS AND WARRANTIES

During the time this Agreement remains applicable, each of the Seller and the Servicer represents and warrants to the Purchaser that:

- 15.1 it is a company validly constituted in accordance with Italian law, with power to enter into this Agreement;
- 15.2 it has validly executed this agreement and that the entry into and performance by it, and the transactions contemplated by this Agreement do not and will not conflict with its constitutional documents;
- 15.3 it complies with the laws and regulations applicable to its activities, except to the extent that non-compliance would not, individually or in the aggregate, have a Material Adverse Effect;
- 15.4 none of the events listed in Clauses 17 and 18 exists;
- 15.5 there has been no material adverse change in the collectibility of the Receivables or in the operating condition of the Seller;
- 15.6 it is not in breach of any of its undertakings set out in Clause 16 below;
- 15.7 there has been no change with respect to the Seller or the Servicer since the date of the most recent audited financial accounts delivered under Clause 16.1(a) which has had or would have, individually or in the aggregate, a Material Adverse Effect;
- 15.8 no legal proceedings (including insolvency) exist or are threatening against the Seller or the Servicer which would, individually or in the aggregate, have a Material Adverse Effect or would reasonably be expected to give rise to any legal restraint or prohibition against or challenge the Transaction Documents or any of the transactions contemplated therein;

- 15.9 this Agreement is not contrary to any legal or contractual provisions applicable to them, and that no purchase of Receivables hereunder will breach the terms of any facility or other covenants of the Seller, or constitute an event of default under such facilities;
- 15.10 no event of default, failure to pay or enforcement of security exist under any credit facility or other financial borrowing of the Seller in respect of amounts in excess of Euro 100,000;
- 15.11 any factual information taken (as a whole) provided to the Purchaser or the Transaction Administrator under this Agreement is true, accurate and complete in all material respects;
- 15.12 without prejudice to Clause 18.1(c)(xiii), the Receivables presented for purchase in each Computer File, Transfer Proposal and Transfer Acceptance are Eligible Receivables for Purchase as defined in Clause 1 to this Agreement;
- 15.13 it has complied with the Credit and Collection Policies and will not make any material change in such policies unless with the prior written consent of the Purchaser;
- 15.14 it owns the Receivables free and clear of any Adverse Right, and such Receivables are not subject to any attachment;
- 15.15 there is no encumbrance under the law of any jurisdiction over its business, nor any undertaking or mandate with a view to create of any such encumbrance;
- 15.16 it has the capability (i) at any given time to identify each individual Purchased Receivable, and (ii) to track Total Collections in respect of each of the Purchased Receivables;
- 15.17 it is in full compliance with any and all the provisions of the Italian Legislative Decree no 196 of 30 June 2003 (the **Italian Data Protection Code**) and, in particular, that all the assigned debtors have been provided, verbally or in writing, with all the mandatory information pursuant to Article 13 of the Italian Data Protection Code and Article 5 of the Code of conduct and professional practice applying to information systems managed by private entities with regard to consumer credit, reliability, and timeliness of payments”;
- 15.18 each of the representations and warranties under this Clause 15 by each of the Seller and the Servicer shall be true and correct on each Purchase date, in all material respects, except for those representations or warranties which are already qualified as to materiality and for representations under Clauses 15.12 to 15.17 (including), which shall be true and correct; and
- 15.19 it is not in default of payment of any amount in excess of Euro 100,000 owing by it to the tax authorities or social security authorities unless contested in good faith

It is understood that the representations and warranties given by the Seller and the Servicer in this Agreement are given to the Purchaser also for the benefit of its successors and assigns in relation with the Receivables within the meaning of a contract for the benefit of a third party (*contratto a favore di terzo*).

## 16. UNDERTAKINGS

### 16.1 Information, Accounts, Records

Each of the Seller and the Servicer undertakes:

- (a) (i) to supply to the Transaction Administrator its annual balance sheet and profit and loss statement, approved by the General Assembly as soon as possible and at any rate within the 180 days following the end of its accounting year, and (ii) to provide its semi-annual interim balance-sheet as well as the interim profit and loss statement, on an unaudited basis and without approval by the General Assembly, as soon as possible and at any rate within 90 days following the end of the first half of each one of the accounting years;

- (b) to keep proper documents, books, records and other information necessary or useful for the control and the recovery of the Purchased Receivables and the monitoring of the Programme;
- (c) (i) once per calendar year as well as at any time following the occurrence and during the continuance of any of the events provided for in Clauses 17 and 18, subject to two Business Days' notice period, except for events referred to in Clauses 17 1 (d) and 18.1(c)(xiii) or in case of suspicion of fraud referred to in Clause 16.1(f) to comply with an audit at the expenses of the Seller as mentioned in the Fee Letter or, for audits other than the yearly audit, expenses that are in line with what audit firms of the same size as the Purchaser's auditors would charge for such audit and (ii) to allow and each of the Seller and the Servicer procures that the Seller and the Servicer will allow the Transaction Administrator and its agents or representatives to examine and to take copies of the books, records and documents on whatever medium which are in the possession or under the control of the Seller or the Servicer and which relate to the Purchased Receivables;
- (d) to implement the agreed recommendations and adaptations as provided for in the due diligence key report referred to under Clause 3.3(b) by March 2006 or in any subsequent letter resulting from the annual audit by the time indicated in such letter, which time shall be reasonable;
- (e) to deliver physically to the Purchaser, at the Purchaser's request, all invoices, agreements, documents and security relating to the Receivables, to grant, endorse or otherwise execute any documents or agreements that may be required for the purposes thereof, to supply the Purchaser and the Transaction Administrator with all documents available and purported to be available and needed for the recovery of an unpaid Purchased Receivable or all documents available and purported to be available from Obligors certifying the existence and the amount of the Purchased Receivables and each of the Seller and the Servicer procures that all documents representing the Purchased Receivables (including without limitation documents relating to the payment and/or collection of the Purchased Receivables) and all information in relation to the Purchased Receivables will be remitted and communicated to the Purchaser at first demand;
- (f) at any time, at the request of the Purchaser or the Transaction Administrator in case of suspicion of fraud and if such suspicion is not cleared by the delivery of appropriate documents to the Transaction Administrator, to request its auditors to contact at the expense of the Seller a sample of Obligors to ensure the existence of the Purchased Receivables
- (g) to notify for consent the Transaction Administrator of any major change in the Credit and Collection Policies;
- (h) to notify the Transaction Administrator of any major legal proceeding filed against them;
- (i) to notify the Transaction Administrator of any major legal, financial or other changes in their structure, activity, patrimonies or economical and financial situation which could materially affect the Programme;

- (j) at any time within business hours, subject to two Business Days' notice period, except if an event referred to in Clauses 17.1(d) or 18.1(c)(xiii) or in case of suspicion of fraud referred to in Clause 16.1(f), to allow and each of the Seller, the Master Servicer and the Servicer procures that the Seller, the Master Servicer and the Servicer will allow the Transaction Administrator and its agents or representatives to conduct an on-site examination of the books, records and documents of the Seller, or the Master Servicer or the Servicer as to check the compliance with the transmission or endorsement to the Purchaser of all bills of exchange or promissory notes, to the extent transmission or endorsement is required under this Agreement.

#### 16.2 Concerning the Purchased Receivables

Each of the Seller, the Master Servicer and the Servicer undertakes:

- (a) not to dispossess itself from any document representing a Purchased Receivable, and to remit them to the Purchaser or to the Transaction Administrator, at first demand;
- (b) without prejudice to the obligation to fulfil its duties as Servicer or provided for in the Servicing Agreement, not to use the rights, options, privileges, appeals, title deeds and/or interests linked to the Receivables without having obtained the prior written approval of the Transaction Administrator;
- (c) in relation to each Purchased Receivable: not to draw any bill of exchange in connection with a Purchased Receivable, nor to demand or receive from any Obligor, or otherwise permit the creation by any Obligor of, any promissory note in connection with a Purchased Receivable, except if that bill of exchange or promissory note is immediately endorsed to the Purchaser;
- (d) not to sell, assign, or dispose of any Purchased Receivables;
- (e) except as permitted under the Servicing Agreement, not without the prior consent of the Transaction Administrator, extend, amend or otherwise modify the terms of any Purchased Receivable;
- (f) not to grant security over any of the Purchased Receivables to any third party; and
- (g) to comply with the terms of the Credit and Collection Policies

#### 17. ACCELERATION OF THE TRANSFER DATES

17.1 The Transaction Administrator reserves the right to impose daily, bi-weekly or weekly Transfer Dates (such acceleration of Transfer Dates shall be referred to as an **Acceleration**) as well as weekly Settlement Dates, subject to 3 Business Days' notice. The Transaction Administrator may exercise its right by giving such notice as from the date on which the Purchaser or the Transaction Administrator is informed of the occurrence of one of the following events:

- (a) if one or more bill of exchange, with a minimum aggregate amount of Euro 1,000,000, bearing the signature of the Seller or the Servicer in whatever capacity, is protested or is not paid within the month of its due date;
- (b) if one or more cheques, with a minimum aggregate amount of Euro 1,000,000, bearing the signature of the Seller or the Servicer is not paid within the month of its due date, is protested or subject to an equivalent procedure if the Purchaser believes that this leads or is likely to lead to a Material Adverse Effect;

- (c) in the event of a delay in the execution of any obligation of the Seller or the Servicer towards the tax authorities or a social security body or in the event that legal proceedings are instituted against it by one of these authorities or bodies except if the Seller or the Servicer provides a justification acceptable to the Transaction Administrator;
- (d) in the event a preliminary investigation conducted in accordance with applicable law for fraud, theft, forgery or corruption is issued against a de jure or de facto body of the Seller or the Servicer or the Master Servicer;
- (e) if the Servicer breaches a covenant as listed in clause 8 of the Servicing Agreement;
- (f) if the Master Servicer breaches a covenant as listed in clause 8 of the Servicing Agreement;
- (g) if a temporary administrator is appointed to manage the business of the Seller or the Master Servicer or the Servicer;
- (h) an event arises or is announced which could reasonably be expected to have a Material Adverse Effect; and
- (i) if the Seller extends terms of payment for Purchased Receivables representing more than 5% of the Global Portfolio; and
- (j) there occurs a major legal, financial or other change in the structure, activity, assets and liabilities or economical and financial situation of the Seller and/or the Servicer and/or the Master Servicer which has a Material Adverse Effect and jeopardise the Programme, in particular by deteriorating their capacity to fulfil the obligations under the Programme, or by deteriorating the quality and collectibility of Purchased Receivables

The Seller and the Servicer and the Master Servicer shall inform the Transaction Administrator as soon as they are aware of the occurrence of one of these events.

17.2 The consequences of an Acceleration are the following:

- (a) the Purchaser will impose daily, bi-weekly or weekly Transfer Dates, or any other frequency;
- (b) in accordance with clause 4.5 of the Servicing Agreement, the Servicer will pay to the Purchaser on the Transfer Date the Total Collections received until such date to the ING Account or to the account designated by the Purchaser;
- (c) the Purchaser will reduce the Collection Period and the regularity of the sending of the Template as the case may be;
- (d) and the Purchaser may change the regularity of the Settlement Date and of the Transmission Date to a weekly Settlement Date and Transmission Date

## **18. TERMINATION**

18.1 Termination Events:

- (a) The Programme will be terminated without notice, and a Termination Event will occur, if, with respect to the Seller, the Servicer, the Master Servicer and/or a Material Company, one of the following events arises:
  - (i) any person presents a petition, or files documents with a court or any register, for bankruptcy;

- (ii) any corporate action is taken or legal proceedings have commenced against it for its liquidation;
  - (iii) in case of proceedings for composition:
    - (A) in case the Seller, the Servicer, the Master Servicer and/or a Material Company file(s) for composition;
    - (B) in case the application for composition of the Seller or the Servicer or the Master Servicer is refused; the Seller or the Servicer or the Master Servicer does not anymore meet the conditions for composition; the court does not authorise payment to be deferred; the provisional or final payment deferment is terminated; the Purchaser or any creditor regains its full rights;
  - (iv) this Agreement ceases to be legal, valid and binding for any reason
- (b) Except if during such notice period the Seller has exercised its repurchase option in accordance with Clause 24.2, the Programme will be terminated and a Termination Event will occur upon 3 Business Days' notice as from the date on which the Seller received the relevant notification confirming that:
- (i) at any date the GIPP exceeds (or would exceed as a result of a transfer of Receivables to take place on that date) the aggregate Outstanding Nominal Value of all Receivables then constituting the Global Portfolio minus the GDPP;
  - (ii) the weighted average contractual term for payment of the Purchased Receivables exceeds 160 days
- (c) Except if during such period the Seller proves that it has remedied the situation as invoked by the Purchaser or the Transaction Administrator to support its decision or if, in relation to paragraphs (iv), (v), (vi), (vii), (viii), (ix), (x), and (xi) below, the Seller has exercised its repurchase option in accordance with Clause 24.2, the Programme will be terminated and a Termination Event will occur, upon 1 Business Day notice as from the date on which the Seller received the relevant notification in the case referred to under Clause 18.1(c)(viii)(A) below and upon 3 Business Days' notice as from the date on which the Seller received the relevant notification in the following cases (except the case referred to under Clause 18.1(c)(viii)(A) below):
- (i) a representation and/or undertaking listed in Clauses 15 and 16.1(b), 16.1(c), 16.1(e), 16.1(f), 16.1(h), 16.1(i), 16.1(j), and 16.2 is inaccurate or not complied with respectively;
  - (ii) the Seller and/or the Servicer, if the Seller is Servicer, fails to pay during at least 2 Business Days any amount due under this Agreement;
  - (iii) without prejudice to paragraph (a), the Seller and/or the Servicer, if the Seller is Servicer, does not comply with one or several of its other obligations under this Agreement, in whatever capacity and this failure, if capable of remedy, remains unremedied (i) in the event of non-compliance with its obligations under Clause 16.1(a), 16.1(d) and 16.2(g) for 30 Business Days after notice thereof from the Purchaser or the Transaction Administrator or (ii) in the event of non-compliance with any obligations under this Agreement (other than referred to under paragraph (i)), for 3 Business Days after notice thereof from the Purchaser or the Transaction Administrator;

- (iv) the Monthly Default Ratio as stipulated in the Spreadsheet Programme, exceeds 3.14%;
- (v) the Monthly Dilution Ratio as stipulated in the Spreadsheet Programme, exceeds 5.5%;
- (vi) the D S O (Days Sales Outstanding) calculated by the Transaction Administrator has been exceeding 70 days for 2 consecutive months.

The D S O equals to:

(the Outstanding Nominal Value of the Global Portfolio on the last day of the relevant Data Period + the Outstanding Nominal Value of the Global Portfolio of the 2 previous months each time as existing on the last day of the relevant Data Period)\* 90

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(the Portfolio of the concerned Data Period + the Portfolio of the 5 previous Data Periods )\* 3

the result being expressed in number of days;

- (vii) the GIPP at any time becomes less than Euro 5,000,000;
- (viii) after notification by the Transaction Administrator of the persistence of an event described in Clause 17 which is reasonably likely to lead to a Material Adverse Effect (without prejudice, for the avoidance of doubt, to any other provision of this Clause 18), provided that:
  - (A) for events as described in Clause 17.1(j), the persistence lasts during more than 3 Business Days;
  - (B) for events as described in Clause 17.1(e) and h), the persistence lasts during more than two months; and
  - (C) for any other events as described in Clause 17.1, the persistence lasts during more than one month
- (ix) in case of merger of the Seller or the Servicer or the Master Servicer with another company, of de-merger;
- (x) a significant change occurs in the shareholding structure of the Seller, and if the Transaction Administrator considers that such event is likely to modify the risks relating to the Seller and/or the Servicer and/or the Master Servicer under this Agreement; a significant change is considered to occur if existing shareholders would cease having de jure or de facto, direct or indirect control (as defined in Article 2359 of the Italian Civil Code) over the Seller and/or the Servicer and/or the Master Servicer;

- (xi) on any Settlement Date, Ineligible Receivables for Purchase assigned by the Seller and still outstanding represent more than 5% of the Global Portfolio;
  - (xii) The net worth of the Purchaser becomes less than € 250 mio; For the purpose of this Clause, “net worth” means common stock, paid in capital, currency translation, revaluation reserves, retained earnings and treasury stock;
  - (xiii) an indictment for fraud, theft, forgery or corruption is initiated against a de jure or de facto body of the Seller or the Servicer or the Master Servicer except if the Seller or the Servicer or the Master Servicer provides a justification acceptable to the Transaction Administrator;
  - (xiv) the Seller or the Servicer or the Master Servicer is in breach of any financial covenant or ratio in any of its existing and future syndicated credit facilities or its existing and future securitisation programme;
  - (xv) in case of termination of the Servicing Agreement
- (d) The Programme will also be terminated and a Termination Event will occur without notice as from the date on which the Seller and/or the Purchaser received the notification confirming that the Pan-European Receivables Purchase Agreement has been terminated in accordance with the provisions contained therein.

The Seller and the Servicer and the Master Servicer shall inform the Transaction Administrator as soon as they are aware of the occurrence of any of these events or of their likely occurrence, in which latter case the Transaction Administrator undertakes to inform the Seller and the Servicer and the Master Servicer as soon as possible whether such event is susceptible to trigger the termination of this Agreement.

## 18.2 Consequences of a Termination Event

Save in relation to the consequences mentioned under 18.2(d) and 18.2(f) for the events under 18.1(c)(i) if the latter refers to clauses 19 and 20 when a Termination Date occurs:

- (a) the Purchaser ceases to purchase new Receivables as from the day of the Termination Date;
- (b) the Master Servicer, and if he fails to do so, the Seller, will provide without delay the ageing balance detailed per Obligor, cut-off at the Termination Date;
- (c) no further Instalment of GDPP shall fall due unless and until the balance of the GIPP shall have been reduced to zero and any credit balance of the Current Account shall have been duly paid to the Purchaser Thereafter, payment of Instalments of GDPP will be resumed in accordance with Clause 8.2;
- (d) the Servicing Fee shall continue to be paid when the balance of the GIPP shall have been reduced to zero;
- (e) the Purchaser or the Transaction Administrator on its behalf is allowed, at the Seller’s costs and expenses, to (i) give formal notice of a legal transfer or assignment of each Receivable to the relevant Obligor in the form as set out in Schedule 7 and (ii) notify new payment instructions or have them notified to the Obligors whose Receivables have been purchased;
- (f) the Transfer Dates become daily (i.e take place on each Business Day); and



- (g) the Purchaser or the Transaction Administrator may appoint a Backup Servicer for the collection of the Receivables according to the terms and conditions specified in the Servicing Agreement. In the event that a Backup Servicer is appointed, the Seller shall deliver to the Backup Servicer all documents and means of payment corresponding to the Purchased Receivables,

except if within the respective periods of notice as provided for in Clause 18, a bank guarantee, the issuer and amount of which shall be acceptable and approved by the Transaction Administrator, is issued in favour of the Purchaser, or, if within the same period the Seller has exercised the repurchase option set out in Clause 24 and paid the price thereof to the Purchaser and the credit balance of the Current Account if any.

- 18.3 Insofar the provisions contained in this Clause do not derogate therefrom, the other Clauses of this Agreement will remain applicable until the parties have conclusively executed their obligations under this Agreement

## **19. EXCLUSIVE RIGHTS**

Throughout the duration of this Agreement the Seller will not enter into an agreement or an arrangement with a third party involving similar objectives as those contained in this Agreement and concerning the purchase of trade receivables, excluding lines of credit to the Seller by third parties or affiliates of Seller, without the Purchaser's prior written consent such consent not to be unreasonably withheld.

## **20. CONFIDENTIALITY**

- 20.1 Each Party agrees to treat all information of any kind transmitted by the other Party as confidential. The parties agree not to divulge such information to any other person and to ensure that their respective personnel similarly respect the confidential nature of such information.

- 20.2 This provision shall not prevent:

- (a) either Party from transmitting such information as may be required by its statutory auditors, public organisations or any governmental, regulatory, fiscal, or monetary institution or other authority, in so far as it is obliged to do so by the applicable laws and regulations in force;
- (b) the Purchaser from transmitting such information to any person who will provide or will undertake to provide directly or indirectly funds to the Purchaser or any agent appointed by the Purchaser, provided that the Purchaser undertakes that such person shall be bound to treat such information as confidential under the same terms and subject to the same conditions as provided for in the Transaction Documents;
- (c) the Purchaser from using any original or duplicate copy of the contractual documentation or any computer information referred to in this Agreement in order to take all such measures deemed necessary by the Purchaser to preserve, and/or enforce its rights under the Transaction Documents, including without limitation any legal actions;
- (d) either Party from providing the Rating Agencies with any information they may require;
- (e) either Party from transmitting such information as may be in the public domain other than as a result of a breach of this Article by such Party;
- (f) the Purchase from using exclusively the following information: the amount involved in the transaction, the countries concerned, the number of sellers in such countries, the structure of the transaction, the identity of the legal counsels involved in the transaction, the closing date of the transaction, the maturity of the transaction and the identity of the parties to the transaction

20.3 This obligation to preserve confidentiality shall remain valid for 2 years from the Termination Date.

## 21. INDEMNITY

### 21.1 Increased Costs

- (a) If as a result of (1) either the introduction of or any change in, or in the interpretation or application of, any law or regulation, or (2) the compliance by the Purchaser with any law or regulation made after the date of this Agreement, the Purchaser suffers or incurs:
- (i) a reduction in the rate of return from a commitment under or in respect of this Agreement or on its capital employed in respect of obligations under this Agreement or arising in connection herewith or therewith; or
  - (ii) an additional or increased cost which is attributable to the Purchaser (or any affiliate thereof) having entered into a commitment in respect of this Agreement or funding or performing its obligations hereunder or thereunder, including, without limitation, any increased cost arising as a result of a requirement to increase the amount of capital required or expected to be maintained by the Purchaser against any commitment entered into in respect of this Agreement; or
  - (iii) a reduction of any amount due and payable under this Agreement,

then the Seller shall, forthwith upon receipt of a written demand thereof from the Purchaser pay directly to the Purchaser or (if so specified in the written demand) to the Transaction Administrator on its behalf such amount or amounts as shall be sufficient to compensate the Purchaser for such additional or increased cost incurred or such reduction suffered. A certificate setting forth in reasonable detail any amounts claimed by the Purchaser under this Clause 21.1 shall be conclusive and binding for all purposes, except in case of manifest error.

- (b) Anything in this Clause 21.1 to the contrary notwithstanding, if the Purchaser has entered into an agreement to purchase Receivables from or to make loans to one or more other persons (**Other Persons**), the Purchaser shall allocate in a reasonable manner the liability for any amounts under this Clause 21.1 to the Seller and each Other Person; provided, however, that if in the Purchaser's reasonable opinion such costs are attributable to the Seller and/or the transactions contemplated by this Agreement, and not attributable to any Other Person or any other transactions, the Seller shall be solely liable for such costs.

The agreements and obligations of the Seller contained in this Clause 21.1 shall survive the termination of this Agreement.

### 21.2 Indemnities by the Seller, the Servicer and the Master Servicer

- (a) Without limiting any other rights which the Transaction Administrator or the Purchaser may have hereunder or under applicable law, the Seller, the Servicer and the Master Servicer jointly and severally hereby agree to indemnify the Transaction Administrator, the Purchaser, their successors and their assigns in relation to the Receivables, and each of their respective directors, officers, employees, agents and attorneys (all of the foregoing being collectively referred to as **Indemnified Parties**) from and against any and all damages, losses, claims, taxes, liabilities and related costs and expenses, including reasonable

attorneys' fees (which attorneys may be employees of the Transaction Administrator or the Purchaser) and disbursements (all of the foregoing being collectively referred to as **Indemnified Amounts**) awarded against or incurred by any of them arising out of or resulting from:

- (i) the sale of any Receivable under this Agreement, each Transfer Proposal and each Transfer Acceptance, which is not at the date of purchase an Eligible Receivable for Purchase;
- (ii) reliance on any representation or warranty made or deemed made by the Seller, the Servicer, the Master Servicer or any of their respective officers under or in connection with this Agreement which shall have been false or incorrect in any material respect when made or deemed made or delivered;
- (iii) the failure by the Seller or the Master Servicer or the Servicer to comply with any term, provision or covenant contained with this Agreement, or with any applicable law, rule or regulation with respect to any Receivable, the related commercial contract or the nonconformity of any Receivable or the related commercial contract with any such applicable law, rule or regulation;
- (iv) the failure to vest and maintain vested in the Purchaser or to transfer to the Purchaser ownership of the Receivables and the ancillary assets which are, or are purported to be, sold by the Seller hereunder in each case free and clear of any Adverse Claim whether existing at the time of the purchase of any such Receivable or at any time thereafter;
- (v) the failure by the Seller to make any payment required on its part to be made hereunder;
- (vi) the failure to file, or any delay in filing, instruments or documents under the laws of any applicable jurisdiction or other applicable laws with respect to any Receivables and the ancillary assets which are, or are purported to be, sold by the Seller hereunder, whether at the time of any purchase or at any subsequent time;
- (vii) any dispute, claim, offset or defence (other than the discharge in bankruptcy or similar proceeding of an Obligor under a Receivable) of an Obligor to the payment of any Receivable which is, or is purported to be sold by the Seller hereunder (including, without limitation, a defence based on such Receivable or the related commercial 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 merchandise or services related to such Receivable or the furnishing or failure to furnish such merchandise or services;
- (viii) any failure by the Seller to perform its duties or obligations in accordance with the provisions of this Agreement or any failure by the Seller or any affiliate thereof to perform its respective duties under the commercial contracts relating to the Receivables;
- (ix) any products liability claim or personal injury or property damage suit or other similar or related claim or action of whatever sort arising out of or in connection with goods and/or merchandise which are the subject of any Receivable or related commercial contract;

- (x) the failure to pay when due any Tax, including without limitation, sales or excise payable in connection with any Receivables and ancillary assets;
  - (xi) the commingling of Total Collections of any Purchased Receivables and ancillary assets at any time with other funds;
  - (xii) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of purchases or the ownership by the Purchaser of any Receivables and ancillary assets except any such investigation, litigation or proceeding arising from the negligence or wilful misconduct of the Purchaser or breach by the Purchaser of any of its obligations hereunder; or
  - (xiii) any attempt by any person to void or otherwise avoid any transfer of a Receivable or ancillary asset from the Seller to the Purchaser
- (b) The Seller, the Servicer and the Master Servicer shall be under no liability under Clause 21.2(a) above to pay:
- (i) Indemnified Amounts to the extent a final judgement of a court of competent jurisdiction considers such Indemnified Amounts resulting from gross negligence or wilful misconduct on the part of the Indemnified Party seeking indemnification;
  - (ii) Indemnified Amounts to the extent the same constitute losses solely by reason of the Receivables being uncollectable on account of the insolvency, bankruptcy or lack of creditworthiness of the related Obligor (as distinguished from losses arising in respect of any representation, warranty or covenant made by the Seller where applicable hereunder);
  - (iii) taxes imposed by the jurisdiction in which such Indemnified Party's principal executive office is located, on or measured by the overall net income of such Indemnified Party; or
  - (iv) except with respect to any claim arising out of the wilful misconduct of the Seller, Indemnified Amounts constituting indirect and unforeseeable damages

provided however, that nothing contained in this Clause 21.2(b) shall limit the liability of the Seller, the Servicer and the Master Servicer or limit the recourse of the Indemnified Parties to the Seller, the Servicer and the Master Servicer for amounts otherwise specifically provided to be paid by the Seller, the Servicer and the Master Servicer under the terms of this Agreement.

- (c) Any indemnification in accordance with this Clause 21 shall be paid within 30 days of demand
- (d) The Seller or the Servicer or the Master Servicer shall cease to have any liability under or in respect of this Clause on the date which is two years after the date of termination of this Agreement, provided that no GIPP is outstanding at that time and except in respect of a claim of which the Purchaser gives written notice to the Seller or the Servicer or the Master Servicer before that relevant date

## **22. RECOURSES**

To the extent permitted by law, no recourse under any obligation, covenant or agreement of the Purchaser as contained in this Agreement shall be made against any incorporator, stockholder, affiliate, officer, employee or director of the Purchaser, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that the agreements of the Purchaser contained in this Agreement are solely the corporate obligations of the Purchaser, and that no personal liability whatsoever shall attach to or be incurred by the incorporators, stockholders, affiliates, officers, employees or directors of the Purchaser or any of them, under or by reason of any of the respective obligations, covenants or agreements of the Purchaser contained in this Agreement, or implied therefrom, and that any and all personal liability of every such incorporator, stockholder, affiliate, officer, employee or director of the Purchaser for breaches by the Purchaser of any such obligation, covenant or agreement, whether such liability arises under the Italian law, is hereby expressly waived as a condition of and in consideration of the execution of this Agreement.

## **23. SURVIVAL OF CLAUSES**

The agreements and obligations of the Seller contained in the Clause 20 shall survive the termination of this Agreement.

## **24. REPURCHASE OPTION**

24.1 Without prejudice to Clause 5.1 and Clause 24.2, after the Termination Date has occurred, the Seller shall be entitled to request the Purchaser to repurchase the Global Portfolio at a price corresponding to the Nominal Value of all Receivables of the Global Portfolio subject to the balance of GIPP being reduced to zero as a result of such repurchase and that the credit balance of the Current Account (taking into account the treatment of that price as a Collection) shall have been duly paid to the Purchaser

To that effect, the Seller shall notify the Purchaser of its intention to repurchase the Global Portfolio five Business Days before the requested date of repurchase. The Purchaser shall not be obliged to accept such offer and shall notify the Seller of its decision no later than three Business Days after the receipt of the Seller's notice.

24.2 During the 3 Business Days' notice period referred to under Clause 18.1(b) and Clause 18.1(c), (iv), (v), (vi), (vii), (viii), (ix), (x) and (xi) and the 1 Business Day notice period referred to under Clause 18.1(c)(viii)(A) the Seller shall be entitled to request the Purchaser to repurchase the Global Portfolio at a price corresponding to the Nominal Value of all Receivables of the Global Portfolio subject to the balance of GIPP being reduced to zero as a result of such repurchase and that the credit balance of the Current Account (taking into account the treatment of that price as a Collection) shall have been duly paid to the Purchase at the latest at the time of such repurchase Provided that the repurchase option is exercised before the end of the notice period, the Programme will not be terminated and a Termination Date will not occur in accordance with Clause 18.1(b) and 18.1(c). The repurchase will occur within the 3 Business Days' notice period or the 1 Business Day notice period, respectively

24.3 The payment by the Seller of the repurchase price will take place:

- (a) in the event of a repurchase in accordance with Clause 24.1, on the Settlement Date following its decision to repurchase the Global Portfolio and at the latest at the time of such repurchase;
- (b) in the event of a repurchase in accordance with Clause 24.2, within the 3 Business Days' notice period

The Seller will pay the repurchase price as follows:

- (a) by way of set-off with the Instalment of GDPP, if any, that would be payable as at the repurchase date;
- (b) the balance will be paid in cash

## 25. SALE BY THE PURCHASER OF THE GLOBAL PORTFOLIO

- 25.1 The Purchaser shall be entitled to assign or transfer, wholly or partially, its rights, interest in or title to the Purchased Receivables, without any requirement for the consent of the Seller,
- 25.2 Neither the Seller nor the Servicer nor the Master Servicer shall be entitled to assign or transfer all or any of its rights or obligations under this Agreement at any time except with the prior written consent of the Transaction Administrator

## 26. SOLIDARITY BETWEEN THE PORTFOLIO AND THE PAN-EUROPEAN PORTFOLIO

- 26.1 If during the term of the Programme under this Agreement, a Cash Deficiency, as defined in the Pan-European Receivables Purchase Agreement, (a **Pan-European Cash Deficiency**), occurs in relation to the Pan-European Portfolio in relation to a given Pan-European Data Period (as defined in the Pan-European Receivables Purchase Agreement), the Excess Available Amounts of the Portfolio in relation to the same Pan-European Data Period will be allocated to decrease such Pan-European Cash Deficiency. The Seller specifically agrees that Excess Available Amounts may be allocated to and applied against a Pan-European Cash Deficiency as from the Pan-European Effective Date as provided for in the preceding sentence, on the condition that the Pan-European Receivables Purchase Agreement contains a similar provision permitting Excess Available Amounts under the Pan-European Receivables Purchase Agreement to be allocated to a Cash Deficiency in the Portfolio
- 26.2 If during the term of the Programme under this Agreement, Excess Available Amounts under the Pan-European Receivables Purchase Agreement are allocated to decrease a Cash Deficiency in the Portfolio as provided for in the Pan-European Receivables Purchase Agreement, and later Solidarity Excess Available Amounts are available in the Portfolio, such Solidarity Excess Available Amounts will be used to reimburse the Excess Available Amounts under the Pan-European Receivables Purchase Agreement that have been allocated to decrease the Cash Deficiency of the Portfolio (the **Solidarity Amount**)
- 26.3 The Seller specifically agrees that Solidarity Excess Available Amounts may be allocated to and applied against a Solidarity Amount as from the Pan-European Effective Date as provided for in Clause 26.2, on the condition that the Pan-European Receivables Purchase Agreement contains a similar provision permitting Solidarity Excess Available Amounts under the Pan-European Receivables Purchase Agreement to reimburse Excess Available Amounts of the Portfolio that have been allocated to decrease a Pan-European Cash Deficiency

## 27. COMMUNICATIONS

- 27.1 Any notification or communication under this Agreement will be addressed to the other Party in the following manner:

- (a) If to the Seller, to:  
Greif Italia S.p.A.  
Via A Vespucci 1  
20066 Melzo, Milano

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Italy

Attention: Paolo De Medici

Fax: +39 02 95738570

E-mail: Paolo DeMedici@Greif.Com

(b) If to the Servicer, to:

Greif Italia S p A

Via A Vespucci 1

20066 Melzo, Milano

Italy

Attention: Paolo De Medici

Fax: +39 02 95738570

E-mail: Paolo DeMedici@Greif.Com

(c) If to the Master Servicer, to:

Greif Belgium BVBA

Bollaarstraat 6

B – 2500 Lier

Belgium

Attention: Chris Henderyckx

Fax: +32 34910651

E-mail: Factoring@Greif.Com

(d) If to the Purchaser, to:

ING Bank NV, Milan branch

Via Paleocapa 5

20121 Milano

Italy

Attention: Manuela Pecchio/Paola Crippa

Fax: +39 02 89629 2320

E-mail: manuela pecchio@ing it

paola crippa@ing it

with a copy to the Transaction Administrator to:

ING Bank NV, Milan branch

Via Paleocapa 5

20121 Milano

Italy

Attention: Michele Pozzi/Mirko Pala

Fax: +39 02 89629 2320

E-mail: michele.pozzi@ing.it

mirko.pala@ing.it

Any change to the data relating to the Seller, the Servicer, the Master Servicer, the Transaction Administrator or the Purchaser mentioned above will only take effect on the 5th day following the delivery by post of a registered letter containing the change.

27.2 Unless otherwise specified in this Clause, all notifications or communications will be effected by registered mail, express courier or fax. These notifications and communications will be deemed to have been made on the date (i) of their delivery by post in the case of a registered letter, or (ii) indicated on the document established by the fax and confirming the dispatch.

27.3 Any notification referred to in Clauses 17 and 18 will be made by registered letter at the post with acknowledgement of receipt. A copy of this letter will be addressed to the addressee by fax on the day the letter is dispatched by post. The notification will take effect on the date of delivery.

27.4 Each of the Seller and the Servicer and the Master Servicer authorises the Purchaser and the Transaction Administrator to act on the basis of the notifications received at the fax number of the Purchaser or the Transaction Administrator, indicated under Clause 27 if;

(a) the fax has been sent from the Seller's or the Servicer's or the Master Servicer's fax number, as indicated under Clause 27 and;

(b) the signatures appended on the fax are apparently those of the officers empowered to issue such notifications for account of the Seller or the Servicer or the Master Servicer

The Seller and the Servicer and the Master Servicer bear full responsibility for all damages that may result from the fact that the Purchaser or the Transaction Administrator may have acted on the basis of such notification.

27.5 The communications referred to in Clause 4 will be carried out exclusively by computer, i.e. by transfer, by phone (modem) of computer records or on a computer disk sent by mail. The electronic records thereof maintained by the Purchaser or the Transaction Administrator shall constitute prima facie evidence of the existence, time and contents of such communications.

27.6 Each of the Seller and the Servicer and the Master Servicer authorises the Purchaser and the Transaction Administrator to act on the basis of communications received in accordance with Clause 27 and bears full responsibility for any damage that may result from the fact that the Purchaser or the Transaction Administrator may have acted on the basis of such communications.



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**28. ABSENCE OF REVOCATION**

If a Party abstains from invoking a violation by the other Party of one of the provisions of the Agreement or a failure to comply with one of its obligations, this may in no way be construed as a revocation of the right to invoke subsequently such violation or failure or any other violations or failures that may arise under this Agreement. Likewise, failure to exercise a right arising under this Agreement may in no way be construed as a revocation to use this right in the future.

**29. AMENDMENTS**

No amendment to this Agreement will be effective unless made in writing and signed by the parties to this Agreement.

**30. LAW AND JURISDICTION**

30.1 This Agreement shall be governed by, and construed in accordance with, the law of Italy and the Milan courts will solely be competent to settle any disputes.

Signed in 5 originals on the date specified below the parties' signature

**SIGNATORIES**

**ING Bank NV, MILAN Branch**

the Purchaser

/s/ Andre HABAY

name: Andre HABAY  
title: Senior Manager

/s/ Luc VERBEKEN

name: Luc VERBEKEN  
title: Head of Corporate Banking SWE

**Greif Italia S.p.A.**

the Seller

/s/ Michel Verholen

name: Michel Verholen  
title: Proxy Holder

**ING Bank NV, MILAN Branch**

the Transaction Administrator

/s/ Andre HABAY

name: Andre HABAY  
title: Senior Manager

/s/ Luc VERBEKEN

name: Luc VERBEKEN  
title: Head of Corporate Banking SWE

**GREIF BELGIUM BVBA**

the Master Servicer

/s/ Chris Hanblenglax

name: Chris Hanblenglax  
title: Illegible

the Servicer

/s/ Michel Verholen

name: Michel Verholen

title: Proxy Holder

Brussels, June 29, 2006

To:

**Greif Italia S.p.A**

Via A. Vespucci, 1  
20066 Melzo Milan  
Italy

Attention Michel Verholen

Dear Sirs,

**WHEREAS:**

1. GREIF ITALIA S.p.A. in its capacity as Seller and Servicer, GREIF BELGIUM BVBA in its capacity as Master Servicer and ING BANK NV, Milan branch, in its capacity as Purchaser and Transaction Administrator (the **Bank** and together with the Seller, the Servicer, the Transaction Administrator and the Master Servicer, the **Parties**) have on 28<sup>th</sup> October, 2005 entered into a Receivables Purchase Agreement (the **RPA**) pursuant to which, *inter alia*, the Parties have agreed the terms and the conditions relating to the sale of the Seller's trade receivables.

2. The Parties wish to amend the RPA in accordance with the terms and conditions set forth hereunder (the **Amendment Agreement**).

**NOW IT IS HEREBY AGREED AS FOLLOWS:**

The Parties hereto hereby agree for themselves and for the benefit of their successors and permitted assigns that, on and with effect from the date of June 29, 2006, the RPA shall be amended as set out below.

**1. Amendments to the RPA****1. Definitions**

**Available Amount** : to be replaced with "shall have the meaning as ascribed to such term in Enclosure IV"

**Collection** : at the end of the definition add "all indemnities received pursuant to the Credit Insurance Contract"

**Conical Obligors** : replace the existing definition with "**Italian Conical Obligor** means each Obligor working in the food industry for the packaging of vegetables and fruit products and buying conical shaped steel drum"

**Conical season** : add the following “**Conical Season** means the season starting in April and ending in March.

**Credit Insurance Contract** : add the definition “**Credit Insurance Contract** means the existing insurance contract entered into by the seller with the Credit Insurance Company as of the execution of this Amendment

**Credit Insurance Company** : add the definition “**Credit Insurance Company** means Coface Belgium.

**Daily Sales Outstanding (D.S.O)** : to be added : “ equals to :

(the Outstanding Nominal Value of the Global Portfolio on the last day of the relevant Data Period + the Outstanding Nominal Value of the Global Portfolio of the 2 previous months each time as existing on the last day of the relevant Data Period) \* 90

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(the Portfolio of the concerned Data Period + the Portfolio of the 2 previous Data Periods )\* 3

**Decrease of GIPP** : to be replaced with “has the meaning set out in Enclosure IV

**Default Reserve** : to be replaced with “Default Reserve Rate has the meaning set out in Enclosure IV”

**Deferred Purchase Price (“DPP”)** : delete “Spreadsheet Programme” and replace with “calculated in accordance with Enclosure IV .”

**Dilution Reserve** : to be replaced with “Dilution Reserve Rate has the meaning set out in Enclosure IV”

**Factor** : add the definition “**Factor** means Mediofactor

**Factoring Agreement** : add the definition “**Factoring Agreement** means the factoring agreement as existing between the Seller and the Factor as of the date of execution of the Amendment.

**Global Deferred Purchase Price (“GDPP”)** : to be replaced with “means, at any time, the Global Portfolio minus the GIPP and is calculated in accordance with Enclosure IV.”

**Incremental Initial Purchase Price** : to be added “means the meaning set out in Enclosure IV.”

**Ineligible Reserve** : to be deleted

**Instalment of GDPP** : to be replaced : “means the balance of the Available Amount after the payments and allocations made pursuant to Clause 11.1. (a) to (i) or, as the case may be, pursuant to Clause 11.2 (a) to (k).”

**Maximum Programme Amount**: to be added : means EUR 23,000,000.

**Minimum Initial Purchase Price** : to be added “means the meaning set out in Enclosure IV;”

**Other Reserve Rate** : to be added “has the meaning set out in Enclosure IV.”

**Outstanding Global Conical Receivables** : add the definition “**Outstanding Global Conical Receivables** means the sums of the receivables outstanding on all Italian Conical Obligors and the receivables outstanding on Conical Obligors as defined in the amendment to the Pan-European Receivables Purchase Agreement.”

**Outstanding Global Conical Receivables Limit** : add the definition “**Outstanding Global Conical receivables Limit** means euro 18 million or an amount as reviewed at each anniversary date of this Amendment.”

**Programme Amount** : to be deleted.

**Spreadsheet Programme** : to be deleted.

**Yield Reserve** : to be replaced with “Yield Reserve Rate”.

## 2. Purpose of the Agreement

2.5 : add the following : “The Purchaser may stop the purchase of Receivables on Italian Conical Obligors for the present Conical Season in case the Limit of Liability as defined in the Credit Insurance Contract is utilised in excess of 50 %.

## 3. Purchase Dates

3.5 : add the following : “The Purchase Date following the execution of this Amendment shall not take place before the delivery by the Seller to the Purchaser of the executed version of the Credit Insurance Contract.

## 6. Determination of the Purchase Price

6.2 : to be replaced with “The determination of the IPP and the DPP shall be made in accordance with the calculation principles included in Enclosure IV.

## **7. The Initial Purchase Price and Global Initial Purchase Price**

7.1 & 2 : to be replaced with “The IPP is calculated on each Calculation Date in accordance with the Enclosure IV and is paid according to Clause 11 and 12.2.”

7.2 : to be replaced with “At any Calculation Date the GIPP will be calculated in accordance with the Enclosure IV.”

## **8. The Global Deferred Purchase Price**

8.1 : to be replaced with “At any Calculation Date the GDPP applicable to the Global Portfolio will be calculated in accordance with Enclosure IV.

8.2 : “in accordance with Spreadsheet Programme” to be deleted at the end of &.

## **11. Waterfall**

11.1 : to be modified “Prior to the occurrence of a Termination Date and in accordance with Enclosure IV, the Available Amount....

(e) : to be replaced with “to allocate to the Minimum Initial Purchase Price”

(j) : to be added : “to allocate to the Incremental Initial Purchase Price if any

(k) : to be added : “to allocate to the Instalment of the GDPP”

11.2 : to be modified “After the occurrence of a Termination Date and in accordance with Enclosure IV the Available Amount....

(e) : to be replaced with “to allocate to the Minimum Initial Purchase Price”

(f) : to be replaced with “to allocate to any other amount.”

(g) : to be replaced with “to allocate to the Incremental Purchase Price, if any”

(h) : to be replaced with “to allocate to the Decrease of the GIPP if any”

(i) : to be replaced with “to allocate to the Servicing Fee;”

(j) : to be replaced with “to allocate to the Pan-European Cash Deficiency if any”

(k) : to be replaced with “to allocate to the Solidarity Amount if any”

(l) : to be replaced with “subject to clause 8.2, to allocate to the Instalment of the GDPP”.

## **12. Payments**

12.3 (a) : in favour of the Purchaser : add at the end “For avoidance of doubt, indemnities received under the Credit Insurance Contract shall be included in the Collections”.

12.3.(a) : in favour of the Seller : to be replaced with “The Minimum Initial Purchase Price and the Incremental Initial Purchase Price (if any) paid for the Portfolio acquired by the Purchaser.”

## **16. Undertakings**

16.1 (c) : replace the existing undertaking with :

“At least once per calendar year as well as at any time following the occurrence of any event referred to in Clauses 17 and 18, (i) to allow the Transaction Administrator and its agents or representatives to enter the premises at which they carry on business to carry out a due diligence and in this framework inspect, verify, check, remove and take copies (at the expenses of the Originator and the Servicer) of any books, orders, accounts, records, correspondence documents regardless of the medium on which they are contained in respect of the Assigned Receivables and their ancillary rights and (ii) to implement in the timeframe communicated by the Transaction Administrator and its agents or representatives any recommendation relating to any of their obligation under this Agreement issued by the Transaction Administrator and its agents or representatives following the above-mentioned due diligence.”

## **17. Acceleration**

17.1. (a) : modify the figure of Euro 1.000.000 with Euro 100.000.

## **18. Termination**

18.1.(c) (iv) : to be replaced with “the Monthly Default Ratio calculated in accordance with Enclosure IV and stated in the Transaction Administration Report exceeds 5.3 %.

18.1.(c) (v) : to be replaced with “the Monthly Dilution Ratio calculated in accordance with Enclosure Iv and stated in the Transaction Administration Report exceeds 5.5 %.”

18.1 (c) (vi) : modify the number of days with 200 days.

18.1.(e) : add the following : “The termination event of article 18.1.(b)(ii), 18.1.(c) (iv), (v), (vi) will be reviewed by the Purchaser at the 1<sup>st</sup> anniversary of the Amendment and if inadequate it will be adapted as the case may be.”



## **Schedule 1**

### **Part 1 : Eligibility Criteria for Purchase**

1.17 : replace with “With respect to a Receivable on an Italian Conical Obligor, it is covered under the Credit Insurance Contract

1.33 : add the following : “the Receivable is not owed by an Italian Conical Obligor that has receivables outstanding under the Factoring Agreement.”

1.34 : add the following : “With respect to a Receivable on an Italian Conical Obligor, the purchase of such a Receivable does not make the Outstanding Global Conical Receivables exceed the Outstanding Global Conical Receivables Limit”

### **Part 2 : Eligibility Criteria for Calculation of GIPP**

1.2 (a) : special limit to ICI to be modified : EUR 6 mio

### **Schedule 3 : Transaction Administration Report**

To be added between Portfolio and Initial Purchase Price : “Opening GIPP”

### **Schedule 4 : Calculation of Purchase Price**

To be added :

#### 1. General principles

Based on the data provided by the Originator in accordance with Clause 4.1 (the “Data”), the Transaction Administrator shall calculate the purchase price for the Portfolio and the amounts of the other items included in clauses 6, 7, 8, 10, 11, 12, 14, and 21 of the Agreement on the basis of the calculation principles listed in this enclosure.

After having checked the consistency of the Data, the Transaction Administrator shall on each Calculation Date compute the following payments and internal allocations as defined in subheading 3 below and Enclosure VI bis:

- A. The Eligible Receivables for Calculation of the GIPP
- B. The Total Reserve Rate
- C. The Theoretical Global Initial Purchase Price and the Theoretical Global Deferred Price
- D. The variation of the GIPP

- E. the Available Amount
- F. The Deferred Purchase Price and Initial Purchase Price
- G. The Global Initial Purchase Price and the Global Deferred Purchase Price

In case of bi-monthly settlements, the Transaction Administrator shall calculate the Total Reserve Rate only on one out of two consecutive Calculation Dates and this on the basis of the aggregated Data of the Data Period and the Preceding Data Period (totalling a period of one month).

Said calculated Total Reserve Rate shall be applied for two consecutive Calculation Dates, including the Calculation Date on which said Total Reserve Rate is calculated.

## 2. Applying the Available Amount

Subsequent to performing the calculations listed above, the Transaction Administrator shall apply the Available Amount to the relevant payments or internal allocations in accordance with the applicable order of priority included in clause 11 of the Agreement.

## 3. The calculation principles

### **A. The Eligible Receivables for Calculation of the GIPP**

On the basis of the provided Data, the Transaction Administrator shall calculate the Eligible Receivables for Calculation of the GIPP (the "E.R.C.G.") in accordance with Enclosure I of the present Agreement.

### **B. The Total Reserve Rate**

The Total Reserve Rate ("R") is the sum of the Default Reserve Rate, the Dilution Reserve Rate, the Yield Reserve Rate and Other Reserves Rate (if any) and shall be calculated in accordance with the calculation methods listed hereinafter.

#### B.1. The calculation method for the Default Reserve Rate

The Default Reserve Rate is the higher of

- the Default Reserve Floor; and
- $\text{Default Ratio} * \text{Loss Horizon Ratio} * \text{the Default Stress Factor}$

where:

- The 'Default Reserve Floor' is the minimum - expressed as a percentage - level of the 'Default Reserve Rate'.
- The 'Default Stress Factor' is a multiplier set in function of targeted credit rating for the Default Reserve Rate, in accordance with Standard & Poor's ("S&P") methodology. The applied Default Stress Factor is listed in Enclosure IV bis.
- The 'Default Ratio' is the greatest three-month moving average of the Monthly Default Ratio over the previous 12 months.
- The 'Monthly Default Ratio' is calculated as follows:

$$\frac{\text{Defaulted Receivables Proxy}}{\text{Sales Generating the Defaulted Receivables Proxy}}$$

- Where
  - the "Defaulted Receivables Proxy" includes the receivables between W and W plus 30 days past due ; "W" is determined by the Transaction Administrator in accordance with a decrease in the probability of payment of the aged receivables. The applied "W" is listed in Enclosure IV bis.
  - The "Sales Generating the Defaulted Receivables Proxy" are the sales of the Data Period during which the receivables included in the Defaulted Receivables Proxy were generated; i.e. the sales generated in the Data Period which ended on or about "X" days before the Cut Off Date of the relevant Calculation Date.
  - "X" is equal to the rounding up or down to the closest multiple of 30 of the sum of (i) the Weighted Average Contractual Payment term of the purchased receivables (in days) - as determined by the Transaction Administrator following the initial due diligence and reviewed during (and possibly adjusted as a result of) the annual due diligence - and (ii) W. The applied Weighted Average Contractual Payment Term is listed in Enclosure IV bis.
- The Loss Horizon Ratio of a Data Period is calculated as follows:

$$\frac{\text{Cumulated monthly sales over the Adjusted Loss Horizon} * \text{Loss}}{\text{Rolling Sales Adjustment Factor}}$$

E.R.C.G.

where

The “Adjusted Loss Horizon” is equal to the rounding up or down of the Loss Horizon to the closest multiple of 30

The “Loss Horizon” is equal to “Y” increased with 30 days.

“Y” is equal to the sum of (i) the Weighted Average Contractual Payment Term, and (ii) the period from the due date until the receivables are no longer eligible for the calculation of the GIPP in accordance with Enclosure I.

The “Loss Rolling Sales Adjustment Factor” is equal to the Loss Horizon divided by the Adjusted Loss Horizon.

B.2. The calculation method for the Dilution Reserve Rate

The Dilution Reserve Rate is the sum of the Dynamic Dilution Reserve Rate and the Non-Stressed Dilution Reserve Rate.

B. 2.1 The Dynamic Dilution Reserve Rate is the higher of

- the “Dilution Reserve Floor”; and
- $[(\text{Dilution Stress Factor} * \text{Expected Dilution}) + \text{Dilution Volatility Factor}] * \text{Dilution Horizon Ratio}$ ,

where:

- The Dilution Reserve Floor is the minimum - expressed as a percentage - level of the ‘Dynamic Dilution Reserve Rate’;
- The “Dilution Stress Factor” is a multiplier set in function of targeted credit rating for the Dilution Reserve Rate in accordance with S&P’s methodology. The applied Dilution Stress Factor is listed in Enclosure IV bis.
- The “Expected Dilution” corresponds to the average of the Monthly Dilution Ratio over a 12 month period;
- The Monthly Dilution Ratio is calculated as follows:

$$\frac{\text{Dilution of the Data Period}}{\text{Sales generating the Dynamic Dilution of the Data Period}}$$

- where:
  - the “Sales generating the Dilution of the Data Period” are the sales generated in the Data Period to which the Dilution of the Data Period of the relevant Calculation Date is related, i.e. the sales generated in the Data Period which ended on or about “Z” days before the Cut Off Date of the relevant Calculation Date.
  - “Z” is equal to the rounding up or down to the closest multiple of 30 of the average period between the issuance of an invoice and the issuance of a related credit note (or equivalent) as determined by the Transaction Administrator following the initial due diligence and reviewed during (and possibly adjusted as a result of) the annual due diligence. The applied “Z” is listed in Enclosure IV bis.

The Dilution Volatility Factor is calculated as follows

$$\text{Deviance} * \text{Gross up Factor}$$

where:

- The “Deviance” is the amount by which the maximum over the previous 12 months of the moving average over the Dilution Horizon of the Monthly Dilution Ratio (“Dilution Spike”) exceeds the Expected Dilution.

The Deviance is calculated as follows:

$$\text{Dilution Spike} - \text{Expected Dilution}$$

- The “Gross up Factor” is calculated as follows:

$$\frac{\text{Dilution Spike}}{\text{Expected Dilution}}$$

- The Dilution Horizon Ratio is calculated as follows:

$$\frac{\text{Sum of the monthly sales over the Adjusted Dilution Horizon} * \text{Dilution Rolling Sales Adjustment Factor}}{\text{Sales Adjustment Factor}}$$

where:

- The “Adjusted Dilution Horizon” is equal to the rounding up or down of the Dilution Horizon to the closest multiple of 30.
- The “Dilution Horizon” is equal to “Z” increased with 30 days.
- The “Dilution Rolling Sales Adjustment Factor” is equal to the Dilution Horizon divided by the Adjusted Dilution Horizon.

#### B.2.2. The Non-stressed Dilution Rate

The “Non-Stressed Dilution Rate” amounts to the non-stressed outstanding dilution figures (*e.g. outstanding bonuses*) reported in the Data divided by the E.R.C.G.

#### B.3. The calculation method for the Yield Reserve Rate

The Yield Reserve Rate is the higher of

- the Yield Reserve Floor; or
- the Yield Reserve Rate.

where the Yield Reserve Rate amounts to sum of the Reserve Rate for Costs and Reserve Rate for the Backup Servicing Fee.

##### B.3.1. Reserve Rate for Costs

where:

- The “Reserve Rate for Costs” is equal to  
 $[(a+b+c+d) * \text{Assumed Liquidation Period}] / \text{E.R.C.G}$

where

“a” is calculated as follows:

$[(\text{EURIBOR stress factor} * \text{EURIBOR}) + \text{Applicable Margin}] * \text{Maximum Financed Amount}$

where

- The Applicable Margin is listed in Enclosure VI.
- The applied EURIBOR stress factor is listed in Enclosure IV bis.
- The Maximum Financed Amount is the lower of:
  - Maximum Programme Amount; or
  - $(1 - \text{sum of the (i) Default Reserve Floor, (ii) Dilution Reserve Floor, (iii) Yield Reserve Floor and (iv) the Other Reserve Floor (if any)}) * \text{E.R.C.G.}$

“b” is calculated as follows:

$\text{Administration Fee Rate} * \text{Global Portfolio} * 30/360$

The applied Administration Fee Rate is listed in Enclosure VI.

“c” is calculated as follows:

$\text{Commitment Fee Rate} * (\text{Maximum Programme Amount as applicable on the preceding Calculation Date} - \text{Opening GIPP}) * 30/360$

where:

- The applied Commitment Fee Rate is listed in Enclosure VI.
- The “Opening GIPP” is equal to the GIPP of the previous Data Period as stated in the Transaction Administrator Report.

“d” is calculated as follows:

Sum for each Important Obligor listed in clause 1.2 of the Eligibility Criteria for Calculation of the GIPP of the following result:

(Amount for Fee \* Concentration Fee Rate)

where:

- the Amount for Fee is defined in Enclosure IV bis.
- the Concentration Fee Rate are listed in Enclosure VI.

the “Assumed Liquidation Period” is calculated as follows:

(Liquidation Stress Factor \* D.S.O.) / 30

where the “Liquidation Stress Factor” is a multiplier set in function of the required credit rating for the Yield Reserve Rate in accordance with S&P’s methodology. The applied Liquidation Stress Factor is listed in Enclosure IV bis.

B.3.2. The Reserve Rate for the Backup Servicing Fee

- The “Reserve Rate for the Backup Servicing Fee” is calculated as follows

Assumed Liquidation Period \* Backup Servicing Fee Rate for the Yield Reserve \* Global Portfolio \* 30/360

where:

- The “Backup Servicing Rate Fee for the Yield Reserve” is listed in Enclosure IV bis

### C. The Theoretical Global Deferred Price (the “ThGDPP”) and the Theoretical Global Initial Purchase Price (the “ThGIPP”)

C.1. The Theoretical Global Deferred Purchase Price (the “ThGDPP”)

The **ThGDPP** is the sum of the following elements:

- The “Ineligible Receivables for calculation of the GIPP” which is obtained by subtracting the E.R.C.G. from the Global Portfolio;



- The “Reserve in Eligible Receivables for financing” which is the sum of the Default Reserve Rate, the Dilution Reserve Rate, the Yield Reserve Rate and Other Reserve Rate (if any) applied to the E.R.C.G.;
- An “Additional Reserve” which is the maximum between zero and the result of the following calculation:

$$[(E.R.F.* (1-R) - \text{Maximum Programme Amount})]$$

C.2. The Theoretical Global Initial Purchase Price (the “ThGIPP”) applicable to the current Data Period.

The **ThGIPP** is equal to the lower of the following amounts:

- E.R.C.G. \* [1-R]; or
- the Maximum Programme Amount.

**D. The variation of the GIPP**

The “Variation of the GIPP” is calculated as follows:

$$\text{Variation of the GIPP} = \text{ThGIPP} - \text{Opening GIPP}$$

- In case the variation of the GIPP is greater than zero, said result will be referred to as the “Increase of GIPP”.
- In case the variation of the ThGIPP is less than zero, said result will amount be referred to as the “Decrease of the GIPP”.

**E. The Available Amount**

The Available Amount is equal to the sum of the following items

- the Total Collections of the Data Period
- Late Interest Collections of the Data Period (if any)
- Indemnities to be paid by the Originator and/or Servicer (if any)
- The Increase of the GIPP (if any)

**F. The Deferred Purchase Price (the “DPP”) and the Initial Purchase Price (the “IPP”)**

The **DPP** is calculated as follows:

$$\text{DDP} = \text{Portfolio} - \text{IPP}$$

where

- the IPP is equal to the part of the Available Amount that could be allocated to the payment of the Minimum Initial Purchase (the “MinIPP”) and the Incremental Initial Purchase Price (the “IncrIPP”) in accordance with clause 11 of the Agreement.
- the MinIPP is calculated as follows:

$$\text{MinIPP} = \text{ThIPP} * (1 - \text{MaxDPPrate})$$

where

- The applied MaxDPPrate is listed in Enclosure IV bis
- The Theoretical Initial Purchase Price (the “ThIPP”) is calculated as follows

$$\text{ThIPP} = \text{Portfolio} * (1 - R)$$

- The **IncrIPP** is calculated as follows

$$\text{IncrIPP} = \text{ThIPP} - \text{MinIPP}$$

#### **G. The Global Initial Purchase (the “GIPP”) and the Global Deferred Purchase Price (the “GDPP”)**

The **GIPP** is calculated as follows

$$\text{GIPP}(t) = \text{Opening GIPP} + \text{IPP} - \text{allocation to the Decrease of the GIPP}$$

For the first Calculation Date the Opening GIPP amounts to zero and the GIPP is equal to the IPP

The **GDPP** is calculated as follows

$$\text{GDPP} = \text{Global Portfolio} - \text{GIPP}$$

#### Schedule 4 bis : Calculation Specificities and applied parameters for the calculation of the Purchase Price

To be added :

1. Applied parameters for the calculation of the purchase price

**Amount for Fee** means the highest of (i) 6,000,000 less  $1/5 \times$  Default Reserve Floor  $\times$  Global Portfolio

**Backup Servicing Fee for the Yield Reserve Rate** means 40 basis point pa

**Default Reserve Floor** means 9%

**Default Stress Factor** means 2.25%

**Dilution Reserve Floor** means 4%

**Dilution Stress Factor** means 2.25%

**Liquidation Stress Factor** means 2

**Max DPP rate** means 50%

**Other Reserves Rate(s)** means zero

**Weighted Average Contractual Payment Terms** means 80

**W** means 90 days

**X** means 180 days

**Y** means 140 days

**Yield Reserve Floor** means 1%

**Z** means 30 days

2. Calculation Specificities

The calculation specificities listed hereafter modify and/or complete the calculation principles listed in Enclosure IV.

- There settlements occur on a bi-monthly basis.

- The Total Reserve Rate and the Important Obligors are calculated on the basis of the Data of the Combined Portfolio.
- All other calculations shall be made solely on the basis of the Data relating to the Programme.

## **Schedule 6 : Charges and other Costs**

### **1. Definitions**

**Administration Fee Rate** means the fee as specified in the Fee Letter and supported by the Seller, deducted from the Total Collections and remitted to the Programme Administrator to cover the administration of the Programme.

**Backup Servicing Fee** means the backup servicing fee as defined in the Servicing Fee Agreement.

**Applicable Margin** means the applicable margin as specified in the Fee Letter.

**Charges** means the sum of (i) the Backup Servicing Fee; (ii) the Costs and (iii) the Servicing Fee, including any value added tax payable by the Purchaser with respect to any servicing Fee payable under this Agreement.

**Charges Period** means each successive period from and including a Settlement Date to but not including the next following Settlement Date, or such shorter period as the Transaction Administrator may notify following the occurrence of any of the events listed in articles 17 or 18.

**Commitment Fee Rate** means the commitment fee as specified in the Fee Letter.

**Concentration Fee Rate** means the concentration fee as specified in the Fee Letter and incurred by the Seller, deducted from the Total Collections and remitted to the Transaction Administrator to cover the risk supported by the Purchaser on the Important Obligors as specified in criteria 2.2.3. of Enclosure I.

**Costs** means the sum of the (i) the Funding Cost; (ii) the Administration Fee (iii) the Commitment Fee; and (iv) the Administration Fee

**Funding Costs** means Applicable Margin plus EURIBOR

**EURIBOR** means in relation to any Purchase, the rate for deposits in Euro for a period equal to the required period, which appears on the Reuters Index Page "Euribor 01" (or such other page on that service or such other service as may, in the Transaction Administrator's determination, replace it for the purposes of displaying such rate) as of 11:00 a.m., Brussels time, on the relevant quotation date. If such rate does not appear on the Reuters Index page Euribor 01, the rate for that period will be determined on the basis of the rates at which deposits Euro are offered by the reference banks at approximately 11:00 a.m., Brussels time, on the relevant Quotation date to prime banks in Euro-zone interbank market for a period equal to the period considered and for deposits in an amount comparable to the amounts concerned.

## 2. METHOD OF CALCULATION APPLICABLE TO CHARGES AND COSTS

- (a) Charges shall be :
- (i) calculated for a term equal to the Charges Period;
  - (ii) calculated on :
    - the GIPP as at the previous Calculation Date for the Funding Costs;
    - the Global Portfolio as existing at the end of the previous Calculation Date for the Servicing Fee and the Backup Servicing Fee, and the Administration Fee;
    - the difference between the maximum limit of the Important Obligor as stipulated in criterium 1.2(c) of Schedule 1 (Part 2) and 1/5 of the Default Reserve Floor times the Global Portfolio, for the Concentration Fee;
    - the Total Commitment Fee \* Global Portfolio / Combined Portfolio. The Total Commitment Fee is calculated as follows:  
(Sum of the Maximum Programme Amount plus the Maximum Programme Amount of the Italian Programme) \* Commitment Fee Rate \* number of days in the current Charges Period / 360 days.
- (b) In accordance with the Spreadsheet Program, the Charges will be due as from the first Settlement Date, payable in arrears and taken from the Total Collections according to the priority of allocation defined in Clause **Error! Reference source not found**, and the Spreadsheet Programme.
- (c) Funding Costs shall accrue at the Purchaser's costs of funds, which means, for any Charges Period, a percentage determined by the Transaction Administrator based upon the following factors:  
EURIBOR (two weeks) plus the Applicable Margin;  
any loss or cost incurred by the Purchaser as a result of any reduction of GIPP on a day other than a Settlement Date including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain such GIPP;  
the cost to the Purchaser of entering into any interest rate of foreign exchange transactions to fund the purchase or the maintenance of GIPP.
- (d) The selection of the source of funding shall in all events be in the sole discretion of the Purchaser.

### 3. OTHER COSTS

Other Costs means the other net costs incurred by the Purchaser from time to time to enable it to conduct its activities and to perform its duties under this Agreement.

In addition to the rights of indemnification granted to the Purchaser, the Transaction Administrator and the Indemnified Parties under Clause **Error! Reference source not found**, hereof, the Seller agrees to pay on demand all reasonable costs and expenses of the Transaction Administrator incurred in connection with the preparation, execution, delivery, administration (including periodic auditing as envisaged in Clause **Error! Reference source not found**, hereof), amendment or modification of, or any waiver or consent issued in connection with, this Agreement and the other documents to be delivered hereunder or in connection herewith, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Transaction Administrator with respect thereto, and with respect to advising the Purchaser, and the Transaction Administrator as to their respective rights and remedies under this Agreement and the other documents to be delivered hereunder and thereunder or in connection herewith and therewith, and all out of pocket costs and expenses, if any (including reasonable counsel fees and expenses), incurred by the Transaction Administrator and the Purchaser in connection with the enforcement of this Agreement and the other documents to be delivered hereunder and thereunder or in connection herewith and therewith, including any restructuring or workout of this Agreement, or such documents, or the administration of this Agreement following a Termination Date.

### 2. No Novation

This Amendment Agreement shall not create or imply any novation (*novazione* in the meaning attributed to such expression by Italian Law) to the RPA. The provisions of the RPA, as amended and/or supplemented by this Amendment Agreement, shall remain in full force and effect and nothing herein contained shall be construed as a waiver or modification of existing rights under the RPA, except as such rights are expressly modified hereby.

This Amendment Agreement shall form a part of the RPA which constitutes, together with this Amendment Agreement a single agreement.

The parties hereby agree that any reference to the RPA in any Transaction Documents shall be construed as a reference to the RPA, as amended and supplemented by this Amendment Agreement.

### 3. Governing Law - Jurisdiction

This Amendment Agreement shall be governed by, and construed in accordance with Italian law.

Any dispute as to the validity, interpretation, performance or any other matter arising out of this Amendment Agreement shall be subject to the exclusive jurisdiction of the competent courts of Milan.

Signed in two (2) originals in Brussels on June 29, 2006

**ING BANK N.V, Milan branch** as Purchaser and Transaction Administrator

represented by:

**Luc Verbeken**

**Louise Sohier**

**Greif Italia S.p.A** as Seller and Servicer

represented by :

/s/ Adry Kooyman

**Greif Belgium BVBA** as Master Servicer

represented by:

/s/ Michel Verholen

Dated 27 October 2006

**Amendment Agreement**

relating to the Receivables Purchase Agreement dated 28 October 2005

between

**ING BANK NV, MILAN BRANCH**

as Purchaser and Transaction Administrator

and

**GREIF ITALIA SpA**

Seller and Servicer

and

**GREIF BELGIUM BVBA**

as Master Servicer



THIS AMENDMENT AGREEMENT (the “Agreement”) is made on 27 October 2006 .

**Between:**

1. **ING BANK NV, MILAN BRANCH**, a corporation organised under the laws of the Netherlands, having its registered office at Amstelveenseweg 500, 1081 KL Amsterdam – The Netherlands, acting through its Milan branch, whose registered office is at Via Paleocapa, 5 20121 Milano (Italy), registered in the Companies Registry of Milan and with Tax Identification Number 11241140158, (the “**Purchaser**” and the “**Transaction Administrator**”, or “**ING Milan**”);
2. **GREIF ITALIA SpA**, a company governed by the laws of Italy, whose registered office is located at Via A. Vespucci 1, 20066 Melzo, Milano, Italy, registered with the Companies Registry of Milano under number 515170 (the “**Seller**” and the “**Servicer**”);
3. **GREIF BELGIUM BVBA**, a corporation organised under the laws of Belgium, having its registered office at Bollaarstraat 6, 2500 Lier, registered with the register of legal entities (RPM/RPR) under the number 0407237771, (the “**Master Servicer**”).

The Purchaser, the Originator, the Transaction Administrator, the Servicer are hereinafter together referred to as the “**Parties**” or separately as a “**Party**”.

**WHEREAS**

- (A) The Parties have entered into a Receivables Purchase Agreement dated 28 October 2005, whereby the Purchaser purchases certain trade receivables originated by the Seller (the “**Receivables Purchase Agreement**”).
- (B) The parties to this Agreement have agreed to enter into this Agreement in order to amend the terms of the Receivables Purchase Agreement in the manner set out below, and to extend the Receivables Purchase Agreement for a period of 364 days.

**THE PARTIES AGREE AS FOLLOWS:**

1. **INTERPRETATION**

Unless a contrary intention appears or the context requires otherwise, any word or expression defined in the Receivables Purchase Agreement will have the same meaning when it is used in this Agreement.

2. **CONDITIONS PRECEDENT TO THE EFFECTIVE AMENDMENT DATE**

The amendments referred to in Clause 4 hereunder are subject to the Transaction Administrator having received following documents:

- documents evidencing that the Seller has the power to validly commit itself in this Agreement and holds all authorisations for such commitment;

- minutes of the board of directors (“Notulen van de Vergadering van het College van Zaakvoerders”) approving (i) the inclusion of “Conical Obligors”, (ii) the inclusion of Switzerland as eligible country and (iii) the extension of the Programme.

### 3. RENEWAL OF THE RECEIVABLES PURCHASE AGREEMENT

In accordance with article 2.4 of the Receivables Purchase Agreement, the parties hereby agree that the Receivables Purchase Agreement is extended for an additional period of 364 days.

### 4. AMENDMENT OF THE RECEIVABLES PURCHASE AGREEMENT

The following clauses and enclosures of the Receivables Purchase Agreement will, with effect from (and including) the date hereof, be amended, so that the rights and obligations of the parties to the Receivables Purchase Agreement relating to these clauses and enclosures shall from the date of this Agreement be governed by, and construed in accordance with, the following clauses and enclosures:

#### Clause 1: Definitions

The definition of Settlement Date is modified as follows :

Settlement Date means without prejudice to Clause 17, the 15<sup>th</sup> and the last day of each calendar month, save that the first Settlement Date shall coincide with the first Purchase Date and the First French Purchase Date. Any Settlement Date falling on a date which is not a Business Day will be postponed to the immediately following Business Day. If this immediately following Business Day falls in the following calendar month, the Settlement date will be fixed on the immediately preceding Business Day.

#### Schedule 1 : ELIGIBILITY CRITERIA, Part 1: ELIGIBILITY CRITERIA FOR PURCHASE

Clause 1.2 is modified as follows:

the Receivable is owed by an Obligor acting out of an establishment located in any of the following countries : Belgium, France, Germany, the Netherlands, Spain, England and Wales, Portugal and Switzerland;

#### Schedule 1: ELIGIBILITY CRITERIA, Part 2 : ELIGIBILITY CRITERIA FOR CALCULATION OF GIPP

The list of Important Obligors defined in Clause 1.2(a) is modified as follows:

<u>Important Obligor</u>	<u>Limit</u>
BASF	Default Reserve Floor*Combined Portfolio
BAYER	50%*Default Reserve Floor*Combined Portfolio
DOW CHEMICALS	50%*Default Reserve Floor*Combined Portfolio

ICI	50%*Default Reserve Floor*Combined Portfolio
BP	Default Reserve Floor * Combined Portfolio
DSM	50%*Default Reserve Floor*Combined Portfolio
EXXON MOBIL	Default Reserve Floor* Combined Portfolio
TOTALFINAELF	Default Reserve Floor* Combined Portfolio
SHELL	Default Reserve Floor* Combined Portfolio
INEOS	1/5 of Default Reserve Floor *Combined Portfolio + a Special Limit of EUR 500.000,-
CRODA	1/5 of Default Reserve Floor * Combined Portfolio + a Special Limit of EUR 1.000.000,-

**Enclosure IV bis : Calculation Specificities and applied parameters for the calculation of the Purchase Price**

The parameter “Dilution Reserve Floor” is modified as follows:

Dilution Reserve Floor means : 0% until the settlement date immediately following 30/04/2007 and 4% thereafter

The parameter “Default Reserve Floor” is modified as follows :

Dilution Reserve Floor means : 13%

The following clause “2. Calculation Specificities” is added :

Until the Settlement Date immediately following 30/04/2007, The Dilution Reserve Rate will be reduced with a percentage equal to EUR 4.500.000,00/E.R.F.

The Dilution Reserve Rate applicable to the Global Portfolio will be calculated as follows :

$(EUR\ 4.500.000,00/E.R.F) * (Global\ Portfolio/Combined\ Portfolio)$

Thereafter, the Dilution Reserve Rate will be applicable.

The Dilution fee will be included in the Transaction Administrator Report under the heading “Concentration Fee”.

**Schedule VI: Charges and other Costs**

Clause 1 : Definitions

- The following definition is added :

**Dilution Fee Rate** means the fee as specified in the Fee Letter and supported by the Seller, deducted from the Total Collections and remitted to the Programme Administrator.

- The definition of Costs is modified as follows :

**Costs** means the sum of (i) the Funding Cost; (ii) the Administration Fee; (iii) the Commitment Fee; (iv) the Concentration Fee, and (v) the Dilution Fee.

Charges shall be:

- (i) calculated for a term equal to the Charges Period;
- (ii) calculated on:
  - the GIPP as at the previous Calculation Date for the Funding Costs;
  - the Global Portfolio as existing at the end of the previous Calculation Date for the Servicing Fee, and the Administration Fee;
  - the Special Limit of the Important Obligor as stipulated in criterium 2.2.4 of Enclosure II
  - the Total Commitment Fee \* Global Portfolio/Combined Portfolio.

The Total Commitment Fee is calculated at follows:

(Sum of the Maximum Programme Amount plus the Maximum Programme Amount of the Italian Programme)\*Commitment Fee Rate \*  
number of days in the current Charges Period/360 Days.

- Eur 4.500.000,00 for the Dilution Fee

### **3. STATUS OF DOCUMENTS**

#### **3.1 Novation**

It is not in the intention of the Parties to this Agreement to operate a novation of the Receivables Purchase Agreement. This Agreement will not constitute in any manner a novation.

#### **3.2 Receivables Purchase Agreement**

Except as amended by the terms of this Agreement, the Receivables Purchase Agreement will remain in full force and effect.

#### **3.3 Transaction Document**

This Agreement will constitute a Transaction Document for the purposes of the Receivables Purchase Agreement,

### **4. REPRESENTATIONS AND WARRANTIES**

The Seller, the Servicer and the Master Servicer represent and warrant that they:

- 4.1 Have the power to enter into this Agreement and to comply with their obligations therein; and
- 4.2 Have taken all necessary actions:
  - (i) to authorise the entry into this Agreement;
  - (ii) to ensure that their obligations under this Agreement are valid, legally binding and enforceable in accordance with their terms.

## 5. MISCELLANEOUS

### 5.1 Severability

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, the legality, validity and enforceability of such provision under the law of any other jurisdiction, or of the remaining provisions hereof, shall not be affected or impaired thereby, and the Parties shall negotiate in good faith such amendments to any such provision in order to secure the preservation for all parties of the economic effect equivalent to the intended economic effect of any such provision.

### 5.2 Applicable law and choice of forum

This Agreement shall be governed by and construed in accordance with Italian law.

The Parties agree that any dispute in connection with this Agreement shall be subject to the exclusive jurisdiction of the courts of Milan.

Done in Milan, on 27 October 2006 in three originals. Each party acknowledges receipt of its own original.

#### **ING BANK NV, Milan Branch**

the Purchaser and the Transaction Administrator

/s/ Andre HABAY

name: Andre HABAY

title: Directeur

/s/ Luc VERBEKEN

name: Luc VERBEKEN

title: Head of Corporate Banking SWE

#### **GREIF Italia S.p.A.**

the Seller and the Servicer

/s/ Domenico Rinaldini

name: Domenico Rinaldini

title: Amministratore Delegato

**GREIF BELGIUM BVBA**

the Master Servicer

/s/ Michel Verholen

---

name: Michel Verholen

title: Manager (Zookroerder)

Brussels, 30 April 2007

To: **Greif Italia S.p.A.**  
Via A. Vespucci, 1  
20066 Melzo Milan  
Italy

To the attention of : Mr. Michel Verholen

Dear Sirs,

**WHEREAS:**

1. Greif ITALIA S.p.A. in its capacity as Seller and Servicer, GREIF BELGIUM BVBA in its capacity as Master Servicer and ING BANK NV, Milan branch, in its capacity as Purchaser and Transaction Administrator (the Bank and together with the Seller, the Servicer, the Transaction Administrator and the Master Servicer, the **Parties**) have on 28<sup>th</sup> October, 2005 entered into a Receivables Purchase Agreement pursuant to which, *inter alia*, the Parties have agreed the terms and the conditions relating to the sale of the Seller's trade receivables. The RPA has been amended by an amendment agreement dated 29 June 2006 and by an amendment agreement of 27 October 2006. The Receivables Purchase Agreement, as amended, is hereafter referred to as "the **RPA**."

2. The Parties wish to amend the RPA in accordance with the terms and conditions set forth hereunder (the **Amendment Agreement**).

**NOW IT IS HEREBY AGREED AS FOLLOWS:**

The Parties hereto hereby agree for themselves and for the benefit of their successors and permitted assigns that, on and with effect from the date of 30 April 2007, the RPA shall be amended as set out below.

**1. Amendments to the RPA**

1.1 In clause 1 (Definitions of the RPA), the following amendments will be made:

- (a) The definition of "Programme Amount" will be deleted.
- (b) The definition of "Maximum Programme Amount" will be amended as follows: "**Maximum Programme Amount** means EUR 95,000,000 with respect to the Combined Portfolio."
- (c) The following definition will be added after "Pan-European Data Period":  
"**Pan-European GIPP** has the meaning ascribed to the term "Global Initial Purchase Price ("GIPP")" in the Pan- European Receivables Purchase Agreement.

1.2 Clause 3.4(e) of the RPA will be amended as follows:

“(e) the purchase of such Receivables will not result in the aggregate of the GIPP and the Pan-European GIPP exceeding the Maximum Programme Amount.”

1.3 In Clause 4.9 of the RPA, the phrase “the payment of a penalty fee of 0.001 % calculated on the Programme Amount with a minimum of EUR 1000” will be replaced by the following:

“the payment of a penalty fee of 0.01 % calculated on the Nominal Value of Eligible Receivables for Calculation of GIPP”.

1.4 The last sentence of Clause 7.2 of the RPA will be amended as follows:

“The aggregate of the GIPP and the Pan-European GIPP shall never be higher than the Maximum Programme Amount.”

1.5 In paragraph 1 (Applied parameters for the calculation of the purchase price) of Schedule 4 bis (Calculation Specificities and applied parameters for the calculation of the Purchase Price), the definition “Amount for Fee” will be deleted.

1.6 Section 2 (Method of Calculation applicable to charges and costs) of Schedule 6 (Charges and other costs) will be replaced by the following:

(a) For each Charges Period, the Charges shall be calculated as follows:

- (i) Funding Costs = the Funding Rate \* by GIPP as of the previous Calculation Date \* number of days in the current Charges Period / 360 days;
- (ii) Servicing Fee = the Servicing Fee Rate \* the Combined Portfolio as of the previous Calculation Date \* number of days in the current Charges Period / 360 days \* Global Portfolio/Combined Portfolio;
- (iii) Backup Servicing Fee (if any) = Backup Servicing Fee Rate \* the Combined Portfolio as of the previous Calculation Date \* number of days in the current Charges Period / 360 days \* Global Portfolio/Combined Portfolio;
- (iv) Administration Fee = Administration Fee Rate \* the Combined Portfolio as of the previous Calculation Date \* number of days in the current Charges Period / 360 days \* Global Portfolio/Combined Portfolio;
- (v) Commitment Fee = the Commitment Fee \* Global Portfolio/Combined Portfolio.  
the Commitment Fee is calculated as follows:  
the Maximum Programme Amount \* Commitment Fee Rate \* number of days in the current Charges Period/360 days.
- (vi) Concentration Fee: Concentration Fee Rate \* Concentration Limit \* number of days in the current Charges Period / 360 days.



- (b) In accordance with Enclosure IV, the Charges will (i) start accruing from the first Settlement Date; (ii) will be payable in arrears on each Settlement Date; and (iii) be deducted from the Total Collections according to the priority of allocation defined in Clause 11 and Enclosure IV.
- (c) The selection of the source of funding shall in all events be in the sole discretion of the Purchaser.

**2. No Novation**

This Amendment Agreement shall not create or imply any novation (*novazione* in the meaning attributed to such expression by Italian Law) to the RPA. The provisions of the RPA, as amended and/or supplemented by this Amendment Agreement, shall remain in full force and effect and nothing herein contained shall be construed as a waiver or modification of existing rights under the RPA, except as such rights are expressly modified hereby.

This Amendment Agreement shall form a part of the RPA which constitutes, together with this Amendment Agreement a single agreement.

The parties hereby agree that any reference to the RPA in any Transaction Documents shall be construed as a reference to the RPA, as amended and supplemented by this Amendment Agreement.

**3. Governing Law - Jurisdiction**

This Amendment Agreement shall be governed by, and construed in accordance with, Italian law.

Any dispute as to the validity, interpretation, performance or any other matter arising out of this Amendment Agreement shall be subject to the exclusive jurisdiction of the competent courts of Milan.

If you are in agreement with the foregoing, please reproduce the content of this letter on each Party's letterhead and return a copy of this letter to us duly signed by their legal representative in sign of acknowledgement and full acceptance.

Your sincerely,

**ING Bank N.V., Milan branch**, as Purchaser and Transaction Administrator

represented by: \_\_\_\_\_  
duly authorised for the purpose of this Amendment Agreement

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For approval:

**Greif Italia S.p.A.** as Seller and Servicer

represented by: \_\_\_\_\_  
duly authorised for the purpose of this Amendment Agreement

**Greif Belgium BVBA** as Master Servicer

represented by: \_\_\_\_\_  
duly authorised for the purpose of this Amendment Agreement

CERTIFICATION

I, Michael J. Gasser, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Greif, Inc.;

2. Based on my knowledge, this quarterly 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 the registrant as of, and for, the periods presented in this report;

4. The registrant'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 the registrant 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 the registrant, 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 the registrant'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 the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant'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 the registrant'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 the registrant's internal control over financial reporting.

Date: June 8, 2007

/s/ Michael J. Gasser

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Michael J. Gasser, Chairman  
Chief Executive Officer and President  
(Principal executive officer)

**CERTIFICATION**

I, Donald S. Huml, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Greif, Inc.;

2. Based on my knowledge, this quarterly 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 the registrant as of, and for, the periods presented in this report;

4. The registrant'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 the registrant and have:

- b) 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 the registrant, 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 the registrant'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 the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant'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 the registrant'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 the registrant's internal control over financial reporting.

Date: June 8, 2007

/s/ Donald S. Huml

Donald S. Huml, Executive Vice  
President and Chief Financial Officer  
(Principal financial officer)

**Certification Required by Rule 13a – 14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of  
Title 18 of the United States Code**

In connection with the Quarterly Report of Greif, Inc. (the "Company") on Form 10-Q for the quarterly period ended April 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael J. Gasser, the chief executive officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 8, 2007

/s/ Michael J. Gasser

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Michael J. Gasser, Chairman,  
Chief Executive Officer and President

A signed original of this written statement required by Section 906 has been provided to Greif, Inc. and will be retained by Greif, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

**Certification Required by Rule 13a – 14(b) of the Securities Exchange Act of 1934 and Section 1350 of Chapter 63 of  
Title 18 of the United States Code**

In connection with the Quarterly Report of Greif, Inc. (the "Company") on Form 10-Q for the quarterly period ended April 30, 2007, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Donald S. Huml, the chief financial officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: June 8, 2007

/s/ Donald S. Huml

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Donald S. Huml, Executive Vice  
President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Greif, Inc. and will be retained by Greif, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.