

United States Securities and Exchange Commission

Washington, D.C. 20549

Form 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended October 31, 2003

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, Inc.

(Exact name of Registrant as specified in its charter)

State of 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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on Which Registered

Class A Common Stock
Class B Common Stock

New York Stock Exchange
New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the Registrant (1) has filed all reports 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in the definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

The aggregate market value of voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold as of the last business day of the Registrant's most recently completed second fiscal quarter was as follows:

Non-voting common equity (Class A Common Stock) - \$215,528,276

Voting common equity (Class B Common Stock) - \$98,741,604

The number of shares outstanding of each of the Registrant's classes of common stock, as of December 31, 2003 was as follows:

Class A Common Stock - 10,597,546

Class B Common Stock - 11,662,003

Listed hereunder are the documents, portions of which are incorporated by reference, and the parts of this Form 10-K into which such portions are incorporated:

1. The Registrant's Definitive Proxy Statement for use in connection with the Annual Meeting of Stockholders to be held on February 23, 2004 (the "2004 Proxy Statement"), portions of which are incorporated by reference into Part III of this Form 10-K. The 2004 Proxy Statement will be filed within 120 days of October 31, 2003.

IMPORTANT INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical facts included in this Form 10-K of Greif, Inc. and subsidiaries (the "Company") or incorporated herein, including, without limitation, statements regarding the Company's 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 the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology such as "may," "will," "expect," "intend," "estimate," "anticipate," "project," "believe" or "continue" or the negative thereof or variations thereon or similar terminology. Forward-looking statements speak only as the date the statements were made. Although the Company believes that the expectations reflected in forward-looking statements have a reasonable basis, it 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 the Company's actual results to differ materially from those projected, see "Forward-Looking Statements; Certain Factors Affecting Future Results" in item 7 of this Form 10-K. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

PART I

Item 1. BUSINESS

(a) General Development of Business

General

The Company is a leading global producer of industrial packaging products with manufacturing facilities located in over 40 countries. The Company offers 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, which are complemented with a variety of value-added services. The Company also produces containerboard and corrugated products for niche markets in the United States and Canada. The Company owns timberland in the southeastern United States from which it sells timber to third parties and that it manages to maximize long-term value. The Company also owns timberland in Canada that it does not actively manage. The Company's customers range from Fortune 500 companies to medium and small-sized companies in a cross section of industries.

The Company's history goes back to 1877 when its predecessor manufactured wooden barrels, casks and kegs to transport post-Civil War goods nationally and internationally. The Company was incorporated as a Delaware corporation in 1926.

Recent Acquisitions and Other Significant Transactions

CorrChoice, Inc. Redemption of Minority Shareholders' Outstanding Shares

On September 30, 2003, CorrChoice, Inc. (together with its subsidiaries, "CorrChoice"), which had been a joint venture of the Company, redeemed all of the outstanding shares of its minority shareholders for \$115.3 million, which was substantially funded by cash and cash equivalents of CorrChoice. As a result of this transaction, the Company now owns 100% of CorrChoice, Inc. compared to its 63.24% interest when the joint venture was formed on November 1, 1998.

CorrChoice manufactures corrugated sheets at seven locations in Georgia, Kentucky, Michigan, North Carolina and Ohio.

Van Leer Industrial Packaging Acquisition

In March 2001, the Company acquired Royal Packaging Industries Van Leer N.V., a Dutch company, Huhtamaki Holdings do Brasil Ltda., a Brazilian company, Van Leer France Holding S.A.S., a French company, Van Leer Containers, Inc., a United States company, and American Flange & Manufacturing Co., Inc., a United States company, which are collectively referred to as "Van Leer Industrial Packaging." Van Leer Industrial Packaging was a worldwide provider of industrial packaging and components, including steel, fibre and plastic drums, intermediate bulk containers, closure systems for industrial packaging products and polycarbonate water bottles. In connection with the Van Leer Industrial Packaging acquisition, the Company acquired a 25% interest in Socer-Embalagens, Lda. and a 40.06% interest in Balmer Lawrie-Van Leer. Socer-Embalagens, Lda. reconditions used drums at its facility in Portugal and resells them to customers. Balmer Lawrie-Van Leer manufactures closure systems for industrial packaging products and plastic drums at its two facilities in India.

(b) Financial Information about Segments

The Company operates in three business segments: Industrial Packaging & Services; Paper, Packaging & Services; and Timber. Information related to each of these segments is included in Note 15 to the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K, which Note is incorporated herein by reference.

(c) Narrative Description of Business

Products and Services

In the Industrial Packaging & Services segment, the Company offers 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. The Company sells its industrial packaging products to customers in over 40 countries in industries such as chemicals, paints and pigments, food and beverage, petroleum, industrial coatings, agricultural, pharmaceutical and mineral, among others.

In the Paper, Packaging & Services segment, the Company sells 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. The Company's 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. The Company's full line of industrial and consumer 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.

In the Timber segment, the Company is focused on the active harvesting and regeneration of its United States timber properties to achieve sustainable long-term yields. While timber sales are subject to fluctuations, the Company seeks to maintain a consistent cutting schedule, within the limits of market and weather conditions. As of October 31, 2003, the Company owned approximately 279,000 acres of timberland in the southeastern United States, and approximately 40,000 acres of timberland in Canada.

Customers

Due to the variety of its products, the Company has many customers buying different types of its products and, due to the scope of the Company's sales, no one customer is considered principal in the total operation of the Company.

Backlog

The business of the Company is not seasonal to any significant extent. Because the Company supplies a cross section of industries, such as chemicals, food products, petroleum products, pharmaceuticals and metal products, and must make spot deliveries on a day-to-day basis as its products are required by its customers, the Company does not operate on a backlog to any

significant extent and maintains only limited levels of finished goods. Many customers place their orders weekly for delivery during the week.

Competition

The markets in which the Company sells its products are highly competitive and comprised of many participants. Although no single company dominates, the Company faces significant competitors in each of its businesses. The Company's competitors include large vertically integrated companies as well as numerous smaller companies. The industries in which the Company competes are particularly sensitive to price fluctuations caused by shifts in industry capacity and other cyclical industry conditions. Other competitive factors include design, quality and service, with varying emphasis depending on product line.

In the industrial packaging products industry, the Company competes by offering a comprehensive line of products on a global basis. In the paper, packaging and services industry, the Company competes by concentrating on providing value-added, higher-margin corrugated products to niche markets. In addition, over the past several years the Company has closed higher cost facilities and otherwise restructured its operations, which it believes has significantly improved its cost competitiveness.

Environmental Matters; Governmental Regulations

The Company's operations are subject to extensive federal, state, local and non-United States laws, regulations, rules and ordinances relating to pollution, the protection of the environment, the generation, storage, handling, transportation, treatment, disposal and remediation of hazardous substances and waste materials and numerous other environmental laws and regulations. In the ordinary course of business, the Company is subject to periodic environmental inspections and monitoring by governmental enforcement authorities. In addition, certain of the Company's production facilities require environmental permits that are subject to revocation, modification and renewal.

Based on current information, the Company believes that the probable costs of the remediation of company-owned property will not have a material adverse effect on its financial condition or results of operations. The Company believes that its liability for these matters was adequately reserved as of October 31, 2003.

The Company does not believe that compliance with federal, state, local and non-United States provisions, which have been enacted or adopted regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, has had or will have a material effect upon the capital expenditures, earnings or competitive position of the Company. The Company does not anticipate any material capital expenditures related to environmental control in 2004.

See also Item 7 of this Form 10-K and Note 14 to the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for additional information concerning environmental expenses and expenditures for 2003, 2002 and 2001, and the Company's reserves for environmental liabilities at October 31, 2003.

Raw Materials

Steel, resin and containerboard are the principal raw materials for the Industrial Packaging & Services segment, and pulpwood, old corrugated containers for recycling and containerboard are the principal raw materials for the Paper, Packaging & Services segment. The Company satisfies most of its needs for these raw materials through purchases on the open market or under short-term supply agreements. All of these raw materials are purchased in highly competitive, price-sensitive markets, which have historically exhibited price and demand cyclicality. From time to time, some of these raw materials have been in short supply, but to date these shortages have not had a significant effect on the Company's operations.

Research and Development

While research and development projects are important to the Company's continued growth, the amount expended in any year is not material in relation to the results of operations of the Company. The Company's business is not materially dependent upon patents, trademarks, licenses or franchises.

Employees

As of October 31, 2003, the Company had approximately 9,800 employees. A significant number of the Company's employees are represented by unions. The Company believes that its employee relations are generally good.

(d) Financial Information about Geographic Areas

The Company's operations are located in North America, Europe and various other regions. Information related to each of these areas is included in Note 15 to the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K, which Note is incorporated herein by reference. Quantitative and Qualitative Disclosures about Market Risk, included in Item 7A of this Form 10-K, is incorporated herein by reference.

(e) Available Information

The Company maintains an Internet Web site at www.greif.com. The Company files reports with the Securities and Exchange Commission (the "SEC") and makes available, free of charge, on or through this Internet Web site, its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy and information statements and amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC.

Any of the materials the Company files with the SEC may also be read and copied at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet Web site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC at www.sec.gov.

(f) Disclosures Required by New York Stock Exchange

The Company's common equity securities are listed on the New York Stock Exchange ("NYSE"). The following disclosures are provided in accordance with Section 303A of the NYSE's Listed Company Manual. The Company's Board of Directors has adopted the following corporate governance documents with respect to the Company (the "Corporate Governance Documents"):

- Corporate Governance Guidelines of the Board of Directors;
- Code of Business Conduct and Ethics for directors, officers and employees;
- Charter for the Audit Committee;
- Charter for the Nominating and Corporate Governance Committee;
- Charter for the Compensation Committee; and
- Independence Standards for Directors.

Each of the Corporate Governance Documents will be posted on the Company's Internet Web site at www.greif.com under "Investor Center—Corporate Governance" on or before February 23, 2004. Copies of each of the Corporate Governance Documents are also available in print to any stockholder of the Company, without charge, by making a written request to the Company. Requests should be directed to Greif, Inc., Attention: Corporate Secretary, 425 Winter Road, Delaware, Ohio 43015.

On January 22, 2004, Michael J. Gasser, the Company's Chief Executive Officer, and Donald S. Huml, the Company's Chief Financial Officer, have provided certain certifications in this Form 10-K regarding the quality of the Company's public disclosures. See Exhibits 31.1, 31.2, 32.1 and 32.2 to this Form 10-K.

(g) Other Matters

This Form 10-K is part of the Company's 2003 Annual Report to Stockholders (the "Annual Report"). The Annual Report includes a letter from Michael J. Gasser, Chairman and Chief Executive Officer, to the Company's stockholders. Mr. Gasser's letter includes the non-GAAP financial measure of net income before restructuring charges, a debt extinguishment charge, timberland gains and the cumulative effect of change in accounting principle. The comparable GAAP measure is net income. A reconciliation of the GAAP to non-GAAP measures for the applicable years follows (Dollars in millions):

	2003	2002
GAAP – net income	\$ 9.5	\$ 31.0
Restructuring charges, net of tax	42.0	1.8
Debt extinguishment charge, net of tax	—	6.6
Timberland gains, net of tax	(3.9)	(7.8)
Cumulative effect of change in accounting principle	(4.8)	—
	<hr/>	<hr/>
Non-GAAP – net income before restructuring charges, a debt extinguishment charge, timberland gains and cumulative effect of change in accounting principle	\$ 42.8	\$ 31.6

Item 2. PROPERTIES

The following are the Company's principal operating locations and the products manufactured at such facilities or the use of such facilities. The Company considers its operating properties to be in satisfactory condition and adequate to meet its present needs. However, the Company expects to make further additions, improvements and consolidations of its properties as the Company's business continues to expand.

Location	Products or Use	Owned	Leased
INDUSTRIAL PACKAGING & SERVICES:			
Argentina	Steel and plastic drums, water bottles and distribution center	3	—
Australia	Steel and plastic drums, closures, distribution centers and general office	4	2
Belgium	Steel and plastic drums, water bottles and coordination center	1	1
Brazil	Steel and plastic drums, water bottles, closures and general office	5	1
Canada	Fibre, steel and plastic drums and wooden pallets	9	—
Chile	Steel drums, water bottles and distribution center	—	1
China	Steel drums	1	1
Colombia	Steel and plastic drums and water bottles	1	1
Costa Rica	Steel drums	—	1
Czech Republic	Steel drums	1	—
Denmark	Fibre drums	1	—
Egypt	Steel drums	1	1
France	Fibre, steel and plastic drums, water bottles, intermediate bulk containers, closures and distribution center	2	4
Germany	Fibre, steel and plastic drums and distribution center	3	2
Greece	Steel drums	1	—
Guatemala	Steel drums	1	—
Hungary	Steel drums	1	—
Italy	Steel and plastic drums and distribution center	1	2
India	Plastic drums and closures	1	1
Jamaica	Distribution center	—	1
Kenya	Steel and plastic drums	—	1
Malaysia	Steel and plastic drums	1	1
Mexico	Fibre, steel and plastic drums and distribution center	2	1
Morocco	Steel and plastic drums and plastic bottles	—	1
Mozambique	Steel drums and plastic bottles	—	1
Netherlands	Fibre and steel drums, closures, research center and general office	3	2
New Zealand	Intermediate bulk containers	—	2
Nigeria	Steel and plastic drums	2	1
Philippines	Steel drums and water bottles	—	1
Poland	Steel drums and water bottles	1	—
Portugal	Steel drums	1	—
Russia	Steel drums and water bottles	4	1
Singapore	Steel drums and distribution center	—	2
South Africa	Steel and plastic drums, closures and distribution center	5	1

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Location	Products or Use	Owned	Leased
Spain	Steel drums and distribution center	1	—
Sweden	Fibre and steel drums and distribution center	2	2
Turkey	Steel drums	1	1
Ukraine	Distribution center	—	1
United Kingdom	Fibre, steel and plastic drums, water bottles and distribution center	5	2
United States	Fibre, steel and plastic drums, intermediate bulk containers, closures, steel parts, water bottles, distribution centers and research center	26	19
Uruguay	Steel drums and plastic drums	—	1
Venezuela	Steel and plastic drums and water bottles	2	—
Zimbabwe	Steel and plastic drums	1	—
PAPER, PACKAGING & SERVICES:			
United States	Corrugated sheets, containers and other products, containerboard, multiwall bags and distribution center	33	9
TIMBER:			
United States	General offices	3	—
CORPORATE:			
United States	Principal and general office	2	—

The Company also owns a substantial number of scattered timber tracts comprising approximately 279,000 acres in the states of Alabama, Arkansas, Florida, Louisiana and Mississippi and approximately 40,000 acres in the provinces of Ontario and Quebec in Canada as of October 31, 2003.

A first lien on a significant number of the Company's United States locations secures payment of the Company's obligations under its \$550 million Amended and Restated Senior Secured Credit Agreement (see "Borrowing Arrangements" in Item 7 of this Form 10-K).

Item 3. LEGAL PROCEEDINGS

The Company has no pending material legal proceedings.

From time to time, various legal proceedings arise at federal, state, local or non-United States levels involving environmental sites to which the Company has shipped, directly or indirectly, small amounts of toxic waste, such as paint solvents, etc. The Company, to date, has been classified as a "de minimis" participant and, as such, has not been subject, in any instance, to sanctions of \$100,000 or more.

In addition, from time to time, but less frequently, the Company has been cited for violations of environmental regulations. None of these violations involve or are expected to involve sanctions of \$100,000 or more.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this Form 10-K.

Executive Officers of the Company

The following information relates to executive officers of the Company (elected annually):

Name	Age	Positions and offices	Year first became executive officer
Michael J. Gasser	52	Chairman of the Board of Directors and Chief Executive Officer	1988
William B. Sparks, Jr.	62	Director, President and Chief Operating Officer	1995
Donald S. Huml	57	Chief Financial Officer	2002
John S. Lilak	56	Executive Vice President and President of Soterra LLC (subsidiary company)	1999
Gary R. Martz	45	Senior Vice President, General Counsel and Secretary	2002
Michael L. Roane	48	Senior Vice President, Human Resources and Communications	1998
John K. Dieker	40	Vice President and Corporate Controller	1996
Robert A. Young	49	Vice President, Taxes	2002
Robert S. Zimmerman	32	Vice President and Treasurer	2001
Sharon R. Maxwell	54	Assistant Secretary	1997

Except as indicated below, each person has served in his or her present capacity for at least five years.

Donald S. Huml was elected Chief Financial Officer in 2002. Prior to that time, and for more than five years, he served as Senior Vice President, Finance, and Chief Financial Officer of Snap-On Incorporated, a global developer, manufacturer and marketer of tools and equipment.

John S. Lilak was elected President of Soterra LLC (subsidiary company) in 2002 and Executive Vice President during 1999. Prior to that time, and for more than five years, Mr. Lilak served as General Sales and Marketing Manager, Kraft Paper and Board Division, for Union Camp Corporation.

Gary R. Martz was elected Senior Vice President, General Counsel and Secretary in 2002. Prior to that time, and for more than five years, he served as a partner in the law firm of Baker & Hostetler LLP.

Robert A. Young was elected Vice President, Taxes, during 2002. During 1999 to 2001, Mr. Young served as the Director of Taxes. Prior to that time, and for more than five years, he was the Tax Manager of Consolidated Papers, Inc.

Robert S. Zimmerman was elected Vice President and Treasurer during 2003. During 2001 to 2003, Mr. Zimmerman served as the Company's Assistant Treasurer. From 1999 until joining the Company in 2001, he served as Treasury Manager at Mettler-Toledo International, Inc. Prior to 1999, and for more than five years, Mr. Zimmerman was a Risk Advisor at Bank One.

PART II

Item 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY HOLDER MATTERS

Shares of the Company's Class A and Class B Common Stock are listed on the New York Stock Exchange under the symbols GEF and GEF.B, respectively.

Financial information regarding the Company's two classes of common stock, as well as the number of holders of each class and the high, low and closing sales prices for each class for each quarterly period for the two most recent fiscal years, is included in Note 16 to the Notes to Consolidated Financial Statements in Item 8 of this Form 10-K, which Note is incorporated herein by reference.

The Company paid four dividends of varying amounts during its fiscal year computed on the basis described in Note 9 to the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K, which Note is incorporated herein by reference. The annual dividends paid for the last three fiscal years are as follows:

2003 fiscal year dividends per share – Class A \$0.56; Class B \$0.83
2002 fiscal year dividends per share – Class A \$0.56; Class B \$0.83
2001 fiscal year dividends per share – Class A \$0.54; Class B \$0.80

The terms of both the Company's \$550 million Amended and Restated Senior Secured Credit Agreement and the Indenture for the Company's 8⁷/₈% Senior Subordinated Notes limit the ability of the Company to make "restricted payments," which include dividends and purchases, redemptions and acquisitions of equity interests of the Company. The payments of dividends and other restricted payments are subject to the condition that certain defaults not exist under the terms of those agreements and are limited in amount by a formula based on the consolidated net income of the Company. Under the Amended and Restated Senior Secured Credit Agreement, the dividends and other restricted payments may not exceed \$25 million during any fiscal year.

Item 6. SELECTED FINANCIAL DATA

The five-year selected financial data is as follows (Dollars in thousands, except per share amounts):

As of and for the years ended October 31,	2003	2002	2001	2000	1999
Net sales	\$ 1,916,441	\$ 1,632,767	\$ 1,456,000	\$ 963,956	\$ 853,438
Net income	\$ 9,496	\$ 30,979	\$ 88,774	\$ 75,794	\$ 51,373
Total assets	\$ 1,831,211	\$ 1,758,295	\$ 1,771,188	\$ 939,331	\$ 910,986
Long-term debt, including current portion of long-term debt	\$ 646,067	\$ 632,982	\$ 697,514	\$ 235,000	\$ 258,000
Dividends per share:					
Class A Common Stock	\$ 0.56	\$ 0.56	\$ 0.54	\$ 0.52	\$ 0.50
Class B Common Stock	\$ 0.83	\$ 0.83	\$ 0.80	\$ 0.77	\$ 0.74
Basic earnings per share:					
Class A Common Stock	\$ 0.34	\$ 1.10	\$ 3.14	\$ 2.68	\$ 1.78
Class B Common Stock	\$ 0.50	\$ 1.64	\$ 4.70	\$ 4.01	\$ 2.67
Diluted earnings per share:					
Class A Common Stock	\$ 0.34	\$ 1.10	\$ 3.14	\$ 2.67	\$ 1.78
Class B Common Stock	\$ 0.50	\$ 1.64	\$ 4.70	\$ 4.01	\$ 2.67

CorrChoice, Inc., which had been a joint venture of the Company, redeemed all of the outstanding shares of its minority shareholders on September 30, 2003. As a result of this transaction, the results of CorrChoice, Inc. and its subsidiaries were fully consolidated, net of intercompany eliminations, in the Company's Consolidated Statement of Income for 2003, with a minority interest deduction through September 30, 2003.

Van Leer Industrial Packaging was acquired on March 2, 2001. Accordingly, the Van Leer Industrial Packaging operating results and assets have been included since that date. The increase in long-term debt in 2001 is a result of this acquisition.

The results of operations include the effects of pretax restructuring charges of \$60.7 million, \$2.8 million and \$11.5 million for 2003, 2002 and 2001, respectively, and a \$10.3 million pretax debt extinguishment charge in 2002.

In 2003, the Company recorded income of \$4.8 million related to a cumulative effect of change in accounting principle resulting from the adjustment of our unamortized negative goodwill in accordance with the transition provisions of Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations," upon the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets."

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The purpose of this section is to discuss and analyze our consolidated financial condition, liquidity and capital resources and results of operations. This analysis should be read in conjunction with the consolidated financial statements and notes, which appear elsewhere in this Form 10-K. The terms "Greif," "our company," "we," "us," and "our" as used in this discussion refer to Greif, Inc. and subsidiaries. Our fiscal year begins on November 1 and ends on October 31 of the following year. Any references in this Form 10-K to the years 2003, 2002 or 2001, or to any quarter of those years, relate to the fiscal year ending in that year.

General

Business Segments

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. 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, paints and pigments, food and beverage, petroleum, industrial coatings, agricultural, pharmaceutical and mineral, among others.

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 October 31, 2003, we owned approximately 279,000 acres of timberland in the southeastern United States, which is actively managed, and approximately 40,000 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 market and weather conditions.

Acquisition of Businesses and Other Significant Transactions

CorrChoice, Inc. Redemption of Minority Shareholders' Outstanding Shares

On September 30, 2003, CorrChoice, Inc. (together with its subsidiaries, "CorrChoice"), which had been a Greif joint venture, redeemed all of the outstanding shares of its minority shareholders for \$115.3 million, which was substantially funded by cash and cash equivalents of CorrChoice. As a result of this transaction, we now own 100% of CorrChoice, Inc. compared to our 63.24% interest when the joint venture was formed on November 1, 1998. CorrChoice's results were fully consolidated, net of intercompany eliminations, in our Consolidated Statement of Income for 2003, with a minority interest deduction through September 30, 2003. CorrChoice's results were previously accounted for under the equity method because we lacked effective control.

CorrChoice operates seven corrugated sheet feeder plants that supply converting operations in the eastern United States. As a result of this transaction, our Paper, Packaging & Services segment is uniquely positioned as a fully integrated producer of containerboard.

Van Leer Industrial Packaging Acquisition

In March 2001, we acquired Royal Packaging Industries Van Leer N.V., a Dutch company, Huhtamaki Holdings do Brasil Ltda., a Brazilian company, Van Leer France Holding S.A.S., a French company, Van Leer Containers, Inc., a United States company, and American Flange & Manufacturing Co., Inc., a United States company, which are collectively referred to as "Van Leer Industrial Packaging." We acquired Van Leer Industrial Packaging for \$555.0 million less the amount of certain of its debt and other obligations (\$206.4 million) that were assumed by us as of the closing date. Van Leer Industrial Packaging was a worldwide provider of industrial packaging and components, including steel, fibre and plastic drums, intermediate bulk containers, closure systems for industrial packaging products and polycarbonate water bottles.

In connection with the Van Leer Industrial Packaging acquisition, we acquired a 25.00% interest in Socer-Embalagens, Lda. and a 40.06% interest in Balmer Lawrie-Van Leer. Socer-Embalagens, Lda. reconditions used drums at its facility in Portugal and resells them to customers. Balmer Lawrie-Van Leer manufactures closure systems for industrial packaging products and plastic drums at its two facilities in India.

The results of the operations of Van Leer Industrial Packaging are included in the consolidated financial statements for eight months of 2001 and for the entire years in 2002 and 2003, but are not included in the consolidated financial statements for the first four months of 2001.

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 Item 8 of this Form 10-K. We believe that the consistent application of these policies enables us to provide readers

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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 buy 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 279,000 acres at October 31, 2003, 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 twelve 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 timberlands, which consisted of approximately 40,000 acres at October 31, 2003, did not have any depletion expense since they are 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 recorded in connection with existing and acquired companies are further discussed in Note 6 to the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K.
- **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 Notes 12 and 13 to the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K. The results would be different using other assumptions.

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- **Income Taxes** — Our effective tax rate, taxes payable and the tax bases of our assets and liabilities reflect current tax rates in our domestic and foreign tax jurisdictions and our best estimate of the ultimate outcome of ongoing and potential future tax audits. 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 expenditures 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.
Environmental expenses were \$0.3 million, \$0.4 million and \$0 in 2003, 2002 and 2001, respectively, and environmental cash expenditures were \$0.6 million, \$0 and \$0.8 million in 2003, 2002 and 2001, respectively. Our reserves for environmental liabilities at October 31, 2003 amounted to \$8.8 million, which included a reserve of \$4.3 million related to our facility in Lier, Belgium and \$4.5 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 \$4.5 million reserve were not individually significant. The reserve for the Lier, Belgium site is based on environmental studies that have been conducted at this location. 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. 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 October 31, 2003. 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.
- **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 2 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 that could have a significant impact on the financial statements include the risks and uncertainties listed in this Item 7 under "Forward-Looking Statements; Certain Factors Affecting Future Results" below. Actual results could differ materially using different estimates and assumptions, or if conditions are significantly different in the future.

RESULTS OF OPERATIONS

Historically, revenues and earnings may or may not be representative of future operating results due to various economic and other factors. Our year-to-year comparisons have been affected by CorrChoice's redemption of the outstanding shares of its minority shareholders during 2003, which allows us to consolidate CorrChoice's operations with ours, and our acquisition of Van Leer Industrial Packaging on March 2, 2001, which significantly expanded our operations.

The non-GAAP financial measure of operating profit, before restructuring charges and timberland gains, 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 is not applicable). Operating profit, before restructuring charges and timberland gains, is equal to GAAP operating profit plus restructuring charges less timberland gains. We use operating profit, before restructuring charges and timberland gains, because we believe that this measure provides a better indication of the Company's operational performance than the corresponding GAAP measure because it excludes restructuring charges, which are not representative of ongoing operations, and timberland gains, which are volatile from period to period, and it provides a more stable platform on which to compare our historical performance.

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The following table sets forth the net sales and operating profit for each of our business segments for 2003, 2002 and 2001 (Dollars in thousands):

For the years ended October 31,	2003	2002	2001
Net Sales			
Industrial Packaging & Services	\$ 1,384,243	\$ 1,268,013	\$ 1,038,948
Paper, Packaging & Services	503,731	324,009	379,302
Timber	28,467	40,745	37,750
Total net sales	\$ 1,916,441	\$ 1,632,767	\$ 1,456,000
Operating Profit			
Operating profit, before restructuring charges and timberland gains:			
Industrial Packaging & Services	\$ 67,800	\$ 34,830	\$ 19,860
Paper, Packaging & Services	29,376	20,243	53,335
Timber	20,254	29,986	25,473
Total operating profit before restructuring charges and timberland gains	117,430	85,059	98,668
Restructuring charges:			
Industrial Packaging & Services	47,924	2,322	11,534
Paper, Packaging & Services	12,469	446	—
Timber	350	56	—
Total restructuring charges	60,743	2,824	11,534
Timberland gains:			
Timber	5,577	12,122	79,663
Total operating profit	\$ 62,264	\$ 94,357	\$ 166,797

Fiscal Year 2003 Compared to Fiscal Year 2002

Overview

Net sales increased to \$1.9 billion in 2003 from \$1.6 billion in 2002. The \$284 million, or 17%, increase in net sales was attributable to the Industrial Packaging & Services segment (\$116 million increase) and the Paper, Packaging & Services segment (\$180 million increase), and was partially offset by the Timber segment (\$12 million decrease). The 2003 net sales benefited from the inclusion of CorrChoice's net sales for the entire fiscal year (\$206 million) and the positive impact of foreign currency translation (\$68 million) compared to 2002.

GAAP operating profit was \$62.3 million and \$94.4 million for 2003 and 2002, respectively.

Operating profit, before restructuring charges of \$60.7 million and timberland gains of \$5.6 million, was \$117.4 million for 2003 as compared to operating profit, before restructuring charges of \$2.8 million and timberland gains of \$12.1 million, of \$85.1 million for 2002. The \$32.4 million increase in operating profit, before restructuring charges and timberland gains, was attributable to the Industrial Packaging & Services segment (\$33.0 million increase) and the Paper, Packaging & Services segment (\$9.1 million increase), and was partially offset by the Timber segment (\$9.7 million decrease). The 2003 operating profit, before restructuring charges and timberland gains, benefited from the inclusion of CorrChoice's results for the entire fiscal year. The 2003 restructuring charges were attributable to the execution of our performance improvement plan that was initiated in March 2003.

Segment Review

Industrial Packaging & Services

The Industrial Packaging & Services segment had an increase in net sales of \$116 million, or 9%, in 2003 as compared to 2002. This change was due to an increase of \$129 million in net sales outside of North America (including \$101 million in Europe), partially offset by a decrease of \$13 million in North America. Increased pricing for this segment's products in response to higher raw material costs, especially for steel and resin, contributed to the increase in net sales. Net sales outside of North America also benefited from an improvement in sales volumes and currency exchange rates in Europe. The decrease in North American sales was primarily due to lower sales volumes in steel and fibre drums resulting from decreased demand in the markets served.

GAAP operating profit was \$19.9 million for 2003 compared with \$32.5 million for 2002.

Operating profit, before restructuring charges of \$47.9 million, was \$67.8 million for 2003 as compared to operating profit, before restructuring charges of \$2.3 million, of \$34.8 million for 2002. The primary reasons

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for this increase relate to an improvement in sales and lower selling, general and administrative ("SG&A") expenses, partially offset by a decline in the gross profit margin. SG&A expenses were lower than the prior year primarily due to realized benefits from our performance improvement plan and lower amortization expense resulting from the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets." The decline in gross profit margin resulted from higher raw material costs, as a percentage of net sales, partially offset by improved manufacturing efficiencies.

Paper, Packaging & Services

The Paper, Packaging & Services segment had an increase in net sales of \$180 million, or 55%, in 2003 as compared to 2002. This increase in net sales was primarily due to the inclusion of CorrChoice's net sales for the entire fiscal year (\$206 million), partially offset by lower sales volumes, lower average selling prices for containerboard of approximately 5%, and the elimination of sales from our containerboard operations to CorrChoice in 2003. GAAP operating profit was \$16.9 million for 2003 compared with \$19.8 million for 2002.

Operating profit, before restructuring charges of \$12.5 million, was \$29.4 million for 2003 as compared to operating profit, before restructuring charges of \$0.5 million, of \$20.2 million for 2002. Operating profit, before restructuring charges, increased due to the inclusion of CorrChoice for the entire fiscal year and a reduction in SG&A expenses, on a comparable structure basis, largely due to realized benefits from our performance improvement plan. The decline in gross profit margin for this segment resulted from lower sales volumes, without a corresponding reduction in fixed costs, in our containerboard operations.

Timber

The Timber segment had a decrease in net sales of \$12 million, or 30%, for 2003 as compared to 2002. While timber sales are subject to fluctuations, we seek to maintain a consistent cutting schedule, within the limits of market and weather conditions. The current period timber sales were in line with our expectations.

GAAP operating profit was \$25.5 million for 2003 compared with \$42.1 million for 2002.

Operating profit, before restructuring charges of \$0.4 million and timberland gains of \$5.6 million, was \$20.3 million for 2003 as compared to operating profit, before restructuring charges of \$0.1 million and timberland gains of \$12.1 million, of \$30.0 million for 2002. The decrease in operating profit, before restructuring charges and timberland gains, was primarily the result of the lower timber sales. In addition, the Timber segment also benefited from lower depletion and SG&A expenses.

Other Income Statement Changes

Cost of Products Sold

The cost of products sold, as a percentage of net sales, increased to 82.0% in 2003 from 79.4% in 2002. The cost of products sold, as a percentage of net sales, primarily increased as a result of higher raw material (steel and resin) and energy costs, partially offset by lower manufacturing expenses. Lower selling prices and volume levels, without a corresponding reduction in fixed costs, in the containerboard operations of the Paper, Packaging & Services segment and lower Timber segment sales, which have a low cost associated with them, also had a negative impact on our gross margin.

Selling, General and Administrative Expenses

SG&A expenses decreased to \$228.1 million (11.9% of net sales) in 2003 as compared to \$250.8 million (15.4% of net sales) in 2002. The decline in SG&A expenses was primarily attributable to the implementation of the performance improvement plan (approximately \$30 million) and the elimination of amortization expense related to goodwill and indefinite-lived intangible assets under SFAS No. 142, "Goodwill and Other Intangible Assets" (\$11.2 million). These reductions were partially offset by the inclusion of SG&A expenses for CorrChoice (\$13.9 million) and the negative impact of foreign currency translation (\$8.6 million).

Restructuring Charges

On March 4, 2003, we initiated a performance improvement plan, which is expected to enhance long-term organic sales growth and productivity, and achieve permanent cost reductions. As part of the performance improvement plan, we have closed seven company-owned plants (four in the Industrial Packaging & Services segment and three in the Paper, Packaging & Services segment). Six of the plants were located in North America and one was located in Australia. In addition, corporate and administrative staff reductions have been made throughout the world. As a result of the performance improvement plan, during 2003, we recorded restructuring charges of \$60.7 million, consisting of \$34.7 million in employee separation costs, \$10.2 million in asset impairments and \$15.8 million in other costs. An additional \$45 million in restructuring costs are expected to be incurred in 2004. A total of approximately 1,300 employees have been or will be terminated in connection with the performance improvement plan, 607 of which have been terminated as of October 31, 2003. Upon completion of the performance improvement plan, we believe that annual contributions to earnings from these actions will be approximately \$110 million. See Note 6 to the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for additional disclosures regarding our restructuring activities.

Gain on Sale of Timberland

The gain on sale of timberland decreased \$6.5 million in 2003 as compared to 2002 primarily as a result of the sale of a large tract of land in Virginia last year at a gain of \$4.5 million.

Interest Expense, Net

Interest expense, net decreased to \$52.8 million during 2003 as compared to \$56.0 million in 2002. The decrease was due to lower average debt outstanding of \$659.1 million during 2003 as compared to \$683.5 million during 2002 and the inclusion of CorrChoice's interest income (\$1.6 million) in 2003, partially offset by higher interest rates, which was caused by a change in mix, on our debt in 2003 versus 2002.

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Debt Extinguishment Charge

During 2002, we recorded a debt extinguishment charge of \$10.3 million related to the extinguishment of indebtedness outstanding under the then existing \$900 million Senior Secured Credit Agreement.

Other Income, Net

Other income, net decreased \$3.5 million in 2003 as compared to 2002. The change in other income was primarily due to a \$3.7 million decrease in gains on the sale of assets and increased losses on foreign currency transactions in comparison to 2002. These reductions were partially offset by higher miscellaneous income, which includes rental income recorded by CorrChoice for 2003.

Income Tax Expense

During 2003, the effective tax rate was 30.8% as compared to 36.0% in 2002 resulting from a change in the mix of income outside the United States.

Equity in Earnings of Affiliates and Minority Interests

Equity in earnings of affiliates and minority interests was a negative \$4.9 million for 2003 as compared to a positive \$8.0 million in 2002. In 2003, the expense primarily relates to the elimination of the minority interest of CorrChoice (36.76%) through September 30, 2003, partially offset by equity in earnings of Socer-Embalagens, Lda. and Balmer Lawrie-Van Leer. In 2002, equity income was recorded for our ownership percentage of CorrChoice (63.24%), which was accounted for under the equity method, and a portion of the year for Abzac-Greif, which was sold during 2002. In addition, we have majority holdings in various companies, and the minority interests of other persons in the respective net income of these companies have been recorded as an expense in comparable amounts in 2003 and 2002.

Cumulative Effect of Change in Accounting Principle

During the first quarter of 2003, we recorded income of \$4.8 million related to a cumulative effect of change in accounting principle resulting from the adjustment of our unamortized negative goodwill in accordance with the transition provisions of SFAS No. 141, "Business Combinations," upon the adoption of SFAS No. 142, "Goodwill and Other Intangible Assets."

Net Income

Based on the foregoing, net income decreased \$21.5 million to \$9.5 million for 2003 from \$31.0 million in 2002.

Fiscal Year 2002 Compared to Fiscal Year 2001

Overview

Net sales increased to \$1.6 billion in 2002 from \$1.5 billion in 2001. The \$177 million, or 12%, increase in net sales resulted from a \$190 million increase in net sales from outside North America, partially offset by a \$13 million decrease in net sales from the North American operations. The decrease in the North American operations was due to lower net sales in the Paper, Packaging & Services segment (\$55 million decrease), which were partially offset by the Industrial Packaging & Services segment (\$39 million increase) and the Timber segment (\$3 million increase). The higher net sales in the North American operations of the Industrial Packaging & Services segment, as well as the higher net sales outside North America, were primarily due to the inclusion of Van Leer Industrial Packaging sales volume for all of 2002 compared to eight months in 2001.

GAAP operating profit was \$94.4 million and \$166.8 million for 2002 and 2001, respectively.

Operating profit, before restructuring charges of \$2.8 million and timberland gains of \$12.1 million, was \$85.1 million for 2002 as compared to operating profit, before restructuring charges of \$11.5 million and timberland gains of \$79.7 million, of \$98.7 million for 2001. The \$13.6 million decrease in operating profit, before restructuring charges and timberland gains, was attributable to the Paper, Packaging & Services segment (\$33.1 million decrease) and was partially offset by the Industrial Packaging & Services segment (\$15.0 million increase) and the Timber segment (\$4.5 million increase).

Segment Review

Industrial Packaging & Services

The Industrial Packaging & Services segment had an increase in net sales of \$229 million, or 22%, in 2002 as compared to 2001. This change was due to an increase of \$190 million in net sales outside North America, and an increase of \$39 million in net sales in North America, due to additional sales volume from the inclusion of an entire year of the Van Leer Industrial Packaging operating results in 2002 compared to eight months in 2001. In addition, increased pricing for this segment's products in response to higher raw material costs, especially for steel and resin, contributed to the increase in net sales. Net sales outside of North America also benefited from an improvement in currency exchange rates in Europe, which were offset by lower net sales in certain countries in South America and Africa caused by unstable economic conditions and currency devaluations. Finally, sales volumes in North America were lower due to the weak economic conditions that prevailed throughout 2002.

GAAP operating profit was \$32.5 million for 2002 compared with \$8.3 million for 2001.

Operating profit, before restructuring charges of \$2.3 million, was \$34.8 million for 2002 as compared to operating profit, before restructuring charges of \$11.5 million, of \$19.9 million in 2001. The primary reasons for this increase relate to improved sales volumes as a result of the Van Leer Industrial Packaging acquisition, lower raw material costs as a percentage of net sales, positive contributions from the 2001 consolidation plan and other cost savings initiatives.

Paper, Packaging & Services

The Paper, Packaging & Services segment had a decrease in net sales of \$55 million, or 15%, in 2002 as compared to 2001. This decrease in net sales was primarily due to lower average sales prices for containerboard of approximately 15%, partially offset by an improvement in sales volumes on most of the segment's products.

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GAAP operating profit was \$19.8 million for 2002 compared with \$53.3 million for 2001.

Operating profit, before restructuring charges of \$0.5 million, was \$20.2 million for 2002 as compared to operating profit of \$53.3 million for 2001. The decrease was caused by lower net sales and higher raw material costs, especially for old corrugated containers ("OCC"), on a year-over-year comparison.

Timber

The Timber segment had an increase in net sales of \$3 million, or 8%, for 2002 as compared to 2001. While timber sales are subject to fluctuations, we seek to maintain a consistent cutting schedule, within the limits of market and weather conditions.

GAAP operating profit was \$42.1 million for 2002 compared with \$105.1 million for 2001.

Operating profit, before restructuring charges of \$0.1 million and timberland gains of \$12.1 million, was \$30.0 million for 2002 as compared to operating profit, before timberland gains of \$79.7 million, of \$25.5 million in 2001. The increase in operating profit, before restructuring charges and timberland gains, was primarily the result of higher timber sales.

Other Income Statement Changes

Cost of Products Sold

The cost of products sold, as a percentage of net sales, increased to 79.4% in 2002 from 79.2% in 2001. This increase was primarily caused by weakening in the Paper, Packaging & Services segment, which was affected by increased raw material costs, especially OCC, without a corresponding increase in sales prices. The increase was partially offset by an overall improvement in the Industrial Packaging & Services segment, which resulted from lower raw material costs, as a percentage of net sales, and improved operating efficiencies. Higher Timber segment sales, which have a low cost associated with them, also benefited our gross margin.

Selling, General and Administrative Expenses

SG&A expenses increased to \$250.8 million (15.4% of net sales) in 2002 as compared to \$204.7 million (14.1% of net sales) in 2001. The \$46.1 million increase was primarily due to additional SG&A expenses related to Van Leer Industrial Packaging, including \$3.1 million of additional amortization expense related to the acquisition's goodwill and other intangible assets. SG&A expenses, as a percentage of net sales, primarily increased as a result of lower sales volumes, on a comparable structure basis, for Industrial Packaging & Services and lower net sales in the Paper, Packaging & Services segment. In addition, the 2002 results were impacted by higher employee benefit costs and certain charges related to our organizational improvement initiatives and ongoing reorganization activities.

Restructuring Charges

During 2001, we approved a plan to consolidate some of our locations in order to eliminate duplicate facilities caused by the Van Leer Industrial Packaging acquisition and improve operating efficiencies and capabilities. The plan was the result of an in-depth study to determine whether certain locations, either existing or newly acquired, should be closed and the sales and manufacturing volume associated with such plants relocated to a different facility. Six existing company-owned plastic drum and steel drum plants were closed. These plants were located in North America. In addition, certain redundant administrative functions were eliminated. As a result of this plan, we recognized restructuring charges of \$11.5 million, consisting of \$8.0 million in employee separation costs and a \$3.5 million loss on disposal of equipment and facilities. We also recognized an additional \$2.8 million in restructuring charges during 2002, primarily as a result of the finalization of this plan. The 2002 charge consisted of \$1.4 million in employee separation costs, mostly related to early retirement expenses, and a \$1.4 million loss on facilities.

In addition, in connection with the March 2001 acquisition of Van Leer Industrial Packaging and the consolidation plan described in the preceding paragraph, five facilities purchased as part of that acquisition were closed. Four of these facilities were owned by our subsidiaries and one was leased. The facilities were located in North America, South America, United Kingdom and Asia Pacific. In addition, certain redundant administrative functions were eliminated. Accordingly, we recognized \$19.7 million of restructuring reserves in our purchase price allocation related to these locations. These reserves were accounted for under Emerging Issues Task Force No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." The reserves consisted of \$16.5 million in employee separation costs and \$3.2 million in other exit costs.

Gain on Sale of Timberland

Gain on sale of timberland decreased \$67.6 million to \$12.1 million in 2002 as compared to \$79.7 million in 2001. The 2002 amount includes a gain of \$4.5 million on the sale of a large tract of land in Virginia. In 2001, we sold certain hardwood timberland for \$74.4 million, and recognized gains of \$70.7 million. A total of approximately 65,000 acres of timber properties situated in Arkansas, Mississippi and Louisiana were sold as a result of these transactions. In separate transactions, we purchased certain pine timberland for \$85.9 million. A total of approximately 63,000 acres of timber properties situated in Louisiana were purchased as a result of these transactions. For tax purposes, these sale and purchase transactions were treated as like-kind exchanges pursuant to Section 1031 of the Internal Revenue Code, which resulted in a deferral of the tax gain on the sale transactions.

Interest Expense, Net

Interest expense, net increased to \$56.0 million during 2002 as compared to \$45.1 million in 2001. The increase was primarily due to higher average debt outstanding of \$683.5 million during 2002 as compared to \$555.4 million during 2001. The increase in average debt outstanding was primarily the result of borrowings made in connection with the Van Leer Industrial Packaging acquisition. Because the acquisition occurred on March 2, 2001, the acquisition-related debt was outstanding for only eight months in 2001 as compared to all of 2002.

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Debt Extinguishment Charge

During 2002, we recorded a debt extinguishment charge of \$10.3 million related to the extinguishment of indebtedness outstanding under the then existing \$900 million Senior Secured Credit Agreement.

Other Income, Net

Other income, net increased \$1.5 million in 2002 as compared to 2001. The change in other income was primarily due to an increase from gains on the sale of closed facilities and equipment in comparison to 2001.

Income Tax Expense

The effective tax rate decreased to 36.0% for 2002 as compared to 37.9% in 2001, primarily as a result of a change in the mix of income from outside North America.

Equity in Earnings of Affiliates and Minority Interests

Equity in earnings of affiliates and minority interests was \$8.0 million for 2002 as compared to \$9.3 million in 2001. This income primarily represents our equity interest in the net income of CorrChoice and, to a lesser extent, Abzac-Greif (we sold our equity interest in Abzac-Greif during 2002), Socer-Embalagens, Lda. and Balmer Lawrie-Van Leer. In addition, we have majority holdings in various companies, and the minority interests of other persons in the respective net income of these companies has been recorded as an expense in comparable amounts in 2002 and 2001.

Net Income

Based on the foregoing, net income decreased \$57.8 million to \$31.0 million for 2002 from \$88.8 million in 2001.

LIQUIDITY AND CAPITAL RESOURCES

Our primary sources of liquidity are operating cash flows, the proceeds from our Senior Subordinated Notes and trade accounts receivable credit facility, and borrowings under our Amended and Restated Senior Secured Credit Agreement, 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 Senior Subordinated Notes and trade accounts receivable credit facility, and borrowings under our Amended and Restated Senior Secured 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 2003, 2002 and 2001, we invested \$61.1 million, excluding \$4.2 million for timberland properties, \$45.7 million, excluding \$11.8 million for timberland properties, and \$42.7 million, excluding \$89.5 million for timberland properties, in capital expenditures, respectively. In addition, we purchased companies, net of cash acquired, for \$16.5 million in 2003 and \$312.9 million in 2001. See Note 2 to the Notes to Consolidated Financial Statements included in Item 8 of this Form 10-K for additional disclosures regarding our acquisitions.

We have approved future capital expenditures of approximately \$75 million to \$80 million through October 31, 2004. These expenditures are primarily to replace and improve equipment.

Balance Sheet Changes

The increases in trade accounts receivable, inventories and properties, plants and equipment, and the decrease in investment in affiliates were primarily due to the consolidation of CorrChoice in 2003 and the effects of non-United States currency translation.

Net assets held for sale decreased due to the sale of facilities, partially offset by additional closures, during 2003.

Goodwill increased due to the CorrChoice transaction and the acquisition of a small steel drum company in Europe.

The increase in accounts payable was due mostly to the timing of payments made to our suppliers and the effects of non-United States currency translation.

Restructuring reserves increased as a result of activities related to the performance improvement plan.

Borrowing Arrangements

\$550 Million Amended and Restated Senior Secured Credit Agreement

On August 23, 2002, we and certain non-United States subsidiaries entered into a \$550 million Amended and Restated Senior Secured Credit Agreement with a syndicate of lenders. The Amended and Restated Senior Secured Credit Agreement originally provided for a \$300 million term loan and a \$250 million revolving multicurrency credit facility. The revolving multicurrency credit facility is available for working capital and general corporate purposes, and has been permanently reduced to \$240 million. Interest is based on either a London InterBank Offered Rate ("LIBOR") or an alternative base rate that resets periodically plus a calculated margin amount. As of October 31, 2003, there was a total of \$308.8 million outstanding under the Amended and Restated Senior Secured Credit Agreement.

The Amended and Restated Senior Secured Credit Agreement contains certain covenants, which include financial covenants that require us to maintain a certain leverage ratio, a minimum coverage of interest expense and fixed charges, and a minimum net worth. At October 31, 2003, we were in compliance with these covenants. The terms of the Amended and Restated Senior Secured Credit Agreement limit our ability to make "restricted payments," which include dividends and purchases, redemptions and acquisitions of equity interests. The repayment of this facility is secured by a first lien on substantially all of the personal property and certain of the real property of Greif and its United States subsidiaries and, in part, by the capital stock of the non-United States borrowers and any intercompany notes payable to them.

8⁷/₈% Senior Subordinated Notes

On July 31, 2002, we issued Senior Subordinated Notes in the aggregate principal amount of \$250 million, receiving net proceeds of approximately \$248 million before expenses. Interest on the Senior Subordinated Notes is payable semi-annually at the annual rate of 8.875%. The Senior Subordinated Notes do not

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have required principal payments prior to maturity on August 1, 2012. As of October 31, 2003, there was a total of \$251.4 million outstanding under the Senior Subordinated Notes. The increase in the balance as compared to the proceeds originally received was primarily due to the recording of gains on fair value hedges we have in place to hedge interest rate risk. The Indenture pursuant to which the Senior Subordinated Notes were issued contains certain covenants. At October 31, 2003, we were in compliance with these covenants. The terms of the Senior Subordinated Notes also limit our ability to make "restricted payments," which include dividends and purchases, redemptions and acquisitions of equity interests.

Trade Accounts Receivable Credit Facility

On October 31, 2003, we 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 our trade accounts receivable. The facility is secured by certain of our trade accounts receivable and bears interest at a variable rate based on LIBOR plus a margin or other agreed upon rate. We also pay a commitment fee. Proceeds received in the initial transaction of \$85.4 million were primarily utilized to repay indebtedness under our Amended and Restated Senior Secured Credit Agreement. 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, which is included in our consolidated financial statements. This entity purchases and services our trade accounts receivable that are subject to this credit facility.

The trade accounts receivable credit facility provides that in the event we breach any of our financial covenants under the Amended and Restated Senior Secured 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.

Contractual Obligations

As of October 31, 2003, we had the following contractual obligations (Dollars in millions):

	Payments Due By Period				
	Total	Less than 1 year	1-3 years	3-5 years	After 5 years
Long-term debt	\$ 646	\$ 3	\$ 86	\$ 91	\$ 466
Short-term borrowings	16	16	—	—	—
Non-cancelable operating leases	64	15	23	13	13
Total contractual cash obligations	\$ 726	\$ 34	\$ 109	\$ 104	\$ 479

Stock Repurchase Program and Other Share Acquisitions

In February 1999, our Board of Directors authorized a one million share stock repurchase program. During 2003, 2002 and 2001, we repurchased 38,456 shares of Class B Common Stock, 80,000 shares, including 20,000 shares of Class A Common Stock and 60,000 shares of Class B Common Stock, and 34,500 shares, including 10,000 shares of Class A Common Stock and 24,500 shares of Class B Common Stock, respectively, under the stock repurchase program. As of October 31, 2003, we had repurchased 712,866 shares, including 435,476 shares of Class A Common Stock and 277,390 shares of Class B Common Stock. The total cost of the shares repurchased during 1999 through October 31, 2003 was \$20.5 million. Future share repurchases will be limited under our Amended and Restated Senior Secured Credit Agreement and the Indenture governing the Senior Subordinated Notes.

Prior to the redemption by CorrChoice, Inc. of the outstanding shares of its minority shareholders, CorrChoice held 62,400 shares of our Class B Common Stock in marketable securities. Due to the consolidation of CorrChoice in 2003, the shares are now included in treasury stock.

Effects of Inflation

The effects of inflation did not have a material impact on our operations during 2003, 2002 or 2001.

Recent Accounting Standards

In December 2003, the Financial Accounting Standards Board issued a revision of Interpretation No. 46, "Consolidation of Variable Interest Entities." Application of this Interpretation is required for variable interest entities or special-purpose entities for periods ending after December 15, 2003. For all other types of entities, application is required for periods ending after March 15, 2004. The adoption of this Interpretation is not expected to have a material effect on our results of operations or financial condition.

Forward-Looking Statements; Certain Factors Affecting Future Results

Statements contained in this Form 10-K or any other reports or documents prepared by us may be "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements are subject to certain risks and uncertainties that could cause our operating results to differ materially from those projected. The following factors, among others, in some cases have affected and in the future could affect our actual financial performance.

Changes in General Economic or Business Conditions. Our customers generally consist of other manufacturers and suppliers who purchase our industrial packaging products and containerboard and related corrugated products for their own containment and shipping purposes. Because we supply a cross section of industries, such as chemicals, food products, petroleum products, pharmaceuticals and metal products, and have operations in many countries, demand for our industrial packaging products and containerboard and related corrugated products has historically corresponded to changes in general economic and business conditions of the industries and countries in which we operate. Accordingly, our financial performance is substantially dependent upon the general economic conditions existing in these industries and countries, and any prolonged or substantial economic downturn could have a material adverse effect on our business, results of operations or financial condition.

Currency Exchange and Political Risk. We have operations in over 40 countries. As a result of our non-United States operations, we are subject to certain risks which could disrupt our

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operations or force us to incur unanticipated costs. Our operating performance is affected by devaluations and fluctuations in currency exchange rates by:

- translations into United States dollars for financial reporting purposes of the assets and liabilities of our non-United States operations conducted in local currencies; and
- gains or losses from non-United States operations conducted in currencies other than their functional currency.

We are subject to various other risks associated with operating in non-United States countries, such as the following:

- political, social and economic instability;
- war, civil disturbance or acts of terrorism;
- taking of property by nationalization or expropriation without fair compensation;
- changes in government policies and regulations;
- imposition of limitations on conversions of non-United States currencies into United States dollars or remittance of dividends and other payments by non-United States subsidiaries;
- imposition or increase of withholding and other taxes on remittances and other payments by non-United States subsidiaries;
- hyperinflation in certain non-United States countries; and
- impositions or increase of investment and other restrictions or requirements by non-United States governments.

Competition. Our business of manufacturing and selling industrial packaging products, containerboard and corrugated products is highly competitive. The most important competitive factors are price, quality and service. Many of our competitors are substantially larger and have significantly greater financial resources.

Changes in Industry Demands. Industry demand for containerboard in the United States has declined in recent years causing competitive pricing pressures in the containerboard market which has negatively impacted our financial performance. We compete in industries which are capital intensive, which generally leads to continued production as long as prices are sufficient to cover marginal costs. As a result, changes in industry demands, including industry over-capacity, may cause substantial price competition and, in turn, negatively impact our financial performance.

Continuing Consolidation of Customer Base for Industrial Packaging, Containerboard and Corrugated Products. Over the last few years, many of our large industrial packaging, containerboard and corrugated products customers have acquired, or been acquired by, companies with similar or complementary product lines. This consolidation has increased the concentration of our largest customers, and resulted in increased pricing pressures from our customers. The continuing consolidation of our customer base may negatively impact our financial performance.

Raw Material and Energy Price Fluctuations and Shortages. The principal raw materials used in the manufacture of our products are steel, resins, pulpwood, old corrugated containers for recycling, and containerboard, which we purchase in highly competitive, price sensitive markets. These raw materials have historically exhibited price and demand cyclicality. Some of these materials have been, and in the future may be, in short supply. However, we have not recently experienced any significant difficulty in obtaining our principal raw materials. We do not have long-term supply contracts or hedging arrangements in place for obtaining our principal raw materials. The cost of producing our products is sensitive to the price of energy. Energy prices, in particular oil and natural gas, have increased in recent years, with a corresponding effect on our production costs.

Environmental and Health and Safety Matters; Product Liability Claims. We must comply with extensive rules and regulations regarding federal, state, local and non-United States environmental matters, such as air and water quality and waste disposal. We must also comply with extensive rules and regulations regarding safety and health matters. The failure to materially comply with such rules and regulations could adversely affect our operations. Furthermore, litigation or claims against us with respect to such matters could adversely affect our financial performance. We may also become subject to product liability claims which could adversely affect us.

Work Stoppages. We are subject to risk of work stoppages and other labor relations matters because a significant number of our employees are represented by unions. We have experienced work stoppages and strikes in the past, and there may be work stoppages and strikes in the future. Any prolonged work stoppage or strike at any one of our principal manufacturing facilities could have a negative impact on our business, results of operations or financial condition.

Risks Associated with Acquisitions. During the past several years we have invested a substantial amount of capital in acquisitions. Acquisitions involve numerous risks, including the failure to retain key employees and contracts and the inability to integrate businesses without material disruption. In addition, other companies in our industries have similar acquisition strategies. There can be no assurance that any future acquisitions will be successfully integrated into our operations, that competition for acquisitions will not intensify or that we will be able to complete such acquisitions on acceptable terms and conditions. In addition, the costs of unsuccessful acquisition efforts may adversely affect our financial performance.

Risks of Property Loss. We carry comprehensive liability, fire and extended coverage insurance on most of our facilities, with policy specifications and insured limits customarily carried for similar properties. However, there are certain types of losses, such as losses resulting from wars, acts of terrorism, or natural disasters, that generally are not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur, we could lose capital invested in

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that property, as well as the anticipated future revenues derived from the manufacturing activities conducted at that property, while remaining obligated for any mortgage indebtedness or other financial obligations related to the property. Any such loss would adversely impact our business, results of operations or financial condition.

Timber and Timberland Sales. We have a significant inventory of standing timber and timberland. The frequency and volume of sales of timber and timberland will have an effect on our financial performance.

**Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES
ABOUT MARKET RISK**

Interest Rate Risk

We are subject to interest rate risk related to our financial instruments that include borrowings under our Amended and Restated Senior Secured Credit Agreement, proceeds from our Senior Subordinated Notes and trade accounts receivable credit facility, and interest rate swap agreements with an aggregate notional amount of \$360 million as of October 31, 2003. We do not enter into financial instruments for trading or speculative purposes. The interest rate swap agreements have been entered into to manage our exposure to variability in interest rates and changes in the fair value of fixed rate debt.

The table below provides information about our derivative financial instruments and other financial instruments that are sensitive to changes in interest rates. For the Amended and Restated Senior Secured Credit Agreement, Senior Subordinated Notes and trade accounts receivable credit facility, the table presents scheduled amortizations of principal and the current weighted average interest rate by contractual maturity dates. For interest rate swaps, the table presents annual amortizations of notional amounts and weighted average interest rates by contractual maturity dates. Under the swap agreements, we receive interest quarterly from the counterparties and pay interest quarterly to the counterparties.

The fair values of the existing Amended and Restated Senior Secured Credit Agreement, Senior Subordinated Notes and trade accounts receivable credit facility are based on current rates available to us for debt of the same remaining maturity. The fair value of the interest rate swap agreements has been determined based upon the current market settlement prices of comparable contracts.

FINANCIAL INSTRUMENTS
(Dollars in millions)

	Expected Maturity Date						Total	Fair Value
	2004	2005	2006	2007	2008	After 2008		
Amended and Restated Senior Secured Credit Agreement:								
Scheduled amortizations	\$ 3	\$ 3	\$ 83	\$ 3	\$ 3	\$ 214	\$ 309	\$ 309
Average interest rate(1)	3.39%	3.39%	3.39%	3.39%	3.39%	3.39%	3.39%	
Senior Subordinated Notes:								
Scheduled amortizations	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 251	\$ 251	\$ 270
Average interest rate	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	8.88%	
Trade accounts receivable credit facility:								
Scheduled amortizations	\$ —	\$ —	\$ —	\$ —	\$ 85	\$ —	\$ 85	\$ 85
Average interest rate(1)	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	1.39%	
Interest rate swaps:								
Scheduled amortizations	\$ —	\$ 40	\$ 100	\$ —	\$ 70	\$ 150	\$ 360	\$ (15)
Average pay rate(2)	5.58%	5.58%	5.64%	5.61%	5.61%	5.36%	5.58%	
Average receive rate(3)	4.35%	4.35%	4.75%	6.40%	6.40%	8.88%	4.35%	

- (1) Variable rate specified is based on LIBOR or an alternative base rate plus a calculated margin at October 31, 2003. The rates presented are not intended to project our expectations for the future.
- (2) The average pay rate is based upon the fixed rates we were scheduled to pay at October 31, 2003, along with additional agreements where we pay LIBOR plus a margin. The rates presented are not intended to project our expectations for the future.
- (3) The average receive rate is based upon the LIBOR we were scheduled to receive at October 31, 2003, along with additional agreements where we receive a fixed rate of 8.875%. The rates presented are not intended to project our expectations for the future.

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Based on a sensitivity analysis performed by the counterparties at October 31, 2003, a 100 basis point increase in interest rates would decrease the fair value of the swap agreements by \$6.6 million resulting in a liability of \$21.9 million. Conversely, a 100 basis point decrease in interest rates would result in a fair value liability of \$8.7 million.

Foreign Currency Risk

As a result of our non-United States operations, our operating results are subject to fluctuations in foreign currency exchange rates. The geographic presence of our operations mitigates this exposure to some degree. Additionally, our transaction exposure is somewhat limited because we produce and sell a majority of our products within each country in which we operate.

We have entered into foreign currency forward contracts to hedge certain short-term intercompany loan balances among our non-United States businesses. At October 31, 2003, we had contracts outstanding of \$38.6 million. The fair value of these contracts at October 31, 2003 resulted in a loss of \$0.4 million. Each of these contracts hedges the exposure of the euro against the fluctuation of various other currencies. A sensitivity analysis to changes in the euro against these other currencies indicates that if the euro uniformly weakened by 10% against all of the hedged currency exposures, the fair value of these instruments would decrease by \$3.7 million to a net gain of \$3.3 million. Conversely, if the euro uniformly strengthened by 10% against all of the hedged currency exposures, the fair value of these instruments would increase by \$3.1 million to a net loss of \$3.5 million. Any resulting changes in fair value would be offset by changes in the underlying hedged balance sheet position. The sensitivity analysis assumes a parallel shift in currency exchange rates. The assumption that exchange rates change in parallel fashion may overstate the impact of changing exchange rates on assets and liabilities denominated in a non-United States currency.

Commodity Price Risk

Our operating profit is potentially affected to a significant degree by fluctuations in the cost of our raw materials and energy (see "Forward-Looking Statements; Certain Factors Affecting Future Results" included in Item 7 of this Form 10-K). We do not have long-term supply contracts or hedging arrangements in place for obtaining our principal raw materials. In general, we do not use derivative instruments to hedge against fluctuations in commodity prices.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

GREIF, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF INCOME

(Dollars in thousands, except per share amounts)

For the years ended October 31,	2003	2002	2001
Net sales	\$ 1,916,441	\$ 1,632,767	\$ 1,456,000
Cost of products sold	1,570,891	1,296,952	1,152,616
Gross profit	345,550	335,815	303,384
Selling, general and administrative expenses	228,120	250,756	204,716
Restructuring charges	60,743	2,824	11,534
Gain on sale of timberland	5,577	12,122	79,663
Operating profit	62,264	94,357	166,797
Interest expense, net	52,834	55,965	45,149
Debt extinguishment charge	—	10,300	—
Other income, net	4,385	7,837	6,358
Income before income tax expense and equity in earnings of affiliates and minority interests	13,815	35,929	128,006
Income tax expense	4,255	12,934	48,514
Equity in earnings of affiliates and minority interests	(4,886)	7,984	9,282
Income before cumulative effect of change in accounting principle	4,674	30,979	88,774
Cumulative effect of change in accounting principle	4,822	—	—
Net income	\$ 9,496	\$ 30,979	\$ 88,774
Basic and diluted earnings per share:			
Class A Common Stock (before cumulative effect)	\$ 0.17	\$ 1.10	\$ 3.14
Class A Common Stock (after cumulative effect)	\$ 0.34	\$ 1.10	\$ 3.14
Class B Common Stock (before cumulative effect)	\$ 0.24	\$ 1.64	\$ 4.70
Class B Common Stock (after cumulative effect)	\$ 0.50	\$ 1.64	\$ 4.70

See accompanying Notes to Consolidated Financial Statements.

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GREIF, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

As of October 31,	2003	2002
ASSETS		
Current assets		
Cash and cash equivalents	\$ 49,767	\$ 25,396
Trade accounts receivable – less allowance of \$11,225 in 2003 and \$9,857 in 2002	294,957	265,110
Inventories	167,157	144,320
Deferred tax asset	10,875	3,652
Net assets held for sale	6,311	13,945
Prepaid expenses and other	54,390	57,398
	<u>583,457</u>	<u>509,821</u>
Long-term assets		
Goodwill – less accumulated amortization	252,309	232,577
Other intangible assets – less accumulated amortization	30,654	28,999
Investment in affiliates	4,421	153,722
Other long-term assets	47,995	41,158
	<u>335,379</u>	<u>456,456</u>
Properties, plants and equipment		
Timber properties – less depletion	86,437	81,380
Land	100,615	84,271
Buildings	320,229	244,967
Machinery and equipment	831,815	748,184
Capital projects in progress	36,522	26,042
	<u>1,375,618</u>	<u>1,184,844</u>
Accumulated depreciation	(463,243)	(392,826)
	<u>912,375</u>	<u>792,018</u>
	<u>\$ 1,831,211</u>	<u>\$ 1,758,295</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 158,333	\$ 133,585
Accrued payroll and employee benefits	43,126	50,582
Restructuring reserves	15,972	2,300
Short-term borrowings	15,605	20,005
Current portion of long-term debt	3,000	3,000
Other current liabilities	76,282	72,100
	<u>312,318</u>	<u>281,572</u>
Long-term liabilities		
Long-term debt	643,067	629,982
Deferred tax liability	159,825	135,577
Postretirement benefit liability	48,504	47,131
Other long-term liabilities	93,047	93,559
	<u>944,443</u>	<u>906,249</u>
Minority interest	1,886	1,345
Shareholders' equity		
Common stock, without par value	12,207	11,974
Treasury stock, at cost	(64,228)	(61,130)
Retained earnings	681,043	687,204
Accumulated other comprehensive loss:		
– foreign currency translation	(15,314)	(33,726)
– interest rate derivatives	(12,938)	(15,601)
– minimum pension liability	(28,206)	(19,592)
	<u>572,564</u>	<u>569,129</u>
	<u>\$ 1,831,211</u>	<u>\$ 1,758,295</u>

See accompanying Notes to Consolidated Financial Statements.

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GREIF, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)

For the years ended October 31,	2003	2002	2001
Cash flows from operating activities:			
Net income	\$ 9,496	\$ 30,979	\$ 88,774
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	89,770	97,477	81,507
Asset impairments	10,219	1,383	3,534
Deferred income taxes	6,574	9,506	29,127
Gain on disposals of properties, plants and equipment, net	(5,043)	(13,387)	(84,661)
Equity in earnings of affiliates, net of dividends received, and minority interests	(3,029)	(5,687)	(6,447)
Cumulative effect of change in accounting principle	(4,822)	—	—
Increase (decrease) in cash from changes in certain assets and liabilities, net of effects from acquisitions:			
Trade accounts receivable	1,325	8,760	(7,613)
Inventories	10,159	(20,957)	23,526
Prepaid expenses and other	6,468	(7,382)	24,243
Other long-term assets	(6,172)	7,922	12,202
Accounts payable	8,205	18,075	(15,734)
Accrued payroll and employee benefits	(11,505)	21,370	(776)
Restructuring reserves	13,672	(14,192)	(7,775)
Other current liabilities	(14,328)	(1,915)	(28,545)
Postretirement benefit liability	1,373	(2,897)	3,315
Other long-term liabilities	(13,064)	17,970	442
Net cash provided by operating activities	99,298	147,025	115,119
Cash flows from investing activities:			
Acquisitions of companies, net of cash acquired	(16,472)	—	(312,892)
Proceeds from sale of marketable securities	9,609	—	—
Purchases of properties, plants and equipment	(65,344)	(57,464)	(132,217)
Proceeds on disposals of properties, plants and equipment	8,885	21,960	92,403
Net cash used in investing activities	(63,322)	(35,504)	(352,706)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	594,906	663,250	760,000
Payments on long-term debt	(584,780)	(741,020)	(464,542)
(Payments on) proceeds from short-term borrowings	(7,084)	3,472	(7,062)
Debt issuance costs	—	(14,742)	(16,254)
Acquisitions of treasury stock	(1,031)	(2,458)	(924)
Exercise of stock options	65	1,668	69
Dividends paid	(15,657)	(15,692)	(15,158)
Net cash (used in) provided by financing activities	(13,581)	(105,522)	256,129
Effects of exchange rates on cash	1,976	(10,323)	(2,210)
Net increase (decrease) in cash and cash equivalents	24,371	(4,324)	16,332
Cash and cash equivalents at beginning of year	25,396	29,720	13,388
Cash and cash equivalents at end of year	\$ 49,767	\$ 25,396	\$ 29,720

See accompanying Notes to Consolidated Financial Statements.

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GREIF, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(Dollars and shares in thousands, except per share amounts)

	Capital Stock		Treasury Stock		Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Shareholders' Equity
	Shares	Amount	Shares	Amount			
As of October 31, 2000	22,371	\$ 10,383	16,050	\$ (57,894)	\$ 598,301	\$ (8,276)	\$ 542,514
Net income					88,774		88,774
Other comprehensive loss:							
– foreign currency translation						(13,102)	(13,102)
– interest rate derivatives						(13,071)	(13,071)
– minimum pension liability adjustment						(2,756)	(2,756)
Comprehensive income							59,845
Dividends paid (Note 9):							
Class A – \$0.54					(5,683)		(5,683)
Class B – \$0.80					(9,475)		(9,475)
Treasury shares acquired	(35)		35	(924)			(924)
Stock options exercised	3	63	(3)	6			69
As of October 31, 2001	22,339	\$ 10,446	16,082	\$ (58,812)	\$ 671,917	\$ (37,205)	\$ 586,346
Net income					30,979		30,979
Other comprehensive loss:							
– foreign currency translation						(12,348)	(12,348)
– interest rate derivatives						(2,530)	(2,530)
– minimum pension liability adjustment						(16,836)	(16,836)
Comprehensive loss							(735)
Dividends paid (Note 9):							
Class A – \$0.56					(5,910)		(5,910)
Class B – \$0.83					(9,782)		(9,782)
Treasury shares acquired	(80)		80	(2,458)			(2,458)
Stock options exercised	66	1,528	(66)	140			1,668
As of October 31, 2002	22,325	\$ 11,974	16,096	\$ (61,130)	\$ 687,204	\$ (68,919)	\$ 569,129
Net income					9,496		9,496
Other comprehensive income (loss):							
– foreign currency translation						18,412	18,412
– interest rate derivatives						2,663	2,663
– minimum pension liability adjustment						(8,614)	(8,614)
Comprehensive income							21,957
Dividends paid (Note 9):							
Class A – \$0.56					(5,918)		(5,918)
Class B – \$0.83					(9,739)		(9,739)
Treasury shares acquired	(101)		101	(3,122)			(3,122)
Stock options exercised	3	60	(3)	6			66
Long-term incentive shares issued	8	173	(8)	18			191
As of October 31, 2003	22,235	\$ 12,207	16,186	\$ (64,228)	\$ 681,043	\$ (56,458)	\$ 572,564

See accompanying Notes to Consolidated Financial Statements.

GREIF, INC. AND SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 – DESCRIPTION OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**The Business**

Greif, Inc. and subsidiaries (the "Company") principally manufacture industrial packaging products and containerboard and corrugated products that it sells to customers in many industries throughout the world. The Company has operations in over 40 countries. In addition, the Company owns timber properties in the southeastern United States, which are actively harvested and regenerated, and also owns timber properties in Canada.

Due to the variety of its products, the Company has many customers buying different types of its products and, due to the scope of the Company's sales, no one customer is considered principal in the total operations of the Company.

Because the Company supplies a cross section of industries, such as chemicals, food products, petroleum products, pharmaceuticals and metal products, and must make spot deliveries on a day-to-day basis as its products are required by its customers, the Company does not operate on a backlog to any significant extent and maintains only limited levels of finished goods. Many customers place their orders weekly for delivery during the week.

The Company's raw materials are principally steel, resins, containerboard, old corrugated containers for recycling and pulpwood.

There are approximately 9,800 employees of the Company at October 31, 2003.

Fiscal Year

The Company's fiscal year begins on November 1 and ends on October 31 of the following year. Any references to the year 2003, 2002 or 2001, or to any quarter of those years, relates to the fiscal year ending in that year.

Basis of Consolidation

The consolidated financial statements include the accounts of Greif, Inc. and its subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

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. The most significant estimates are related to the allowance for doubtful accounts, inventory reserves, expected useful lives assigned to properties, plants and equipment, goodwill and other intangible assets, restructuring reserves, environmental liabilities, pension and postretirement benefits, income taxes and contingencies. Actual amounts could differ from those estimates.

Revenue Recognition

The Company recognizes revenue when title passes to customers or services have been rendered, with appropriate provision for returns and allowances. Revenue is recognized in accordance with Staff Accounting Bulletin No. 101, "Revenue Recognition in Financial Statements."

Shipping and Handling Fees and Costs

The Company includes shipping and handling fees and costs in cost of products sold.

Income Taxes

Income taxes are accounted for under Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." In accordance with this Statement, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, as measured by enacted tax rates that are expected to be in effect in the periods when the deferred tax assets and liabilities are expected to be settled or realized.

Significant judgment is required in determining the worldwide provisions for income taxes. In the ordinary course of a global business, there are many transactions for which the ultimate tax outcome is uncertain. It is the Company's policy to establish reserves for taxes that may become payable in future years as a result of an examination by tax authorities. The Company establishes the reserves based upon management's assessment of exposure associated with permanent tax differences (e.g., group cost allocation), tax credits and interest expense applied to temporary difference adjustments. The tax reserves are analyzed periodically (at least annually) and adjustments are made as events occur that warrant adjustment to the reserves.

Cash and Cash Equivalents

The Company considers highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist primarily of trade accounts receivable. Such credit risk is considered by management to be limited due to the Company's many customers, none of which are considered principal in the total operations of the Company, doing business in a variety of industries throughout the world.

Inventories

Inventories are stated at the lower of cost or market, utilizing the first-in, first-out basis for approximately 56% of consolidated inventories and the last-in, first-out ("LIFO") basis for approximately 44% of consolidated inventories. The LIFO basis is used by the Company for most of its locations in the United States. The inventories are comprised as follows at October 31 for the year indicated (Dollars in thousands):

	2003	2002
Finished goods	\$ 44,894	\$ 38,939
Raw materials and work-in-process	153,482	137,623
	<hr/>	<hr/>
	198,376	176,562
Reduction to state inventories on last-in, first-out basis	(31,219)	(32,242)
	<hr/>	<hr/>
	\$ 167,157	\$ 144,320
	<hr/>	<hr/>

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Properties, Plants and Equipment

Properties, plants and equipment are stated at cost. Depreciation on properties, plants and equipment is provided on the straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	30-45
Machinery and equipment	3-19

Depreciation expense was \$93.7 million in 2003, \$78.5 million in 2002 and \$63.8 million in 2001. Expenditures for repairs and maintenance are charged to expense as incurred.

When properties are retired or otherwise disposed of, the cost and accumulated depreciation are eliminated from the asset and related allowance accounts. Gains or losses are credited or charged to income as incurred.

The Company owns timber properties in the southeastern United States and in Canada. With respect to the Company's United States timber properties, which consisted of approximately 279,000 acres at October 31, 2003, depletion expense on timber properties is computed on the basis of cost and the estimated recoverable timber acquired. The Company's land costs are maintained by tract. The Company begins recording pre-merchantable timber costs at the time the site is prepared for planting. Costs capitalized during the establishment period include site preparation by aerial spray, thinning, costs of seedlings, planting costs, herbaceous weed control, woody release, labor and machinery use, refrigeration rental and trucking for the seedlings. The Company does not incur interest costs in the process. Property taxes are expensed as incurred. New road construction costs, if over \$5,000, are capitalized as land improvements and depreciated over 20 years. Road repairs and maintenance costs are expensed as incurred. Costs after establishment of the seedlings including management costs, pre-commercial thinning costs and fertilization costs, are expensed as incurred. Once the timber becomes merchantable, the cost is transferred from the pre-merchantable timber category to the merchantable timber category in the depletion block.

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, the Company has twelve depletion blocks. These same depletion blocks are used for pre-merchantable timber costs. Each year, the Company estimates the volume of the Company's 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. The Company's estimates do not include costs to be incurred in the future. The Company then projects these volumes to the end of the year. Upon acquisition of a new timberland tract, the Company records 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, the Company multiplies the volumes sold by the depletion rate for the current year to arrive at the depletion cost.

The Company's Canadian timberland, which consisted of approximately 40,000 acres at October 31, 2003, are not actively managed at this time.

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, primarily as a result of the Company's restructuring plans (see Note 6). As of October 31, 2003 and 2002, there were 8 and 14 locations held for sale, respectively. The net sales and loss before income tax benefit of these locations were \$9.9 million and \$2.3 million, respectively, during 2003. The net sales and loss before income tax benefit of these locations were \$11.1 million and \$0.2 million, respectively, during 2002. The effect of suspending depreciation on the facilities held for sale is immaterial to the results of operations. The net assets held for sale have been listed for sale and it is the Company's intention to complete these sales within the upcoming year.

Internal Use Software

Internal use software is accounted for under Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Internal use software is software that is acquired, internally developed or modified solely to meet the entity's needs and for which, during the software's development or modification, a plan does not exist to market the software externally. Costs incurred to develop the software during the application development stage and for upgrades and enhancements that provide additional functionality are capitalized.

Derivative Financial Instruments

In accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities – Deferral of the Effective Date of FASB Statement No. 133," and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities," the Company records all derivatives in the balance sheet as either assets or liabilities measured at fair value. Dependent on the designation of the derivative instrument, changes in fair value are recorded to earnings or shareholders' equity through other comprehensive income (loss).

The Company uses interest rate swap agreements for both cash flow hedging and fair value hedging purposes. For derivative instruments that hedge the exposure of variability in interest rates, designated as cash flow hedges, the effective portion of the net gain or loss on the derivative instrument is reported as a component of other comprehensive income (loss) and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. For derivative instruments that hedge the exposure to changes in the fair value of fixed rate debt, des - -

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igned as fair value hedges, the net gain or loss on the derivative instrument, as well as the offsetting gain or loss on the fixed rate debt attributable to the hedged risk, are recorded in current period earnings.

Interest rate swap agreements that hedge against variability in interest rates effectively convert a portion of floating rate debt to a fixed rate basis, thus reducing the impact of interest rate changes on future interest expense. The Company uses the "variable cash flow method" for assessing the effectiveness of these swaps. The effectiveness of these swaps is reviewed at least every quarter. Hedge ineffectiveness is not material. The Company also has outstanding interest rate swap agreements to convert a portion of fixed rate debt to a floating rate basis, thus hedging for changes in the fair value of the fixed rate debt being hedged. The Company has determined that these interest rate swap agreements, designated as fair value hedges, qualify for treatment under the short-cut method of measuring effectiveness. Under the provisions of SFAS No. 133, these hedges are determined to be "perfectly effective," and there is no requirement to periodically evaluate effectiveness.

The Company enters into foreign currency forward contracts to hedge certain short-term intercompany loan transactions with its non-United States businesses. Such contracts limit the Company's exposure to both favorable and unfavorable currency fluctuations. These contracts are adjusted to reflect market value as of each balance sheet date, with the resulting changes in fair value being recognized in other income, net.

Any derivative contract that is either not designated as a hedge, or is so designated but is ineffective, is adjusted to market value and recognized in earnings immediately. If a fair value or cash flow hedge ceases to qualify for hedge accounting or is terminated, the contract would continue to be carried on the balance sheet at fair value until settled and future adjustments to the contract's fair value would be recognized in earnings immediately. If a forecasted transaction were no longer probable to occur, amounts previously deferred in accumulated other comprehensive income (loss) would be recognized immediately in earnings.

Foreign Currency Translation

In accordance with SFAS No. 52, "Foreign Currency Translation," the assets and liabilities denominated in a non-United States currency are translated into United States dollars at the current rate of exchange existing at year-end, and revenues and expenses are translated at the average monthly exchange rates.

The cumulative translation adjustments, which represent the effects of translating assets and liabilities of the Company's non-United States operations, are presented in the Consolidated Statements of Changes in Shareholders' Equity in accumulated other comprehensive income (loss). The transaction losses included in other income, net, were \$3.0 million, \$1.5 million and \$0.4 million in 2003, 2002 and 2001, respectively.

The functional currency for non-United States operations in highly inflationary economies is the United States dollar, and any gains or losses are credited or charged to income.

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 shares used to calculate basic and diluted earnings per share:

	For the years ended October 31,	2003	2002	2001
Class A Common Stock:				
Basic earnings per share		10,568,872	10,555,215	10,523,476
Assumed conversion of stock options		1,519	71,001	26,603
		<u>10,570,391</u>	<u>10,626,216</u>	<u>10,550,079</u>
Class B Common Stock:				
Basic and diluted earnings per share		11,726,768	11,788,418	11,842,656

There were 1,987,990 Class A options that were antidilutive for 2003 (645,000 for 2002 and 1,172,248 for 2001).

Stock-Based Compensation

In 2003, the Company adopted SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure," which amends SFAS No. 123, "Accounting for Stock-Based Compensation." SFAS No. 148 provides alternative methods of transition for a voluntary change to the fair value method of accounting for stock-based employee compensation and amends the interim and annual disclosure requirements of SFAS No. 123. The adoption of this Statement did not have a material effect on the Company's consolidated financial statements.

At October 31, 2003, the Company had various stock-based compensation plans as described in Note 10. The Company applies Accounting Principles Board Opinion ("APBO") No. 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for its stock option plans. If compensation cost had been determined based on fair values at the date of grant under SFAS No. 123, pro forma net income and earnings per share would have been as follows (Dollars in thousands, except per share amounts):

	For the years ended October 31,	2003	2002	2001
Net income as reported		\$ 9,496	\$ 30,979	\$ 88,774
Deduct total stock option expense determined under fair value method, net of tax		3,124	2,312	2,208
Net income		<u>\$ 6,372</u>	<u>\$ 28,667</u>	<u>\$ 86,566</u>
Basic and diluted earnings per share:				
Class A Common Stock:				
As reported		\$ 0.34	\$ 1.10	\$ 3.14
Pro forma		\$ 0.23	\$ 1.02	\$ 3.06
Class B Common Stock:				
As reported		\$ 0.50	\$ 1.64	\$ 4.70
Pro forma		\$ 0.34	\$ 1.52	\$ 4.59

Environmental Cleanup Costs

The Company expenses environmental expenditures related to existing conditions resulting from 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. The Company determines its liability on a site-by-site basis and records a liability at the time when it is probable and can be reasonably estimated. The Company's estimated liability is reduced to reflect the anticipated participation of other potentially responsible parties in those instances where it is probable that such parties are legally responsible and financially capable of paying their respective shares of the relevant costs.

Reclassifications

Certain prior year amounts have been reclassified to conform to the 2003 presentation.

Recent Accounting Standards

In December 2003, the Financial Accounting Standards Board issued a revision of Interpretation No. 46, "Consolidation of Variable Interest Entities." Application of this Interpretation is required for variable interest entities or special-purpose entities for periods ending after December 15, 2003. For all other types of entities, application is required for periods ending after March 15, 2004. The adoption of this Interpretation is not expected to have a material effect on the Company's results of operations or financial condition.

Note 2 – ACQUISITIONS AND OTHER SIGNIFICANT TRANSACTIONS

CorrChoice, Inc. Redemption of Minority Shareholders' Outstanding Shares

On September 30, 2003, CorrChoice, Inc. (together with its subsidiaries, "CorrChoice"), which had been a joint venture of the Company, redeemed all of the outstanding shares of its minority shareholders for \$115.3 million, which was substantially funded by cash and cash equivalents of CorrChoice. As a result of this transaction, the Company now owns 100% of CorrChoice, Inc. compared to its 63.24% interest when the joint venture was formed on November 1, 1998. CorrChoice's results were fully consolidated, net of intercompany eliminations, in the Company's Consolidated Statement of Income for 2003, with a minority interest deduction through September 30, 2003. CorrChoice's results were previously accounted for under the equity method because the Company lacked effective control.

The redemption of CorrChoice's outstanding shares owned by the minority shareholders was accounted for using the purchase method of accounting and, accordingly, the Company's investment in CorrChoice as of September 30, 2003 of \$153.1 million was allocated to the fair values of the assets purchased (\$154.5 million) and liabilities assumed (\$20.0 million) on that date. An identifiable definite-lived intangible asset, with a fair value of \$5.9 million, has been recorded for certain customer relationships. This amount will be amortized over 20 years. The excess of the Company's investment in CorrChoice over the fair values of the net tangible and definite-lived intangible assets acquired of \$12.7 million was recorded as goodwill. Further refinements to the allocation of the investment in CorrChoice may be required since the allocation is based on preliminary information.

CorrChoice operates seven corrugated sheet feeder plants that supply converting operations in the eastern United States.

Van Leer Industrial Packaging Acquisition

On March 2, 2001, pursuant to the terms of a Share Purchase Agreement dated October 27, 2000, as amended on January 5 and February 28, 2001, between the Company and Hühtamaki Van Leer Oyj, a Finnish corporation, the Company acquired all of the issued share capital of Royal Packaging Industries Van Leer N.V., a Dutch limited liability company, Hühtamaki Holdings do Brasil Ltda., a Brazilian limited liability company, Van Leer France Holding S.A.S., a French limited liability company, Van Leer Containers, Inc., a United States corporation, and American Flange & Manufacturing Co., Inc., a United States corporation (collectively, "Van Leer Industrial Packaging"). Van Leer Industrial Packaging was a worldwide provider of industrial packaging and components, including steel, fibre and plastic drums, intermediate bulk containers, closure systems for industrial packaging products and polycarbonate water bottles.

As consideration for the shares of Van Leer Industrial Packaging, the Company paid \$555.0 million less the amount of Van Leer Industrial Packaging's debt and certain other obligations (\$206.4 million) that were assumed by the Company as of the closing date. In addition, the Company paid \$15.8 million in legal and professional fees related to the acquisition. The acquisition was funded by long-term debt borrowed against a then existing \$900 million Senior Secured Credit Agreement.

The acquisition of Van Leer Industrial Packaging, included in operating results from the acquisition date, was accounted for using the purchase method of accounting and, accordingly, the purchase price was allocated to the assets purchased and liabilities assumed based upon their fair values at the date of acquisition. The fair values of the assets acquired and the liabilities assumed were \$637.7 million and \$425.5 million, respectively. Identifiable intangible assets, with a combined fair value of \$34.1 million, including the Van Leer trademark, Tri-Sure Closures trademarks, patents and other proprietary information, and certain noncompete agreements, have been recorded. The excess of the purchase price over the fair values of the net tangible and intangible assets acquired of \$118.1 million was recorded as goodwill.

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Pro Forma Information

The following pro forma (unaudited) information assumes that CorrChoice's redemption of its minority shareholders' outstanding shares and the Van Leer Industrial Packaging acquisition had occurred on November 1, 2000 (Dollars in thousands, except per share amounts):

For the years ended October 31,	2003	2002	2001
Net sales	\$ 1,916,441	\$ 1,825,648	\$ 1,987,798
Income before cumulative effect of change in accounting principle	\$ 6,854	\$ 36,641	\$ 79,439
Net income	\$ 11,676	\$ 36,641	\$ 79,439
Basic and diluted earnings per share:			
Class A Common Stock (before cumulative effect)	\$ 0.25	\$ 1.30	\$ 2.81
Class A Common Stock (after cumulative effect)	\$ 0.42	\$ 1.30	\$ 2.81
Class B Common Stock (before cumulative effect)	\$ 0.36	\$ 1.94	\$ 4.21
Class B Common Stock (after cumulative effect)	\$ 0.62	\$ 1.94	\$ 4.21

The amounts reflect adjustments for interest expense, depreciation expense on the revalued properties, plants and equipment and amortization expense on the identifiable definite-lived intangible assets.

The pro forma information, as presented above, is not necessarily indicative of the results which would have been obtained had the transactions occurred on November 1, 2000, nor are they necessarily indicative of future results.

Note 3 – GOODWILL AND OTHER INTANGIBLE ASSETS

Effective November 1, 2002, the Company adopted SFAS No. 142, "Goodwill and Other Intangible Assets," which requires that goodwill and indefinite-lived intangible assets no longer be amortized, but instead be periodically reviewed for impairment. The Company has performed the required impairment tests and has concluded that no impairment exists at this time.

Changes to the carrying amount of goodwill for the year ended October 31, 2003 are as follows (Dollars in thousands):

	Industrial Packaging & Services	Paper, Packaging & Services	Total
Balance at October 31, 2002	\$ 213,549	\$ 19,028	\$ 232,577
Goodwill acquired	8,675	12,662	21,337
Currency translation	(1,605)	—	(1,605)
Balance at October 31, 2003	\$ 220,619	\$ 31,690	\$ 252,309

The goodwill acquired resulted from the CorrChoice transaction (see Note 2) in the Paper, Packaging & Services segment and an acquisition of a small steel drum company in Europe in the Industrial Packaging & Services segment during 2003.

All intangible assets for the periods presented, except for \$3.4 million, net, which related to the Tri-Sure Trademark, are subject to amortization and are being amortized using the straight-line method over periods that range from 2 to 20 years. The details of other intangible assets by class as of October 31, 2003 and October 31, 2002 are as follows (Dollars in thousands):

	Gross Intangible Assets	Accumulated Amortization	Net Intangible Assets
October 31, 2003:			
Trademarks and patents	\$ 18,077	\$ 4,675	\$ 13,402
Non-compete agreements	9,525	5,985	3,540
Customer relationships	6,582	47	6,535
Other	10,417	3,240	7,177
Total	\$ 44,601	\$ 13,947	\$ 30,654
October 31, 2002:			
Trademarks and patents	\$ 18,077	\$ 3,176	\$ 14,901
Non-compete agreements	9,805	3,665	6,140
Other	10,417	2,459	7,958
Total	\$ 38,299	\$ 9,300	\$ 28,999

During 2003, the Company acquired certain intangible assets in the CorrChoice transaction (see Note 2) and from the acquisition of a small steel drum company in Europe. Amortization expense was \$4.6 million, \$16.0 million and \$13.1 million for 2003, 2002 and 2001, respectively. Amortization expense for 2002 and 2001 included \$11.2 million and \$9.2 million, respectively, related to goodwill, indefinite-lived intangible assets and the difference between the cost basis of the Company's investment in the underlying equity of affiliates (see Note 4). Amortization expense for the next five years is expected to be \$3.9 million in 2004, \$3.5 million in 2005, \$2.9 million in 2006, \$2.5 million in 2007 and \$2.4 million in 2008.

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The following table summarizes the pro forma earnings and per share impact of not amortizing goodwill, indefinite-lived intangible assets and the difference between the cost basis of the Company's investment in the underlying equity of affiliates during 2002 and 2001 (Dollars in thousands, except per share amounts):

	2002	2001
Net income, as reported	\$ 30,979	\$ 88,774
Add back amortization, net of tax	8,916	6,859
Adjusted net income	\$ 39,895	\$ 95,633
Earnings per share:		
Class A Common Stock:		
Basic and diluted earnings per share, as reported	\$ 1.10	\$ 3.14
Add back amortization, net of tax	0.32	0.25
Adjusted basic and diluted earnings per share	\$ 1.42	\$ 3.39
Class B Common Stock:		
Basic and diluted earnings per share, as reported	\$ 1.64	\$ 4.70
Add back amortization, net of tax	0.47	0.36
Adjusted basic and diluted earnings per share	\$ 2.11	\$ 5.06

In accordance with the transition provisions of SFAS No. 141, "Business Combinations," the Company recorded a \$4.8 million cumulative effect of change in accounting principle for its remaining unamortized negative goodwill upon the adoption of SFAS No. 142 in the first quarter of 2003.

Note 4 – INVESTMENT IN AFFILIATES

The Company has investments in Socer-Embalagens, Lda. (25.00%) and Balmer Lawrie-Van Leer (40.06%) that are accounted for under the equity method. In 2003, CorrChoice's results were fully consolidated, net of intercompany eliminations, in the Company's Consolidated Statement of Income, with a minority interest deduction through September 30, 2003. In 2002 and 2001, the Company's 63.24% ownership of CorrChoice was accounted for under the equity method because the Company lacked effective control. See Note 2 for further information on the CorrChoice transaction. During the second quarter of 2002, the Company's investment in Abzac-Greif (49.00%) was sold for approximately \$2 million, with a gain of \$0.1 million. The Company's share of earnings of these affiliates is included in income as earned. The Company received dividends from affiliates of \$4.0 million in 2003, \$2.3 million in 2002 and \$2.9 million in 2001.

The difference between the cost basis of the Company's investment in the underlying equity of affiliates of \$4.4 million at October 31, 2002 (\$4.8 million at October 31, 2001) was being amortized over 15 years. Upon adoption of SFAS No. 142 on November 1, 2002, this difference is no longer being amortized. Due to the consolidation of CorrChoice in 2003, this difference has been adjusted in purchase accounting.

The summarized financial information below represents the financial position and results of operations of CorrChoice in the periods for which CorrChoice was accounted for under the equity method (Dollars in thousands):

As of and for the years ended October 31,	2002	2001
Current assets	\$ 140,124	\$ 130,425
Long-term assets	\$ 107,108	\$ 106,313
Current liabilities	\$ 9,474	\$ 10,734
Long-term liabilities	\$ 8,727	\$ 8,962
Net sales	\$ 230,107	\$ 284,534
Gross profit	\$ 34,941	\$ 40,763
Operating profit	\$ 23,644	\$ 25,673
Net income	\$ 15,783	\$ 18,161

The summarized unaudited financial information below represents the combined financial position and results of operations of the Company's 50% or less owned entities accounted for under the equity method (Dollars in thousands):

As of and for the years ended October 31,	2003	2002	2001
Current assets	\$ 7,216	\$ 6,921	\$ 11,919
Long-term assets	\$ 14,974	\$ 15,180	\$ 16,791
Current liabilities	\$ 5,125	\$ 5,288	\$ 9,533
Long-term liabilities	\$ 9,134	\$ 9,616	\$ 8,884
Net sales	\$ 15,100	\$ 12,761	\$ 22,194
Gross profit	\$ 3,300	\$ 2,525	\$ 5,687
Operating profit	\$ 718	\$ 347	\$ 2,665
Net income	\$ 553	\$ 462	\$ 445

Note 5 – TIMBERLAND TRANSACTIONS

From time to time, the Company sells timber properties that no longer fit into its business strategy or have a higher and better use. In addition, the Company periodically purchases timber properties that would enhance its long-term sustainable yield strategy. The following significant transactions are included in the Company's results.

Sale of Timber Properties

In 2001, the Company sold certain hardwood timberland for \$74.4 million and recognized gains of \$70.7 million. A total of approximately 65,000 acres of timber properties situated in Arkansas, Mississippi and Louisiana were sold as a result of these transactions.

Purchase of Timber Properties

In 2001, the Company purchased certain pine timberland for \$85.9 million. A total of approximately 63,000 acres of timber properties situated in Louisiana were purchased as a result of these transactions.

Note 6 – RESTRUCTURING CHARGES

On March 4, 2003, the Company initiated a performance improvement plan, which is expected to enhance long-term organic sales growth and productivity, and achieve permanent cost reductions. As a result, the Company incurred restructuring charges of \$60.7 million in 2003, and anticipates incurring additional restructuring charges in 2004 of approximately \$45.0 million.

As part of the performance improvement plan, the Company has closed seven company-owned plants (four in the Industrial Packaging & Services segment and three in the Paper, Packaging & Services segment). Six of the plants were located in North America and one plant was located in Australia. In addition, corporate and administrative staff reductions have been made throughout the world. As a result of the performance improvement plan, during 2003, the Company recorded restructuring charges of \$60.7 million, consisting of \$34.7 million in employee separation costs, \$10.2 million in asset impairments and \$15.8 million in other costs. The asset impairment charges, related to the write-down to fair value of buildings and equipment, were based on recent buy offers, market comparables and/or data obtained from the Company's commercial real estate broker. A total of approximately 1,300 employees have been or will be terminated in connection with the performance improvement plan, 607 of which have been terminated as of October 31, 2003. For each business segment, costs incurred in 2003 and the cumulative amount incurred as of October 31, 2003 and total costs expected to be incurred in connection with the performance improvement plan are as follows (Dollars in thousands):

	Amounts Incurred in 2003 and Cumulative Amounts Incurred To- Date	Total Amounts Expected to be Incurred
Industrial Packaging & Services:		
Employee separation costs	\$ 28,792	\$ 48,769
Asset impairments	6,937	13,664
Other costs	12,195	26,978
	<u>47,924</u>	<u>89,411</u>
Paper, Packaging & Services:		
Employee separation costs	5,799	6,779
Asset impairments	3,246	5,319
Other costs	3,424	3,841
	<u>12,469</u>	<u>15,939</u>
Timber:		
Employee separation costs	146	146
Asset impairments	36	36
Other costs	168	168
	<u>350</u>	<u>350</u>
Total	\$ 60,743	\$ 105,700

Following is a reconciliation of the beginning and ending restructuring reserve balances related to the performance improvement plan for the year ended October 31, 2003 (Dollars in thousands):

	Cash Charges		Non-cash Charges	Total
	Employee Separation Costs	Other Costs	Asset Impairments	
Balance at October 31, 2002	\$ —	\$ —	\$ —	\$ —
Costs incurred and charged to expense	34,737	15,787	10,219	60,743
Costs paid or otherwise settled	(21,448)	(13,305)	(10,219)	(44,972)
Balance at October 31, 2003	\$ 13,289	\$ 2,482	\$ —	\$ 15,771

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During 2001, the Company approved a plan to consolidate some of its locations in order to eliminate duplicate facilities caused by the Van Leer Industrial Packaging acquisition and improve operating efficiencies and capabilities. The plan was the result of an in-depth study to determine whether certain locations, either existing or newly acquired, should be closed and the sales and manufacturing volume associated with such plants relocated to a different facility. Six existing company-owned plastic drum and steel drum plants were closed. These plants were located in North America. In addition, certain redundant administrative functions were eliminated. As a result of this plan, the Company recognized restructuring charges of \$11.5 million, consisting of \$8.0 million in employee separation costs and a \$3.5 million loss on disposal of equipment and facilities. The Company also recognized an additional \$2.8 million in restructuring charges during 2002, primarily as a result of the finalization of this plan. The 2002 charges consisted of \$1.4 million in employee separation costs, mostly related to early retirement expenses, and a \$1.4 million loss on facilities. A total of 229 employees were terminated and provided severance benefits under this restructuring plan. Following is a reconciliation of the beginning and ending restructuring reserve balances for each of the three years in the period ended October 31, 2003 (Dollars in thousands):

	Cash Charges	Non-cash Charges	
	Employee Separation Costs	Asset Impairments	Total
Balance at October 31, 2000	\$ —	\$ —	\$ —
Costs incurred and charged to expense	8,000	3,534	11,534
Costs paid or otherwise settled	(4,009)	(3,222)	(7,231)
Balance at October 31, 2001	3,991	312	4,303
Costs incurred and charged to expense	1,441	1,383	2,824
Costs paid or otherwise settled	(5,432)	(1,186)	(6,618)
Balance at October 31, 2002	—	509	509
Costs paid or otherwise settled	—	(308)	(308)
Balance at October 31, 2003	\$ —	\$ 201	\$ 201

In addition, in connection with the March 2001 acquisition of Van Leer Industrial Packaging and the consolidation plan described in the preceding paragraph, five facilities purchased as part of that acquisition were closed. Four of these facilities were owned by the Company's subsidiaries and one was leased. The facilities were located in North America, South America, United Kingdom and Asia Pacific. In addition, certain redundant administrative functions were eliminated. Accordingly, the Company recognized \$19.7 million of restructuring reserves in the purchase price allocation related to these locations. The reserves were accounted for under Emerging Issues Task Force No. 95-3, "Recognition of Liabilities in Connection with a Purchase Business Combination." The reserves consisted of \$16.5 million in employee separation costs and \$3.2 million in other exit costs. A total of 244 employees were terminated and provided severance benefits under this restructuring plan. Following is a reconciliation of the beginning and ending restructuring reserve balances for each of the three years in the period ended October 31, 2003 (Dollars in thousands):

	Cash Charges	Non-cash Charges	
	Employee Separation Costs	Asset Impairments	Total
Balance at October 31, 2000	\$ —	\$ —	\$ —
Additions to reserves	16,480	3,203	19,683
Costs paid or otherwise settled	(6,962)	(1,915)	(8,877)
Balance at October 31, 2001	9,518	1,288	10,806
Costs paid or otherwise settled	(7,727)	(1,288)	(9,015)
Balance at October 31, 2002	1,791	—	1,791
Costs paid or otherwise settled	(1,791)	—	(1,791)
Balance at October 31, 2003	\$ —	\$ —	\$ —

Note 7 – LONG-TERM DEBT

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

	October 31, 2003	October 31, 2002
\$550 million Amended and Restated Senior Secured Credit Agreement	\$ 308,783	\$ 384,250
8 7/8% Senior Subordinated Notes	251,380	247,965
Trade accounts receivable credit facility	85,406	—
Other long-term debt	498	767
	646,067	632,982
Less current portion	(3,000)	(3,000)
	\$ 643,067	\$ 629,982

\$550 million Amended and Restated Senior Secured Credit Agreement

On August 23, 2002, the Company and certain non-United States subsidiaries entered into a \$550 million Amended and Restated Senior Secured Credit Agreement with a syndicate of lenders. A portion of the proceeds from the Amended and Restated Senior Secured Credit Agreement was used to refinance amounts outstanding under the Company's then existing \$900 million Senior Secured Credit Agreement. The Amended and Restated Senior Secured Credit Agreement originally provided for a \$300 million term loan and a \$250 million revolving multi - -

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currency credit facility. The revolving multicurrency credit facility is available for working capital and general corporate purposes, and has been permanently reduced to \$240 million. The term loan periodically reduces through its maturity date of August 23, 2009, and the revolving multicurrency credit facility matures on February 28, 2006.

The Company is required to pay a commitment fee each quarter equal to 0.250% to 0.500% of the total unused revolver commitment amount, based upon the Company's leverage ratio. Interest is based on either a London InterBank Offered Rate ("LIBOR") or an alternative base rate that resets periodically plus a calculated margin amount. The Company had \$308.8 million and \$384.3 million outstanding under the Amended and Restated Senior Secured Credit Agreement with a weighted average interest rate of 3.39% and 4.04% at October 31, 2003 and 2002, respectively. The amounts outstanding, as well as the base rates and margins, at October 31, 2003 and 2002, were as follows (Dollars in thousands):

October 31, 2003	Amount	Base Rate	Margin
Term Loan C	\$ 226,250	1.11%	2.25%
Multicurrency revolver:	\$ 76,500	1.11%	2.25%
	\$ 3,987	2.11%	2.25%
	\$ 1,338	2.50%	2.25%
	\$ 708	4.04%	2.25%
October 31, 2002	Amount	Base Rate	Margin
Term Loan C	\$ 299,250	1.76%	2.25%
Multicurrency revolver:	\$ 80,000	1.76%	2.25%
	\$ 5,000	4.75%	1.25%

The Amended and Restated Senior Secured Credit Agreement contains certain covenants, which include financial covenants that require the Company to maintain a certain leverage ratio, a minimum coverage of interest expense and fixed charges and a minimum net worth. At October 31, 2003, the Company was in compliance with these covenants. The repayment of this facility is secured by a first lien on substantially all of the personal property and certain of the real property of Greif, Inc. and its United States subsidiaries and, in part, by the capital stock of the non-United States borrowers and any intercompany notes payable to them. Standard & Poor's and Moody's Investors Service have assigned a "BB" rating and a "Ba3" rating, respectively, to the loan obligations of the Company under the Amended and Restated Senior Secured Credit Agreement.

The \$240 million revolving multicurrency credit facility was also used to issue letters of credit. The Company had \$20.9 million and \$20.0 million in letters of credit outstanding at October 31, 2003 and 2002, respectively. The quarterly fronting fee related to these letters of credit was 0.125% of the outstanding amount plus a calculated margin (2.25% at October 31, 2003) for the use of this facility.

8⁷/8% Senior Subordinated Notes

On July 31, 2002, the Company issued Senior Subordinated Notes in the aggregate principal amount of \$250 million, receiving net proceeds of approximately \$248 million before expenses. At October 31, 2003, the outstanding balance of \$251.4 million included gains on fair value hedges the Company has in place to hedge interest rate risk. Interest on the Senior Subordinated Notes is payable semi-annually at the annual rate of 8.875%. The Senior Subordinated Notes do not have required principal payments prior to maturity on August 1, 2012. However, the Senior Subordinated Notes are redeemable at the option of the Company beginning August 1, 2007, at the redemption prices set forth below (expressed as percentages of principal amount), plus accrued interest, if any, to the redemption date:

Year	Redemption Price
2007	104.438%
2008	102.958%
2009	101.479%
2010 and thereafter	100.000%

In addition, prior to August 1, 2007, the Company may redeem the Senior Subordinated Notes by paying a specified "make-whole" premium.

The net proceeds from the Senior Subordinated Notes issuance were utilized to repay indebtedness under the Company's then existing \$900 million Senior Secured Credit Agreement and fees paid in connection with the offering.

The fair value of the Senior Subordinated Notes was approximately \$270 million and \$259 million at October 31, 2003 and 2002, respectively, based on quoted market prices. The Indenture pursuant to which the Senior Subordinated Notes were issued contains certain covenants. At October 31, 2003, the Company was in compliance with these covenants.

A description of the guarantees of the Senior Subordinated Notes by the Company's United States subsidiaries is included in Note 17.

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. The credit facility is secured by certain of the Company's trade accounts receivable and bears interest at a variable rate based on LIBOR plus a margin or other agreed upon rate (1.39% interest rate as of October 31, 2003). The Company also pays a commitment fee. Proceeds received in the initial transaction of \$85.4 million were primarily utilized to repay indebtedness under the Company's Amended and Restated Senior Secured Credit Agreement. The Company can terminate this facility at any time upon 60 days prior written notice. In connection with this transaction, the Company established Greif Receivables Funding LLC, which is included in the Company's consolidated financial statements. This entity purchases and services the Company's trade accounts receivable that are subject to this credit facility.

The trade accounts receivable credit facility provides that in the event the Company breaches any of its financial covenants under the Amended and Restated Senior Secured Credit Agreement, and the majority of the lenders thereunder consent to a waiver thereof, but the provider of the trade accounts receivable

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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 Amended and Restated Senior Secured Credit Agreement and proceeds from the Senior Subordinated Notes and the trade accounts receivable credit facility, the Company had outstanding debt of \$16.1 million, comprised of \$0.5 million in long-term debt and \$15.6 million in short-term borrowings, at October 31, 2003. At October 31, 2002, the Company had outstanding debt of \$20.8 million, which was comprised of \$0.8 million in long-term debt and \$20.0 million in short-term borrowings, in addition to the amounts borrowed against the Senior Secured Credit Agreement and Senior Subordinated Notes.

During 2002, the Company incurred a debt extinguishment charge of \$10.3 million related to the extinguishment of indebtedness outstanding under the then existing \$900 million Senior Secured Credit Agreement. The Company has adopted SFAS No. 145, "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." SFAS No. 145 rescinds SFAS No. 4, which required all gains and losses from extinguishment of debt to be aggregated and, if material, classified as an extraordinary item, net of the related income tax effect. As such, the debt extinguishment charge has been presented as a component of income before income tax expense and equity in earnings of affiliates and minority interests.

Annual maturities of the Company's long-term debt are \$3.0 million in 2004, \$3.0 million in 2005, \$82.5 million in 2006, \$3.0 million in 2007, \$88.4 million in 2008 and \$466.2 million thereafter.

At October 31, 2003 and 2002, the Company had deferred financing fees and debt issuance costs of \$14.1 million and \$16.1 million, respectively, which are included in other long-term assets.

During 2003, the Company paid \$49.1 million of interest (\$41.1 million in 2002 and \$44.8 million in 2001) related to its long-term obligations. Interest of \$0.4 million in 2003, \$0.5 million in 2002 and \$2.5 million in 2001 was capitalized.

Non-Cancelable Operating Leases

The Company has entered into non-cancelable operating leases for buildings, trucks and computer equipment. The future minimum lease payments for the non-cancelable operating leases are \$14.6 million in 2004, \$12.4 million in 2005, \$10.3 million in 2006, \$7.3 million in 2007, \$5.6 million in 2008 and \$12.8 million thereafter. Rent expense was \$20.9 million in 2003, \$21.4 million in 2002 and \$20.5 million in 2001.

Note 8 – FINANCIAL INSTRUMENTS

The Company had interest rate swap agreements with an aggregate notional amount of \$360 million at October 31, 2003 and \$330 million at October 31, 2002 with various maturities through 2012. Under certain of these agreements, the Company receives interest quarterly from the counterparties equal to LIBOR and pays interest at a weighted average rate of 5.74% over the life of the contracts. The Company is also party to agreements in which the Company receives interest semi-annually from the counterparty equal to a fixed rate of 8.875% and pays interest based on LIBOR plus a margin. A net liability for the loss on interest rate swap contracts, which represented their fair values at that time, in the amount of \$15.3 million (\$10.6 million, net of tax) at October 31, 2003 and \$21.1 million (\$13.5 million, net of tax) at October 31, 2002 was recorded.

At October 31, 2003, the Company had outstanding foreign currency forward contracts in the notional amount of \$38.6 million (\$25.6 million in 2002). The fair value of these contracts at October 31, 2003 resulted in a loss of \$0.4 million (loss of \$0.1 million in 2002). The purpose of these contracts is to hedge short-term intercompany loan balances with its non-United States businesses.

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. The values represent the estimated amounts the Company would pay or receive to terminate the agreements at the reporting date.

The carrying amounts of cash and cash equivalents, trade accounts receivable, accounts payable, current liabilities and short-term borrowings at October 31, 2003 and 2002 approximate their fair value because of the short-term maturities of these items.

The estimated fair value of the Company's long-term debt was \$664.7 million and \$643.8 million as compared to the carrying amounts of \$646.1 million and \$633.0 million at October 31, 2003 and 2002, respectively. The fair value of the Company's long-term obligations is 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.

Note 9 – CAPITAL STOCK

Class A Common Stock is entitled to cumulative dividends of one cent a share per year after which Class B Common Stock is entitled to non-cumulative dividends up to a half cent a 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. 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 capital stock, without par value (Class A and Class B common shares), and treasury shares at the specified dates:

	Authorized Shares	Issued Shares	Outstanding Shares	Treasury Shares
October 31, 2003:				
Class A Common Stock	32,000,000	21,140,960	10,573,346	10,567,614
Class B Common Stock	17,280,000	17,280,000	11,662,003	5,617,997
October 31, 2002:				
Class A Common Stock	32,000,000	21,140,960	10,562,366	10,578,594
Class B Common Stock	17,280,000	17,280,000	11,762,859	5,517,141

Note 10 – 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 2,500,000 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 200,000 shares and 1,000,000 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 exercisable two years after date of grant. Options expire 10 years after date of grant.

The Directors' Stock Option Plan (the "Directors' Plan") provides 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 100,000 shares. Under the terms of the Directors' Plan, 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.

In 2003, 252,580 stock options were granted under the 2001 Plan with option prices ranging from \$23.00 to \$25.43 per share. Under the Directors' Plan, 10,000 options were granted to outside directors with option prices of \$18.70 per share.

In 2002, 454,200 stock options were granted under the 2001 Plan with option prices ranging from \$26.20 to \$33.98 per share. Under the Directors' Plan, 10,000 options were granted to outside directors with option prices of \$33.95 per share.

In 2001, 444,800 stock options were granted under the 2001 Plan with option prices ranging from \$30.59 to \$33.98 per share. Under the Directors' Plan, 10,000 options were granted to outside directors with option prices of \$27.38 per share.

The Company accounts for stock options in accordance with APBO No. 25, "Accounting for Stock Issued to Employees," under which no compensation cost has been recognized. See Note 1 for a table illustrating the effect on net income and earnings per share if the Company adopted the fair value recognition provisions of SFAS No. 123, "Accounting for Stock-Based Compensation."

The fair value for each option is estimated on the date of grant using the Black-Scholes option pricing model, as allowed under SFAS No. 123, with the following assumptions:

	2003	2002	2001
Dividend yield	2.07%	2.04%	1.70%
Volatility rate	32.30%	32.00%	27.20%
Risk-free interest rate	3.74%	3.88%	4.84%
Expected option life	6 years	6 years	6 years

The fair values of shares granted in 2003, 2002 and 2001 were \$7.57, \$7.97 and \$9.12, respectively, as of grant date.

Stock option activity for the years ended October 31 was as follows (Shares in thousands):

	2003		2002		2001	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Beginning balance	1,890	\$ 28.58	1,506	\$ 29.13	1,154	\$ 28.48
Granted	263	\$ 25.08	464	\$ 26.37	455	\$ 30.76
Forfeited	129	\$ 28.55	14	\$ 29.92	100	\$ 28.53
Exercised	3	\$ 26.23	66	\$ 25.21	3	\$ 22.94
Ending balance	2,021	\$ 28.17	1,890	\$ 28.58	1,506	\$ 29.13

As of October 31, 2003, the outstanding stock options had exercise prices ranging from \$18.70 to \$36.53 and a remaining weighted average contractual life of seven years.

There are 1,320,000 options that were exercisable at October 31, 2003 (995,000 options at October 31, 2002 and 789,000 options at October 31, 2001).

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Note 11 – INCOME TAXES

The provision for income taxes consists of the following (Dollars in thousands):

For the years ended October 31,	2003	2002	2001
Current:			
Federal	\$ (9,869)	\$ (9,604)	\$ 12,624
State and local	—	104	550
Non-United States	11,581	10,914	6,213
	<u>1,712</u>	<u>1,414</u>	<u>19,387</u>
Deferred	2,543	11,520	29,127
	<u>\$ 4,255</u>	<u>\$ 12,934</u>	<u>\$ 48,514</u>

Non-United States income before income tax expense amounted to \$24.3 million in 2003 (\$36.5 million in 2002 and \$13.6 million in 2001).
The following is a reconciliation of the provision for income taxes based on the federal statutory rate to the Company's effective income tax rate:

For the years ended October 31,	2003	2002	2001
United States federal tax rate	35.0 %	35.0 %	35.0%
State and local taxes, net of federal tax (cost) benefit	(5.2)%	1.1 %	1.6%
Other non-deductible expenses and non-United States tax rates	1.0 %	(0.1)%	1.3%
	<u>30.8 %</u>	<u>36.0 %</u>	<u>37.9%</u>

Significant components of the Company's deferred tax assets and liabilities at October 31 for the years indicated were as follows (Dollars in thousands):

	2003	2002
Vacation accrual	\$ 2,254	\$ 2,021
Bad debt reserves	2,647	2,660
Restructuring reserves	7,598	182
Current deferred tax asset	<u>\$ 12,499</u>	<u>\$ 4,863</u>
Non-United States net operating loss carryforwards	\$ 78,252	\$ 64,235
Interest rate derivatives	5,670	8,775
Minimum pension liability	14,411	11,020
Deferred compensation	2,025	2,225
Environmental reserves	3,230	2,636
Other	623	—
	<u>104,211</u>	<u>88,891</u>
Valuation allowance for long-term deferred tax asset	(59,112)	(42,073)
Long-term deferred tax asset	<u>\$ 45,099</u>	<u>\$ 46,818</u>
Inventories	\$ 1,624	\$ 793
Other	—	418
Current deferred tax liability	<u>\$ 1,624</u>	<u>\$ 1,211</u>
Properties, plants and equipment	\$ 133,480	\$ 101,667
Equity investments	—	9,626
Goodwill and other intangible assets	8,496	4,901
Timberland transactions	39,924	39,892
Pension	2,296	1,917
Other	20,728	24,392
Long-term deferred tax liability	<u>\$ 204,924</u>	<u>\$ 182,395</u>

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At October 31, 2003, the Company has tax benefits from non-United States net operating loss carryforwards of approximately \$78.3 million for non-United States income tax purposes expiring over various future periods. At October 31, 2003, valuation allowances of approximately \$59.1 million have been provided against the tax benefits from non-United States net operating loss carryforwards. Substantially all of these valuation allowances are provided for non-United States net operating loss carryforwards acquired in the Van Leer Industrial Packaging acquisition for which subsequently recognized tax benefits will be allocated to reduce goodwill.

At October 31, 2003, 2002 and 2001, the Company has provided deferred income taxes on all of its undistributed non-United States earnings.

During 2003, the Company paid \$3.4 million in income taxes (\$13.3 million in 2002 and \$20.2 million in 2001).

Note 12 – RETIREMENT PLANS

The Company has certain non-contributory defined benefit pension plans in the United States, Australia, Germany, Netherlands, South Africa and United Kingdom. The salaried plans' benefits are based primarily on years of service and earnings. The hourly plans' benefits are based primarily upon years of service. The Company contributes an amount that is not less than the minimum funding or more than the maximum tax-deductible amount to these plans. The plans' assets consist of large cap, small cap and international equity securities, fixed income investments and the allowable number of shares of the Company's common stock, which were as follows at October 31 for the years indicated:

	2003	2002
Class A Common Stock	123,752	123,752
Class B Common Stock	80,355	80,355

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

For the years ended October 31,	2003	2002	2001
Service cost	\$ 11,133	\$ 10,106	\$ 7,432
Interest cost	22,480	19,129	13,982
Expected return on plan assets	(26,321)	(23,841)	(17,886)
Amortization of prior service cost	951	1,198	1,004
Amortization of initial net asset	(1,017)	(842)	(842)
Recognized net actuarial loss (gain)	977	(103)	(270)
	<u>\$ 8,203</u>	<u>\$ 5,647</u>	<u>\$ 3,420</u>

The weighted average assumptions used in the actuarial valuations were as follows:

	2003	2002	2001
Discount rate	6.00%	6.50%	6.75%
Expected return on plan assets	7.75%	8.00%	8.00%
Rate of compensation increase	3.75%	4.00%	4.25%

The following table sets forth the plans' change in benefit obligation, change in plan assets and amounts recognized in the consolidated financial statements (Dollars in thousands):

	2003	2002
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 342,618	\$ 289,372
Benefit obligation of acquired companies	2,415	—
Service cost	11,133	10,106
Interest cost	22,480	19,129
Plan participant contributions	1,042	859
Amendments	(536)	(1,126)
Actuarial loss	20,538	10,829
Non-United States currency effects	23,413	14,082
Benefits paid	(20,506)	(18,199)
Additions of plan	—	17,566
Settlement cost	(3,439)	—
Curtailment cost	(1,905)	—
Benefit obligation at end of year	<u>\$ 397,253</u>	<u>\$ 342,618</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 270,430	\$ 268,157
Fair value of plan assets of acquired companies	2,557	—
Actual return on plan assets	33,209	(20,192)
Plan participant contributions	1,042	859
Non-United States currency effects	20,596	12,541
Employer contributions	19,035	12,008
Additions of plan	—	14,743
Settlement cost	(3,439)	—
Benefits paid	(19,861)	(17,686)
Fair value of plan assets at end of year	<u>\$ 323,569</u>	<u>\$ 270,430</u>
Funded status	<u>\$ (73,684)</u>	<u>\$ (72,188)</u>
Unrecognized net actuarial loss	99,430	83,801
Unrecognized prior service cost	4,987	8,252
Unrecognized initial net asset	(3,545)	(4,094)
Net amount recognized	<u>\$ 27,188</u>	<u>\$ 15,771</u>
Amounts recognized in the Consolidated Balance Sheets consist of:		
Prepaid benefit cost	\$ 35,997	\$ 27,909
Accrued benefit liability	(57,775)	(51,727)
Intangible asset	7,488	8,977
Accumulated other comprehensive loss	41,478	30,612
Net amount recognized	<u>\$ 27,188</u>	<u>\$ 15,771</u>

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The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefit obligations in excess of plan assets were \$211.1 million, \$195.2 million and \$137.6 million, respectively, as of October 31, 2003. The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the non-United States pension plans were \$210.4 million, \$196.6 million and \$190.7 million, respectively, as of October 31, 2003.

The Company has several voluntary 401(k) savings plans that cover eligible employees. For certain plans, the Company matches a percentage of each employee's contribution up to a maximum percentage of base salary. Company contributions to the 401(k) plans were \$1.3 million in 2003, \$1.1 million in 2002 and \$0.9 million in 2001.

Note 13 – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

The Company has certain postretirement health and life insurance benefit plans in the United States and South Africa.

In conjunction with a prior acquisition of the industrial containers business from Sonoco Products Company ("Sonoco") in 1998, the Company assumed an obligation to reimburse Sonoco for its actual costs incurred in providing postretirement health care benefits to certain employees. Contributions by the Company are limited to an aggregate annual payment of \$1.4 million for eligible employees at the date of purchase. Further, the Company is responsible for the cost of certain union hourly employees who were not eligible at the date of closing. The Company intends to fund these benefits from its operations.

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

For the years ended October 31,	2003	2002	2001
Service cost	\$ 136	\$ 203	\$ 240
Interest cost	3,534	3,770	3,033
Amortization of prior service cost	(87)	75	—
Recognized net actuarial loss	38	49	—
	<u>\$ 3,621</u>	<u>\$ 4,097</u>	<u>\$ 3,273</u>

The following table sets forth the plans' change in benefit obligation, change in plan assets and amounts recognized in the consolidated financial statements (Dollars in thousands):

	2003	2002
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 53,048	\$ 52,319
Service cost	136	203
Interest cost	3,534	3,770
Plan participant contributions	131	73
Actuarial loss	1,823	2,937
Curtailment cost	(99)	(2,462)
Amendments	(4,400)	992
Non-United States currency effects	1,984	(576)
Benefits paid	(5,112)	(4,208)
Benefit obligation at end of year	\$ 51,045	\$ 53,048
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ —	\$ —
Employer contributions	5,112	4,208
Benefits paid	(5,112)	(4,208)
Fair value of plan assets at end of year	\$ —	\$ —
Funded status	\$ (51,045)	\$ (53,048)
Unrecognized net actuarial loss	6,604	5,000
Unrecognized prior service cost	(4,063)	917
Net amount recognized	\$ (48,504)	\$ (47,131)

The accumulated postretirement health and life insurance benefit obligation and fair value of plan assets for the non-United States plans were \$3.9 million and zero, respectively, as of October 31, 2003. The measurements assume a discount rate of 6.50% in the United States and 10.00% in South Africa. The health care cost trend rates on gross eligible charges are as follows:

	Medical
Current trend rate	9.00%
Ultimate trend rate	4.50%

A one-percentage point change in assumed health care cost trend rates would have the following effects (Dollars in thousands):

	1-Percentage-Point Increase	1-Percentage-Point Decrease
Effect on total of service and interest cost components	\$ 183	\$ (157)
Effect on postretirement benefit obligation	\$3,168	\$(2,727)

Note 14 – CONTINGENT LIABILITIES

Various lawsuits, claims and proceedings have been or may be instituted or asserted against the Company, including those pertaining to environmental, product liability and safety and health matters. While the amounts claimed may be substantial, the ultimate liability cannot now be determined because of considerable uncertainties that exist. Therefore, it is possible that results of operations or liquidity in a particular period could be materially affected by certain contingencies.

The most significant contingencies of the Company relate to environmental liabilities. Following is additional information with respect to these matters.

At October 31, 2003 and 2002, the Company had recorded liabilities of \$8.8 million and \$8.0 million, respectively, for estimated environmental remediation costs. The liabilities were recorded on an undiscounted basis and included in other long-term liabilities.

The Company's environmental liabilities include a reserve of \$4.3 million and \$3.9 million at October 31, 2003 and 2002, respectively, related to its facility in Lier, Belgium. The reserve was based on environmental studies that have been conducted at this site. 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 the Company at this site.

The Company also has recorded liabilities of \$4.5 million and \$4.1 million at October 31, 2003 and 2002, respectively, for asserted and unasserted litigation, claims and/or assessments at some of its manufacturing sites and other locations where it believes the outcome of such matter will be unfavorable to the Company. These environmental liabilities were not individually significant. The Company only reserves for those unasserted claims that it believes are probable of being asserted at some time in the future. The liabilities recorded are based upon an evaluation of currently available facts with respect to each individual site, including the results of environmental studies and testing, and considering existing technology, presently enacted laws and regulations, and prior experience in remediation of contaminated sites. The Company initially provides for the estimated cost of environmental-related activities when costs can be reasonably estimated. If the best estimate of costs can only be identified as a range and no specific amount within that range can be determined more likely than any other amount within the range, the minimum of the range is accrued.

The estimated liabilities are reduced to reflect the anticipated participation of other potentially responsible parties in those instances where it is probable that such parties are legally responsible and financially capable of paying their respective shares of relevant costs. For sites that involve formal actions subject to joint and several liability, these actions have formal agreements in place to apportion the liability. The Company's potential future obligations for environmental contingencies related to facilities acquired in the 2001 Van Leer Industrial Packaging acquisition may, under certain circumstances, be reduced by insurance coverage and seller cost sharing provisions. In connection with that acquisition, the Company was issued a 10-year term insurance policy, which insures the Company against environmental contingencies unidentified at the acquisition date, subject to a \$50 million aggregate self-insured retention. Liability for this first \$50 million of unidentified environmental contingencies is shared 70% by the seller and 30% by the Company if such contingency is identified within 10 years following the acquisition date. The Company is liable for identified environmental contingencies at the acquisition date up to an aggregate \$10 million, and thereafter liability is shared 70% by the Company and 30% by the seller.

The Company anticipates 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 October 31, 2003. The Company's 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, the Company believes 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 the Company to continually reassess the expected impact of these environmental matters.

Note 15 – 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 involve the production and sale of industrial packaging and related services. 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 virgin and recycled, corrugated sheets, corrugated containers and multiwall bags and related services. These products are manufactured and sold in North America.

Operations in the Timber segment involve the management and sale of timber on approximately 279,000 acres of timberland in the southeastern United States. The Company also owns approximately 40,000 acres of timberland in Canada, which are not actively managed at this time.

The Company's reportable segments are strategic business units that offer different products. The accounting policies of the reportable segments are the same as those described in the "Description of Business and Summary of Significant Accounting Policies" note (see Note 1) except that the Company accounts for inventories on a first-in, first-out basis at the segment level com - -

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pared to a last-in, first-out basis at the consolidated level for most locations in the United States.

The following segment information is presented for each of the three years in the period ended October 31, 2003, except as to asset information which is as of October 31, 2003 and 2002 (Dollars in thousands):

	2003	2002	2001
Net sales:			
Industrial Packaging & Services	\$ 1,384,243	\$ 1,268,013	\$ 1,038,948
Paper, Packaging & Services	503,731	324,009	379,302
Timber	28,467	40,745	37,750
Total net sales	\$ 1,916,441	\$ 1,632,767	\$ 1,456,000
Operating profit:			
Operating profit before restructuring charges and timberland gains:			
Industrial Packaging & Services	\$ 67,800	\$ 34,830	\$ 19,860
Paper, Packaging & Services	29,376	20,243	53,335
Timber	20,254	29,986	25,473
Total operating profit before restructuring charges and timberland gains	117,430	85,059	98,668
Restructuring charges:			
Industrial Packaging & Services	47,924	2,322	11,534
Paper, Packaging & Services	12,469	446	—
Timber	350	56	—
Total restructuring charges	60,743	2,824	11,534
Timberland gains:			
Timber	5,577	12,122	79,663
Total operating profit	\$ 62,264	\$ 94,357	\$ 166,797
Assets:			
Industrial Packaging & Services	\$ 1,153,939	\$ 1,088,810	
Paper, Packaging & Services	341,305	323,704	
Timber	123,582	116,183	
Total segment	1,618,826	1,528,697	
Corporate and other	212,385	229,598	
Total assets	\$ 1,831,211	\$ 1,758,295	
Depreciation, depletion and amortization expense:			
Industrial Packaging & Services	\$ 63,635	\$ 70,327	\$ 53,102
Paper, Packaging & Services	34,633	23,569	23,350
Timber	1,991	3,581	5,055
Total depreciation, depletion and amortization expense	\$ 100,259	\$ 97,477	\$ 81,507
Additions to long-lived assets:			
Industrial Packaging & Services	\$ 38,817	\$ 28,081	\$ 17,621
Paper, Packaging & Services	12,801	5,912	14,152
Timber	9,047	15,476	91,228
Total segment	60,665	49,469	123,001
Corporate and other	4,679	7,995	9,216
Total additions to long-lived assets	\$ 65,344	\$ 57,464	\$ 132,217

The following geographic information is presented for each of the three years in the period ended October 31, 2003, except as to asset information that is as of October 31, 2003 and 2002 (Dollars in thousands):

	2003	2002	2001
Net sales:			
North America	\$ 1,150,934	\$ 996,260	\$ 1,009,789
Europe	522,090	420,950	289,527
Other	243,417	215,557	156,684
Total net sales	\$ 1,916,441	\$ 1,632,767	\$ 1,456,000

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

	2003	2002
Assets:		
North America	\$ 1,253,983	\$ 1,260,042
Europe	389,171	338,090
Other	188,057	160,163
Total assets	\$ 1,831,211	\$ 1,758,295

Note 16 – QUARTERLY FINANCIAL DATA (UNAUDITED)

The quarterly results of operations for 2003 and 2002 are shown below (Dollars in thousands, except per share amounts):

2003	Quarter ended			
	January 31	April 30	July 31	October 31
Net sales as reported	\$ 386,423	\$ 423,563	\$ 451,740	\$ 514,201
Adjustments(1)	48,255	47,244	45,015	—
Adjusted net sales	\$ 434,678	\$ 470,807	\$ 496,755	\$ 514,201
Gross profit as reported	\$ 67,356	\$ 74,011	\$ 81,546	\$ 98,537
Adjustments(1)	8,373	8,232	7,495	—
Adjusted gross profit	\$ 75,729	\$ 82,243	\$ 89,041	\$ 98,537
Income (loss) before cumulative effect of change in accounting principle as reported	\$ (558)	\$ (5,139)	\$ 2,980	\$ 5,394
Adjustments(1)	667	726	604	—

Adjusted income (loss) before cumulative effect of change in accounting principle	\$ 109	\$ (4,413)	\$ 3,584	\$ 5,394
Net income (loss) as reported	\$ 4,264	\$ (5,139)	\$ 2,980	\$ 5,394
Adjustments(1)	667	726	604	—
Adjusted net income (loss)	\$ 4,931	\$ (4,413)	\$ 3,584	\$ 5,394

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	Quarter ended			
2003	January 31	April 30	July 31	October 31
Basic and diluted earnings (loss) per share:				
Class A Common Stock as reported	\$ 0.16	\$ (0.18)	\$ 0.11	\$ 0.19
Adjustments(1)	0.02	0.02	0.02	—
Adjusted Class A Common Stock	\$ 0.18	\$ (0.16)	\$ 0.13	\$ 0.19
Class B Common Stock as reported	\$ 0.22	\$ (0.27)	\$ 0.16	\$ 0.29
Adjustments(1)	0.04	0.03	0.03	—
Adjusted Class B Common Stock	\$ 0.26	\$ (0.24)	\$ 0.19	\$ 0.29
Earnings (loss) per share were calculated using the following number of shares:				
Basic:				
Class A Common Stock	10,562,640	10,570,846	10,570,846	10,571,158
Class B Common Stock	11,754,661	11,724,403	11,724,403	11,703,603
Diluted:				
Class A Common Stock	10,565,182	10,570,846	10,570,846	10,615,117
Class B Common Stock	11,754,661	11,724,403	11,724,403	11,703,603
Market price (Class A Common Stock):				
High	\$ 27.00	\$ 20.70	\$ 25.00	\$ 32.63
Low	\$ 20.25	\$ 16.75	\$ 18.63	\$ 23.10
Close	\$ 20.62	\$ 20.45	\$ 23.60	\$ 32.53
Market price (Class B Common Stock):				
High	\$ 27.75	\$ 24.80	\$ 27.01	\$ 34.01
Low	\$ 25.00	\$ 22.36	\$ 23.50	\$ 26.77
Close	\$ 25.00	\$ 24.10	\$ 26.90	\$ 33.50

(1) Net sales, gross profit, income (loss) before cumulative effect of change in accounting principle, net income (loss) and basic and diluted earnings (loss) per share reflect adjustments resulting from the full consolidation of CorrChoice for 2003. See Note 2 for further information.

	Quarter ended			
2002	January 31	April 30	July 31	October 31
Net sales	\$ 365,190	\$ 396,913	\$ 435,148	\$ 435,516
Gross profit	\$ 68,086	\$ 81,319	\$ 90,381	\$ 96,029
Net income	\$ 3,806	\$ 6,916	\$ 7,951	\$ 12,306
Basic and diluted earnings per share:				
Class A Common Stock	\$ 0.14	\$ 0.24	\$ 0.28	\$ 0.44
Class B Common Stock	\$ 0.20	\$ 0.37	\$ 0.42	\$ 0.65
Earnings per share were calculated using the following number of shares:				
Basic:				
Class A Common Stock	10,520,027	10,550,055	10,577,951	10,572,826
Class B Common Stock	11,815,974	11,795,835	11,778,142	11,763,719
Diluted:				
Class A Common Stock	10,564,053	10,683,661	10,642,239	10,577,919
Class B Common Stock	11,815,974	11,795,835	11,778,142	11,763,719
Market price (Class A Common Stock):				
High	\$ 35.81	\$ 38.20	\$ 37.48	\$ 28.36
Low	\$ 24.81	\$ 29.79	\$ 24.06	\$ 23.00
Close	\$ 33.05	\$ 35.52	\$ 25.03	\$ 25.39
Market price (Class B Common Stock):				
High	\$ 35.10	\$ 35.50	\$ 35.00	\$ 27.00
Low	\$ 25.00	\$ 32.01	\$ 24.13	\$ 23.50
Close	\$ 34.25	\$ 34.00	\$ 25.00	\$ 25.65

Shares of the Company's Class A Common Stock and Class B Common Stock are listed on the New York Stock Exchange where the symbols are GEF and GEF.B, respectively. As of December 31, 2003, there were 519 stockholders of record of the Class A Common Stock and 138 stockholders of record of the Class B Common Stock.

Note 17 – SUPPLEMENTAL CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

On July 31, 2002, the Company issued \$250 million of Senior Subordinated Notes, which mature in August 2012 (see Note 7). The Senior Subordinated Notes 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. ("Parent"), the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries as of October 31, 2003 and 2002, and for each of the three years in the period ended October 31, 2003.

These summarized condensed consolidating financial statements are prepared on 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. Therefore, the Guarantor Subsidiaries are combined in the presentation below.

CONDENSED CONSOLIDATING STATEMENT OF OPERATIONS

For the year ended October 31, 2003

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 699,436	\$ 555,039	\$ 924,092	\$ (262,126)	\$ 1,916,441
Cost of products sold	590,173	463,779	779,065	(262,126)	1,570,891
Gross profit	109,263	91,260	145,027	—	345,550
Selling, general and administrative expenses	95,071	38,888	94,161	—	228,120
Restructuring charges	11,848	22,970	25,925	—	60,743
Gain on sale of timberland	—	4,429	1,148	—	5,577
Operating profit	2,344	33,831	26,089	—	62,264
Interest expense (income), net	47,350	(884)	6,368	—	52,834
Other income (expense), net(1)	(42,143)	46,330	198	—	4,385
Income (loss) before income tax expense (benefit) and equity in earnings of affiliates and minority interests	(87,149)	81,045	19,919	—	13,815
Income tax expense (benefit)	(26,842)	24,962	6,135	—	4,255
Equity in earnings of affiliates and minority interests	64,981	(4,205)	(681)	(64,981)	(4,886)
Income (loss) before cumulative effect of change in accounting principle	4,674	51,878	13,103	(64,981)	4,674
Cumulative effect of change in accounting principle	4,822	—	—	—	4,822
Net income (loss)	\$ 9,496	\$ 51,878	\$ 13,103	\$ (64,981)	\$ 9,496

(1) Parent column other expense amount and a related amount of other income in the Guarantor Subsidiaries column primarily relate to an intercompany royalty arrangement.

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CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS

For the year ended October 31, 2002

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 747,529	\$ 333,415	\$ 776,455	\$ (224,632)	\$ 1,632,767
Cost of products sold	619,943	264,174	637,467	(224,632)	1,296,952
Gross profit	127,586	69,241	138,988	—	335,815
Selling, general and administrative expenses	105,762	48,816	96,178	—	250,756
Restructuring charges	1,621	—	1,203	—	2,824
Gain on sale of timberland	—	12,122	—	—	12,122
Operating profit	20,203	32,547	41,607	—	94,357
Interest expense, net	49,392	2,863	3,710	—	55,965
Debt extinguishment charge	10,300	—	—	—	10,300
Other income (expense), net(1)	(44,391)	51,979	249	—	7,837
Income (loss) before income tax expense (benefit) and equity in earnings of affiliates and minority interests	(83,880)	81,663	38,146	—	35,929
Income tax expense (benefit)	(30,196)	29,398	13,732	—	12,934
Equity in earnings of affiliates and minority interests	84,663	—	(837)	(75,842)	7,984
Net income (loss)	\$ 30,979	\$ 52,265	\$ 23,577	\$ (75,842)	\$ 30,979

For the year ended October 31, 2001

	Parent	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	\$ 760,376	\$ 285,221	\$ 553,870	\$ (143,467)	\$ 1,456,000
Cost of products sold	612,395	221,927	461,761	(143,467)	1,152,616
Gross profit	147,981	63,294	92,109	—	303,384
Selling, general and administrative expenses	106,482	37,316	60,918	—	204,716
Restructuring charges	11,534	—	—	—	11,534
Gain on sale of timberland	—	79,019	644	—	79,663
Operating profit	29,965	104,997	31,835	—	166,797
Interest expense (income), net	23,793	(280)	21,636	—	45,149
Other income (expense), net(1)	(44,734)	52,265	(1,173)	—	6,358
Income (loss) before income tax expense (benefit) and equity in earnings of affiliates and minority interests	(38,562)	157,542	9,026	—	128,006
Income tax expense (benefit)	(14,615)	59,708	3,421	—	48,514
Equity in earnings of affiliates and minority interests	112,721	—	(463)	(102,976)	9,282
Net income (loss)	\$ 88,774	\$ 97,834	\$ 5,142	\$ (102,976)	\$ 88,774

(1) Parent column other expense amount and a related amount of other income in the Guarantor Subsidiaries column primarily relate to an intercompany royalty arrangement.

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CONDENSED CONSOLIDATING BALANCE SHEET

As of October 31, 2003

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ —	\$ 26,421	\$ 23,346	\$ —	\$ 49,767
Trade accounts receivable	84,282	49,517	161,158	—	294,957
Inventories	16,896	46,696	103,565	—	167,157
Other current assets	30,938	8,348	32,290	—	71,576
	<u>132,116</u>	<u>130,982</u>	<u>320,359</u>	<u>—</u>	<u>583,457</u>
Long-term assets					
Goodwill and other intangible assets	113,117	38,847	130,999	—	282,963
Investment in affiliates	921,194	514,385	4,421	(1,435,579)	4,421
Other long-term assets	31,778	9,987	6,230	—	47,995
	<u>1,066,089</u>	<u>563,219</u>	<u>141,650</u>	<u>(1,435,579)</u>	<u>335,379</u>
Properties, plants and equipment, net	243,007	383,205	286,163	—	912,375
	<u>\$ 1,441,212</u>	<u>\$ 1,077,406</u>	<u>\$ 748,172</u>	<u>\$ (1,435,579)</u>	<u>\$ 1,831,211</u>
LIABILITIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable	\$ 26,776	\$ 39,392	\$ 92,165	\$ —	\$ 158,333
Short-term borrowings	—	—	15,605	—	15,605
Current portion of long-term debt	3,000	—	—	—	3,000
Other current liabilities	20,353	22,146	92,881	—	135,380
	<u>50,129</u>	<u>61,538</u>	<u>200,651</u>	<u>—</u>	<u>312,318</u>
Long-term liabilities					
Long-term debt	637,034	—	6,033	—	643,067
Other long-term liabilities	181,485	56,645	63,246	—	301,376
	<u>818,519</u>	<u>56,645</u>	<u>69,279</u>	<u>—</u>	<u>944,443</u>
Minority interest	—	—	1,886	—	1,886
Shareholders' equity	572,564	959,223	476,356	(1,435,579)	572,564
	<u>\$ 1,441,212</u>	<u>\$ 1,077,406</u>	<u>\$ 748,172</u>	<u>\$ (1,435,579)</u>	<u>\$ 1,831,211</u>

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CONDENSED CONSOLIDATING BALANCE SHEET

As of October 31, 2002

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 1,326	\$ 2,218	\$ 21,852	\$ —	\$ 25,396
Trade accounts receivable	87,651	45,536	131,923	—	265,110
Inventories	28,186	27,168	88,966	—	144,320
Other current assets	28,801	8,852	37,342	—	74,995
	<u>145,964</u>	<u>83,774</u>	<u>280,083</u>	<u>—</u>	<u>509,821</u>
Long-term assets					
Goodwill and other intangible assets	113,118	21,316	127,142	—	261,576
Investment in affiliates	854,209	514,386	1,508	(1,216,381)	153,722
Other long-term assets	40,535	—	623	—	41,158
	<u>1,007,862</u>	<u>535,702</u>	<u>129,273</u>	<u>(1,216,381)</u>	<u>456,456</u>
Properties, plants and equipment, net	261,009	271,100	259,909	—	792,018
	<u>\$ 1,414,835</u>	<u>\$ 890,576</u>	<u>\$ 669,265</u>	<u>\$ (1,216,381)</u>	<u>\$ 1,758,295</u>
LIABILITIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable	\$ 27,728	\$ 28,873	\$ 76,984	\$ —	\$ 133,585
Short-term borrowings	—	—	20,005	—	20,005
Current portion of long-term debt	3,000	—	—	—	3,000
Other current liabilities	5,379	44,905	74,698	—	124,982
	<u>36,107</u>	<u>73,778</u>	<u>171,687</u>	<u>—</u>	<u>281,572</u>
Long-term liabilities					
Long-term debt	629,266	—	716	—	629,982
Other long-term liabilities	180,333	49,745	46,189	—	276,267
	<u>809,599</u>	<u>49,745</u>	<u>46,905</u>	<u>—</u>	<u>906,249</u>
Minority interest	—	—	1,345	—	1,345
Shareholders' equity	569,129	767,053	449,328	(1,216,381)	569,129
	<u>\$ 1,414,835</u>	<u>\$ 890,576</u>	<u>\$ 669,265</u>	<u>\$ (1,216,381)</u>	<u>\$ 1,758,295</u>

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CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the year ended October 31, 2003

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities	\$ 22,833	\$ 31,421	\$ 45,044	\$ —	\$ 99,298
Cash flows from investing activities:					
Acquisitions of companies, net of cash acquired	—	(4,765)	(11,707)	—	(16,472)
Proceeds from sale of marketable securities	—	9,609	—	—	9,609
Purchases of properties, plants and equipment	(14,454)	(18,838)	(32,052)	—	(65,344)
Proceeds on disposals of properties, plants and equipment	2,109	6,776	—	—	8,885
Net cash used in investing activities	(12,345)	(7,218)	(43,759)	—	(63,322)
Cash flows from financing activities:					
Proceeds from issuance of long-term debt	279,606	—	315,300	—	594,906
Payments on long-term debt	(274,797)	—	(309,983)	—	(584,780)
Payments on short-term borrowings	—	—	(7,084)	—	(7,084)
Dividends paid	(15,657)	—	—	—	(15,657)
Other, net	(966)	—	—	—	(966)
Net cash used in financing activities	(11,814)	—	(1,767)	—	(13,581)
Effects of exchange rates on cash	—	—	1,976	—	1,976
Net (decrease) increase in cash and cash equivalents	(1,326)	24,203	1,494	—	24,371
Cash and cash equivalents at beginning of year	1,326	2,218	21,852	—	25,396
Cash and cash equivalents at end of year	\$ —	\$ 26,421	\$ 23,346	\$ —	\$ 49,767

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CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the year ended October 31, 2002

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by operating activities	\$ 99,260	\$ 23,309	\$ 24,456	\$ —	\$ 147,025
Cash flows from investing activities:					
Purchases of properties, plants and equipment	(12,642)	(27,008)	(17,814)	—	(57,464)
Proceeds on disposals of properties, plants and equipment	8,340	12,433	1,187	—	21,960
Net cash used in investing activities	(4,302)	(14,575)	(16,627)	—	(35,504)
Cash flows from financing activities:					
Proceeds from issuance of long-term debt	663,250	—	—	—	663,250
Payments on long-term debt	(727,290)	—	(13,730)	—	(741,020)
Proceeds from short-term borrowings	—	—	3,472	—	3,472
Debt issuance costs	(14,742)	—	—	—	(14,742)
Dividends paid	(15,692)	—	—	—	(15,692)
Other, net	(790)	—	—	—	(790)
Net cash used in financing activities	(95,264)	—	(10,258)	—	(105,522)
Effects of exchange rates on cash	—	—	(10,323)	—	(10,323)
Net (decrease) increase in cash and cash equivalents	(306)	8,734	(12,752)	—	(4,324)
Cash and cash equivalents at beginning of year	1,632	(6,516)	34,604	—	29,720
Cash and cash equivalents at end of year	\$ 1,326	\$ 2,218	\$ 21,852	\$ —	\$ 25,396

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CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS

For the year ended October 31, 2001

	Parent	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Eliminations	Consolidated
Cash flows from operating activities:					
Net cash provided by (used in) operating activities	\$ 83,343	\$ (581)	\$ 32,357	\$ —	\$ 115,119
Cash flows from investing activities:					
Acquisitions of companies, net of cash acquired	(571,829)	257,678	1,259	—	(312,892)
Purchases of properties, plants and equipment	(15,893)	(115,159)	(1,165)	—	(132,217)
Proceeds on disposals of properties, plants and equipment	9,526	82,877	—	—	92,403
Net cash (used in) provided by investing activities	(578,196)	225,396	94	—	(352,706)
Cash flows from financing activities:					
Proceeds from issuance of long-term debt	760,000	—	—	—	760,000
(Payments on) proceeds from long-term debt	(234,204)	(235,000)	4,662	—	(464,542)
Payments on short-term borrowings	—	—	(7,062)	—	(7,062)
Debt issuance costs	(16,254)	—	—	—	(16,254)
Dividends paid	(15,158)	—	—	—	(15,158)
Other, net	(855)	—	—	—	(855)
Net cash provided by (used in) financing activities	493,529	(235,000)	(2,400)	—	256,129
Effects of exchange rates on cash	—	—	(2,210)	—	(2,210)
Net (decrease) increase in cash and cash equivalents	(1,324)	(10,185)	27,841	—	16,332
Cash and cash equivalents at beginning of year	2,956	3,669	6,763	—	13,388
Cash and cash equivalents at end of year	\$ 1,632	\$ (6,516)	\$ 34,604	\$ —	\$ 29,720

REPORT OF INDEPENDENT ACCOUNTANTS

To the Shareholders and the
Board of Directors of
Greif, Inc.

We have audited the consolidated balance sheets of Greif, Inc. and subsidiaries as of October 31, 2003 and 2002, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended October 31, 2003. Our audits also include the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Greif, Inc. and subsidiaries at October 31, 2003 and 2002, and the consolidated results of their operations and their cash flows for each of the three years in the period ended October 31, 2003 in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information therein.

As discussed in Note 3 to the consolidated financial statements, effective November 1, 2002, the Company adopted Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets."

/s/ Ernst & Young LLP

Columbus, Ohio
December 11, 2003

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

There has not been a change in the Company's principal independent accountants and there were no matters of disagreement on accounting and financial disclosure.

Item 9A. CONTROLS AND PROCEDURES

Under the supervision of the Chief Executive Officer and Chief Financial Officer, the Company's management conducted an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures, as such term is defined under Rule 15d-15(e) promulgated under the Exchange Act. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were effective in timely making known to them material information required to be included in the Company's periodic filings with the SEC.

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

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding directors of the Company required by Items 401(a) and (d)-(f) of Regulation S-K will be found under the caption "Proposal Number 1 – Election of Directors" in the 2004 Proxy Statement, which information is incorporated herein by reference. Information regarding executive officers of the Company required by Items 401(b) and (d)-(f) of Regulation S-K is found under the caption "Executive Officers of the Company" in Part I of this Form 10-K, which information is also incorporated by reference into this Item 10.

The Company has a separately-designated standing Audit Committee established in accordance with Section 3(a)(58)(A) of the Exchange Act. As of January 22, 2004, the members of the Audit Committee were Patrick J. Norton, John C. Kane and David J. Olderman. Mr. Norton is Chairman of the Audit Committee. The Company's Board of Directors has determined that Mr. Norton is an "audit committee financial expert," as that term is defined in Item 401(h)(2) of Regulation S-K, and "independent," as that term is defined in Rule 10A-3 of the Exchange Act.

The Company has changed the procedures by which stockholders may recommend individuals for consideration as nominees to the Company's Board of Directors. It is the policy of the Company's Nominating and Corporate Governance Committee (the "Nominating Committee") to consider individuals recommended by stockholders for membership on the Board of Directors. If a stockholder desires to recommend an individual for membership on the Board of Directors, then that stockholder must provide a written notice to the Secretary of the Company at 425 Winter Road, Delaware, Ohio 43015 (the "Recommendation Notice"). In order for a recommendation to be considered by the Nominating Committee, the Recommendation Notice must contain, at a minimum, the following: the name and address, as they appear on the Company's books, and telephone number of the stockholder making the recommendation, including information on the number of shares and class of stock owned, and if such person is not a stockholder of record or if such shares are owned by an entity, reasonable evidence of such person's ownership of such shares or such person's authority to act on behalf of such entity; the full legal name, address and telephone number of the individual being recommended, together with a reasonably detailed description of the background, experience and qualifications of that individual; a written acknowledgement by the individual being recommended that he or she has consented to that recommendation and consents to the Company's undertaking of an investigation into that individual's background, experience and qualifications in the event that the Nominating Committee desires to do so; the disclosure of any relationship of the individual being recommended with the Company or any of its subsidiaries or affiliates, whether direct or indirect; and, if known to the stockholder, any material interest of such stockholder or individual being recommended in any proposals or other business to be presented at the Company's next annual meeting of stockholders (or a statement to the effect that no material interest is known to such stockholder).

Except for the director nominees recommended by the Nominating Committee to the Board of Directors, no person may be nominated for election as a director of the Company during any stockholder meeting unless such person was first recommended by a stockholder for Board membership in accordance with the procedures set forth in the preceding paragraph and the Recommendation Notice was received by the Company not less than 60 days nor more than 90 days prior to the date of such meeting; provided, however, if less than 75 days' notice or prior public disclosure of the date of a stockholders meeting is given or made to stockholders, then, in order to be timely received, the Recommendation Notice must be received by the Company no later than the close of business on the 10th day following the day on which such notice of the date of the stockholder meeting was mailed or such public disclosure was made.

Information regarding compliance with Section 16(a) of the Exchange Act required by Item 405 of Regulation S-K will be found under the caption "Section 16(a) Beneficial Ownership Reporting Compliance" in the 2004 Proxy Statement, which information is incorporated herein by reference.

The Company's Board of Directors has adopted a code of ethics that applies to the Company's principal executive officer, principal financial officer, principal accounting officer, controller, and persons performing similar functions. This code of ethics will be posted on the Company's Internet Web site at www.greif.com under "Investor Center—Corporate Governance" on or before February 23, 2004. Prior to that time, copies of this code of ethics are available to any person, without charge, by making a written request to the Company. Requests should be directed to Greif, Inc., Attention: Corporate Secretary, 425 Winter Road, Delaware, Ohio 43015. Any amendment (other than any technical, administrative or other non-substantive amendment) to, or waiver from, a provision of this code will be posted on the Company's Internet Web site described above within five business days following its occurrence.

Item 11. EXECUTIVE COMPENSATION

Information regarding executive compensation required by Item 402 of Regulation S-K will be found under the captions "Executive Compensation," "Director Compensation Arrangements," "Compensation Committee Interlocks and Insider Participation," "Compensation Committee Report on Executive Compensation," and "Performance Graph" in the 2004 Proxy Statement, which information is incorporated herein by reference.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information regarding security ownership of certain beneficial owners and management required by Item 403 of Regulation S-K will be found under the caption "Security Ownership of Certain Beneficial Owners and Management" in the 2004 Proxy Statement, which information is incorporated herein by reference.

Information regarding equity compensation plan information required by Item 201(d) of Regulation S-K will be found under the caption "Equity Compensation Plan Information" in the 2004 Proxy Statement, which information is incorporated herein by reference.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information regarding certain relationships and related transactions required by Item 404 of Regulation S-K will be found under the caption "Certain Relationships and Related Transactions" in the 2004 Proxy Statement, which information is incorporated herein by reference.

Item 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information regarding principal accounting fees and services required by Item 9(e) of Schedule 14A will be found under the caption "Independent Auditor Fee Information" in the 2004 Proxy Statement, which information is incorporated herein by reference.

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PART IV

Item 15. FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K EXHIBITS,

(a) The following documents are filed as part of this Form 10-K:

(1)	Consolidated Financial Statements of Greif, Inc.:	Page
	<hr/>	
	Consolidated Statements of Income for each of the three years in the period ended October 31, 2003	19
	Consolidated Balance Sheets at October 31, 2003 and 2002	20
	Consolidated Statements of Cash Flows for each of the three years in the period ended October 31, 2003	21
	Consolidated Statements of Changes in Shareholders' Equity for each of the three years in the period ended October 31, 2003	22
	Notes to Consolidated Financial Statements	23
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The individual financial statements of the Company have been omitted since the Company is primarily an operating company and all subsidiaries included in the consolidated financial statements, in the aggregate, do not have minority equity interests and/or indebtedness to any person other than the Company or its consolidated subsidiaries in amounts which exceed 5% of total consolidated assets at October 31, 2003.

(2)	Financial Statement Schedule:	Page
	<hr/>	
	Consolidated Valuation and Qualifying Accounts and Reserves (Schedule II)	53

All other schedules are omitted because they are not applicable or the required information is shown in the financial statements or notes thereto.

(3) Exhibits – See the Exhibit Index.

(b) Reports on Form 8-K:

On October 2, 2003, the Company filed a Current Report on Form 8-K under Item 5 that disclosed that CorrChoice, Inc., a joint venture of the Company, had redeemed all of the outstanding shares of its minority shareholders for \$115.3 million. As a result of the transaction, the Company now owns 100% of CorrChoice.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Greif, Inc.

(Registrant)

Date: January 22, 2004

By: /s/ Michael J. Gasser

Michael J. Gasser
Chairman of the Board of Directors
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

/s/ Michael J. Gasser

Michael J. Gasser
Chairman of the Board of Directors
and Chief Executive Officer
(principal executive officer)

/s/ Donald S. Huml

Donald S. Huml
Chief Financial Officer
(principal financial officer)

/s/ John K. Dieker

John K. Dieker
Vice President and
Corporate Controller
(principal accounting officer)

William B. Sparks, Jr. *

William B. Sparks, Jr.
Member of the Board of Directors

Charles R. Chandler *

Charles R. Chandler
Member of the Board of Directors

Michael H. Dempsey *

Michael H. Dempsey
Member of the Board of Directors

Daniel J. Gunsett *

Daniel J. Gunsett
Member of the Board of Directors

John C. Kane *

John C. Kane
Member of the Board of Directors

Judith D. Hook *

Judith D. Hook
Member of the Board of Directors

Patrick J. Norton *

Patrick J. Norton
Member of the Board of Directors

David J. Olderman *

David J. Olderman
Member of the Board of Directors

* The undersigned, Michael J. Gasser, by signing his name hereto, does hereby execute this Form 10-K on behalf of each of the above-named persons pursuant to powers of attorney duly executed by such persons and filed as an exhibit to this Form 10-K.

By: /s/ Michael J. Gasser

Michael J. Gasser
Chairman of the Board of Directors
and Chief Executive Officer

Each of the above signatures is affixed as of January 22, 2004.

GREIF, INC. AND SUBSIDIARY COMPANIES

CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

(Dollars in millions)

Description	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
Year ended October 31, 2001:					
Allowance for doubtful accounts	\$ 2.3	\$ 3.5	\$ 7.6(A)	\$ (2.8)	\$ 10.6
Environmental reserves	\$ 1.5	\$ —	\$ 6.4(A)	\$ (0.8)	\$ 7.1
Year ended October 31, 2002:					
Allowance for doubtful accounts	\$ 10.6	\$ 1.6	\$ —	\$ (2.3)	\$ 9.9
Environmental reserves	\$ 7.1	\$ 0.4	\$ 0.5(A)	\$ —	\$ 8.0
Year ended October 31, 2003:					
Allowance for doubtful accounts	\$ 9.9	\$ 1.3	\$ —	\$ —	\$ 11.2
Environmental reserves	\$ 8.0	\$ 0.3	\$ 1.1(B)	\$ (0.6)	\$ 8.8

- (A) Includes adjustments of \$7.6 million for allowance for doubtful accounts and \$6.9 million for environmental reserves related to the Van Leer Industrial Packaging business acquired from Hühtamaki Van Leer Oyj on March 2, 2001.
- (B) Includes the effects of non-United States currency translation.

EXHIBIT INDEX

Exhibit No.	Description of Exhibit	If Incorporated by Reference, Document with which Exhibit was Previously Filed with SEC
3(a)	Amended and Restated Certificate of Incorporation of Greif Bros. Corporation.	Annual Report on Form 10-K for the fiscal year ended October 31, 1997, File No. 1-566 (see Exhibit 3(a) therein).
3(b)	Amendment to Amended and Restated Certificate of Incorporation of Greif Bros. Corporation.	Definitive Proxy Statement on Form 14A dated January 27, 2003, File No. 1-566 (see Exhibit A therein).
3(c)	Amended and Restated By-Laws of Greif Bros. Corporation.	Annual Report on Form 10-K for the fiscal year ended October 31, 1997, File No. 1-566 (see Exhibit 3(b) therein).
3(d)	Amendment to Amended and Restated By-Laws of Greif Bros. Corporation.	Annual Report on Form 10-K for the fiscal year ended October 31, 1998, File No. 1-566 (see Exhibit 3(c) therein).
4(a)	Indenture dated as of July 31, 2002, among Greif Bros. Corporation, as Issuer, the Subsidiary Guarantors named therein, and J.P. Morgan Trust Company, National Association, as Trustee.	Registration Statement on Form S-4, File No. 333-100121 (see Exhibit 4(a) therein).
4(b)	Form of Exchange Note.	Registration Statement on Form S-4, File No. 333-100121 (see Exhibit 4(b) therein).
10(a)*	Greif Bros. Corporation Directors' Stock Option Plan.	Registration Statement on Form S-8, File No. 333-26977 (see Exhibit 4(b) therein).
10(b)*	Greif Bros. Corporation Incentive Stock Option Plan, as Amended and Restated.	Annual Report on Form 10-K for the fiscal year ended October 31, 1997, File No. 1-566 (see Exhibit 10(b) therein).
10(c)*	Greif Bros. Corporation Directors' Deferred Compensation Plan.	Annual Report on Form 10-K for the fiscal year ended October 31, 1998, File No. 1-566 (see Exhibit 10(c) therein).
10(d)*	Employment Agreement between Michael J. Gasser and Greif, Inc.	Annual Report on Form 10-K for the fiscal year ended October 31, 1998, File No. 1-566 (see Exhibit 10(d) therein).
10(e)*	Employment Agreement between William B. Sparks, Jr. and Greif, Inc.	Annual Report on Form 10-K for the fiscal year ended October 31, 1998, File No. 1-566 (see Exhibit 10(e) therein).
10(f)*	Supplemental Retirement Benefit Agreement.	Annual Report on Form 10-K for the fiscal year ended October 31, 1999, File No. 1-566 (see Exhibit 10(f) therein).
10(g)	Share Purchase Agreement, dated October 27, 2000, as amended on January 5, 2001 and February 28, 2001, between Hütamaki Van Leer Oyj, as the seller and Greif Bros. Corporation as the buyer.	Current report on Form 8-K dated March 15, 2001, File No. 1-566 (see Exhibit 2 therein).
10(h)*	Greif Bros. Corporation Long-Term Incentive Plan.	Definitive Proxy Statement on Form 14A dated January 25, 2002, File No. 1-566 (see Exhibit A therein).

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Exhibit No.	Description of Exhibit	If Incorporated by Reference, Document with which Exhibit was Previously Filed with SEC
10(i)*	Greif Bros. Corporation Performance-Based Incentive Compensation Plan.	Definitive Proxy Statement on Form 14A dated January 25, 2002, File No. 1-566 (see Exhibit B therein).
10(j)*	Greif Bros. Corporation 2001 Management Equity Incentive and Compensation Plan.	Definitive Proxy Statement on Form DEF 14A dated January 26, 2001, File No. 1-566 (see Exhibit A therein).
10(k)*	Greif Bros. Corporation 2000 Nonstatutory Stock Option Plan.	Registration Statement on Form S-8, File No. 333-61058 (see Exhibit 4(c) therein).
10(l)	Amended and Restated Senior Secured Credit Agreement, dated as of August 23, 2002, among Greif Bros. Corporation and certain non-United States subsidiaries as borrowers, a syndicate of financial institutions, as lenders, Salomon Smith Barney Inc., as joint lead arranger and sole book-runner, CitiCorp North America, Inc., as administrative agent, Deutsche Bank Trust Company Americas and KeyBank National Bank Association, as co-syndication agents, Sun Trust Bank, as documentation agent, and Deutsche Bank Securities Inc, as joint lead arranger.	Current report on Form 8-K dated August 28, 2002, File No. 1-566 (see Exhibit 99.1 therein).
10(m)	Receivables Purchase Agreement, dated as of October 31, 2003, by and among Greif Receivables Funding LLC (as seller), Greif, Inc. (as originator and servicer), Greif Containers Inc. (as originator), Great Lakes Corrugated Corp. (as originator), Scaldis Capital LLC (as purchaser) and Fortis Bank S.A./N.V. (as administrative agent).	Contained herein.
10(n)	Sale and Contribution Agreement, dated as of October 31, 2003, by and among Greif, Inc., Greif Containers Inc., Great Lakes Corrugated Corp. (collectively as sellers) and Greif Receivables Funding LLC (as purchaser).	Contained herein.
21	Subsidiaries of the Registrant.	Contained herein.
23	Consent of Ernst & Young LLP.	Contained herein.
24(a)	Powers of Attorney for Michael J. Gasser, Charles R. Chandler, Michael H. Dempsey, Daniel J. Gunsett, David J. Olderman and William B. Sparks, Jr.	Annual Report on Form 10-K for the fiscal year ended October 31, 1997, File No. 1-566 (see Exhibit 24(a) therein).
24(b)	Power of Attorney for John C. Kane.	Annual Report on Form 10-K for the fiscal year ended October 31, 1999, File No. 1-566 (see Exhibit 24(b) therein).
24(c)	Powers of Attorney for Judith D. Hook and Patrick J. Norton.	Contained herein.
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	Contained herein.

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Exhibit No.	Description of Exhibit	If Incorporated by Reference, Document with which Exhibit was Previously Filed with SEC
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934.	Contained herein.
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.	Contained herein.
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.	Contained herein.
*	Executive compensation plans and arrangements required to be filed pursuant to Item 601(b)(10) of Regulation S-K.	

Dated as of 31 October 2003

among

GREIF RECEIVABLES FUNDING LLC
as Seller

GREIF, INC.
as GI Originator and as Servicer

GREIF CONTAINERS INC.
as GCI Originator

GREAT LAKES CORRUGATED CORP.
as GLCC Originator

SCALDIS CAPITAL LLC
as Purchaser

and

FORTIS BANK S.A./N.V.
as Administrative Agent

RECEIVABLES PURCHASE AGREEMENT

Cadwalader, Wickersham & Taft LLP
265 Strand
London WC2R 1BH

Tel: +44 (0) 20 7170 8700
Fax: +44 (0) 20 7170 860

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NOTE: All Schedules and Annexes to this Exhibit 10(m) have not been included as part of this Form 10-K.

RECEIVABLES PURCHASE AGREEMENT

RECEIVABLES PURCHASE AGREEMENT (this "Agreement"), dated as of 31 October 2003 by and among GREIF RECEIVABLES FUNDING LLC, a Delaware limited liability company, as seller (the "Seller"), Greif, Inc., a Delaware corporation ("Greif, Inc."), as an originator (the "GI Originator") and as servicer (the "Servicer"), GREIF CONTAINERS INC., a Delaware corporation, as an originator (the "GCI Originator"), GREAT LAKES CORRUGATED CORP., an Ohio corporation, as an originator (the "GLCC Originator"), SCALDIS CAPITAL LLC, a Delaware limited liability company, as purchaser (the "Purchaser"), and FORTIS BANK S.A./N.V., as administrative agent (the "Administrative Agent").

PRELIMINARY STATEMENT

(A) The Seller has purchased, and may continue to purchase Receivables from the Originators pursuant to the Sale and Contribution Agreement between the Originators and the Seller dated 31 October 2003.

(B) The Seller is prepared to sell an undivided interest in the Pool Receivables (the "Receivable Interests").

(C) The Purchaser has agreed to purchase Receivable Interests from time to time on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, the Seller, the GI Originator, the GCI Originator, the GLCC Originator, the Servicer, the Purchaser and the Administrative Agent agree as follows:

ARTICLE I
DEFINITIONS

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

"Account Control Agreements" means, collectively, the Concentration Account Control Agreement, the Lock-Box Agreements and the Securities Account Control Agreement and "Account Control Agreement" means any one of them.

"Account Control Termination Notice" means any notice issued given or made by a Depository under or pursuant to any Account Control Agreement by which the Depository seeks to terminate or cancel such Account Control Agreement other than as a consequence of a default by any party to such Account Control Agreement.

"Accession Agreement" has the meaning specified in Section 10.03.

"Additional Originator" means a Person which becomes an Additional Originator pursuant to and in accordance with Section 10.03(d).

"Adjusted Eurodollar Rate" means, for any Interest Period, an interest rate per annum equal to the rate per annum obtained by dividing (i) the Eurodollar Rate for such Interest Period by (ii) a percentage equal to 100% minus the Eurodollar Rate Reserve Percentage for such Interest Period.

"Administrative Agent" has the meaning specified in the preamble.

"Adverse Claim" means any security interest, mortgage, deed of trust, deed to secure debt, deed of hypothec, debenture, pledge, claim, hypothecation, assignment for security, charge or deposit arrangement, priority or preferential arrangement in the nature of security or lien (statutory or other), or other encumbrance of any kind in respect of any property (including those created by, arising under or evidenced by any conditional sale or other title retention agreement), the interest of a lessor under a Capital Lease, any financing lease having substantially the same economic effect as any of the foregoing and any Environmental Lien (as defined in the Senior Credit Agreement).

"Affected Person" has the meaning specified in Section 2.08.

"Affiliate" means, as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by or is under common control with such Person or is a director or officer of such Person. For the purposes of this definition "control" (including with correlative meaning the terms "controlling", "controlled by" and "under common control with"), as used with respect to any Persons, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise.

"Affiliated Obligor" means any Obligor that is an Affiliate of another Obligor.

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

(i) the rate of interest announced publicly by the Administrative Agent in New York, New York, from time to time as its base rate; or

(ii) the Federal Funds Rate.

"Business Day" means any day, other than any Saturday or Sunday, on which (i) banks are not authorized or required to close in New York City, the State of Ohio and Brussels, Belgium, (ii) the Trans-European Automated Real-time Gross Settlement Express Transfer payment system is open for settlement of payments in euro and (iii) if this definition of "Business Day" is utilized in connection with the Eurodollar Rate, dealings are carried out in the London interbank market.

"Capital" of any Receivable Interest means the original amount paid to the Seller for such Receivable Interest at the time of its purchase by the Purchaser pursuant to this Agreement, or such amount divided or combined in accordance with Section 2.07, in each case reduced from time to time (i) by Collections distributed on

account of such Capital pursuant to Section 2.04 or (ii) as otherwise provided in this Agreement; provided that if such Capital shall have been reduced by any distribution, or any other payment under this Agreement, and thereafter all or a portion of such distribution or payment is rescinded or must otherwise be returned for any reason, such Capital shall be increased by the amount of such rescinded or returned distribution or payment, as though it had not been made.

"Capital Lease", as applied to any Person, shall mean any lease of any property (whether real, personal or mixed) by that Person as lessee which, in conformity with GAAP, is accounted for as a capital lease on the balance sheet of that Person.

"Change of Control" means (a) any failure by Greif, Inc. to beneficially own and control, directly or indirectly, more than 50% of the total voting power and economic interests represented by the issued and outstanding Equity Interests of any Seller or any Originator (other than the GI Originator), or (b) any Change of Control as defined in the Senior Credit Agreement.

"Change in Law" has the meaning specified in the Senior Credit Agreement.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Collections" means, with respect to any Receivable, all cash collections and other cash proceeds of such Receivable, including, without limitation, all cash proceeds of Related Security with respect to such Receivable, and any Collection of such Receivable deemed to have been received pursuant to Section 2.04.

"Concentration Account" means the Concentration Account opened in the name of Greif, Inc., with JPMorgan Chase Bank, as Concentration Account Bank, Account No. xxx-xxxxxx, or such other Concentration Account opened by Greif, Inc. with a Concentration Account Bank that has the Required Rating and which has been approved for this purpose by the Administrative Agent (such consent not to be unreasonably withheld or delayed). The foregoing notwithstanding, the Administrative Agent shall have no obligation to give such consent unless such other Concentration Account is pledged to the Administrative Agent on substantially the same terms as the Concentration Account Control Agreement and the Administrative Agent shall have received such other evidence as it may reasonably require that the security provided thereby is not less favourable in any material respect to the Persons secured thereby than the security provided by the Concentration Account and the existing Concentration Account Control Agreement in respect thereof (including an opinion of Baker & Hostetler LLP, or other counsel reasonably acceptable to the Administrative Agent, in form and substance satisfactory to the Administrative Agent (acting reasonably) regarding perfection of such security and other matters reasonably requested by the Administrative Agent).

"Concentration Account Bank" means the bank with which the Concentration Account is held.

"Concentration Account Control Agreement" means an agreement substantially in the form of Annex C.

"Concentration Limit" means at any time

(a) for any Obligor rated A or higher by S&P and A2 or higher by Moody's (or, if such Obligor is only rated by one of S&P and Moody's, A in the case of S&P or A2 in the case of Moody's), 4.5% (the "Primary Concentration Limit"), subject to a maximum number of 3 such Obligors (each a "Primary Concentration Obligor");

(b) for any Obligor that is not a Primary Concentration Obligor and is rated BBB+ or higher by S&P and Baa1 or higher by Moody's (or, if such Obligor is only rated by one of S&P and Moody's, BBB+ to A- in the case of S&P or Baa1 to A3 in the case of Moody's), 3% (the "Secondary Concentration Limit"), subject to a maximum number of 2 such Obligors (each a "Secondary Concentration Obligor");

(c) for any Obligor that is not a Primary Concentration Obligor or a Secondary Concentration Obligor and that is rated BBB- or higher by S&P and Baa3 or higher by Moody's (or, if such Obligor is only rated by one of S&P and Moody's, BBB- to BBB in the case of S&P or Baa3 to Baa2 in the case of Moody's), 2.5% (the "Tertiary Concentration Limit"), subject to a maximum number of 3 such Obligors; and

(d) for any other Obligor, 2% (the "Sub-Investment Grade Concentration Limit"),

or in each case such other percentage as may be agreed by the Administrative Agent and the Seller; provided that the Concentration Limit in the case of Eligible Receivables due from International Paper Co. shall be 2% above each of the Primary Concentration Limit, the Secondary Concentration Limit, the Tertiary Concentration Limit, or the Sub-Investment Grade Concentration Limit, as the case may be, depending on the then current rating of International Paper Co. by S&P and Moody's, subject to such Obligor being counted as one of the maximum number of Obligors under paragraphs (b) or (c) of this definition where its then current rating by S&P and Moody's falls within the rating parameters set out in those paragraphs and provided, further, that in the case of an Obligor with any Affiliated Obligor, the Concentration Limit shall be calculated as if such Obligor and such Affiliated Obligor are one Obligor.

"Contingent Obligation" has the meaning specified in the Senior Credit Agreement.

"Contract" means an agreement between an Originator and an Obligor, complying with the Credit and Collection Policy, pursuant to or under which such Obligor shall be obligated to pay for goods or services from time to time.

"Credit and Collection Policy" means the receivables credit and collection policies and practices of the Originators in effect on the date of this Agreement and described in Exhibit A to the Sale and Contribution Agreement, as modified in compliance with this Agreement.

"Daily Report" means a report in substantially the form of Exhibit A hereto and containing such information as the Administrative Agent may reasonably request from time to time, furnished by the Servicer to the Administrative Agent pursuant to Section 6.02(g).

"Debt" means (i) indebtedness for borrowed money, (ii) obligations evidenced by bonds, debentures, notes or other similar instruments, (iii) obligations to pay the deferred purchase price of property or services, (iv) obligations under Capital Leases, and (v) obligations under direct or indirect guaranties in respect of, and obligations (contingent or otherwise) to purchase or otherwise acquire, or otherwise to assure a creditor against loss in respect of, indebtedness or obligations of others of the kinds referred to in clauses (i) through (iv) above.

"Default Horizon" for the purpose of determining the Default Ratio in relation to the Defaulted Receivables in the Monthly Period concerned, means the aggregate of 90 days and the weighted average Payment Period of the Defaulted Receivables calculated at the end of such Monthly Period.

"Default Ratio" as at the last day of any Monthly Period (the "Reference Monthly Period"), is equal to the ratio, expressed as a percentage, of:

(a) the aggregate Outstanding Balance of any Defaulted Receivables, as determined in the Monthly Report relating to the Reference Monthly Period, that:

(i) remain unpaid from the relevant Defaulted Receivable's original due date for payment by 90 days or more but not more than 120 days as at the last day of the Reference Monthly Period; or

(ii) became Written-Off Receivables during the Reference Monthly Period; to

(b) the aggregate Outstanding Balance of all Originator Receivables which are created during the Monthly Period, preceding the Reference Monthly Period, during which the date falls that is determined by subtracting the Default Horizon from the fifth day of the Reference Monthly Period during which the Originator Receivables referred to in paragraph (a) of this definition become Defaulted Receivables.

"Default Ratio Current Month" means, as of the last day of any Monthly Period, (a) the average of the Outstanding Balance of any Defaulted Receivables, as determined in the Monthly Report relating to such Monthly Period and each of the two immediately preceding Monthly Periods, divided by (b) the Outstanding Balance of all Originator Receivables (excluding Written-Off Receivables) calculated in respect of the end of such Monthly Period, expressed as a percentage.

"Default Ratio Rolling Average" means, as of the last day of any Monthly Period, the average of the Default Ratio Current Month for such Monthly Period and each of the preceding five Monthly Periods.

"Defaulted Receivable" means an Originator Receivable:

(i) as to which, for the purpose of determining the Default Ratio, any payment, or part thereof, remains unpaid for more than 90 days from the original due date for such payment;

(ii) as to which the Obligor thereof or any other Person obligated thereon or obligated in respect of any Related Security in respect thereof has taken any action, or suffered any event to occur, of the type described in Section 7.01(g); or

(iii) as to which legal proceedings have been commenced against the Obligor thereof or any other Person obligated thereon to recover such Receivable; or

(iv) which, in accordance with the Credit and Collection Policy of the Originator in relation thereto or GAAP, has been or should have been written off or provided for in an Originator's or the Seller's books as uncollectible.

"Delinquency Ratio Current Month" means, as of the last day of any Monthly Period, (a) the average of the Outstanding Balance of any Delinquent Receivables or Defaulted Receivables, as determined in the Monthly Report relating to such Monthly Period, and each of the two immediately preceding Monthly Periods, divided by (b) the Outstanding Balance of all Originator Receivables (excluding any Written-Off Receivables) calculated in respect of the end of such Monthly Period, expressed as a percentage.

"Delinquency Ratio Rolling Average" means, as of the last day of any Monthly Period, the average of the Delinquency Ratio Current Month for such Monthly Period and each of the preceding five Monthly Periods.

"Depository" means any Concentration Account Bank, any Lock-Box Bank and/or the Securities Intermediary.

"Delinquent Receivable" means an Originator Receivable that is not a Defaulted Receivable and:

(i) as to which, for the purpose of determining whether it is an Eligible Receivable, any payment, or part thereof, remains unpaid for 31 or more days from the original due date for such payment;

(ii) as to which, for the purpose of determining the Delinquency Ratio, any payment, or part thereof, remains unpaid for 31-90 days from the original due date for such payment; or

(iii) which, consistent with the relevant Credit and Collection Policy, would be classified as delinquent by any of the Originators or the Seller.

"Diluted Receivable" means that portion (and only that portion) of any Originator Receivable which is either (a) reduced or canceled as a result of (i) any

defective, rejected or returned goods or services or any failure by any Originator to deliver any goods or provide any services or otherwise to perform under the underlying Contract or invoice, (ii) any change in the terms of or cancellation of, a Contract or invoice or any cash discount, discount for quick payment or other adjustment by any Originator which reduces the amount payable by the Obligor on the related Originator Receivable (except any such change or cancellation resulting from or relating to the financial inability to pay or insolvency of the Obligor of such Originator Receivable) or (iii) any set-off by an Obligor in respect of any claim by such Obligor as to amounts owed by it on the related Originator Receivable (whether such claim arises out of the same or a related transaction or an unrelated transaction) or (b) subject to any specific dispute, offset, counterclaim or defense whatsoever (except the discharge in bankruptcy of the Obligor thereof); provided in each case that Diluted Receivables do not include contractual adjustments to the amount payable by an Obligor that are eliminated from the Originator Receivables balance sold to the Seller through a reduction in the purchase price for the related Originator Receivable.

"Dilution Horizon Ratio" as at the last day of any Monthly Period, is equal to the ratio, expressed as a percentage, of (a) the aggregate Outstanding Balance of all Originator Receivables which are created during the Monthly Period and each of the two immediately preceding Monthly Periods to (b) the aggregate Outstanding Balance of all Originator Receivables (less the aggregate amount of any Defaulted Receivables) as at the end of that Monthly Period.

"Dilution Ratio" means, in respect of each Monthly Period, the following ratio, expressed as a percentage: the Dilutions which have occurred during each such Monthly Period, divided by the Outstanding Balance of all Originator Receivables which have been created during the related Monthly Period.

"Dilution Ratio Current Month" means, in respect of each Monthly Period, the average over three successive Monthly Periods (being the period in respect of which the Dilution Ratio is to be measured and the two immediately preceding periods) of the following ratio, expressed as a percentage: the Dilutions which have occurred during each such Monthly Period, divided by the Outstanding Balance of all Originator Receivables which have been created during the related Monthly Period.

"Dilutions" means, with respect to a Monthly Period, the Originator Receivables that become Diluted Receivables during such Monthly Period.

"Discount Protection Amount" means the higher of (x) 15% and (y) the amount derived from the following formula:

$$[\text{Greater of } [(A*B*C) \text{ and } 10\%]] + (D*E*C) + (F*G) + H + I$$

where

A = the highest three month moving average of the Default Ratio of the preceding twelve months;

B = the Loss Horizon Ratio as of the last day of the preceding Monthly Period for which a Monthly Report was delivered;

- C = stress factor: 2.25;
- D = the highest three month moving average of the Dilution Ratio of the preceding twelve months;
- E = the Dilution Horizon Ratio as of the last day of the preceding Monthly Period for which a Monthly Report was delivered;
- F = actual one month Eurodollar Rate + Program Fee;
- G = 0.11 (factor representing the average annual maturity of receivables);
- H = 0.30% (servicing fee reserve);
- I = 1.00% (back-up servicing fee reserve).

"Dollar", "U.S. Dollar", "\$" and "US\$", mean the lawful currency of the United States of America for the time being.

"Dollar Equivalent" has the meaning specified in the Senior Credit Agreement.

"E-Mail Servicer Report" has the meaning specified in Section 6.02(g).

"Eligible Assignee" means (a) Fortis; (b) any Affiliate of any of Fortis, the Purchaser, Scaldis Capital Limited or any asset-backed commercial paper conduit administered by Fortis which has short term unsecured debt ratings at least equal to A-1+ by S&P, P-1 by Moody's and F1+ by Fitch, provided that the assignment by the relevant Investor (the "Assignor") to any such Person (the "Assignee") does not result in the Seller becoming liable for:

(i) any increased costs (expressed as a percentage) payable to the Assignee pursuant to Section 2.08 exceeding the increased costs (expressed as a percentage) payable to the Assignor pursuant to Section 2.08 immediately prior to such assignment,

(ii) any additional amounts (expressed as a percentage) payable to the Assignee pursuant to Section 2.09 exceeding the additional amounts (expressed as a percentage) payable to the Assignor pursuant to Section 2.09 immediately prior to such assignment, or

(iii) any additional payment (expressed as a percentage) payable to the Assignee pursuant to Section 2.10 exceeding the additional payment (expressed as a percentage) payable to the Assignor pursuant to Section 2.10 immediately prior to such assignment,

except in any such case to the extent such increased costs, additional amounts or additional payment results from any change after the date of such assignment in (or in the interpretation, administration or application of) any law, treaty or regulation; (c) any financial or other institution which has short term unsecured debt ratings at least equal to A-1+ by S&P and P-1 by Moody's and which is acceptable to the

Administrative Agent and reasonably acceptable to Greif, Inc. as evidenced by Greif, Inc.'s written consent to the designation of such financial or other institution as an Eligible Assignee (such consent not to be unreasonably delayed or withheld).

"Eligible Investor" means the Purchaser, any bank that is a signatory to the Liquidity Facility Agreements and any other bank that has become a "Liquidity Bank" (as such term is defined in the Liquidity Facility Agreements) in accordance with the terms and conditions of the Liquidity Facility Agreements, and any Eligible Assignee.

"Eligible Receivable" has the meaning specified in the Sale and Contribution Agreement.

"Equity Interests" means, with respect to any Person, any and all shares, interests, participations or other equivalents, including membership interests (however designated, whether voting or non-voting or whether certificated or not certificated), of capital of such Person, including, if such Person is a partnership, partnership interests (whether general or limited) and any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership, whether outstanding on the date hereof or issued thereafter.

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

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

"Eurodollar Rate" means, for any Interest Period, an interest rate per annum equal to the rate per annum (rounded upward, if necessary, to the nearest 1/16 of 1%) as determined on the basis of the offered rates for deposits in U.S. Dollars, for a period of one, three or six months, as the case may be, which appears at Telerate Page 3750 as of 11:00 A.M. (London time) two (2) Business Days before the first day of such Interest Period; provided that if the rate described above does not appear on Telerate Page 3750 on any applicable interest determination date, the Eurodollar Rate shall be the rate (rounded upward as described above, if necessary) for deposits in U.S. Dollars for a period of one, three or six months, as the case may be, on the Reuters Screen LIBO Page, as of 11:00 A.M. (London time) two Business Days before the first day of such Interest Period. If the Administrative Agent is unable to determine the Eurodollar Rate for any Interest Period by reference to either the Telerate Page 3750 or the Reuters Screen LIBO Page, then the Eurodollar Rate for that Interest Period will be the rate per annum of the offered rate for deposits in U.S. Dollars for a period of one, three or six months, as the case may be, which is offered by four major banks in the London interbank market at approximately 11:00 a.m. (London time) two (2) Business Days before the first day of such Interest Period.

"Eurodollar Rate Reserve Percentage" of any Investor for any Interest Period in respect of which Yield is computed by reference to the Eurodollar Rate means the reserve percentage applicable two Business Days before the first day of

such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) (or if more than one such percentage shall be applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) for determining the maximum reserve requirement (including, without limitation, any emergency, supplemental or other marginal reserve requirement) for such Investor with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the interest rate on Eurocurrency Liabilities is determined) having a term equal to such Interest Period.

"Event of Termination" has the meaning specified in Section 7.01.

"Exchange Act" means the United States Securities Exchange Act of 1934, as amended.

"Facility Termination Date" means (a) the Liquidity Termination Date, or (b) the date determined pursuant to Section 7.01 of this Agreement, or (c) the occurrence of an Event of Termination pursuant to Section 6.01(e) of the Sale and Contribution Agreement, or (d) the occurrence of any other Event of Termination pursuant to Section 6.01 of the Sale and Contribution Agreement and declaration thereof by the Administrative Agent to any Originator, or (e) the date the Purchase Limit reduces to zero pursuant to Section 2.01(b) or (e) the fifth anniversary of the date of this Agreement.

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

"Fee Agreement" has the meaning specified in Section 2.05(b).

"Fees" has the meaning specified in Section 2.05(b).

"Fiscal Quarter" means the fiscal quarter of Greif, Inc.

"Fitch" means Fitch Ratings Limited or any successor to its rating agency business.

"Fortis" means Fortis Bank S.A./N.V.

"Funds Transfer Letter" means a letter in substantially the form of Annex G hereto executed and delivered by the Seller to the Administrative Agent, as the same may be amended or restated in accordance with the terms thereof.

"GAAP" means United States generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination, subject to Section 1.02.

"GI Originator" means Greif, Inc., a Delaware corporation, in its capacity as one of the sellers under the Sale and Contribution Agreement.

"GCI Originator" means Greif Containers Inc., a Delaware corporation, in its capacity as one of the sellers under the Sale and Contribution Agreement.

"GLCC Originator" means Great Lakes Corrugated Corp., an Ohio corporation, in its capacity as one of the sellers under the Sale and Contribution Agreement.

"Governmental Authority" means any nation or government, any state, province, autonomous region, canton or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof (or any central bank or similar monetary or regulatory authority created under the Treaty of Rome (being the treaty establishing the European Economic Community signed in Rome, Italy on 25 March 1957, as amended) or created by any group of nations, governments or states), the National Association of Insurance Commissioners, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

"Greif Guaranty" means the Guaranty dated as of 31 October 2003 (as hereafter amended, supplemented or restated) delivered by Greif, Inc. to the Persons named therein in relation to the obligations of the Originators under the Transaction Documents.

"Impaired Eligible Receivable" means an Eligible Receivable which contains a confidentiality provision that purports to restrict the ability of the Seller or its assignees to exercise their rights under the related Contract or the Sale and Contribution Agreement, including, without limitation, the Seller's or its assignees' right to review such Contract.

"Intercreditor Agreement" means the Intercreditor Agreement dated on or about the date hereof (as hereafter amended, supplemented or restated) between Fortis Bank S.A./N.V., as Receivables Agent, Citicorp North America, Inc. as Senior Credit Agent, the Purchaser, the GI Originator and the Servicer.

"Interest Period" means, with respect to any Receivable Interest, each successive period of one month ending on a Settlement Date, provided, however, that:

- (i) any Interest Period (other than of one day) which would otherwise end on a day which is not a Business Day shall be extended to the next succeeding Business Day (provided, however, if Yield in respect of such

Interest Period is computed by reference to the Eurodollar Rate, and such Interest Period would otherwise end on a day which is not a Business Day, and there is no subsequent Business Day in the same calendar month as such day, such Interest Period shall end on the next preceding Business Day);

(ii) in the case of any Interest Period of one day, (A) if such Interest Period is the initial Interest Period for a Receivable Interest, such Interest Period shall be the day of the purchase of such Receivable Interest; and (B) any subsequently occurring Interest Period which is one day shall, if the immediately preceding Interest Period is more than one day, be the last day of such immediately preceding Interest Period unless the immediately preceding Interest Period is one day, in which case it shall be the next day; and (C) if such Interest Period occurs on a day immediately preceding a day which is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day; and

(iii) in the case of any Interest Period for any Receivable Interest which commences before the Termination Date for such Receivable Interest and would otherwise end on a date occurring after such Termination Date, such Interest Period shall end on such Termination Date and the duration of each Interest Period which commences on or after the Termination Date for such Receivable Interest shall be of such duration (including, without limitation, one day) as shall be selected by the Administrative Agent or, in the absence of any such selection, each period of thirty days from the last day of the immediately preceding Interest Period.

"Investor" means the Purchaser and any Eligible Investor that owns a Receivable Interest.

"Investor Rate" for any Interest Period for any Receivable Interest means, to the extent that the Investor funds such Receivable Interest by issuances of commercial paper (whether directly or indirectly), an interest rate per annum equal to the commercial paper rate for such Interest Period as quoted by the Administrative Agent from time to time plus the Program Fee (which rate shall be inclusive of any and all fees and commissions, expenses and other costs of placement agents and dealers in respect of such commercial paper and of any issuing and paying agent or other Person responsible for the administration of the programme for such commercial paper other than the fees and commissions of the Administrative Agent expressly payable under the Transaction Documents); provided, however, that the Administrative Agent shall use commercially reasonable efforts to be in a position to quote a favourable commercial paper rate; provided further that in case of:

(i) any Interest Period on or prior to the first day of which an Investor shall have notified the Administrative Agent that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Investor to fund such Receivable Interest at the Investor Rate set forth above, or

(ii) any Interest Period for a Receivable Interest the Capital of which allocated to the Investors is less than US\$1,000,000,

the "Investor Rate" for such Interest Period shall be an interest rate per annum equal to the Alternate Base Rate in effect from time to time during such Interest Period plus the Program Fee; provided, further, that the Administrative Agent and the Seller may agree in writing from time to time upon a different "Investor Rate".

"Liquidation Day" means, for any Receivable Interest, (i) each Settlement Day on which the conditions set forth in Section 3.02 applicable to purchases are not satisfied, and (ii) each day which occurs on or after the Termination Date for such Receivable Interest.

"Liquidation Fee" means, if there is a reduction of Capital made for any reason on any day other than the last day of such Interest Period, the amount, if any, by which (A) the additional Yield (calculated without taking into account any Liquidation Fee or any shortened duration of such Interest Period pursuant to clause (iii) of the definition thereof) which would have accrued from the date of such repayment to the last day of such Interest Period on the reductions of Capital of the Receivable Interest relating to such Interest Period had such reductions remained as Capital, exceeds (B) the amount which the Investors which hold such Receivable Interest would be able to receive by investing the proceeds of such reductions of Capital for a period starting on the Business Day following receipt and ending on the last day of the then current Interest Period.

"Liquidity Banks" has the meaning given to it in the Liquidity Facility Agreements.

"Liquidity Facility Agreements" means the Multicurrency Liquidity Loan Agreement and the Transaction Specific Liquidity Loan Agreement.

"Liquidity Loan Final Date" means the day which falls 364 days after the date of the Multicurrency Liquidity Loan Agreement (as may be extended from time to time in accordance with the terms of the Multicurrency Liquidity Loan Agreement).

"Liquidity Termination Date" means the earlier of (i) the Liquidity Loan Final Date; or (ii) Transaction Specific Liquidity Loan Final Date.

"LLC Agreement" means the agreement in respect of the Seller made among the members of the Seller dated on or about the date hereof.

"Lock-Box Account" means a post office box administered by a Lock-Box Bank or an account maintained at a Lock-Box Bank, in each case for the purpose of receiving Collections.

"Lock-Box Agreement" means an agreement in substantially the form of Annex B or such other form as the Administrative Agent may approve or reasonably require.

"Lock-Box Bank" means any bank holding one or more Lock-Box Accounts.

"Loss Horizon Ratio" as at the last day of any Monthly Period, is equal to the ratio, expressed as a percentage, of (a) the aggregate Outstanding Balance of all Originator Receivables which are created during such Monthly Period and each of the two immediately preceding Monthly Periods to (b) the aggregate Outstanding Balance of all Originator Receivables (less the aggregate amount of any Defaulted Receivables) as at such last day.

"Monthly Period" means each calendar month.

"Monthly Report" means a report in substantially the form of Annex A hereto, together with a monthly ageing report in a form compiled by Greif, Inc. and approved by the Administrative Agent (acting reasonably), and containing such additional information as the Administrative Agent may reasonably request from time to time, furnished by the Servicer to the Administrative Agent pursuant to Section 6.02(g).

"Monthly Report Date" has the meaning specified in Section 6.02(g).

"Moody's" means Moody's Investors Service, Inc., or any successor to its ratings agency business.

"Multicurrency Liquidity Loan Agreement" means the multicurrency liquidity loan agreement dated on or about the date hereof between the Purchaser, Scaldis Capital Limited, Fortis Bank N.V./S.A. and the Liquidity Banks and any amendment, extension, renewal or replacement thereof.

"Net Receivables Pool Balance" means at any time the Outstanding Balance of Eligible Receivables then in the Receivables Pool reduced by the sum of (i) the aggregate amount by which the Outstanding Balance of Eligible Receivables of each Obligor then in the Receivables Pool exceeds the product of (A) the Concentration Limit for such Obligor multiplied by (B) the Outstanding Balance of the Eligible Receivables then in the Receivables Pool, (ii) the aggregate amount of Collections on hand at such time for payment on account of any Eligible Receivables, the Obligor of which has not been identified and (iii) without duplication of clause (i), the Outstanding Balance of any Impaired Eligible Receivables identified as such by or to the Servicer.

"Obligor" means a Person obligated to make payments pursuant to a Contract.

"Originator Deemed Collection" has the meaning specified in Section 2.04(a) of the Sale and Contribution Agreement.

"Originator Receivable" means the indebtedness of any Obligor resulting from the provision or sale of goods or services by any Originator under a Contract, and includes the right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto.

"Originators" means, collectively, the GI Originator, the GCI Originator, the GLCC Originator and each Additional Originator.

"Other Companies" means the Originators and all of their respective Subsidiaries.

"Other Taxes" has the meaning specified in Section 2.10(b).

"Outstanding Balance" of any Receivable at any time means the then outstanding principal balance thereof.

"Payment Period" means, in relation to a Defaulted Receivable, the period (expressed in months) from the date the related invoice is issued to and including the date on which such Receivable is expressed to be due.

"Permitted Investments" means any money market deposit accounts issued or offered by a commercial banking institution that is a member of the U.S. Federal Reserve System and has at least the Required Rating.

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

"Pool Receivable" means a Receivable in the Receivables Pool.

"Potential Event of Termination" means an event that but for notice or lapse of time or both would constitute an Event of Termination.

"Program Fee" has the meaning specified in the Fee Agreement.

"Purchase Limit" means US\$120,000,000, as such amount may be reduced pursuant to Section 2.01(b). References to the unused portion of the Purchase Limit shall mean, at any time, the Purchase Limit, as then reduced pursuant to Section 2.01(b), minus the then outstanding Capital of Receivable Interests under this Agreement.

"Purchaser" means Scaldis Capital LLC and any successor or assign of Scaldis Capital LLC.

"Rating Agency" means each of Moody's, S&P and Fitch.

"Receivable" means any Originator Receivable which has been acquired by the Seller from any Originator by purchase or by capital contribution pursuant to the Sale and Contribution Agreement.

"Receivable Interest" means, at any time, an undivided percentage ownership interest in (i) all then outstanding Pool Receivables arising prior to the time of the most recent computation or recomputation of such undivided percentage interest pursuant to Section 2.03, (ii) all Related Security with respect to such Pool Receivables, and (iii) all Collections with respect to, and other proceeds of, such Pool Receivables. Such undivided percentage interest shall be computed as:

C + DPA

NRPB

where:

- C = the Capital of such Receivable Interest at the time of computation.
- DPA = the Discount Protection Amount for such Receivable Interest at the time of computation.
- NRPB = the Net Receivables Pool Balance at the time of computation.

Each Receivable Interest shall be determined from time to time pursuant to the provisions of Section 2.03.

"Receivables Pool" means at any time the aggregation of each then outstanding Receivable.

"Reference Senior Credit Agreement" means:

(a) the Amended and Restated Senior Secured Credit Agreement dated August 23, 2002, among, inter alia, Greif, Inc., a Delaware corporation (together with its successors, the "U.S. Borrower" under the Agreement); Greif Spain Holdings S.L., sociedad unipersonal, private limited liability company (sociedad limitada), under the laws of Spain ("Foreign Holdco"); Greif Bros. Canada Inc., a corporation continued and existing under the laws of Canada ("Greif Canada"), Van Leer (UK) Ltd., a company organized under the laws of England and Wales ("Greif UK"); Koninklijke Emballage Industrie Van Leer B.V. Royal Packaging Industries Van Leer B.V., a private limited liability company (besloten vennootschap) organized under the laws of The Netherlands with statutory seat in Amstelveen, The Netherlands ("RPIVL"); and Van Leer Australia Pty Limited (ACN 008 415 478), a corporation organized under the laws of the Australian Capital Territory ("Greif Australia", and together with Foreign Holdco, Greif Canada, Greif UK and RPIVL, collectively, the "Foreign Borrowers" and each a "Foreign Borrower" under the Agreement) and the several financial institutions listed on the signature pages thereto as "Lenders" or from time to time made party thereto, as the same may be amended or modified from time to time provided that any such amendment or modification which amends or modifies any of the defined terms or financial covenant or Events of Termination used or incorporated herein (or any defined term incorporated directly or indirectly in such a defined term or financial covenant or Event of Termination) shall not be effective for the purposes of this Agreement unless, at the time of such amendment or modification: (i) Fortis, in its capacity as a Lender under the Reference Senior Credit Agreement, has consented to such amendment or modification; and (ii) the Rating Agencies have confirmed that such amendment or modification will not result in the withdrawal or reduction of the ratings on the commercial paper notes issued by or to fund an Investor; or

(b) if the agreement referred to in paragraph (a) is terminated or cancelled, any secured or unsecured revolving credit or term loan agreement between or among Greif, Inc., as borrower, and any bank or banks or financial institutions, as lenders(s), for borrowed monies to be used for general corporate purposes of Greif, Inc. and/or its Subsidiaries, with an original term of not less than 3 years and an original aggregate

loan commitment of at least U.S.\$300,000,000 or the equivalent thereof in any other currency and, if there is more than one such revolving credit or term loan agreement, then such agreement which involves the greatest original aggregate loan commitment(s) and, as between agreements having the same aggregate original loan commitment(s), then the one which has the most recent date (provided in any such case that (i) Fortis is a party as a lender to such loan agreement and (ii) the Rating Agencies have confirmed that the status of such loan agreement as the Reference Senior Credit Agreement hereunder will not result in the withdrawal or reduction of the ratings on the commercial paper notes issued by or to fund an Investor), as the same may be amended or modified from time to time provided that any such amendment or modification which amends or modifies any of the defined terms used herein or financial covenant or Events of Termination used or incorporated herein (or any defined term incorporated directly or indirectly in such a defined term or financial covenant or Event of Termination) shall not be effective for the purposes of this Agreement unless, at the time of such amendment or modification: (i) Fortis, in its capacity as a lender under such Reference Senior Credit Agreement, has consented to such amendment or modification; and (ii) the Rating Agencies have confirmed that such amendment or modification will not result in the withdrawal or reduction of the ratings on the commercial paper notes issued by or to fund an Investor; or

(c) if the agreement referred to in paragraph (a) above and all agreements, if any, which apply under paragraph (b) have been terminated or cancelled, then so long as paragraph (b) does not apply as the result of one or more new agreements being entered into, the agreement which is the last such agreement under paragraph (a) or (b) to be so terminated or cancelled as in effect (for purposes of this definition) pursuant to such paragraphs immediately prior to such termination or cancellation.

"Reimbursable Amounts" means any amounts advanced or otherwise paid by the Administrative Agent to a Lock-Box Bank under the terms of any Lock-Box Agreement.

"Related Security" means with respect to any Receivable:

(i) all of the Seller's interest in any goods (including returned goods) relating to any sale giving rise to such Receivable;

(ii) all security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements signed by an Obligor describing any collateral securing such Receivable;

(iii) all guaranties, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise; and

(iv) the Contract, the invoice or invoices and all other books, records and other information (including, without limitation, computer programs, tapes, discs, punch cards, data processing software and related

property and rights) relating to such Receivable and the related Obligor to the extent assignable or licensable under such Contract and under applicable law.

"Relevant Grade" means, in relation to Greif, Inc., that its long-term public senior unsecured debt securities are rated B+ by S&P and B1 by Moody's.

"Reporting Day" means any day on which the Servicer is required to deliver a Servicer Report to the Administrative Agent.

"Required Rating", in relation to an entity, means its short term senior, unsecured, unsubordinated and unguaranteed debt obligations are rated A-1+ by S&P and P-1 by Moody's or at any other lower level which each of S&P and Moody's confirms will not adversely affect its rating of commercial paper notes issued by or to fund an Investor.

"S&P" means Standard and Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor to its ratings agency business.

"Sale and Contribution Agreement" means the Sale and Contribution Agreement dated as of 27 October, 2003 among the GI Originator, as seller, the GCI Originator, as seller, the GLCC Originator as seller and the Seller, as purchaser, as the same may be amended, modified or restated from time to time.

"SEC" means the Securities and Exchange Commission.

"Secured Parties" has the meaning given to it in Clause 2.11.

"Securities Account" means the account of the Seller, Account No. xxx-xxxxxx established by the Seller with the Securities Intermediary to which Securities Collateral shall be credited and in which such Securities Collateral will be maintained in accordance with the terms of the Securities Account Control Agreement and which is designated as follows: "Greif LLC Investment Account", or such other account opened by the Seller with a Securities Intermediary in accordance with the terms and conditions of this Agreement.

"Securities Account Control Agreement" means the account control agreement relating to the Securities Account made as of the date hereof among the Seller (as pledgor), the Administrative Agent and the Securities Intermediary.

"Security Agreements" mean the agreements substantially in the form attached as Annex E (or such other form as the Administrative Agent may approve or reasonably require), and "Security Agreement" means any one of them.

"Securities Intermediary" means JPMorgan Chase Bank acting in its capacity as Securities Intermediary pursuant to the Securities Account Control Agreement.

"Seller" has the meaning specified in the preamble.

"Senior Credit Agreement" means:

(a) the Amended and Restated Senior Secured Credit Agreement dated August 23, 2002, among, inter alia, Greif, Inc., a Delaware corporation (together with its successors, the "U.S. Borrower" under the Agreement); Greif Spain Holdings S.L., sociedad unipersonal, private limited liability company (sociedad limitada), under the laws of Spain ("Foreign Holdco"); Greif Bros. Canada Inc., a corporation continued and existing under the laws of Canada ("Greif Canada"), Van Leer (UK) Ltd., a company organized under the laws of England and Wales ("Greif UK"); Koninklijke Emballage Industrie Van Leer B.V. Royal Packaging Industries Van Leer B.V., a private limited liability company (besloten vennootschap) organized under the laws of The Netherlands with statutory seat in Amstelveen, The Netherlands ("RPIVL"); and Van Leer Australia Pty Limited (ACN 008 415 478), a corporation organized under the laws of the Australian Capital Territory ("Greif Australia", and together with Foreign Holdco, Greif Canada, Greif UK and RPIVL, collectively, the "Foreign Borrowers" and each a "Foreign Borrower" under the Agreement) and the several financial institutions listed on the signature pages thereto as "Lenders" or from time to time made party thereto, as the same may be amended or modified from time to time; or

(b) if the agreement referred to in paragraph (a) is terminated or cancelled, any secured or unsecured revolving credit or term loan agreement between or among Greif, Inc., as borrower, and any bank or banks or financial institutions, as lenders(s), for borrowed monies to be used for general corporate purposes of Greif, Inc. and/or its Subsidiaries, with an original term of not less than 3 years and an original aggregate loan commitment of at least U.S.\$300,000,000 or the equivalent thereof in any other currency and, if there is more than one such revolving credit or term loan agreement, then such agreement which involves the greatest original aggregate loan commitment(s) and, as between agreements having the same aggregate original loan commitment(s), then the one which has the most recent date (provided in any such case that (i) Fortis is a party as a lender to such loan agreement and (ii) the Rating Agencies have confirmed that the status of such loan agreement as the Senior Credit Agreement hereunder will not result in the withdrawal or reduction of the ratings on the commercial paper notes issued by or to fund an Investor), as the same may be amended or modified from time to time; or

(c) if the agreement referred to in paragraph (a) above and all agreements, if any, which apply under paragraph (b) have been terminated or cancelled, then so long as paragraph (b) does not apply as the result of one or more new agreements being entered into, the agreement which is the last such agreement under paragraph (a) or (b) to be so terminated or cancelled as in effect (for purposes of this definition) pursuant to such paragraphs immediately prior to such termination or cancellation.

"Servicer" means, at any time, the Person then authorized pursuant to Section 6.01 to administer and collect Pool Receivables.

"Servicer Default" means the occurrence of any of the following events: (i) an Event of Termination under Section 7.01(a), 7.01(c), 7.01(d) or 7.01(g), in each case with respect to the Servicer or (ii) an Event of Termination under Section 7.01(m) or 7.01(r).

"Servicer Fee" has the meaning specified in Section 2.05(a).

"Servicer Report" means a Daily Report or a Monthly Report.

"Settlement Date" means the last Business Day of each Monthly Period; provided that the first Settlement Date shall be such date as Greif, Inc. and the Administrative Agent agree.

"Special Indemnified Amounts" has the meaning specified in Section 6.07.

"Special Indemnified Party" has the meaning specified in Section 6.07.

"Subsidiary" has the meaning specified in the Senior Credit Agreement.

"Taxes" has the meaning specified in Section 2.10(a).

"Tax Indemnification Agreement" means the Tax Indemnification Agreement dated as of the date hereof between Greif Receivables Funding LLC, Greif, Inc., Greif Containers Inc. and Great Lakes Corrugated Corp.

"Termination Date" for any Receivable Interest means the earlier of (a) the Business Day which the Seller so designates by notice to the Administrative Agent at least one Business Day in advance for such Receivable Interest and (b) the Facility Termination Date.

"Transaction Document" means any of this Agreement, the Sale and Contribution Agreement, the Administration Agreement, the Greif Guaranty, the Lock-Box Agreements, the Concentration Account Control Agreement, the Fee Agreement, the Tax Indemnification Agreement between Greif, Inc. and the Seller, the Intercreditor Agreement, the Security Account Control Agreement, the Security Agreements, the Liquidity Facility Agreements and all other agreements and documents delivered and/or related hereto or thereto.

"Transaction Specific Liquidity Loan Agreement" means the liquidity loan agreement dated on or about the date hereof between the Purchaser, Scaldis Capital Limited, Fortis Bank N.V./S.A. and the Liquidity Banks and any amendment, extension or renewal or replacement thereof, wherein the Liquidity Banks provide Liquidity Loans (as defined therein) if the Transferred Receivables with respect to International Paper Co. are in excess of 3% but in no event in excess of 5%.

"Transaction Specific Liquidity Loan Final Date" means the day which falls 364 days after the date of the Transaction Specific Liquidity Loan Agreement (as may be extended from time to time in accordance with the Transaction Specific Liquidity Loan Agreement);

"Transferred Receivable" shall have the meaning specified in the Sale and Contribution Agreement.

"UCC" means the Uniform Commercial Code as from time to time in effect in the specified jurisdiction.

"Written-Off Receivables" means Defaulted Receivables described in paragraph (iv) of the definition thereof.

"Yield" means:

(i) for each Receivable Interest for any Interest Period to the extent the Investors will be funding such Receivable Interest through the issuance of commercial paper or other promissory notes,

$$\frac{IR \times C \times ED + LF}{360}$$

(ii) for each Receivable Interest for any Interest Period to the extent the Investors will not be funding such Receivable Interest through the issuance of commercial paper or other promissory notes,

$$\frac{ABR \times C \times ED + LF}{365}$$

where:

- ABR = the Alternate Base Rate for such Receivable Interest for such Interest Period.
- C = the Capital of such Receivable Interest during such Interest Period.
- IR = the Investor Rate for such Receivable Interest for such Interest Period.
- ED = the actual number of days elapsed during such Interest Period.
- LF = the Liquidation Fee, if any, for such Receivable Interest for such Interest Period.

provided that no provision of this Agreement shall require the payment or permit the collection of Yield in excess of the maximum permitted by applicable law; and provided further that Yield for any Receivable Interest shall not be considered paid by any distribution to the extent that at any time all or a portion of such distribution is rescinded or must otherwise be returned for any reason.

Section 1.02 Other Terms. (a) All terms used in Articles 8 and/or 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Articles 8 or 9, as applicable.

(b) Unless the context otherwise clearly requires, all financial computations required under this Agreement shall be made in accordance with GAAP, consistently applied; provided, however, that Clause 1.3 of the Senior Credit Agreement shall

apply to any financial computation contemplated by this Agreement which is calculated in the same manner as in the Senior Credit Agreement.

ARTICLE II
AMOUNTS AND TERMS OF THE PURCHASES

Section 2.01 Purchase Facility. (a) On the terms and subject to the conditions hereinafter set forth, the Purchaser shall purchase Receivable Interests from the Seller from time to time during the period from the date hereof to the Facility Termination Date. Under no circumstances shall the Purchaser make any such purchase if after giving effect to such purchase the aggregate outstanding Capital of Receivable Interests would exceed the Purchase Limit.

(b) The Seller may at any time upon at least thirty (30) days' notice to the Administrative Agent, terminate the facility provided for in this Agreement in whole or, from time to time, reduce in part the unused portion of the Purchase Limit; provided that each partial reduction shall be in the amount equal to US\$1,000,000 or an integral multiple thereof. Notwithstanding the foregoing, Capital may be repaid from any available funds of the Seller including collections on Receivables or contributions from the members of the Seller.

Section 2.02 Making Purchases. (a) Each purchase by the Purchaser shall be made on at least 4 Business Days' notice from the Seller to the Administrative Agent (except that the initial purchase hereunder shall require not more than 1 Business Day's prior notice). Each such notice of a purchase shall specify (i) the amount requested to be paid to the Seller (such amount, which in all instances shall be in a minimum amount of not less than US\$1,000,000 and shall be determined in accordance with, and subject to, the terms hereof and, without limitation, the computation of "Receivable Interests" from time to time; such amount being referred to herein as the initial "Capital" of the Receivable Interest then being purchased) and (ii) the date of such purchase (which shall be a Settlement Date).

(b) On the date of each such purchase of a Receivable Interest, the Purchaser shall, upon satisfaction of the applicable conditions set forth in Article III, make available to the Seller in same day funds an amount equal to the initial Capital of such Receivable Interest, at the account set forth in the Funds Transfer Letter.

(c) Effective on the date of each purchase pursuant to this Section 2.02, the Seller hereby sells and assigns to the Administrative Agent, for the benefit of the parties making such purchase, an undivided percentage ownership interest, to the extent of the Receivable Interest then being purchased, in each Pool Receivable then existing and in the Related Security and Collections with respect thereto.

(d) The parties hereto agree to treat the Receivable Interests as indebtedness of Seller for all U.S. federal, state and local income and franchise tax purposes.

Section 2.03 Receivable Interest Computation. Each Receivable Interest shall be initially computed on its date of purchase. Thereafter until the Termination Date for such Receivable Interest, such Receivable Interest shall be automatically recomputed (or deemed to be recomputed) on each day other than a Liquidation Day. Any Receivable Interest, as computed (or deemed recomputed) as of the day immediately preceding the

Termination Date for such Receivable Interest, shall thereafter remain constant; provided, however, that from and after the date on which the Termination Date shall have occurred for all Receivable Interests and until each Receivable Interest becomes zero in accordance with the next sentence, each Receivable Interest shall be calculated as the percentage equivalent of a fraction the numerator of which is the percentage representing such Receivable Interest immediately prior to such date and the denominator of which is the sum of the percentages representing all Receivable Interests which were outstanding immediately prior to such date. Each Receivable Interest shall become zero when the Capital thereof and Yield thereon shall have been paid in full, and all Fees and other amounts owed by the Seller hereunder to the Investors or the Administrative Agent are paid and the Servicer shall have received the accrued Servicer Fee thereon.

Section 2.04 Settlement Procedures. (a) Collection of the Pool Receivables shall be administered by the Servicer, in accordance with the terms of Article VI of this Agreement. The Seller shall provide to the Servicer and the Administrative Agent on a timely basis all information needed for such administration, including notice of the occurrence of any Liquidation Day and current computations of each Receivable Interest.

(b) (1) Subject to Section 6.03, all Collections shall be deposited in a Lock-Box Account and shall be held in the Lock-Box Accounts and transferred by direct wire or other similar transfer to the Concentration Account one (1) Business Day after funds are credited to such Lock-Box Account. Amounts standing to the credit of the Concentration Account shall be transferred by direct wire transfer to the Security Account in accordance with the terms and conditions of the Concentration Account Control Agreement.

(2) The Administrative Agent shall direct the Securities Intermediary to invest the amounts in the Securities Account in Permitted Investments provided that the terms of such investment require the original principal amount thereof to be available no later than 10.00 a.m. (New York time) on the next Settlement Date for application hereunder.

(3) The Servicer shall deliver the Monthly Report in respect of the immediately preceding Monthly Period to the Administrative Agent no later than four Business Days prior to each Settlement Date (other than the initial Settlement Date).

(4) On each Settlement Date, the Administrative Agent shall instruct the Securities Intermediary to distribute funds on deposit in the Securities Account as follows:

(i) if such distribution occurs on a day that is not a Liquidation Day, first to the Investors that hold the relevant Receivable Interest, second to the Administrative Agent in payment in full of all accrued Yield and Fees, third to the Servicer in payment in full of all accrued and unpaid Servicer Fee, fourth to the payment of any amount required to be paid on such date for the purchase of any Receivable Interest under Section 2.02 and fifth (to the extent such funds are not being applied to the purchase of Receivable Interests under Section 2.02) to the Investors who hold the relevant Receivable Interest in reduction to zero of all Capital; and

(ii) if such distribution occurs on a Liquidation Day, first to the Investors that hold the relevant Receivable Interest, second to the Administrative Agent in payment in full of all accrued Yield and Fees, third to such Investors in reduction to zero of all Capital, fourth to such Investors or the Administrative Agent

in payment of any other amounts owed by the Seller hereunder, and fifth to the Servicer in payment in full of all accrued and unpaid Servicer Fee.

After the Capital, Yield, Fees and Servicer Fee with respect to a Receivable Interest, and any other amounts payable by the Seller to the Investors or the Administrative Agent hereunder, have been paid in full, together with any Reimbursable Amounts payable to the Administrative Agent, then, provided no Liquidation Event has occurred and is continuing, the Administrative Agent shall instruct the Securities Intermediary to pay to the Seller all the balance standing to the Securities Account on such Settlement Date for the Seller's own account.

(c) For the purposes of this Section 2.04:

(i) if on any day the Outstanding Balance of any Pool Receivable is reduced or adjusted as a result of any defective, rejected or returned goods or services, or any cash discount, discount for quick payment or other adjustment made by the Seller or an Originator, or any setoff, the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in the amount of such reduction or adjustment and shall deposit such Collection (including all or any portion of such Collection which has been funded by a payment made by Greif, Inc. under the Greif Guaranty) in the Securities Account on the next following Settlement Date, provided that if the Seller is deemed to receive such an amount under this paragraph within the last four Business Days of a Monthly Period, the Seller shall instead be deemed to have received such amount in the next Monthly Period;

(ii) if on any day any of the representations or warranties contained in Section 4.01(f) is no longer true in any material respect with respect to any Pool Receivable, the Seller shall be deemed to have received on such day a Collection of such Pool Receivable in full and shall deposit such Collection in a Lock-Box Account on the next following Settlement Date;

(iii) except as provided in subsection (i) or (ii) of this Section 2.04(c), or as otherwise required by applicable law or the relevant Contract, all Collections received from an Obligor of any Receivables shall be applied to the Receivables of such Obligor designated by such Obligor or, if no Receivables are so designated, in accordance with the Credit and Collection Policy; and

(iv) if and to the extent the Administrative Agent or the Investors shall be required for any reason to pay over to an Obligor any amount received on its behalf hereunder, such amount shall be deemed not to have been so received but rather to have been retained by the Seller and, accordingly, the Administrative Agent or the Investors, as the case may be, shall have a claim against the Seller for such amount, payable when and to the extent that any distribution from or on behalf of such Obligor is made in respect thereof.

(d) (i) All amounts payable to the Purchaser under Section 2.04(b) or 2.04(c) shall be directed as follows:

Scaldis Capital LLC
Bankers Trust Company, New York
Account No. 36023

or to such other account as the Purchaser may notify to the Seller, the Servicer and the Administrative Agent in writing.

(ii) All amounts payable to the Administrative Agent under Section 2.04(b) or 2.04(c) shall be directed as follows:

Fortis Bank S.A./N.V.
Bankers Trust Company NY

ABA XXXXXXXXX
in favour of: Deutsche Bank Frankfurt AG
Account No: XXXXXXXXX

or to such other account as the Administrative Agent may notify to the Seller and the Servicer in writing.

Section 2.05 Fees(a) Each Investor shall pay to the Servicer a fee (the "Servicer Fee") of 0.30% per annum on the average daily Capital of each Receivable Interest owned by such Investor, from the date of purchase of such Receivable Interest until the later of the Termination Date for such Receivable Interest or the date on which such Capital is reduced to zero, payable on the final day of each Monthly Period. Upon three Business Days' notice to the Administrative Agent, the Servicer (if not Greif, Inc., the Seller or its designee or an Affiliate of the Seller) may elect to be paid, as such fee, another percentage per annum on the average daily Capital of such Receivable Interest, but in no event in excess for all Receivable Interests relating to the Receivables Pool of 1.0% per annum on the average daily Capital for all Receivable Interests relating to the Receivables Pool. The Servicer Fee shall be payable only from Collections pursuant to, and subject to the priority of payment set forth in, Section 2.04.

(b) The Seller and Greif, Inc. shall pay to the Administrative Agent certain fees (collectively, the "Fees") in the amounts and on the dates set forth in a separate fee agreement dated 31 October 2003, among the Seller, Greif, Inc. and the Administrative Agent, as the same may be amended or restated from time to time (the "Fee Agreement"). The parties hereto agree that references in the Fee Agreement to the "Receivables Purchase Agreement" shall, from and after the date hereof, be deemed to refer to this Agreement (as from time to time amended).

Section 2.06 Payments and Computations Etc. (a) All amounts to be paid or deposited by the Seller or the Servicer hereunder shall be paid or deposited no later than 11:00 A.M. (New York City time) on the day when due in same day funds to the applicable account.

(b) Each of the Seller and the Servicer shall, to the extent permitted by law, pay interest on any amount not paid or deposited by it within three (3) Business Days after the same becomes due hereunder, at an interest rate per annum equal to 2% per annum above the Yield then in effect, payable on demand.

(c) All computations of interest under subsection (b) above and all computations of Yield, fees, and other amounts hereunder shall be made on the basis of a year of 360 days (or, in the case of Yield and fees based upon the Alternate Base

Rate, 365 days) for the actual number of days (including the first but excluding the last day) elapsed. Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of such payment or deposit.

Section 2.07 Dividing or Combining Receivable Interests Either the Seller or the Administrative Agent may, upon notice to the other party received at least three Business Days prior to the last day of any Interest Period in the case of the Seller giving notice, or up to the last day of such Interest Period in the case of the Administrative Agent giving notice, either (i) divide any Receivable Interest into two or more Receivable Interests having aggregate Capital equal to the Capital of such divided Receivable Interest, or (ii) combine any two or more Receivable Interests originating on such last day or having Interest Periods ending on such last day into a single Receivable Interest having Capital equal to the aggregate of the Capital of such Receivable Interests.

Section 2.08 Increased Costs. (a) If any Investor, any entity which enters into a commitment to purchase Receivable Interests or interest therein, any Person providing funding to any Investor or any of their respective Affiliates (each, an "Affected Person") determines that, due to either (i) the introduction of or any change in or in the interpretation of any law or regulation or (ii) the compliance by such Affected Person with any guideline or request from any central bank or other governmental authority (whether or not having the force of law), in either case after the date of this Agreement, there shall be any increase in the cost to such Affected Person of agreeing to make or making, funding or maintaining any (1) commitment to make purchases of or otherwise to maintain the investment in Pool Receivables or interests therein related to this Agreement or (2) direct or indirect funding for any Investor and other commitments in relation thereto, then the Seller shall be liable for, and shall from time to time, within fifteen (15) Business Days of demand (which demand shall contain a reasonably detailed calculation of any relevant costs and shall be conclusive and binding in the absence of manifest error, and a copy thereof shall be sent to the Administrative Agent), pay to the Administrative Agent for the account of such Affected Person, additional amounts as are sufficient to compensate such Affected Person for such increased costs.

(b) Nothing in this Section 2.08 shall obligate the Seller to make any payments with respect to taxes of any sort, indemnification for which is governed by Section 2.10.

Section 2.09 Reduced Return. (a) If any Affected Person shall have determined that (i) the introduction of any Capital Adequacy Regulation (as defined in the Senior Credit Agreement), (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by such Affected Person or any corporation controlling such Affected Person with any Capital Adequacy Regulation, in each case after the date of this Agreement, affects or would affect the amount of capital required or expected to be maintained by such Affected Person or any corporation controlling such Affected Person and (taking into consideration such Affected Person's or such corporation's policies with respect to capital adequacy) determines that the amount of such capital is increased as a consequence of its agreeing to make or making, funding or maintaining any commitment to make purchases of or otherwise to maintain the investment in Pool Receivables or interests

therein related to this Agreement or any direct or indirect funding thereof and other commitments in relation thereto, then, within fifteen (15) Business Days of demand of such Affected Person to the Seller through the Administrative Agent, the Seller shall pay to such Affected Person, from time to time as specified by such Affected Person, additional amounts reasonably sufficient to compensate such Affected Person for such increase. A statement of such Affected Person as to any such additional amount or amounts (including calculation thereof in reasonable detail), in the absence of manifest error, shall be conclusive and binding on the Seller. In determining such amount or amounts, such Affected Person may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable and that is not materially less favorable to the Seller than to any of its other similarly situated customers.

(b) Upon receipt by the Seller (i) from the Administrative Agent of notice of any requirement to pay additional amounts pursuant to paragraph (a) above or (ii) of any claim for compensation under Section 2.10, in either case in relation to any lender under the Liquidity Facility Agreements, the Seller may (1) seek a replacement bank or financial institution to acquire and assume all of such lender's loans and commitments under the Liquidity Facility Agreements; or (2) request one or more of the other lenders under the Liquidity Facility Agreements to acquire and assume all of such lender's loans and commitments under the Liquidity Facility Agreements. Any such designation by the Seller (and any such acquisition and assumption) shall be subject to the prior written consent of the Administrative Agent and shall be conditional on each Rating Agency having confirmed that such acquisition and assumption shall not adversely affect the then current ratings of the Seller's commercial paper notes. Nothing in this agreement shall require any lender under the Liquidity Facility Agreements to agree to transfer any of its loans and commitments in the circumstances described in this paragraph (b).

Section 2.10 Taxes (a) Any and all payments and deposits required to be made hereunder or under any other Transaction Document by the Servicer or the Seller shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding net income taxes that are imposed by the United States, and franchise taxes and net income or net profit taxes that are imposed on an Affected Person by the state or foreign jurisdiction under the laws of which such Affected Person is organized or any political subdivision thereof, (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings and liabilities being hereinafter referred to as "Taxes"). If the Seller or the Servicer shall be required by law to deduct any Taxes from or in respect of any sum payable hereunder to any Affected Person, (i) the Seller shall make an additional payment to such Affected Person, in an amount sufficient so that, after making all required deductions (including deductions applicable to additional sums payable under this Section 2.10), such Affected Person receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Seller or the Servicer, as the case may be, shall make such deductions and (iii) the Seller or the Servicer, as the case may be, shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law.

(b) In addition, the Seller agrees to pay any present or future stamp or other documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or under any other Transaction Document or from the execution, delivery or registration of, or otherwise with

respect to, this Agreement or any other Transaction Document (hereinafter referred to as "Other Taxes").

(c) The Seller will indemnify each Affected Person for the full amount of Taxes or Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.10) paid by such Affected Person and any liability (including penalties, interest and expenses) arising therefrom or with respect thereto whether or not such Taxes or Other Taxes were correctly or legally asserted. This indemnification shall be made within thirty days from the date the Affected Person makes written demand therefor (and a copy of such demand shall be delivered to the Administrative Agent). A certificate as to the amount of such indemnification submitted to the Seller and the Administrative Agent by such Affected Person, setting forth, in reasonable detail, the basis for and the calculation thereof, shall be conclusive and binding for all purposes absent manifest error.

(d) If the Seller is required to pay additional amounts to an Affected Person pursuant to this Section 2.10, then such Affected Person shall use (at the Seller's expense) reasonable efforts (consistent with internal policy and legal and regulatory restrictions) to change the jurisdiction of the office out of which it is acting in relation to the transactions contemplated by this Agreement or take other appropriate action so as to eliminate any obligation to make such additional payment by such Affected Person which may thereafter accrue, if such change or other action in the sole judgment of such Affected Person is not otherwise disadvantageous or burdensome to such Affected Person.

(e) (i) Any Investor that is not a United States person (as such term is defined in Section 7701(a) of the Code) agrees that:

- (A) it shall, no later than the Closing Date (or, in the case of an Investor which becomes a party hereto after the Closing Date, the date upon which such Investor becomes a party hereto) deliver to the Administrative Agent and the Seller two accurate and complete signed originals of IRS Form W-8ECI (claiming exemption from U.S. withholding tax because the income is effectively connected with a U.S. trade or business) or any successor thereto ("Form W-8ECI"), or two accurate and complete signed originals of IRS Form W-8BEN (claiming a complete exemption from U.S. withholding tax under an income tax treaty) or any successor thereto ("Form W-8BEN"), as appropriate; and
- (B) from time to time, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to the Administrative Agent and the Seller two new accurate and complete original signed copies of Form W-8BEN, or Form W-8ECI, as applicable in replacement for, or in addition to, the forms previously delivered by it hereunder.

(ii) Any Investor that is incorporated or organized under the laws of the United States of America or a state thereof shall provide two properly completed

and duly executed copies of IRS Form W-9, or successor applicable form, at the times specified for delivery of forms under paragraph (e)(i) of this subsection.

(iii) Each Form W-8BEN or Form W-8ECI delivered by a Investor pursuant to this subsection (e) shall certify, unless unable to do so by virtue of a Change in Law occurring after the date such Investor becomes a party hereto, that such Investor is entitled to receive payments under this Agreement without deduction or withholding of U.S. federal income taxes and each Form W-9 shall certify, unless unable to do so by virtue of a Change in Law occurring after the Closing Date, that such Investor is entitled to an exemption from U.S. backup withholding.

(iv) Notwithstanding the foregoing provisions of this subsection (e) or any other provision of this Section 2.10, no Investor shall be required to deliver any form pursuant to this Section 2.10(e) if such Investor is not legally able to do so by virtue of a Change in Law occurring after the Closing Date.

(v) Each Investor shall, promptly upon the reasonable request of the Seller or the Administrative Agent, at its expense, deliver to the Seller or the Administrative Agent (as the case may be) such other forms or similar documentation or other information as may reasonably be required from time to time by any applicable law, treaty, rule or regulation of any Governmental Authority in order to establish such Investor's tax status for withholding tax purposes.

(vi) The Seller shall not be required to pay any additional amount in respect of Taxes pursuant to this Section 2.10 to any Investor if the obligation to pay such additional amount would not have arisen but for a failure by such Investor to comply with its obligations under subsection 2.10(e) (other than by reason of a Change in Law occurring after the date of this Agreement or the date upon which such Investor became a party hereto, if later).

(vii) On or prior to the date of this Agreement, the Purchaser shall provide two properly completed and duly executed copies of IRS Form W-9, or successor applicable form.

(viii) The Purchaser hereby represents and warrants that it is to be treated as a domestic corporation for U.S. federal income tax purposes.

Section 2.11 Security Interest. As collateral security for the performance by the Seller of all the terms, covenants and agreements on the part of the Seller (whether as Seller or otherwise) to be performed under this Agreement or any document delivered in connection with this Agreement in accordance with the terms thereof, including the punctual payment when due of all obligations of the Seller hereunder or thereunder, whether for indemnification payments, fees, expenses or otherwise, the Seller hereby assigns to the Administrative Agent for its benefit and the ratable benefit of the Investors (collectively, the "Secured Parties"), and hereby grants to the Administrative Agent for its benefit and the ratable benefit of the Investors (and the Originators hereby consent to such assignment and granting of), a security interest in, all of the Seller's right, title and interest in and to (A) the Sale and Contribution Agreement, including, without limitation, (i) all rights of the Seller to receive moneys due or to become due under or pursuant to the Sale and Contribution Agreement, (ii) all security interests and property subject thereto from time to time purporting to secure payment of monies due or to become due under or pursuant to the Sale and

Contribution Agreement (including, without limitation, the security interests created by Section 2.06 of the Sale and Contribution Agreement (which security interests are subject to the prior rights of the Secured Parties under and/or in connection with the Security Agreements)), (iii) all rights of the Seller to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Sale and Contribution Agreement, (iv) claims of the Seller for damages arising out of or for breach of or default under the Sale and Contribution Agreement, and (v) the right of the Seller to compel performance and otherwise exercise all remedies thereunder, (B) all Pool Receivables, whether now owned and existing or hereafter acquired or arising, the Related Security with respect thereto and the Collections (the "Pool Receivables Collateral"), and (C) to the extent not included in the foregoing, all proceeds of any and all of the foregoing.

Section 2.12 Security Agreements. As collateral security for the performance by the Originators of their obligations under Section 5.02(c), the Originators have agreed to enter into the Security Agreements in favour of the Administrative Agent for its benefit and the rateable benefit of the Investors.

ARTICLE III
CONDITIONS OF PURCHASES

Section 3.01 Conditions Precedent to Initial Purchase. The obligation of the Investor to make the initial purchase of a Receivable Interest under this Agreement is subject to the conditions precedent that the Administrative Agent shall have received the following on or before the date of such purchase, each (unless otherwise indicated) dated such date, in form and substance satisfactory to the Administrative Agent:

(a) Certified copies of the resolutions of the Board of Directors or managing partner of the Seller, Greif, Inc. and each Originator approving the Transaction Documents and certified copies of all documents evidencing other necessary corporate or company action and governmental approvals, if any, with respect to the Transaction Documents.

(b) A certificate of the Secretary or Assistant Secretary of Greif, Inc., the Seller and each Originator certifying the names and true signatures of the officers of the Seller and such Originator authorized to sign the Transaction Documents and the other documents to be delivered by it hereunder and thereunder.

(c) Copies of proper financing statements, duly filed on or before the date of such initial purchase under the UCC of all jurisdictions that the Administrative Agent may deem necessary or desirable in order to perfect the ownership and security interests contemplated by this Agreement and the Sale and Contribution Agreement.

(d) Completed requests for information, dated on or before the Original Closing Date, listing all effective financing statements filed in the jurisdictions referred to in subsection (c) above that name the Seller or the relevant Originator as debtor, together with copies of such financing statements (none of which shall cover any Receivables, Contracts, Related Security or the collateral security referred to in Section 2.11).

(e) The favorable opinions of Baker and Hostetler LLP, counsel for the Seller and the Originators, and of internal counsel to the Originators, dated the date hereof, each substantially in the applicable forms set out in Annex F-1, F-2 and F-3 hereto, and as to such other matters as the Administrative Agent may reasonably request.

(f) Executed copies of each Security Agreement, each Lock-Box Agreement, the Concentration Account Control Agreement and the Securities Account Control Agreement.

(g) An executed copy of the Fee Agreement.

(h) An executed copy of each other Transaction Document.

(i) A copy of the articles of incorporation and by-laws or equivalent organizational documents of Greif, Inc., the Seller and each Originator.

(j) A certificate as to the good standing or full force and effect, as the case may be, and payment of franchise taxes of Greif, Inc., the Seller and each other Originator that is organized under the laws of the State of Delaware, from the Secretary of State of Delaware or other official, dated as of a recent date.

(k) A certificate as to the good standing and payment of franchise taxes of GLCC Originator from the Secretary of State of Ohio or other official, dated as of a recent date.

(l) In respect of any financing statement identified in Schedule III hereto, an agreement between the Purchaser, the Administrative Agent and the secured party or parties identified in such financing statement confirming that such secured party or parties have no Adverse Interest, and/or releasing any such Adverse Interest, in respect of any Originator Receivables and otherwise in form and substance satisfactory to the Administrative Agent.

(m) The Administrative Agent shall have received such other approvals, opinions or documents as it may reasonably request.

Section 3.02 Conditions Precedent to All Purchases. Each purchase (including the initial purchase) shall be subject to the further conditions precedent that:

(a) in the case of each purchase, the Servicer shall have delivered to the Administrative Agent at least three Business Days prior to such purchase, in form and substance satisfactory to the Administrative Agent, a completed Monthly Report containing information covering the most recently ended reporting period for which information is required pursuant to Section 6.02(g) and demonstrating that after giving effect to such purchase no Event of Termination or Potential Event of Termination under Section 7.01(o) has occurred and would be continuing or would occur;

(b) on the date of such purchase, the following statements shall be true, except that the statements in clauses (iii) and (iv) below are required to be true only if such purchase is by an Investor (and acceptance of the proceeds of such

purchase shall be deemed a representation and warranty by the Seller and the Servicer (each as to itself) that such statements are then true):

(i) the representations and warranties contained in Section 4.01 and 4.02 are correct on and as of the date of such purchase as though made on and as of such date (except to the extent such representations and warranties expressly relate to an earlier date, in which case they shall be true as of such earlier date),

(ii) no event has occurred and is continuing, or would result from such purchase, that constitutes an Event of Termination or a Potential Event of Termination, and no default shall have occurred under or in respect of the Fee Agreement,

(iii) in the case of any purchase by an Investor, the Administrative Agent shall not have given the Seller at least one Business Day's notice that the Investor has terminated the purchase of Receivable Interests, and

(iv) each Originator shall have sold or contributed to the Seller, pursuant to the Sale and Contribution Agreement, all Originator Receivables arising on or prior to such date;

(c) after giving effect to such purchase, the aggregate outstanding Capital of Receivable Interests would not exceed the Purchase Limit; and

(d) the Liquidity Facility Agreements shall be in full force and effect and the Liquidity Termination Date shall not have occurred (subject to any extension of such Liquidity Termination Date).

ARTICLE IV REPRESENTATIONS AND WARRANTIES

Section 4.01 Representations and Warranties of the Seller. The Seller hereby represents and warrants as follows:

(a) The Seller is a limited liability company duly formed, validly existing and in good standing under the laws of Delaware and is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified.

(b) The execution, delivery and performance by the Seller of the Transaction Documents and the other documents to be delivered by hereunder, including the Seller's use of the proceeds of purchases, (i) are within the Seller's limited liability company powers, (ii) have been duly authorized by all necessary limited liability company action, (iii) do not contravene (1) the Seller's organizational documents, (2) any law, rule or regulation applicable to the Seller, (3) any contractual restriction binding on or affecting the Seller or its property in any material respect or (4) any order, writ, judgment, award, injunction or decree binding on or affecting the Seller or its property, and (iv) do not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties (except for the interest created pursuant to this

Agreement). Each of the Transaction Documents has been duly executed and delivered by the Seller.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Seller of the Transaction Documents or any other document to be delivered thereunder, except for the filing of UCC financing statements which are referred to therein.

(d) Each of the Transaction Documents constitutes the legal, valid and binding obligation of the Seller enforceable against the Seller in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganisation, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or law).

(e) No proceeds of any purchase will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended.

(f) Immediately prior to the purchase by the Investor, the Seller is the legal and beneficial owner of the Pool Receivables and Related Security free and clear of any Adverse Claim; upon each purchase, the Investors shall acquire a valid and perfected first priority undivided percentage ownership interest to the extent of the pertinent Receivable Interest in each Pool Receivable then existing or thereafter arising and in the Related Security and Collections with respect thereto. No effective financing statement or other instrument similar in effect covering any Contract or any Pool Receivable or the Related Security or Collections with respect thereto is on file in any recording office, except those filed in favor of the Administrative Agent relating to this Agreement and those filed by the Seller pursuant to the Sale and Contribution Agreement, each as specifically identified in Schedule II hereto.

(g) As at the date of this Agreement, and save as referred to in Section 4.01(f) above, no effective financing statement or other similar instrument covering any Pool Receivable or the Related Security and Collections thereof is on file in any recording office except those specifically identified in Schedule III hereto (which, for the avoidance of doubt shall be subject to partial discharges pursuant to Section 3.01(c) and (1)).

(h) The principal place of business and chief executive office of the Seller and the office where the Seller keeps its records concerning the Pool Receivables are located at the address or addresses referred to in Section 5.01(b).

(i) The names and addresses of the Lock-Box Banks, the Concentration Account Bank, the Securities Intermediary together with the account numbers of the Lock-Box Accounts, the Concentration Account and the Securities Account, are as specified in Schedule I hereto, as such Schedule I may be updated from time to time pursuant to Section 5.02(d).

(j) The Seller is not known by and does not use any trade name or doing-business-as name.

(k) The Seller was organized on 30 July 2003, and the Seller did not engage in any business activities prior to that date. The Seller has no Subsidiaries.

(l) (i) The fair value of the property of the Seller is greater than the total amount of liabilities, including contingent liabilities, of the Seller, (ii) the present fair salable value of the assets of the Seller is not less than the amount that will be required to pay all probable liabilities of the Seller on its debts as they become absolute and matured, (iii) the Seller does not intend to, and does not believe that it will, incur debts or liabilities beyond the Seller's abilities to pay such debts and liabilities as they mature and (iv) the Seller is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which the Seller's property would constitute unreasonably small capital.

(m) With respect to each Pool Receivable, the Seller shall have purchased such Pool Receivable from each Originator in exchange for cash or a capital contribution (made by the Seller to the applicable Originator in accordance with the provisions of the Sale and Contribution Agreement), in an amount which constitutes fair consideration and reasonably equivalent value. No such sale is or may be voidable or subject to avoidance under any section of the Federal Bankruptcy Code.

(n) There is no pending or, to the Seller's actual knowledge, threatened action or proceeding affecting the Seller before any court, governmental agency or arbitrator which would reasonably be expected to materially adversely affect the financial condition or operations of the Seller or the ability of the Seller to perform its obligations under this Agreement, or which purports to affect the legality, validity or enforceability of this Agreement.

(o) Since July 2003 there has been no material adverse change in the business, operations, financial condition or liabilities (contingent or otherwise) or prospects of the Seller.

(p) The correct legal name, tax identification number and chief executive office of the Seller are as follows:

Greif Receivables Funding LLC
c/o The Corporation Trust Company
Wilmington, Delaware 19801
United States of America
Tax ID: 06 - 1704271

(q) This Agreement creates a valid and continuing security interest (as defined in the UCC) in the Pool Receivables Collateral in favour of the Secured Parties, which security interest is prior to all other Adverse Claims, and is enforceable as such as against the creditors of and purchasers from the Seller.

(r) The Pool Receivables Collateral constitute "accounts" within the meaning of the UCC.

(s) The Seller has caused or will have caused, within ten days of the date of this Agreement, the filing of all appropriate financing statements in the

proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Pool Receivables Collateral granted to the Secured Parties hereunder.

(t) Other than the security interest granted to the Secured Parties pursuant to this Agreement, the Seller has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Pool Receivables Collateral.

(u) The Seller is not aware of any material tax lien filings against it.

Section 4.02 Representations and Warranties of the Servicer. The Servicer hereby represents and warrants as follows:

(a) The Servicer is a corporation duly incorporated, validly existing and in good standing under the laws of Delaware, and is duly qualified to do business, and is in good standing, in every jurisdiction where the nature of its business requires it to be so qualified, except where the failure to be so qualified would not have a material adverse effect on the operations of the Servicer or its ability to perform its obligations hereunder.

(b) The execution, delivery and performance by the Servicer of this Agreement and any other documents to be delivered by it hereunder (i) are within the Servicer's corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) do not contravene (1) the Servicer's charter or by-laws, (2) any law, rule or regulation applicable to the Servicer, (3) any contractual restriction binding on or affecting the Servicer or its property in any material respect or (4) any order, writ, judgment, award, injunction or decree binding on or affecting the Servicer or its property, and (iv) do not result in or require the creation of any lien, security interest or other charge or encumbrance upon or with respect to any of its properties except for the interest created pursuant to this Agreement. This Agreement has been duly executed and delivered by the Servicer.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by the Servicer of this Agreement or any other document to be delivered by it hereunder, except for the filing of UCC financing statements which are referred to in the Transaction Documents.

(d) This Agreement constitutes the legal, valid and binding obligation of the Servicer enforceable against the Servicer in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganisation, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or law).

(e) The audited consolidated balance sheet of the Servicer as at October 31, 2002, and the audited consolidated statements of operations and cash flows of the Servicer for the fiscal year then ended, copies of which have been furnished to the Administrative Agent, fairly present in all material respects the financial condition of the Servicer and its Subsidiaries as at such date and the results of the operations of the Servicer and its Subsidiaries for the period ended on such

date, all in accordance with GAAP consistently applied, and since October 31, 2002 there has been no material adverse change in the business, operations, financial condition, liabilities (contingent or otherwise) or prospects of the Servicer.

(f) There is no pending or, to the Servicer's actual knowledge, threatened action or proceeding affecting the Servicer or any of its Subsidiaries before any court, governmental agency or arbitrator which would reasonably be expected to materially adversely affect the financial condition or operations of the Servicer or the ability of the Servicer to perform its obligations under this Agreement, or which purports to affect the legality, validity or enforceability of this Agreement.

(g) There is no pending or, to the Servicer's actual knowledge, threatened action or proceeding affecting any Originator or any of its Subsidiaries before any court, governmental agency or arbitrator which would be reasonably expected to materially adversely affect the financial condition or operations of any Originator or the ability of the Seller or any Originator to perform their respective obligations under the Transaction Documents, or which purports to affect the legality, validity or enforceability of the Transaction Documents; no Originator nor any Subsidiary thereof is in default with respect to any order of any court, arbitration or governmental body except for defaults with respect to orders of governmental agencies which defaults are not material to the business or operations of any Originator and its respective Subsidiaries, taken as a whole.

(h) All factual information (taken as a whole) contained in each Servicer Report, information, exhibit, financial statement, document, book, record or report furnished or to be furnished at any time by or on behalf of the Servicer to the Administrative Agent or the Investors in connection with this Agreement is or will be accurate in all material respects as of its date or (except as otherwise disclosed to the Administrative Agent or Investors at such time) as of the date so furnished, and no such document contains or will contain any untrue statement of a material fact. The projections and pro forma financial information contained in or to be contained in any such material are and will be based on good faith estimates and assumptions believed by the Servicer to be reasonable at the time made, it being recognized that such projections as to future events are not to be viewed as facts, that actual results during the period or periods covered by any such projections may differ materially from the projected results and that the Servicer makes no representation or warranty that such projections, pro forma results or budgets will be realized.

ARTICLE V COVENANTS

Section 5.01 Covenants of the Seller. Until the latest of the Facility Termination Date or the date on which no Capital of, or Yield on, any Receivable Interest shall be outstanding and all other amounts owed by the Seller hereunder to the Investors or the Administrative Agent are paid in full:

(a) Compliance with Laws, Etc. The Seller will comply in all material respects with all applicable laws, rules, regulations and orders and preserve and maintain its limited liability company existence, rights, franchises,

qualifications, and privileges except to the extent that the failure so to comply with such laws, rules and regulations or the failure so to preserve and maintain such rights, franchises, qualifications, and privileges would not materially adversely affect the collectibility of the Receivables Pool or the ability of the Seller to perform its obligations under the Transaction Documents.

(b) Offices, Records, Name and Organization. The Seller will not change its name or its state or form of organization or taxpayer identification number or chief executive office, unless (i) the Seller shall have provided the Administrative Agent with at least 30 days' prior written notice thereof and (ii) no later than the effective date of such change, all actions reasonably requested by the Administrative Agent to protect and perfect the interest in the Pool Receivables have been taken and completed. The Seller also will maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Pool Receivables and the related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Pool Receivables (including, without limitation, records adequate to permit the daily identification of each Pool Receivable and all Collections of and adjustments to each existing Pool Receivable).

(c) Performance and Compliance with Contracts and Credit and Collection Policy. The Seller will require each Originator at the Originator's expense to timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the Contracts related to the Pool Receivables where:

(i) before an Event of Termination that is continuing, such non-performance or non-compliance would reasonably be expected to give rise to any dispute, set-off, counterclaim or other claim on the part of the relevant Obligor that is more than 1% of the Discount Protection Amount applying at such time (or together with all such disputes, set-offs, counterclaims or other claims in aggregate, are more than 2% of the Discount Protection Amount applying at such time), unless in either case a corresponding amount has been deposited by the Seller in the Securities Account pursuant to Section 2.04(c)(i); or

(ii) at all times following a Event of Termination that is continuing, such non-performance or non-compliance would reasonably be expected to give rise to any dispute, set-off, counterclaim or other claim on the part of the relevant Obligor; and

the Seller will require each Originator at the Originator's expense to timely and fully perform and comply in all material respects with the Credit and Collection Policy in regard to each Pool Receivable and the related Contract.

(d) Sales, Liens, Etc. Except for the ownership and security interests created hereunder in favor of the Administrative Agent, the Seller will not sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, the Seller's undivided interest in any Pool Receivable, Related Security, related Contract or Collections, or upon or with respect to any account to which any Collections of any Pool Receivable are

sent, or assign any right to receive income in respect thereof; provided, however, that the provisions of this paragraph shall not prevent the existence of inchoate liens for taxes, assessments and governmental charges or claims not yet due or being contested in good faith and by appropriate proceedings.

(e) Extension or Amendment of Receivables. Except as provided in Section 6.02(c) or with the consent of the Administrative Agent, the Seller will not extend, amend or otherwise modify the terms of any Pool Receivable, or amend, modify or waive any term or condition of any Contract affecting any Pool Receivable.

(f) Change in Business or Credit and Collection Policy. The Seller will not make any change in the character of its business or in the Credit and Collection Policy that would, in either case, materially adversely affect the collectibility of the Receivables Pool taken as a whole or the ability of the Seller to perform its obligations under this Agreement. The Seller will not make any change in the Credit and Collection Policy that would impair or delay in any material respect the collectibility of the Pool Receivables (taken as a whole) or the ability of the Servicer to perform its obligations under this Agreement. In the event that the Seller makes any change to the Credit and Collection Policy, it shall, contemporaneously with such change, provide the Administrative Agent with an updated Credit and Collection Policy and a summary of all material changes.

(g) Deposits to Lock-Box Accounts. Unless each Originator has provided such instructions pursuant to the first sentence of Section 5.02(c), the Seller will instruct all Obligors to remit all their payments in respect of Receivables to Lock-Box Accounts. If the Seller shall receive any Collections directly, it shall immediately (and in any event within two Business Days) deposit the same to a Lock-Box Account. The Seller agrees and acknowledges that (i) substantially all the cash or cash proceeds deposited or credited to any Lock-Box Account will constitute Collections of Receivables and (ii) the Seller will be able to identify, trace the source and properly allocate such Collections at all times; provided, however, that if any cash or cash proceeds other than Collections are deposited or credited to any Lock-Box Account, the Administrative Agent shall direct that such funds be promptly returned to or as otherwise directed by the Seller upon the Seller or Servicer reasonably demonstrating that such funds are not Collections.

(h) Marking of Records. At its expense, the Seller will mark its master data processing records evidencing Pool Receivables with a legend evidencing that Receivable Interests related to such Pool Receivables and the related Contracts have been sold in accordance with this Agreement.

(i) Further Assurances.

(i) The Seller agrees from time to time, at its expense, promptly to execute and deliver all further instruments and documents, and to take all further actions, that may be necessary, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the Receivable Interests purchased under this Agreement, or to enable the Investors or the Administrative Agent to exercise and enforce their respective rights and remedies under this Agreement. Without limiting the foregoing, the Seller will, upon the reasonable request of the

Administrative Agent, execute (if necessary) and file such financing or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or evidence such Receivable Interests.

(ii) The Seller authorizes the Administrative Agent to file financing or continuation statements, and amendments thereto and assignments thereof, relating to the Pool Receivables and the Related Security, the related Contracts and the Collections with respect thereto without the signature of the Seller where permitted by law. A photocopy or other reproduction of this Agreement shall be sufficient as a financing statement where permitted by law.

(j) Reporting Requirements. The Seller will provide to the Administrative Agent (in multiple copies, if requested by the Administrative Agent) the following:

(i) as soon as available and in any event within 120 days after the end of the fourth fiscal quarter of each fiscal year of the Seller, a balance sheet of the Seller as of the end of such quarter and a statement of income and retained earnings of the Seller for the period commencing at the end of the previous fiscal year and ending with the end of such quarter, certified by the chief financial officer, treasurer or assistant treasurer of the Seller;

(ii) promptly after the Seller obtains knowledge thereof (in any event within five (5) days), notice of any "Event of Termination" or "Facility Termination Date" under the Sale and Contribution Agreement;

(iii) so long as any Capital shall be outstanding, as soon as possible and in any event no later than the day of occurrence thereof, notice that any Originator has stopped selling to the Seller, pursuant to the Sale and Contribution Agreement, newly arising Originator Receivables;

(iv) at the time of the delivery of any financial statements provided for in clause (i) or (ii) of this paragraph or Section 5.03(a) or (b), a certificate of the chief financial officer, the treasurer or an assistant treasurer of the Seller to the effect that, to such officer's knowledge, no Event of Termination has occurred and is continuing or, if any Event of Termination has occurred and is continuing, specifying the nature and extent thereof;

(v) promptly after receipt thereof, copies of all notices received by the Seller from any Originator under the Sale and Contribution Agreement; and

(vi) such other information respecting the Receivables or the condition or operations, financial or otherwise, of the Seller as the Administrative Agent may from time to time reasonably request.

(k) Corporate Separateness. The Seller shall at all times observe the following covenants:

(i) At all times on or after the date hereof, at least two of the directors of the Seller shall be Independent Managers. An "Independent Manager" shall mean a director of the Seller who is not at the time of initial appointment, or at any time while serving as a director of the Seller, and has not been at any time during the preceding five (5) years: (a) a shareholder, director (with the exception of serving as the Independent Manager of the Seller and any other bankruptcy-remote special purpose entity formed for the sole purpose of securitizing, or facilitating the securitization of, assets of any Affiliate of the Seller), officer, employee, partner, attorney or counsel of the Seller or any Affiliate; (b) a customer, supplier or other Person who derives any of its purchases or revenues from its activities with the Seller or any Affiliate; (c) a Person controlling or under common control with any such shareholder, partner, customer, supplier or other Person; or (d) a member of the immediate family of any such shareholder, director, officer, employee, partner, customer, supplier or other Person. "Affiliate" means a Person other than the Seller (i) that directly or indirectly controls or is controlled by or is under common control with the Seller, (ii) that is an officer of, partner in or trustee of, or serves in a similar capacity with respect to, the Seller, or (iii) that, directly or indirectly, is the beneficial owner 10% or more of any class of equity securities of the Seller or of which the Seller is directly or indirectly the owner of 10% or more of any class of equity securities. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise. "Affiliate" of the Seller does not include a Person that is a partner in one or more partnerships or joint ventures with the Seller or any other Affiliate of the Seller if such Person is not otherwise an Affiliate of the Seller.

(ii) The Seller shall not engage in any business or activity, or incur any indebtedness or liability, other than as expressly permitted by the Transaction Documents.

(iii) Any employee, consultant or agent of the Seller will be compensated from the Seller's funds for services provided to the Seller. The Seller will not engage any agents other than its attorneys, auditors and other professionals, and a servicer and any other agent contemplated by the Transaction Documents for the Receivables and other assets, which servicer will be fully compensated for its services by payment of the Servicing Fee, and a manager, which manager will be fully compensated from the Seller's funds;

(iv) The Seller will not incur any material indirect or overhead expenses or items shared with any Originator or any of their respective Affiliates. To the extent, if any, that the Seller (or any Affiliate thereof) shares items of expenses, such as legal, auditing and other professional services, such expenses will be allocated to the extent practical on the basis of actual use or the value of services rendered, and otherwise on a basis reasonably related to the actual use or the value of services rendered; it being understood that the Originators shall pay all expenses relating to the preparation, negotiation, execution and delivery of the Transaction Documents, including legal, agency and other fees;

(v) The Seller's operating expenses will not be borne by the Originators or any of their respective Affiliates;

(vi) All of the Seller's business correspondence and other communications shall be conducted in the Seller's own name and on its own separate stationery;

(vii) The Seller's books and records will be maintained separately from those of the Originators and any of their respective Affiliates;

(viii) The financial statements of the Originators or any of their respective Affiliates that will not be consolidated to include the Seller except as required by GAAP;

(ix) The Seller will not have its assets listed on the financial statements of any other person, except as required by GAAP; and any consolidated financial statements that include the Seller's assets will contain a note indicating that the separate assets and liabilities of the Seller have been consolidated therein, that the Seller has separate financial statements and that the assets of the Seller are subject to certain security interests for the benefit of third party investors and others in connection with a receivables purchase facility;

(x) The Seller will strictly observe organizational formalities in its dealings with the Originators or any of their respective Affiliates, and any funds or other assets of the Seller will not be commingled with those of the Originators or any of their respective Affiliates except as permitted by the Sale and Contribution Agreement in connection with servicing the Receivables and the other Receivable Interests. The Seller shall not maintain joint bank accounts or other depository accounts to which the Originators or any of their respective Affiliates have independent access. The Seller shall not be named, and will not enter into any agreement to be named, directly or indirectly, as a direct or contingent beneficiary or loss payee on any insurance policy with respect to any loss relating to the property of the Originators or any of their respective Affiliates. The Seller will pay to the appropriate Affiliate the marginal increase or, in the absence of such increase, the market amount of its portion of the premium payable with respect to any insurance policy that covers the Seller and such Affiliate;

(xi) The Seller will maintain arm's-length relationships with the Originators (and any of their respective Affiliates). Any Person that renders or otherwise furnishes services to the Seller will be compensated by the Seller at market rates for such services it renders or otherwise furnishes to the Seller. Neither the Seller nor the Originators will be or will hold itself out to be responsible for the debts of the other or the decisions or actions respecting the daily business and affairs of the other. The Seller and the Originators will immediately correct any known misrepresentation with respect to the foregoing, and they will not operate or purport to operate as an integrated single economic unit with respect to each other or in their dealing with any other entity;

(xii) The Seller shall not permit the Originators or any of their respective Affiliates to pay the salaries of Seller's employees, if any;

(xiii) The Seller shall allocate fairly and reasonably the cost of any shared office space. The Seller shall use its own separate invoices and checks;

(xiv) The Seller shall hold itself out to the public under the Seller's own name and as a separate and distinct corporate entity and not as a department or division of any Affiliate of the Seller. The Seller shall act solely in its own corporate name and through its own duly authorized officers and agents. The Seller shall correct any known misunderstanding regarding its separate identity;

(xv) All customary formalities regarding the limited liability company existence of the Seller shall be observed;

(xvi) The Seller shall not guarantee or assume or hold itself out or permit itself to be held out as having guaranteed or assumed any liabilities or obligations of any Person, nor shall the Seller make any loan. Without limiting the foregoing, the Seller shall not pledge its assets for the benefit of any other Person except as permitted or provided by the Transaction Documents;

(xvii) The Seller shall independently make decisions with respect to its business and daily operations; and

(xviii) None of the Seller's funds shall be used to acquire obligations or securities of, or make loans or advances to, any Affiliate.

(l) Sale and Contribution Agreement. The Seller will not amend, waive or modify any provision of the Sale and Contribution Agreement (provided that the Seller may extend the "Facility Termination Date" thereunder) or waive the occurrence of any "Event of Termination" under the Sale and Contribution Agreement, without in each case the prior written consent of the Administrative Agent. The Seller will perform all of its obligations under the Sale and Contribution Agreement in all material respects and will enforce the Sale and Contribution Agreement in accordance with its terms in all material respects. The Seller hereby assigns its rights under the Sale and Contribution Agreement to the Investor and the Administrative Agent and agrees and acknowledges that the Investor and the Administrative Agent may enforce the Seller's rights under the Sale and Contribution Agreement as if each were a party thereto.

(m) Nature of Business. The Seller will not engage in any business other than the purchase of Receivables, Related Security and Collections from an Originator and the transactions contemplated by this Agreement. The Seller will not create or form any Subsidiary.

(n) Mergers, Etc. The Seller will not merge with or into or consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions), all or substantially all of its assets (whether now owned or hereafter acquired) to, or acquire all or substantially all of the assets or capital stock or other ownership interest of, or enter into any joint venture or partnership agreement with, any Person, other than as contemplated by this Agreement and the Sale and Contribution Agreement.

(o) Distributions, Etc. The Seller will not declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any equity or shareholder interests of the Seller, or return any capital to its shareholders as such, or purchase, retire, defease, redeem or

otherwise acquire for value or make any payment in respect of any equity or shareholder interests of the Seller or any warrants, rights or options to acquire any such equity or shareholder interests, now or hereafter outstanding; provided, however, that the Seller may declare and pay cash dividends or distributions on its equity or shareholder interests to its shareholders so long as (i) no Event of Termination shall then exist or would occur as a result thereof, (ii) such dividends and distributions are in compliance with all applicable law including the corporate and limited liability company law of the state of the Seller's organization, and (iii) such dividends have been approved by all necessary and appropriate limited liability company action of the Seller.

(p) Debt. The Seller will not incur any Debt, other than any Debt incurred pursuant to this Agreement and as contemplated by the other Transaction Documents.

(q) Organizational Documents. The Seller will not amend its Articles of Organization filed with the Secretary of the State of Delaware or any provision of the LLC Agreement.

(r) Financial Covenant Prepayment. In the event that (i) as of the last day of any Fiscal Quarter, Greif, Inc. shall have breached any financial covenants contained in the Reference Senior Credit Agreement, (ii) a waiver or forbearance with respect to such financial covenants (any such waiver or forbearance a "Waiver") is given by the required lenders under such Reference Senior Credit Agreement and (iii) Fortis Bank S.A./N.V., in its capacity as lender under the Reference Senior Credit Agreement does not consent to such Waiver, the Seller shall within 90 days from the date the Compliance Certificate (as such term is defined in the Reference Senior Credit Agreement) evidencing such breach is delivered pursuant to the Reference Senior Credit Agreement, pay in full (A) the Capital of each Receivable Interest and Yield thereon, and (B) all Fees and other amounts owed by the Seller hereunder to the Investors or the Administrative Agent.

Section 5.02 Covenant of the Seller and each Originator. (a) Until the latest of the Facility Termination Date or the date on which no Capital of or Yield on any Receivable Interest shall be outstanding or the date all other amounts owed by the Seller hereunder to the Investors or the Administrative Agent are paid in full, each of the Seller and the Originators will, at their respective expense, from time to time during regular business hours as reasonably requested by the Administrative Agent on not less than 2 Business Days' notice, permit the Administrative Agent or its agents or representatives (including independent public accountants, which may be the Seller's or each Originator's independent public accountants), (i) to conduct periodic audits of the Receivables, the Related Security and the related books and records and collections systems of the Seller or such Originator, as the case may be, (ii) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of the Seller or such Originator, as the case may be, relating to Pool Receivables and the Related Security, including, without limitation, the Contracts, and (iii) to visit the offices and properties of the Seller or such Originator, as the case may be, for the purpose of examining such materials described in clause (ii) above, and to discuss matters relating to Pool Receivables and the Related Security or the Seller's or such Originator's performance under the Transaction Documents or under the Contracts with any of the officers of the Seller or such Originator, as the case may be, having knowledge of such matters.

(b) The Seller and each Originator will promptly notify the Servicer of any Eligible Receivable which, to the Seller's or such Originator's knowledge, as the case may be, is an Impaired Eligible Receivable.

(c) Unless the Seller has otherwise so notified the Obligors pursuant to Section 5.01(g), each Originator will instruct all Obligors under Receivables originated by it to remit all their payments in respect of such Receivables to a Lock-Box Account. If an Originator shall receive any Collections directly, it shall immediately (and in any event within two Business Days) deposit the same to a Lock-Box Account. No Originator will add or terminate any bank as a Lock-Box Bank from those listed in Schedule I to this Agreement unless the Administrative Agent shall have received a fully executed Lock-Box Agreement with each new Lock-Box Bank substantially in the form attached or on such terms as the Administrative Agent may reasonably require. Neither the Seller nor any Originator will at any time apply in a manner inconsistent with this Agreement or any Lock-Box Agreement any funds credited to a Lock-Box Account.

(d) Change in Payment Instructions to Obligors. Neither the Seller nor any Originator will add or terminate any bank as a Lock-Box Bank, Concentration Account Bank or Securities Intermediary from those listed in Schedule I to this Agreement unless the Administrative Agent shall have received a fully executed Lock-Box Agreement, Concentration Account Control Agreement or Securities Account Control Agreement (as the case may be) with each new bank.

Section 5.03 Covenants of Servicer, Seller and each Originator;
Account Control.

Without limiting the generality of Section 5.01(i), the Servicer, the Seller and each Originator undertake that, upon the earlier of (I) the issuance by a Depository of an Account Control Termination Notice or (II) it or any of them becoming aware of any Depository's intention to cancel, terminate or revoke any Account Control Agreement, the Seller and/or any affected Originator shall:

(a) arrange for a substitute Depository and substitute Lock-Box Account, Concentration Account and/or Securities Account, as the case may be, each as the Administrative Agent may reasonably approve or require;

(b) enter into replacement account control arrangements substantially in the same form(s) as the relevant Account Control Agreement(s) which such arrangements replace (or such other form(s) as the Administrative Agent may approve); and

(c) arrange for such amendments to the Transaction Documents as the Administrative Agent may reasonably require,

in each case within fifty-five (55) days following the date such Account Control Termination Notice or, as the case may be, the date the Servicer, the Seller and/or any Originator so became aware.

Section 5.04 Covenants of the Servicer. Until the latest of the Facility Termination Date or the date on which no Capital of or Yield on any Receivable Interest shall

be outstanding and all other amounts owed by the Seller hereunder to the Investors or the Administrative Agent are paid in full, the Servicer will provide to the Administrative Agent (in multiple copies, if requested by the Administrative Agent) the following:

(a) as soon as available and in any event within 90 days after the end of each fiscal year, a copy of the audited consolidated balance sheet of Greif, Inc. as at the end of such year and the related consolidated statements of operations, retained earnings, shareholders' equity and cash flow for such year, setting forth in each case in comparative form the corresponding consolidated figures for the previous fiscal year, accompanied by the opinion of Ernst & Young LLP or another internationally recognized independent certified public accounting firm (the "Independent Auditor"), which opinion (i) shall state that such consolidated financial statements present fairly in all material respects the consolidated financial position and results of operations of Greif, Inc. and its Subsidiaries for the periods indicated in conformity with GAAP and (ii) shall not be qualified or limited because of a restricted or limited examination or in any other material respect. Such opinion shall be accompanied by a certificate of such Independent Auditor setting forth a computation (which shall be in reasonable detail) showing the calculation of each of the Financial Maintenance Covenants (as defined in the Senior Credit Agreement);

(b) as soon as available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year, a copy of the consolidated balance sheet of Greif, Inc. as at the end of such quarter and the related consolidated statements of operations, retained earnings and cash flow for the period commencing on the first day and ending on the last day of such quarter, and the period from the beginning of the respective fiscal year to the end of such quarter, setting forth in each case in comparative form the corresponding consolidated figures for the corresponding period in the previous fiscal year, accompanied by a certificate of the chief financial officer, treasurer or assistant treasurer of Greif, Inc., which certificate shall state that said consolidated financial statements fairly present in all material respects, in accordance with GAAP (subject to ordinary, good faith year-end adjustments and the absence of footnotes), the consolidated financial position and the results of operations of Greif, Inc. and its Subsidiaries;

(c) concurrently with the delivery of the financial statements referred to in paragraphs (ii) and (iii) above, (i) a Compliance Certificate (in the form set out as a schedule to the Senior Credit Agreement but addressed to each Investor and the Administrative Agent) executed by the chief financial officer, treasurer or assistant treasurer of Greif, Inc. stating that (A) Greif, Inc. and its Subsidiaries are in compliance with each of the financial covenants contained in the Senior Credit Agreement, together with calculations (in reasonable detail) demonstrating compliance with each Financial Maintenance Covenant;

(d) as soon as possible and in any event within five days after the Servicer becoming aware of the occurrence of each Event of Termination or Potential Event of Termination, a statement of the chief financial officer or treasurer of the Servicer setting forth details of such Event of Termination or Potential Event of Termination and the action that the Servicer has taken and proposes to take with respect thereto;

(e) promptly after the sending or filing thereof, copies of all reports that Greif, Inc. or any Originator sends to any of its security holders, and copies of all reports and registration statements that such Originator or any of its Subsidiaries files with the SEC or any national securities exchange;

(f) a notice containing the same notification, information and materials, and accompanied by the same statements from the same Persons, required to be given pursuant to Section 7.3(c) of the Senior Credit Agreement to the Administrative Agent under and as defined in the Senior Credit Agreement,

(g) at least 30 days prior to any change in the name or jurisdiction of organization of any Originator, a notice setting forth the new name or jurisdiction of organization and the effective date thereof; and

(h) at the time of the delivery of any financial statements provided for in Sections 5.03(a) or (b), a certificate of the chief financial officer, the treasurer or an assistant treasurer of the Servicer to the effect that, to the best of such officer's knowledge, no Event of Termination has occurred and is continuing or, if any Event of Termination has occurred and is continuing, specifying the nature and extent thereof.

ARTICLE VI ADMINISTRATION AND COLLECTION OF POOL RECEIVABLES

Section 6.01 Designation of Servicer. The servicing, administration and collection of the Pool Receivables shall be conducted by the Servicer so designated hereunder from time to time. Until the Administrative Agent gives notice to the Seller of the designation of a new Servicer following the occurrence and during the continuance of a Servicer Default, Greif, Inc. is hereby designated as, and hereby agrees to perform the duties and obligations of, the Servicer pursuant to the terms hereof. The Administrative Agent at any time after the occurrence and during the continuance of a Servicer Default may designate as Servicer any Person (including itself) to succeed Greif, Inc. or any successor Servicer, if such Person shall consent and agree to the terms hereof and, if so requested by the Administrative Agent, the obligations of such Person are guaranteed pursuant to a servicer guaranty in a form acceptable to the Administrative Agent. The Servicer may, with the prior consent of the Purchaser, subcontract with an Originator for the servicing, administration or collection of the Pool Receivables. Any such subcontract shall not affect the Servicer's liability for performance of its duties and obligations pursuant to the terms hereof.

Section 6.02 Duties of Servicer. (a) The Servicer shall take or cause to be taken all such reasonable actions as may be necessary or advisable to collect each Pool Receivable from time to time, all in accordance with applicable laws, rules and regulations, with reasonable care and diligence, and in accordance with the Credit and Collection Policy. The Seller and the Administrative Agent hereby appoint the Servicer, from time to time designated pursuant to Section 6.01, as agent for themselves and for the Investors to enforce their respective rights and interests in the Pool Receivables, the Related Security and the related Contracts. In performing its duties as Servicer, the Servicer shall exercise the same care and apply the same policies as it would exercise and apply if it owned such Receivables and in any event with no less care than a prudent person would exercise and apply if it owned such Receivables.

(b) The Servicer shall administer the Collections in accordance with the procedures described in Section 2.04. The Servicer shall not at any time apply in a manner inconsistent with this Agreement any funds credited to a Lock-Box Account.

(c) If no Event of Termination shall have occurred and be continuing, Greif, Inc., while it is the Servicer, may, in accordance with the relevant Credit and Collection Policy, extend the maturity or adjust the Outstanding Balance of any Receivable as Greif, Inc. deems appropriate to maximize Collections thereof, or otherwise amend or modify the terms of any Receivable, provided that the classification of any such Receivable as a Defaulted Receivable shall not be affected by any such extension.

(d) The Servicer shall hold in trust for the Seller and each Investor, in accordance with their respective interests, all documents, instruments and records (including, without limitation, computer tapes or disks) which evidence or relate to Pool Receivables. The Servicer shall mark the Seller's master data processing records evidencing the Pool Receivables with a legend, acceptable to the Administrative Agent, evidencing that Receivable Interests therein have been sold.

(e) The Servicer shall, from time to time at the request of the Administrative Agent (acting reasonably), furnish to the Administrative Agent (promptly after any such request) a calculation of the amounts to be set aside for the Investors pursuant to Section 2.04.

(f) The Servicer shall use commercially reasonable efforts to provide to the Administrative Agent or to cause the relevant Lock-Box Bank or Concentration Account Bank to provide to the Administrative Agent, prior to 11.00 a.m. (New York city time) on each Business Day, a written statement of the net balance credited to each Lock-Box Account and the Concentration Account at the end of the immediately preceding Business Day.

(g) The Servicer shall prepare and forward to the Administrative Agent, prior to 10.00 a.m. (New York time) on the fourth Business Day before the Settlement Date in any month, the Monthly Report containing information relating to the Receivable Interests as at the end of the immediately preceding Monthly Period. Upon the occurrence and during the pendency of any Event of Termination the Servicer shall, prior to 11:00 a.m. (New York time) on each Business Day, prepare and forward to the Administrative Agent a Daily Report containing information relating to the Receivables current as of the close of business at the end of the second immediately preceding Business Day. For purposes of this Agreement, the Daily Report that is prepared on the last Business Day of each month shall also constitute the Monthly Report relating to the Receivable Interests outstanding on the last day of the immediately preceding month (which Monthly Report shall be delivered to the Administrative Agent no later than 4 Business Days prior to the Settlement Date in such month (the "Monthly Report Date")).

The Servicer hereby elects to transmit Servicer Reports to the Administrative Agent by electronic mail (each an "E-Mail Servicer Report") provided, that (i) each E-Mail Servicer Report shall be (A) formatted as the Administrative Agent may designate from time to time (acting reasonably) and (B) sent to the Administrative Agent at an electronic mail

address designated by the Administrative Agent, (ii) the Administrative Agent shall be authorized to rely upon such E-Mail Servicer Report for purposes of this Agreement to the same extent as if the contents thereof had been otherwise delivered to the Administrative Agent in accordance with the terms of this Agreement and (iii) the Servicer shall by the close of business on each Reporting Day send to the Administrative Agent by facsimile an executed copy of the applicable Servicer Report.

(h) The Servicer shall (i) promptly notify the Administrative Agent, after giving effect to any applicable grace periods, of any failure by it to make any payment required of it hereunder or to perform its duties under Section 6.02(b), and (ii) notify the Administrative Agent with reasonable promptness of any failure by it to perform any of its other duties and obligations hereunder.

Section 6.03 Certain Rights of the Administrative Agent. (a) The Seller and the Originators hereby agree and acknowledge that the Administrative Agent has exclusive control of the Lock-Box Accounts to which the Obligors of Pool Receivables shall make payments. The Administrative Agent may notify the Obligors of Pool Receivables, at any time after any Servicer Default or Event of Termination has occurred that is at such time not cured or waived, of the ownership of Receivable Interests under this Agreement. Any such notification, if made after a Servicer Default or Event of Termination, shall be at the expense of the Seller.

(b) At any time after any Event of Termination has occurred that has not been cured or waived:

(i) the Administrative Agent may provide the Shifting Instructions Notice (as defined in the relevant Lock-Box Agreement, Concentration Account Control Agreement or Securities Account Control Agreement) to the applicable Lock-Box Bank, Concentration Account Bank and/or Securities Intermediary and/or direct each Lock-Box Bank, Concentration Account Bank and/or Securities Intermediary to forward all amounts in any or all of the Lock-Box Accounts, Concentration Account or Securities Account held by it to the Purchaser on a daily basis or such other basis as is specified by the Administrative Agent.

(ii) The Administrative Agent may direct the Obligors of Pool Receivables that all payments thereunder be made directly to the Administrative Agent or its designee.

(iii) At the Administrative Agent's request and at the Seller's expense, the Seller shall notify each Obligor of Pool Receivables of the ownership of Receivable Interests under this Agreement and direct that payments be made directly to the Administrative Agent or its designee.

(iv) At the Administrative Agent's request and at the Seller's expense, the Seller and the Servicer shall (A) assemble all of the documents, instruments and other records (including, without limitation, computer tapes and disks) that evidence or relate to the Pool Receivables and the related Contracts and Related Security, or that are otherwise necessary or desirable to collect the Pool Receivables, and shall make the same available to the Administrative Agent at a place selected by the Administrative Agent or its designee, and (B) segregate all cash, checks and other instruments received by it from time to time constituting Collections of Pool

Receivables in a manner acceptable to the Administrative Agent and, promptly upon receipt, remit all such cash, checks and instruments, duly endorsed or with duly executed instruments of transfer, to the Administrative Agent or its designee.

(v) The Seller authorizes the Administrative Agent to take any and all steps in the Seller's name and on behalf of the Seller that are necessary, or desirable and reasonable, in the determination of the Administrative Agent, to collect amounts due under the Pool Receivables, including, without limitation, endorsing the Seller's name on checks and other instruments representing Collections of Pool Receivables and enforcing the Pool Receivables and the Related Security and related Contracts.

Section 6.04 Rights and Remedies. (a) If the Servicer fails to perform any of its obligations under this Agreement, the Administrative Agent may (but shall not be required to), following notice to the Servicer, itself perform, or cause performance of, such obligation; and the Administrative Agent's costs and expenses incurred in connection therewith shall be payable by the Servicer.

(b) The Seller and each Originator shall perform their respective obligations under the Contracts related to the Pool Receivables to the same extent as if Receivable Interests had not been sold and the exercise by the Administrative Agent on behalf of the Investors of their rights under this Agreement shall not release the Servicer or the Seller from any of their duties or obligations with respect to any Pool Receivables or related Contracts. Unless otherwise expressly agreed in writing, neither the Administrative Agent nor the Investors shall have any obligation or liability with respect to any Pool Receivables or related Contracts, nor shall any of them be obligated to perform the obligations of the Seller thereunder.

Section 6.05 Further Actions Evidencing Purchases. Each Originator agrees from time to time, at its expense, to promptly execute and deliver all further instruments and documents, and to take all further actions, that may be necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or more fully evidence the Receivable Interests purchased hereunder, or to enable the Investors or the Administrative Agent to exercise and enforce their respective rights and remedies hereunder. Without limiting the foregoing, each Originator will (i) upon the request of the Administrative Agent, execute (if necessary) and file such financing or continuation statements, or amendments thereto, and such other instruments and documents, that may be reasonably necessary or desirable, or that the Administrative Agent may reasonably request, to perfect, protect or evidence such Receivable Interests; and (ii) mark its master data processing records evidencing the Pool Receivables with a legend, acceptable to the Administrative Agent, evidencing that Receivable Interests therein have been sold.

Section 6.06 Covenants of the Servicer and each Originator.

(a) Audits of the Servicer. The Servicer will, during regular business hours as reasonably requested by the Administrative Agent on not less than 2 Business Days' notice, permit the Administrative Agent, or its agents or representatives (including independent public accountants, which may be the Servicer's independent public accountants) (i) to conduct periodic audits of the Receivables, the Related Security and the related books and records and collections systems of the Servicer, (ii) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and

disks) in the possession or under the control of the Servicer relating to Pool Receivables and the Related Security, including, without limitation, the Contracts, and (iii) to visit the offices and properties of the Servicer for the purpose of examining such materials described in clause (ii) above, and to discuss matters relating to Pool Receivables and the Related Security or the Servicer's performance hereunder with any of the officers of the Servicer having knowledge of such matters.

(b) Change in Credit and Collection Policy. No Originator or the Servicer will make any change in the Credit and Collection Policy that would impair or delay in any material respect the collectibility of the Pool Receivables taken as a whole or the ability of the Servicer to perform its obligations under this Agreement. In the event that any Originator or the Servicer makes any change to the Credit and Collection Policy, it shall, contemporaneously with such change, provide the Administrative Agent with an updated Credit and Collection Policy and a summary of all material changes.

(c) "Agreed Upon Procedures". As soon as available and in any event within 120 days after the end of each fiscal year of each Originator, and in addition as soon as available upon the request of the Administrative Agent at any time after the occurrence of an Event of Termination that has not been waived or cured, the Servicer shall provide to the Administrative Agent (at the Seller's expense) an "agreed upon procedures" report from an independent accounting firm acceptable to the Administrative Agent, on a scope and in a form reasonably requested by the Administrative Agent, with respect to the Receivables, the Credit and Collection Policies, the Seller's and Servicer's performance of its obligations hereunder, the Originators' performance of their respective obligations under the Sale and Contribution Agreement and the Collections.

Section 6.07 Indemnities by the Servicer. Without limiting any other rights that the Administrative Agent, any Investor or Scaldis Capital Limited (each, a "Special Indemnified Party") may have hereunder or under applicable law, and in consideration of its appointment as Servicer, the Servicer hereby agrees to indemnify each Special Indemnified Party from and against any and all claims, losses and liabilities (including reasonable attorneys' fees) (all of the foregoing being collectively referred to as "Special Indemnified Amounts") arising out of or resulting from any of the following (excluding, however, (a) Special Indemnified Amounts to the extent found in a final non-appealable judgment of a court of competent jurisdiction to have resulted from gross negligence or willful misconduct on the part of such Special Indemnified Party, (b) recourse for uncollectible Receivables or (c) any income taxes or any other tax or fee measured by income incurred by such Special Indemnified Party arising out of or as a result of this Agreement or the ownership of Receivable Interests or in respect of any Receivable or any Contract):

(i) any representation made or deemed made by the Servicer pursuant to Section 4.02 hereof which shall have been incorrect in any respect when made;

(ii) the failure by the Servicer to comply with any applicable law, rule or regulation with respect to any Pool Receivable or Contract; or the failure of any Pool Receivable or Contract to conform to any such applicable law, rule or regulation;

(iii) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable

jurisdiction or other applicable laws with respect to any Receivables in, or purporting to be in, the Receivables Pool, the Contracts and the Related Security and Collections in respect thereof, whether at the time of any purchase or at any subsequent time;

(iv) any failure of the Servicer to perform its duties or obligations in accordance with the provisions of this Agreement;

(v) the commingling of Collections of Pool Receivables at any time by the Servicer with other funds;

(vi) any action or omission by the Servicer reducing or impairing the rights of the Investors with respect to any Pool Receivable or the value of any Pool Receivable; or

(vii) any claim brought by any Person other than a Special Indemnified Party arising from any activity by the Servicer or its Affiliates in servicing, administering or collecting any Receivable;

(viii) any costs, disbursements and expenses of any kind or of any nature whatsoever (including, without limitation, reasonable attorneys', consultants' and experts' fees and disbursements actually incurred in investigating, defending, settling or prosecuting any claim, litigation or proceeding) which may at any time be imposed upon, incurred by or asserted or awarded against a Special Indemnified Party, and arising directly or indirectly from or out of: (i) noncompliance with any local, state or federal law, rule, regulation, policy, guideline, permit, authorization or the like pertaining to the regulation of protection of human health or safety, natural resources or the environment (including but not limited to the regulation or remediation of Hazardous Substances as defined below) (collectively, "Environmental Laws"), all as amended, relating to or affecting the Receivables or the purchase of Receivable Interests pursuant to this Agreement, whether or not caused by or within the control of the Servicer or (ii) the presence, release or threat of release of any hazardous, toxic or harmful substances, wastes, materials, pollutants or contaminants (including, without limitation, asbestos, polychlorinated biphenyls, petroleum products, radon, lead-based paint, flammable explosives, radioactive materials, infectious substances or raw materials which include hazardous constituents) or any other substances or materials which are included under or regulated by Environmental Laws (collectively, "Hazardous Substances"), in a manner affecting all or any portion of the Receivables, regardless of whether or not caused by or within the control of the Servicer;

(ix) any Reimbursable Amounts paid by the Administrative Agent;

(x) (A) the confidentiality provisions included in any Impaired Eligible Receivable described in clause (a) of the definition thereof, (B) the indebtedness due from an Originator to the Obligor under any Impaired Eligible Receivable described in clause (b) of the definition thereof or (C) any provision in an Eligible Receivable or the related Contract which purports to give the Obligor the right thereunder to consent to the transfer, sale or assignment of the related rights and duties of the Originator thereof (except to the extent that such Originator has obtained such consent);

(xi) the characterization in any Servicer Report or other written statement made by or on behalf of the Seller of any Receivable as an Eligible

Receivable or as included in the Net Receivables Pool Balance which, as of the date of such Servicer Report or other statement, is not an Eligible Receivable or should not be included in the Net Receivables Pool Balance; or

(xii) any breach by the Servicer of its representation in Section 4.02(j).

ARTICLE VII
EVENTS OF TERMINATION

Section 7.01 Events of Termination. If any of the following events ("Events of Termination") shall occur and be continuing:

(a) The Servicer (i) shall fail to perform or observe any term, covenant or agreement under this Agreement (other than as referred to in clause (ii) or (iii) of this subsection (a)) and such failure shall remain unremedied for three Business Days; provided, however, that no grace period shall be available in respect of any failure by the appropriate party to perform or observe any term or covenant set forth in Section 5.03, Section 5.04(d) or Section 6.02, (ii) shall fail to make when due any payment or deposit to be made by it under this Agreement and such failure shall remain unremedied for one Business Day; provided, however, that no such grace period shall be available if Greif, Inc. is not then rated at least the Relevant Grade or (iii) shall fail to perform the covenant listed in Section 5.04(e) and such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Servicer by the Administrative Agent; or

(b) The Seller shall fail to make any payment required under Section 2.04(c) or within three (3) Business Days the same becomes due; or

(c) Any representation or warranty made or deemed made by the Seller, the Originators or the Servicer (or any of their respective officers) under or in connection with this Agreement or any other Transaction Document or any information or report delivered by the Seller or the Servicer pursuant to this Agreement or any other Transaction Document shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered and shall remain unremedied for 30 days after written notice thereof shall have been given to the Seller, any Originator or the Servicer by the Administrative Agent; or

(d) The Seller or any Originator (i) shall fail to perform or observe in any material respect any other term, covenant or agreement contained in this Agreement on its part (other than as referred to in clause (ii) of this subsection (d)) to be performed or observed and any such failure remains unremedied for 10 days or (ii) shall fail to perform the covenant listed in Section 5.01(j)(v) and such failure remains unremedied for 30 days after written notice thereof has been given to the Seller or any Originator by the Administrative Agent; or

(e) (i) The Seller or any Originator, or any Significant Subsidiary (as such term is defined in the Senior Credit Agreement) (collectively, with the Seller and any Originator, the "Specified Companies" and each a "Specified Company") shall fail to make any payment in respect of any one or more issues of Debt or Contingent Obligation having an aggregate principal of more than the Dollar Equivalent amount of U.S.\$20,000,000 beyond the period of grace, if any, provided

in the instrument or agreement under which such Debt or Contingent Obligation was created or by which it is governed or (ii) any Specified Company shall fail to perform or observe any term, condition or covenant (including, without limitation, failure by Greif, Inc. to perform or observe any financial covenant under the Senior Credit Agreement, where such failure is continuing and has not been remedied or waived in accordance with the terms of the Senior Credit Agreement) or any other event shall occur or condition exist, under any agreement or instrument relating to any Debt or Contingent Obligation, if the effect of such failure, event or condition is to cause or to permit the holder or holders of such Debt or beneficiary or beneficiaries of such Debt or Contingent Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause (with or without notice or passage of time or both), such Debt declared to be due and payable prior to its stated maturity or to require any of Greif Inc. or any of its Subsidiaries to redeem or purchase, or offer to redeem or purchase, all or any portion of such Debt, or any such Debt shall be required to be prepaid (other than by a regularly scheduled required prepayment or redemption) prior to the stated maturity thereof or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; provided, however, that the aggregate amount of all such Debt or Contingent Obligations for all Specified Companies so affected and cash collateral so required shall be in a Dollar Equivalent amount of U.S.\$20,000,000 or more; or

(f) Any purchase pursuant to this Agreement shall for any reason (other than pursuant to the terms hereof) cease to create, or any Receivable Interest shall for any reason cease to be, a valid and perfected first priority undivided percentage ownership interest to the extent of the pertinent Receivable Interest in the Pool Receivables and the Related Security and Collections with respect thereto; or the security interest created pursuant to Section 2.11 shall for any reason cease to be a valid and perfected first priority security interest in the collateral security referred to in that section; or

(g) Any Specified Company shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Specified Company seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Specified Company shall take any corporate action to authorize or consent to any of the actions set forth above in this subsection (g); or

(h) As of the last day of any Monthly Period either (i) the Default Ratio Current Month shall exceed 5.75% or (ii) the Default Ratio Rolling Average shall exceed 5.25%; or

(i) As of the last day of any Monthly Period either (i) the Delinquency Ratio Current Month shall exceed 15% or (ii) the Delinquency Ratio Rolling Average shall exceed 12.50%; or

(j) As of the last day of any Monthly Period the Dilution Ratio Current Month shall exceed 2%; or

(k) As of the last day of any Monthly Period the Loss Horizon Ratio shall exceed 2.5; or

(l) Any provision of any Transaction Document for any reason (i) ceases to be valid and binding upon the Seller, the Servicer, any Originator or any Depository, or (ii) the Seller, the Servicer or any Originator shall seek to repudiate, revoke or cancel any Transaction Document to which it is a party for any reason, or (iii) any Depository shall seek to repudiate, revoke or cancel any Account Control Agreement by reason of any alleged breach by the Seller or any Originator of any Account Control Agreement to which it is a party; or

(m) A Servicer Default shall occur and be continuing; or

(n) The Net Receivables Pool Balance shall on any Business Day be less than the sum of the aggregate outstanding Capital plus the Discount Protection Amount on all Receivable Interests and (i) if Greif, Inc. is rated at least the Relevant Grade, such failure shall not be remedied within three Business Days or (ii) if Greif, Inc. is not rated at least the Relevant Grade, such failure shall not be remedied within one Business Day; or

(o) An "Event of Termination" or "Facility Termination Date" shall occur under the Sale and Contribution Agreement, or the Sale and Contribution Agreement shall cease to be in full force and effect; or

(p) A Change of Control shall occur, or

(q) Greif, Inc.'s long term senior secured debt securities shall be rated less than B+ by S&P or B1 by Moody's (a "Ratings Downgrade") and 30 days have elapsed from the date of such Ratings Downgrade or, if Greif, Inc. does not have long term senior secured debt ratings from both S&P and Moody's, Greif, Inc. is judged by the Administrative Agent, in its sole discretion, to be of credit quality less than the equivalent (with respect to each missing rating) of B+ by S&P and B1 by Moody's and 30 days have elapsed from the date such judgment is delivered by the Administrative Agent to the Seller,

then, and in any such event the Investor or the Administrative Agent may by written notice to the Seller declare the Facility Termination Date to have occurred (in which case the Facility Termination Date shall be deemed to have occurred); provided, that, automatically upon the occurrence of any event (without any requirement for the passage of time or the giving of notice) described in paragraph (g) of this Section 7.01, the Facility Termination Date shall occur, Greif, Inc. (if it is then serving as the Servicer) shall cease to be the Servicer, and the Administrative Agent or its designee shall become the Servicer. Upon any such declaration or designation or upon such automatic termination, the Investors and the Administrative Agent shall have, in addition to the rights and remedies which they may have under this

Agreement, all other rights and remedies provided after default under the UCC and under other applicable law, which rights and remedies shall be cumulative.

ARTICLE VIII
THE AGENT

Section 8.01 Authorization and Action. Each Investor hereby appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent by the terms hereof, together with such powers as are reasonably incidental thereto.

Section 8.02 Administrative Agent's Reliance, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable for any action taken or omitted to be taken by it or them as Administrative Agent under or in connection with this Agreement (including, without limitation, the Administrative Agent's servicing, administering or collecting Pool Receivables as Servicer), except for its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent: (a) may consult with legal counsel (including counsel for the Seller and the Servicer), independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Investor (whether written or oral) and shall not be responsible to any Investor for any statements, warranties or representations (whether written or oral) made in or in connection with this Agreement; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of this Agreement on the part of the Seller or the Servicer or to inspect the property (including the books and records) of the Seller or the Servicer; (d) shall not be responsible to any Investor for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement or any other instrument or document furnished pursuant hereto; and (e) shall incur no liability under or in respect of this Agreement by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by telecopier or telex) believed by it to be genuine and signed or sent by the proper party or parties.

ARTICLE IX
INDEMNIFICATION

Section 9.01 Indemnities by the Seller. Without limiting any other rights that the Administrative Agent, the Investors or Scaldis Capital Limited (each, an "Indemnified Party") may have hereunder or under applicable law, the Seller hereby agrees to indemnify each Indemnified Party from and against any and all claims, losses and liabilities (including reasonable attorneys' fees) (all of the foregoing being collectively referred to as "Indemnified Amounts") arising out of or resulting from this Agreement or the other Transaction Documents or the use of proceeds of purchases or the ownership of Receivable Interests or in respect of any Receivable or any Contract, excluding, however, (a) Indemnified Amounts to the extent found in a final non-appealable judgment of a court of competent jurisdiction to have resulted from gross negligence or willful misconduct on the part of such Indemnified Party, (b) recourse (except as otherwise specifically provided in this Agreement) for uncollectible Receivables or (c) any income taxes incurred by such Indemnified Party arising out of or as a result of this Agreement or the ownership of

Receivable Interests or in respect of any Receivable or any Contract. Without limiting or being limited by the foregoing, the Seller shall pay within 30 days of demand to each Indemnified Party any and all amounts necessary to indemnify such Indemnified Party from and against any and all Indemnified Amounts relating to or resulting from any of the following:

(i) any representation or warranty or statement made or deemed made by the Seller (or any of its officers) under this Agreement or any of the other Transaction Documents or any certificate or document or report (including emails and other electronic form) delivered pursuant to this Agreement or any of the other Transaction Documents which shall have been incorrect in any material respect when made;

(ii) the failure by the Seller or any Originator to comply with any applicable law, rule or regulation with respect to any Pool Receivable or the related Contract; or the failure of any Pool Receivable or the related Contract to conform to any such applicable law, rule or regulation;

(iii) the failure to vest in the Investors, (a) a perfected undivided percentage ownership interest, to the extent of each Receivable Interest, in the Receivables in, or purporting to be in, the Receivables Pool and the Related Security and Collections in respect thereof, or (b) a perfected security interest as provided in Section 2.11, in each case free and clear of any Adverse Claim;

(iv) the failure to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Receivables in, or purporting to be in, the Receivables Pool and the Related Security and Collections in respect thereof, whether at the time of any purchase or at any subsequent time;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable in, or purporting to be in, the Receivables Pool (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the goods or services related to such Receivable or the furnishing or failure to furnish such goods or services or relating to collection activities with respect to such Receivable (if such collection activities were performed by the Seller or any of its Affiliates acting as Servicer);

(vi) any failure of the Seller to perform its duties or obligations in accordance with the provisions hereof or to perform its duties or obligations under the Contracts;

(vii) any products liability or other claim arising out of or in connection with goods or services which are the subject of any Contract;

(viii) the commingling of Collections of Pool Receivables at any time with other funds;

(ix) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of purchases or the ownership of Receivable Interests or in respect of any Receivable or Related Security or Contract;

(x) any failure of the Seller to comply with its covenants contained in this Agreement or any other Transaction Document in all material respects; or

(xi) any claim brought by any Person other than an Indemnified Party arising from any activity by the Seller or any Affiliate of the Seller in servicing, administering or collecting any Receivable.

ARTICLE X
MISCELLANEOUS

Section 10.01 Amendments, Etc. No amendment or waiver of any provision of this Agreement or consent to any departure by the Seller therefrom shall be effective unless in a writing signed by the Administrative Agent, as agent for the Investors (and, in the case of any amendment, also signed by the Seller), and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that no amendment, waiver or consent shall, unless in writing and signed by the Servicer in addition to the Administrative Agent, affect the rights or duties of the Servicer under this Agreement; and provided, further, that no prospective amendment, waiver or consent which purports to (i) waive an Event of Termination, (ii) increase any of the percentages specified in Section 7.01 (h), (i) or (j), (iii) increase the percentages in the definition of "Concentration Limit", (iv) amend or waive Sections 4.01(f) or 4.01(q) through (u), or (v) effect any other material changes to this Agreement, shall be effective without prior written confirmation from each Rating Agency then providing a rating on the credit exposure represented by the Receivable Interests (a "Relevant Rating") that such amendment, waiver or consent will not cause its then current Relevant Rating to be reduced or withdrawn. No failure on the part of the Investors or the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The Servicer shall provide to each Rating Agency then providing a Relevant Rating prompt written notice of any amendment, waiver or consent hereto or hereunder.

Section 10.02 Notices, Etc. All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which shall include facsimile communication) and faxed or delivered, to each party hereto, at its address set forth under its name on the signature pages hereof (or, in the case of an Additional Originator, at its address set out in its Accession Agreement) or at such other address as shall be designated by such party in a written notice to the other parties hereto. Notices and communications by facsimile shall be effective when sent (and shall be followed by hard copy sent by regular mail), and notices and communications sent by other means shall be effective when received.

Section 10.03 Assignability; Additional Originator. (a) This Agreement; and the Investors' rights and obligations herein (including ownership of each Receivable Interest) shall be assignable by the Investors and their successors and assigns to an Eligible Assignee or any other party which is acceptable to the Administrative Agent and reasonably acceptable to Greif, Inc. as evidenced by Greif, Inc.'s written consent to the designation of

such party as an assignee (such consent not to be unreasonably delayed or withheld). Each assignor of a Receivable Interest or any interest therein shall notify the Administrative Agent and the Seller of any such assignment. Each assignor of a Receivable Interest or any interest therein may, in connection with the assignment or participation, disclose to the assignee or participant any information relating to the Seller or any Originator, including the Receivables, furnished to such assignor by or on behalf of the Seller or by the Administrative Agent, provided that the assignee or participant has agreed to maintain the confidentiality of such information on substantially the terms of Section 10.09(b).

(b) The rights and obligations of the Administrative Agent under this Agreement shall be assignable by the Administrative Agent to an Eligible Assignee (subject, in the case of an assignment to an Eligible Assignee described in clause (iv) of the definition thereof, to obtaining the consent from Greif, Inc. required thereby).

(c) The Seller, the Servicer and the Originators may not assign their respective rights or obligations hereunder or any interest herein without the prior written consent of the Administrative Agent.

(d) Any Subsidiary of Greif, Inc. shall have the right to become an Additional Originator upon at least 60 Business Days' prior notice to the Seller, each Investor and the Administrative Agent and subject to the fulfillment of the following conditions precedent to the satisfaction of the Administrative Agent:

(i) such Subsidiary shall be a corporation or limited liability company incorporated or organized (as the case may be) under the laws of one of the United States of America;

(ii) such Subsidiary shall have executed and delivered to the Administrative Agent (1) an accession agreement substantially in the form of Annex H hereto (an "Accession Agreement") and (2) a fully executed Accession Agreement (as defined in the Sale and Contribution Agreement);

(iii) each Investor and the Administrative Agent shall have received one or more opinions, each in form, substance and scope satisfactory to it, from one or more counsel to such Subsidiary acceptable, in its reasonable judgment, to the Purchaser and the Administrative Agent;

(iv) such Subsidiary shall have delivered to the Administrative Agent, with respect to such Subsidiary as an Originator, each of the copies, certifications and other evidence required under paragraphs (a), (b), (c), (d), (i), (j), (k), (l) and (m) of Section 3.01 (in the case of paragraphs (j) and (k) thereof, the certificates required thereby shall be from the equivalent officials in the state of incorporation or organization of such Subsidiary) all relating to such Subsidiary;

(v) such Subsidiary shall have delivered to the Administrative Agent such fully executed Lock Box Agreements as shall be deemed necessary or advisable by the Administrative Agent in relation to Collections on Originator Receivables created or to be created by such Subsidiary;

(vi) such UCC and other filings with respect to the receivables and other assets to be sold by such Subsidiary pursuant to this Agreement have been made to the reasonable satisfaction of the Administrative Agent;

(vii) such Subsidiary shall have become a member of the Seller on the terms and subject to the conditions of the LLC Agreement;

(viii) such Subsidiary shall have satisfied each condition precedent to the Sale and Contribution Agreement to its accession as an Additional Seller to such agreement (other than paragraph (c)(vii) of Section 8.03 of such agreement); and

(ix) each Rating Agency shall have confirmed that the accession of such Subsidiary as an Additional Seller shall not adversely affect the then current ratings of the Purchaser's commercial paper notes.

Upon satisfaction of such conditions precedent, such Subsidiary shall be an Additional Originator and a party to this Agreement in such capacity for all purposes hereunder.

Section 10.04 Participations. Any Investor (each, a "Participant") may grant to any one or more financial institutions (each, a "Participant"), on a participating basis but not as a party to this Agreement, a participation or participations in all or any part of such Participant's rights and benefits under this Agreement or any other Transaction Document. In the event of any such grant by a Participant of a participating interest to a Participant, such Participant's obligations under this Agreement to the other parties under this Agreement shall remain unchanged, such Participant shall remain solely responsible for the performance thereof, and the Seller, Servicer and Originators shall continue to deal solely and directly with such Participant in connection with such Participant's rights and obligations under this Agreement. Each of the Seller, Servicer and Originators agrees that each Participant shall, to the extent of its participation, be entitled to the benefits of Sections 2.08, 2.09 and 2.10 hereof as if such Participant were an Investor hereunder; provided, however, that each of the Seller, Servicer and Originators shall not be required to pay any greater amount to any Participant under this Agreement than it would have been required to pay to the Participant granting such participation if such participation had not been granted, unless each of the Seller, Servicer and Originators shall have approved in writing the grant of such participation, provided, further, however, that in any event each of the Seller, Servicer and Originators shall be obligated to pay to such Participant amounts equal to the amounts such Participant is entitled to receive under this Agreement. No Participant shall have the right to consent to any amendment to, or waiver of, any provision of this Agreement.

Section 10.05 Costs, Expenses and Taxes. In addition to the rights of indemnification granted under Section 9.01 hereof, the Seller agrees to pay on demand all reasonable costs and expenses incurred by the Administrative Agent, any Investor or their respective Affiliates in connection with the preparation, execution, delivery and administration (including periodic auditing and the other activities contemplated in Section 5.02) of this Agreement, the Sale and Contribution Agreement and the other documents and agreements to be delivered hereunder, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Administrative Agent, the Purchaser and their respective Affiliates with respect thereto and with respect to advising the Administrative Agent, the Purchaser and their respective Affiliates as to their rights and remedies under this Agreement, and all costs and expenses, if any (including reasonable counsel fees and

expenses), of the Administrative Agent, the Investors and their respective Affiliates, in connection with the enforcement of this Agreement and the other documents and agreements to be delivered hereunder.

Section 10.06 No Proceedings. Each of the Seller, the Administrative Agent, the Servicer, each Investor, each assignee of a Receivable Interest or any interest therein and each entity which enters into a commitment to purchase Receivable Interests or interests therein hereby agrees that it will not institute against the Administrative Agent and each Investor, or join any other Person in instituting against, the Purchaser any proceeding of the type referred to in Section 7.01(g) so long as any commercial paper or other senior indebtedness issued by the Purchaser, any Investor or Scaldis Capital Limited shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such commercial paper or other senior indebtedness shall have been outstanding.

Section 10.07 Limited Recourse. Notwithstanding anything to the contrary contained in this Agreement, the obligations of the Purchaser under this Agreement are solely the corporate obligations of the Purchaser, and shall be payable by the Purchaser solely as provided in this Agreement. The Seller and the Originators agree that the Purchaser shall only be required to pay any expenses, indemnities or other liabilities that it may incur under this Agreement, including, without limitation, amounts payable pursuant to Section 10.05, or any fees, expenses, indemnities or other liabilities under any other Transaction Document only to the extent the Purchaser has available funds; provided, however, if the Purchaser has insufficient funds to make all payments required by this Agreement to the Seller, the Seller shall not be excused from the performance of its obligations under this Agreement. In addition, no amount owing by the Purchaser hereunder in excess of the liabilities that the Purchaser is required to pay in accordance with the preceding sentence shall constitute a claim (as defined in Section 101 to Title 11 of the United States Code) against the Purchaser. No recourse shall be had for the payment of any amount owing hereunder or for the payment of any fee hereunder or any other obligation of or claim against, the Purchaser, arising out of or based upon this Agreement, against any employee, officer, member or manager of the Purchaser or any affiliate thereof.

Section 10.08 Maximum Interest. It is the intention of the parties hereto to conform strictly to applicable usury laws and, anything herein to the contrary notwithstanding, the obligations of any party to any other party under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt or charging thereof would be contrary to provisions of law applicable to the party charging interest limiting rates of interest which may be charged or collected by such party. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the Federal and state laws of the United States of America, or of any other jurisdiction whose laws may be mandatorily applicable) with respect to the party charging interest, then, in that event, notwithstanding anything to the contrary in this Agreement, it is agreed as follows: (a) the provisions of this Section shall govern and control; (b) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by such party shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to such party herein called the "Highest Lawful Rate"), and any excess shall be credited to the other party by such party (or, if such consideration shall have been paid in full, such excess refunded to such other party); (c) all

sums paid, or agreed to be paid, to such party for the use, forbearance and detention of the amounts owed under this Agreement by such other party to such party hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such amounts owed under this Agreement until payment in full so that the actual rate of interest is uniform throughout the full term thereof; and (d) if at any time the interest provided pursuant to this Agreement together with any other fees payable pursuant to this Agreement and deemed interest under applicable law, exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees to accrue to such party pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement to that amount which would have accrued at the Highest Lawful Rate, but any reductions in the interest otherwise provided pursuant to this Agreement, as applicable, shall be carried forward and collected in periods in which the amount of interest accruing otherwise pursuant to this Agreement shall be less than the Highest Lawful Rate until the total amount of interest (including such fees deemed to be interest) accrued pursuant to this Agreement equals the amount of interest which would have accrued to such party if a varying rate per annum equal to the Alternate Base Rate had at all times been in effect, plus the amount of fees which would have been received but for the effect of this Section.

Section 10.09 Confidentiality. (a) The Seller, each Originator and the Servicer each agrees to maintain the confidentiality of this Agreement, and of related non-public information provided to it in connection with this Agreement, in communications with third parties and otherwise; provided that this Agreement and related non-public information relating hereto may be disclosed by any of them (i) to third parties to the extent such disclosure is made pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to the Administrative Agent, (ii) to the legal counsel and auditors of the Seller and the Servicer if they agree to hold it confidential and (iii) to the extent required by applicable law or regulation or by any court, regulatory body or agency having jurisdiction over such party; and provided, further, that no such party shall have any obligation of confidentiality in respect of any information which may be generally available to the public or becomes available to the public through no fault of such party.

(b) The Administrative Agent and each of the Investors agrees to maintain the confidentiality of this Agreement, and of related non-public information provided to it in connection with this Agreement, in communications with third parties and otherwise; provided that this Agreement and non-public information relating hereto may be disclosed by any of them (i) to third parties to the extent such disclosure is made pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to the Servicer, (ii) to the legal counsel and auditors of the Administrative Agent or any Investor if they agree to hold it confidential, (iii) to any Rating Agency, or (iv) to the extent required by applicable law or regulation or required or requested by any court, regulatory body or agency having jurisdiction over such party; and provided, further, that no such party shall have any obligation of confidentiality in respect of any information which may be generally available to the public or becomes available to the public through no fault of such party.

Section 10.10 Disclosure of Tax Treatment. Notwithstanding anything to the contrary contained in this Agreement or any other Transaction document, all persons may disclose to any and or persons, without limitation of any kind, the United States federal income tax treatment of the transactions contemplated by this Agreement and the other

Transaction Documents, any fact relevant to understanding the United States federal tax treatment thereof, and all materials of any kind (including opinions or other tax analyses) relating to such United States federal tax treatment; provided, that no person may disclose the name of or identifying information with respect to any party identified herein or in the Transaction Documents or any pricing terms or other non public business or financial information that is unrelated to the purported or claimed United States federal income tax treatment of the transaction and is not relevant to understanding the purported or claimed United States federal income tax treatment of the transaction, without the prior consent of the Seller and the Administrative Agent.

Section 10.11 GOVERNING LAW. THIS AGREEMENT SHALL, IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK, BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO ANY CONFLICT OF LAWS PRINCIPLES THEREOF THAT WOULD CALL FOR THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION, EXCEPT TO THE EXTENT THAT, PURSUANT TO THE UCC OF THE STATE OF NEW YORK, THE PERFECTION AND THE EFFECT OF PERFECTION OR NON-PERFECTION OF THE INTERESTS OF THE INVESTORS IN THE RECEIVABLES AND THE SALE AND CONTRIBUTION AGREEMENT ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.

Section 10.12 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement.

Section 10.13 Survival of Termination. The provisions of Sections 2.08, 2.09, 2.10, 6.07, 9.01, 10.05, 10.06, 10.07, 10.10, 10.11, 10.14 and 10.15 shall survive any termination of this Agreement.

Section 10.14 Consent to Jurisdiction. (a) Each party hereto hereby irrevocably submits to the non-exclusive jurisdiction of any New York State or Federal court sitting in New York City in any action or proceeding arising out of or relating to this Agreement, and each party hereto hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such New York State court or, to the extent permitted by law, in such Federal court. The parties hereto hereby irrevocably waive, to the fullest extent they may effectively do so, the defense of an inconvenient forum to the maintenance of such action or proceeding. The parties hereto agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each of the Seller, the Servicer, each Originator and the Administrative Agent consents to the service of any and all process in any such action or proceeding by the mailing or delivery of copies of such process to it at its address specified in Section 10.02. Nothing in this Section 10.14 shall affect the right of the Investors or the Administrative Agent to serve legal process in any other manner permitted by law.

Section 10.15 WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE

LAW, TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY DOCUMENT EXECUTED OR DELIVERED PURSUANT HERETO.

[Remainder of page left intentionally blank]

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

SELLER: GREIF RECEIVABLES FUNDING LLC

By: /s/ Robert S. Zimmerman

Title: Treasurer

Greif Receivables Funding LLC
c/o The Corporation Trust Company
The Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801
Attention: CT Corp
Facsimile No: +1 216 621 4059

GI ORIGINATOR AND SERVICER: GREIF, INC.

By: /s/ Robert S. Zimmerman

Title: Treasurer

Greif, Inc.
425 Winter Road
Delaware, OH 43015
United States of America
Attention: Treasurer
Facsimile No: +1 740 549 6102

With a copy to the General Counsel at
Greif, Inc.:
425 Winter Road
Delaware, OH 43015
United States of America

GCI ORIGINATOR:

GREIF CONTAINERS INC.

By: /s/ Robert S. Zimmerman

Title: Treasurer

425 Winter Road
Delaware, OH 43015
United States of America
Attention: Treasurer
Facsimile No: +1 740 549 6102

GLCC ORIGINATOR:

GREAT LAKES CORRUGATED CORP.

By: /s/ Robert S. Zimmerman

Title: Treasurer

425 Winter Road
Delaware, OH 43015
United States of America
Attention: Treasurer
Facsimile No: +1 740 549 6102

INVESTOR:

SCALDIS CAPITAL LLC

By: /s/ C.L.

Title: Director of the sole member,
Scaldis Capital Limited

c/o Lord Securities Corporation
2 Wall Street
New York, NY 10005
Facsimile No: +212 346 9012

ADMINISTRATIVE AGENT:

FORTIS BANK S.A./N.V., as Administrative Agent

By: /s/ Noel Keppens

Title: Deputy Director

By: /s/ Matthijs Van Der Want

Title: Director of Financial Management
Financial Markets

c/o MeesPierson Trust B.V.
Herengracht 548
1017 CG Amsterdam
The Netherlands
Attention: Ms Erika Vlug
Facsimile No: +31 20 527 4150

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Dated as of 31 October 2003

among

GREIF, INC.
as GI Seller

GREIF CONTAINERS INC.
as GCI Seller

GREAT LAKES CORRUGATED CORP.
as GLCC Seller

and

GREIF RECEIVABLES FUNDING LLC
as Purchaser

SALE AND CONTRIBUTION AGREEMENT

Cadwalader, Wickersham & Taft LLP
265 Strand
London WC2R 1BH

Tel: +44 (0) 20 7170 8700
Fax: +44 (0) 20 7170 860

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EXHIBITS

- EXHIBIT A Credit and Collection Policy
- EXHIBIT B Seller Details
- EXHIBIT C Form of Additional Seller Accession Agreement

NOTE: All Exhibits to this Exhibit 10(n) have not been included as part of this Form 10-K.

SALE AND CONTRIBUTION AGREEMENT

SALE AND CONTRIBUTION AGREEMENT (this "Agreement"), dated as of 31 October 2003 by and among GREIF, INC., a Delaware corporation, as Seller (the "GI Seller"), GREIF CONTAINERS INC., a Delaware corporation, as Seller (the "GCI Seller"), GREAT LAKES CORRUGATED CORP., an Ohio corporation, as Seller (the "GLCC Seller" and, together with the GI Seller, the GCI Seller and any Additional Sellers (as defined below), the "Sellers" and each a "Seller"), and GREIF RECEIVABLES FUNDING LLC, a Delaware limited liability company, as Purchaser (the "Purchaser").

PRELIMINARY STATEMENTS

(A) Certain terms which are capitalized and used throughout this Agreement (in addition to those defined above) are defined in Article I of this Agreement.

(B) The Sellers have Receivables that they wish to sell from time to time to the Purchaser, and the Purchaser is prepared to purchase such Receivables on the terms set forth herein.

NOW, THEREFORE, the parties agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. Certain Defined Terms.

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

"Accession Agreement" has the meaning specified in Section 8.03(c).

"Additional Seller" means a Person which becomes an Additional Seller pursuant to and in accordance with Section 8.03(c).

"Administrative Agent" means Fortis Bank S.A./N.V.

"Affected Seller" has the meaning specified in Section 2.04(b).

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

(a) the rate of interest announced publicly by the Administrative Agent in New York, New York, from time to time as its base rate, or

(b) the Federal Funds Rate.

"Applicable Daily Settlement Date" means, in relation to any Seller, any Daily Settlement Date on which such Seller has Receivables available for sale to the Purchaser hereunder.

"Applicable Transferred Receivable" means, in relation to any Seller, any Transferred Receivable sold by such Seller hereunder.

"Closing Date" means 31 October 2003.

"Code" means the Internal Revenue Code of 1986, as amended.

"Conduit Purchaser" means Scaldis Capital LLC, a Delaware limited liability company.

"Credit and Collection Policy" means those receivables credit and collection policies and practices of the Sellers in effect on the date of this Agreement applicable to the Receivables and described in Exhibit A, as modified in compliance with this Agreement.

"Daily Settlement Date" means each Business Day on which a Seller holds Receivables created by such Seller prior to the close of business on the preceding Business Day and not previously transferred hereunder to the Purchaser.

"Defaulted Receivable" means a Receivable:

(i) as to which any payment, or part thereof, remains unpaid for more than 90 days from the original due date for such payment; or

(ii) as to which the Obligor thereof or any other Person obligated thereon or obligated in respect of any Related Security in respect thereof has taken any action, or suffered any event to occur, of the type described in Section 7.01(g) of the Receivables Purchase Agreement; or

(iii) as to which legal proceedings have been commenced against the Obligor thereof or any other Person obligated thereon to recover such Receivable; or

(iv) which, in accordance with the Credit and Collection Policy or GAAP, has been or should have been written off or provided for in the relevant Seller's books as uncollectible.

"Eligible Obligor" means an Obligor, so long as such Obligor meets the following criteria:

(i) the Obligor is organized under the laws of the United States or any political subdivision thereof and is domiciled within the United States;

(ii) the Obligor is not a domestic or foreign government;

(iii) the Obligor is not an Affiliate of any Seller; and

(iv) the Obligor is not the subject of any reorganization, bankruptcy, receivership, custodianship, insolvency or other similar proceeding.

"Eligible Receivables" mean, at any time, each Receivable with respect to which each of the following is true:

(i) such Receivable is free and clear of any Adverse Claim;

(ii) such Receivable is denominated and payable in U.S. Dollars;

(iii) such Receivable is not subject to withholding tax on payments from the Obligor in respect thereof (or the Outstanding Balance of such Receivable has been reduced by the amount of any such withholding tax payable);

(iv) such Receivable is due from an Eligible Obligor;

(v) the terms of such Receivable require it to be paid in full within 60 days of the original billing date therefor, provided, however, that up to 20% of the aggregate Outstanding Balance of all Receivables may consist of Extended Term Receivables having a due date not more than 180 days from the original billing date of such Receivable;

(vi) such Receivable is not a Defaulted Receivable or a Delinquent Receivable;

(vii) such Receivable is able to be identified for ownership purposes on any day;

(viii) such Receivable and the related Contract, if any, are in full force and effect, and constitute the legal, valid, binding and enforceable obligation of the Obligor of such Receivable, enforceable against such Obligor in accordance with the terms of such related Contract, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law) under the laws of one of the United States to pay a determinable amount;

(ix) such Receivable is an "account" within the meaning of the UCC, to the extent the UCC is applicable in jurisdictions governing the perfection of the interest created by a Receivable Interest;

(x) such Receivable was originated in connection with a sale of goods and/or services in the ordinary course of one of the Sellers' businesses, was underwritten in accordance with such Seller's written credit guidelines and otherwise satisfies the requirements of the Credit and Collection Policy;

(xi) such Receivable and the related Contract, if any, do not contravene in any material respect any laws, rules or regulations applicable thereto (including, without limitation, laws, rules and regulations relating to usury) and none of the Sellers or the

Obligor is in violation of any such law, rule or regulation in any material respect in relation to such Receivable and/or the related Contract, if any;

(xii) the relevant Seller has taken all other actions with respect to such Receivable that are required to permit the Purchaser to perfect an assignment of all its right, title and interest in the Receivables prior to the rights of any third parties;

(xiii) the transfer, sale or assignment of such Receivable does not contravene any applicable law, rule or regulation;

(xiv) any goods giving rise to such Receivable have been shipped and any services giving rise to such Receivable have been performed;

(xv) such Receivable is not subject to any bona fide dispute, setoff, counterclaim or other claim or defense on the part of the Obligor or any other Person denying liability under such Receivable; provided, however, that any such Receivable shall constitute an Eligible Receivable to the extent it is not subject to any such dispute, setoff, counterclaim or other claim or defense;

(xvi) such Receivable is evidenced by a written contract with or invoice rendered to the Obligor (which shall include computer records) or is reflected by computer records maintained by the relevant Seller evidencing such Receivable and is not evidenced by any instrument or chattel paper (as the terms "instrument" and "chattel paper" are defined in Section 9-102 of the UCC) unless such instrument or chattel paper has been delivered to the Purchaser;

(xvii) such Receivable is not a Receivable owing by an Obligor having, at the time of any determination of Eligible Receivables, Defaulted Receivables with an aggregate Outstanding Balance in excess of 5.75% of the aggregate Outstanding Balance of the Pool Receivables of such Obligor or such other higher percentage figure as may be determined by the Administrative Agent;

(xviii) such Receivable is not a Receivable which arose as a result of the sale of consigned inventory owned by a third party or a sale in which the Originator acted as agent of any other Person or otherwise not as principal;

(xix) such Receivable directs payment to be made to a permitted Lock-Box Account;

(xx) such Receivable has not been selected for funding under the Facility pursuant to any "adverse selection" procedures; and

(xxi) such Receivable is not an Impaired Eligible Receivable, provided that if such Receivable is an Impaired Eligible Receivable it shall be deemed to be an Originator Deemed Collection.

"Event of Termination" has the meaning specified in Section 6.01.

"Extended Term Receivable" means a Receivable associated with an extended term program adopted by the relevant Seller in accordance with the Credit and Collection Policy.

"Facility" means the commitment of the Purchaser to make Purchases of Receivables from the Sellers from time to time pursuant to the terms of this Agreement.

"Facility Termination Date" means the earlier of (i) the date of termination of the Facility pursuant to Section 6.01; (ii) the date which any Seller designates by at least thirty (30) Business Days' notice to the Purchaser and (iii) the later of (A) 364 days from the Closing Date or (B) the "Facility Termination Date" in effect from time to time under the Receivables Purchase Agreement.

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

"Indemnified Amounts" has the meaning specified in Sections 7.01.

"Indemnified Party" has the meaning specified in Sections 7.01.

"Lock-Box Accounts" means Lock-Box Account Numbers xxx-xxxxxx (Greif, Inc.), xxx-xxxxxx (Great Lakes Corrugated Corp.), xxx-xxxxxx (Massillon Mill) and xxx-xxxxxx (Riverville Mill), each maintained in the name of the GI Seller at JPMorgan Chase Bank and Account No. xxx-xxxxxx in the name of the GLCC Seller at JPMorgan Chase Bank or (subject to the Administrative Agent's prior written approval) equivalent accounts maintained by any Seller or Sellers at another bank or other financial institution for the purpose of receiving Collections.

"Obligor" means a Person (other than an employee, a division or a direct or indirect Subsidiary of the Servicer or its Affiliates) obligated to make payments pursuant to a Receivable or a Contract; provided that in the event that any payments in respect of a Receivable or a Contract are made by any other Person (including without limitation a bank obligated under a letter of credit), such other Person shall be deemed to be an Obligor.

"Originator Deemed Collection" has the meaning specified in Section 2.04(a).

"Potential Event of Termination" means an event that but for notice or lapse of time or both would constitute an Event of Termination.

"Purchase" has the meaning specified in Section 2.02(a).

"Purchase Price" has the meaning specified in Section 2.02(b).

"Purchaser" means Greif Receivables Funding LLC, a bankruptcy-remote single purpose limited liability company formed in the state of Delaware.

"Receivable" means the indebtedness of any Obligor resulting from the sale or provision of merchandise or services by a Seller under a Contract, and includes the right to payment of any interest or finance charges and other obligations of such Obligor with respect thereto.

"Receivables Purchase Agreement" means that certain Receivables Purchase Agreement, dated as of 31 October 2003, among Greif Receivables Funding LLC as Seller, Greif, Inc. as GI Originator and as Servicer, Greif Containers Inc. as GCI Originator, Great Lakes Corrugated Corp. as GLCC Originator, Scaldis Capital LLC as Conduit Purchaser and Fortis Bank S.A./N.V. as Administrative Agent, as amended or restated from time to time.

"Related Security" means with respect to any Receivable:

(i) all of the relevant Seller's interest in any merchandise (including returned merchandise) relating to any sale giving rise to such Receivable;

(ii) all security interests or liens and property subject thereto from time to time purporting to secure payment of such Receivable, whether pursuant to the Contract related to such Receivable or otherwise, together with all financing statements signed by an Obligor describing any collateral securing such Receivable;

(iii) all guaranties, insurance and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Receivable whether pursuant to the Contract related to such Receivable or otherwise;

(iv) the Contract, the invoice or invoices and all other books, records and other information (including, without limitation, computer programs, tapes, discs, punch cards, data processing software and related property and rights) relating to such Receivable and the related Obligor to the extent assignable or licensable under such Contract and under applicable law.

"Security Agreements" means the agreements in substantially the form set out in Annex E to the Receivables Purchase Agreement.

"Solvent" means as to any Person at any time, having a state of affairs such that all of the following conditions are met: (i) the fair value of the property of such Person is greater than the amount of such Person's liabilities (including disputed, contingent and unliquidated liabilities) as such value is established and liabilities evaluated for purposes of Section 101(31) of the United States Bankruptcy Code, Title 11 of the United States Code; (ii) the present fair salable value of the property of such Person in an orderly liquidation of such Person is not less than the amount that will be required to pay the probable liability of such Person on its debts as they become absolute and matured; (iii) such Person is able to realize upon its property and pay its debts and other liabilities (including disputed, contingent and unliquidated liabilities) as they mature in the normal course of business; (iv) such Person does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's ability to pay as such debts and liabilities mature; and (v) such Person is not engaged in business or a transaction, and is not

about to engage in a business or a transaction, for which such Person's property would constitute unreasonably small capital.

"Subsidiary" means any corporation or other legal entity of which securities or other interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by any Seller, or by one or more of any Seller's Subsidiaries, or by any combination of the Sellers and their respective Subsidiaries.

"Transferred Receivable" means any Receivable that has been sold by a Seller hereunder.

"Transferred Relevant Receivable" means any Transferred Receivable in which the Conduit Purchaser has purchased a Receivable Interest and which was deemed to be an Eligible Receivable for purposes of calculating the related purchase price paid by the Conduit Purchaser for such Receivable Interest under Section 2.02(a) of the Receivables Purchase Agreement.

SECTION 1.02. Other Terms.

All capitalized terms contained herein that are not defined in Section 1.01 above shall have the respective meanings assigned thereto in the Receivables Purchase Agreement.

All accounting terms not specifically defined herein shall be construed in accordance with GAAP.

ARTICLE II

AMOUNTS AND TERMS OF PURCHASES

SECTION 2.01. Facility.

On the terms and conditions hereinafter set forth and without recourse (except to the extent as is specifically provided herein), the Purchaser agrees to purchase from the Sellers all Receivables in existence on the date hereof and all Receivables created by any Seller during the period from the date hereof to the Facility Termination Date as such Receivables arise, other than any Receivables transferred to the Purchaser pursuant to Section 2.04(b).

SECTION 2.02. Purchases.

(a) Each Seller hereby sells, transfers, absolutely assigns, conveys and sets over to the Purchaser, effective on the Closing Date and on each Applicable Daily Settlement Date occurring after the Closing Date and prior to the Facility Termination Date, all Receivables owned by such Seller as of the close of business on the Business Day immediately preceding such Closing Date or Applicable Daily Settlement Date (each, a "Purchase").

(b) The purchase price (the "Purchase Price") for the Receivables (together with the Related Security) payable on the Closing Date or any Daily Settlement Date shall be an amount equal to the fair market value of such Receivables, as agreed between the relevant Seller and the Purchaser. The Purchase Price for the Transferred Receivables sold by each Seller to the

Purchaser pursuant to this Agreement shall be paid on the Closing Date and each Daily Settlement Date (i) in cash, and (ii) in the sole discretion of the relevant Seller, as capital contributed by that Seller to the Purchaser, or any combination of the foregoing.

(c) Notwithstanding anything herein or in any other Transaction Document to the contrary, as of the Closing Date and each Daily Settlement Date, if the fair market value of any Transferred Receivable exceeds the Purchase Price for such Transferred Receivable previously agreed between the relevant Seller and the Purchaser, then such excess shall be deemed to be a contribution to the capital of the Purchaser by the relevant Seller as of such date and shall increase that Seller's beneficial ownership interest in the Purchaser accordingly.

(d) Each Seller shall, upon each request of the Purchaser or the Administrative Agent, confirm each Purchase hereunder on any Applicable Daily Settlement Date by a certificate of assignment executed by such Seller, a copy of which certificate shall be provided by the Servicer to the Administrative Agent pursuant to the Receivables Purchase Agreement. Upon each Purchase of Receivables, the ownership of each such Receivable shall be vested in the Purchaser, and no Seller shall take any action inconsistent with such ownership or claim any ownership interest in any such Receivable.

(e) Each Seller shall indicate in its records that the ownership of each Applicable Transferred Receivable is held by the Purchaser or its assignee. In addition, such Seller shall respond to any inquiries with respect to ownership of an Applicable Transferred Receivable by stating that it is no longer the owner of such Receivable and that ownership of such Applicable Transferred Receivable is held by the Purchaser or its assignee. Each Seller will furnish to the Purchaser from time to time with statements and schedules further identifying and describing the Applicable Transferred Receivables and with such other reports in connection with such Transferred Receivables as the Purchaser may reasonably request, all in reasonable detail.

SECTION 2.03. Transfer of Collections.

(a) On the Closing Date and each Applicable Daily Settlement Date, each Seller shall deposit or cause to be deposited into a Lock-Box Account any Collections of Applicable Transferred Receivables received by such Seller on such date or deemed to have been received by such Seller on such date pursuant to Section 2.04(a) and/or Section 2.04(b) and then held by such Seller, provided that, for the avoidance of doubt, in the event any payment is received by a Seller in the form of a negotiable instrument or cash or cash equivalent delivered to such Seller's offices (notwithstanding item (xix) in the definition of Eligible Receivables), the relevant Seller shall not be obliged to deposit such funds on the same date but shall take reasonable steps to ensure that such funds are promptly deposited into a Lock-Box Account.

(b) In the event that a Seller believes that cash and cash proceeds due to such Seller which are not Collections of Transferred Receivables have been deposited into an account of the Purchaser or the Purchaser's assignee, such Seller shall so advise the Purchaser and, promptly following such identification, the Purchaser shall remit, or shall cause to be remitted, to such Seller, all cash and cash proceeds so deposited which are identified, to the Purchaser's satisfaction, to be cash and cash proceeds of Receivables of such Seller which are not Transferred Receivables. Without limiting the generality of the preceding sentence, the

Purchaser shall return or cause to be returned to the relevant Seller any Collections deposited in a Lock-Box Account in respect of any Receivables arising prior to the Closing Date and not transferred hereunder.

(c) The parties hereto understand and agree that the Purchaser intends, contemporaneously with each purchase of Receivables hereunder, to sell fractional ownership interests in such Receivables as Receivable Interests to the Conduit Purchaser pursuant to the Receivables Purchase Agreement.

SECTION 2.04. Settlement Procedures.

(a) If on any day the outstanding balance of any Transferred Receivable is reduced or adjusted as a result of any defective, rejected or returned merchandise or services or any cash discount, discount for quick payment or other adjustment by a Seller or any set-off, such Seller shall be deemed to have received on such day a Collection of such Transferred Receivable in the amount of such reduction or adjustment (each, an "Originator Deemed Collection"). Such Seller shall pay to the Purchaser, in the manner provided in Section 2.03(a), within three (3) Business Days, all Originator Deemed Collections deemed to have been received pursuant to this subsection.

(b) Upon discovery by any Seller (the "Affected Seller") or the Purchaser that at the time of purchase, a Transferred Relevant Receivable sold by the Affected Seller hereunder was not an Eligible Receivable, such party shall give prompt written notice thereof to the other party, as soon as practicable and in any event within three (3) Business Days following such discovery. The Affected Seller shall, upon not less than two (2) Business Days' notice from the Purchaser or its assignee or designee, purchase such Transferred Relevant Receivable for a repurchase price equal to the Outstanding Balance of such Transferred Relevant Receivable or replace such Transferred Relevant Receivable with an equivalent Eligible Receivable, each to occur on the next succeeding Applicable Daily Settlement Date. If such Transferred Relevant Receivable is replaced, with respect to any portion of the outstanding principal balance of the replacement Receivable in excess of the outstanding principal balance of the Transferred Relevant Receivable being replaced, the Purchaser shall pay to the Affected Seller an amount equal to such portion. Each repurchase of a Transferred Relevant Receivable shall include repurchase of the Related Security with respect to such Transferred Relevant Receivable. The proceeds of any repurchase shall be deemed to be a Collection in respect of such Transferred Relevant Receivable. The Affected Seller shall pay to the Purchaser on or prior to the next Applicable Daily Settlement Date the repurchase price required to be paid pursuant to this subsection as provided in Section 2.03(a).

(c) Except as stated in subsection (a), (b) or (c) of this Section 2.04 or as otherwise required by law or the underlying Contract, all Collections from an Obligor of any Transferred Receivable shall be applied to the Receivables of such Obligor designated by such Obligor or, if no Receivables are so designated, in accordance with the Credit and Collection Policy.

SECTION 2.05. Payments and Computations, Etc.

All amounts to be paid or deposited by any Seller or the Purchaser hereunder shall be paid or deposited no later than 11:00 a.m. (New York time) on the day when due in same day funds to the account of the recipient of such funds as set forth in a written notice delivered from time to time by the Purchaser to the Sellers or the applicable Seller to the Purchaser.

(a) Each of the Sellers and the Purchaser shall, to the extent permitted by law, pay interest on any amount not paid or deposited when due hereunder by such Person. Such interest shall be payable to the party to whom such amount is due and at an interest rate per annum equal to the Alternate Base Rate, payable on demand.

(b) All computations of interest and all computations of fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first but excluding the last day) elapsed (unless the interest rate is the Alternate Base Rate, in which case 365 days shall be used). Whenever any payment or deposit to be made hereunder shall be due on a day other than a Business Day, such payment or deposit shall be made on the next succeeding Business Day and such extension of time shall be included in the computation of such payment or deposit.

SECTION 2.06. Security Interest.

The parties hereto intend that the purchase and sale of Receivables from each Seller to the Purchaser be treated as a sale of such Receivables and the proceeds thereof. However, if a determination is made that such transfer shall not be so treated, this Agreement shall be deemed to constitute a security agreement and the transactions effected hereby shall be deemed to constitute a secured financing in each case under applicable law and to that end, as collateral security for the performance by the relevant Seller of all the terms, covenants and agreements on the part of such Seller (whether as a Seller or otherwise) to be performed under this Agreement and any document delivered in connection with this Agreement in accordance with the terms thereof, including the punctual payment when due of all obligations of the relevant Seller hereunder or thereunder, whether for indemnification payments, fees, expenses or otherwise, each Seller hereby assigns to the Purchaser a security interest in all of such Seller's right, title and interest in and to (a) all of its Receivables, the Related Security with respect thereto and the Collections (the "Receivables Collateral") thereon, (b) subject to the prior rights of the Secured Parties (as defined in the Receivables Purchase Agreement) under and/or in connection with the Security Agreements, all "deposit accounts", "securities accounts", "security entitlements" and "investment property" (as such terms are defined in the UCC) constituting or relating to the foregoing, and (c) to the extent not included in the foregoing, all proceeds of any and all of the foregoing. Each Seller and the Purchaser shall, to the extent consistent with this Agreement, take such action as may be necessary to ensure that such security interest will be a perfected first priority security interest in favor of the Purchaser under applicable law and will be maintained as such throughout the term of this Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

SECTION 3.01. Representations and Warranties of the Sellers.

Each Seller represents and warrants as follows:

(a) It is a corporation duly incorporated and validly existing under the laws of its jurisdiction of incorporation, and is duly qualified to do business in every jurisdiction where the nature of its business requires it to be so qualified except where the failure to be so qualified would not have a material adverse effect on the operations or financial condition of such Seller or its ability to perform its obligations hereunder.

(b) The execution, delivery and performance by it of this Agreement and the other documents to be delivered by it hereunder, including the sale of Receivables hereunder and its use of the proceeds of Purchases, (i) are within its corporate powers, (ii) have been duly authorized by all necessary corporate action, (iii) do not contravene (1) its articles of incorporation, (2) any law, rule or regulation applicable to it, (3) any contractual restriction binding on or affecting it or its property or (4) any order, writ, judgment, award, injunction or decree binding on or affecting it or its property, and (iv) do not result in or require the creation of any Adverse Claim upon or with respect to any of its properties (except for the transfer of its interest in the Applicable Transferred Receivables pursuant to this Agreement). This Agreement has been duly executed and delivered by it.

(c) No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by it of this Agreement or any other document to be delivered by it hereunder, except for the filing of UCC financing statements which are referred to herein.

(d) This Agreement constitutes the legal, valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

(e) Each sale of Receivables made by such Seller pursuant to this Agreement will constitute a valid sale, transfer, and assignment of the Applicable Transferred Receivables to the Purchaser, enforceable against creditors of, and purchasers from, such Seller. Following each such sale such Seller shall have no remaining property interest in any Applicable Transferred Receivable except to the extent that it repurchases or replaces any such Applicable Transferred Receivable pursuant to Section 2.04(b).

(f) There is no pending or, to such Seller's actual knowledge, threatened action or proceeding affecting any Seller or any of their respective Subsidiaries before any court, governmental agency or arbitrator which would reasonably be expected to materially adversely affect the financial condition or operations of any Seller or the ability of any Seller to perform its obligations under this Agreement, or which purports to affect the legality, validity or

enforceability of this Agreement. No Seller is in default with respect to any order of any court, arbitration or governmental body except for defaults with respect to orders of governmental agencies which defaults are not individually or in the aggregate material to the business or operations of any Seller.

(g) No proceeds of any Purchase will be used by it to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934.

(h) All written factual information and each exhibit, financial statement, document, book, record or report furnished by the Sellers to the Purchaser in connection with this Agreement, taken as a whole, and each representation or warranty by or on behalf of the Seller contained herein, is accurate in all material respects as of its date (except as otherwise disclosed in writing to the Purchaser at such time), and no such document contains any untrue statement of a material fact which would render any such information, when taken as a whole, to be misleading.

(i) The transfers of Applicable Transferred Receivables by such Seller to the Purchaser pursuant to this Agreement, and all other transactions between such Seller and the Purchaser, have been and will be made in good faith and without intent to hinder, delay or defraud creditors of such Seller.

(j) Each Applicable Transferred Receivable, together with the Related Security, is owned (prior to its sale hereunder) by such Seller free and clear of any Adverse Claim (other than any Adverse Claim arising solely as the result of any action taken by the Purchaser). When the Purchaser makes a Purchase, the Purchaser shall acquire a valid and perfected first priority ownership interest of each such Applicable Transferred Receivable and the Related Security and Collections with respect thereto free and clear of any Adverse Claim (other than any Adverse Claim arising solely as the result of any action taken by the Purchaser), and no effective financing statement or other instrument similar in effect covering any Applicable Transferred Receivable, any interest therein, the Related Security or Collections with respect thereto is on file in any recording office except such as may be filed in favor of Purchaser or the Administrative Agent in accordance with this Agreement or the Receivables Purchase Agreement (each as defined in Schedule II to the Receivables Purchase Agreement) or in connection with any Adverse Claim arising solely as the result of any action taken by the Purchaser (other than any financing statement identified in Schedule II to the Receivables Purchase Agreement).

(k) As at the date of this Agreement, and save as referenced to in Section 3.01(j) above, no effective financing statement or other similar instrument covering any Applicable Transferred Receivable or the Related Security or Collections thereof is on file in any recording office except those specifically identified in Schedule III to the Receivables Purchase Agreement (which, for the avoidance of doubt, shall be subject to partial discharges pursuant to section 3.01(c) and (l) of the Receivables Purchase Agreement).

(l) It has complied in all material respects with the Credit and Collection Policy in regard to each Applicable Transferred Receivable and the relevant Contract.

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

(n) It is Solvent, the transactions contemplated by this Agreement will not impair such Solvent state, and it has an adequate amount of capital to conduct its business in the ordinary course and to carry out its obligations hereunder. It is not contemplating the commencement of insolvency, bankruptcy, liquidation or consolidation proceedings or the appointment of a receiver, liquidator, conservator, trustee or similar official with respect to it or any of its assets.

(o) It has filed or caused to be filed all material tax returns which, to its knowledge, are required to be filed. It has paid or made adequate provisions for the payment of all material taxes and all material assessments made against it or any of its property (other than any amount of taxes the validity of which is currently being contested in good faith by appropriate proceedings and with respect to which reserves in accordance with GAAP have been provided on its books), and no material tax lien has been filed and, to its knowledge, no claim is being asserted, with respect to any such tax, fee or other charge.

(p) The correct legal name, jurisdiction of organization, tax identification number and chief executive office of such Seller are (i) set out next to its name on Exhibit B hereto or, if such Seller is Additional Seller, (ii) set out in Section 2 of its Accession Agreement pursuant to Section 8.03(c).

(q) In the event that the transfer of Receivables from any Seller to the Purchaser is not treated as a sale of such Receivables and the proceeds thereof, this Agreement shall be deemed to create a valid and continuing security interest (as defined in the UCC) in the Receivables Collateral in favour of the Purchaser, which security interest shall rank prior to any other Adverse Claims, and is enforceable as such as against the creditors of and purchasers from the Seller.

(r) The Receivables Collateral constitutes "accounts" within the meaning of the UCC.

(s) The Sellers have caused or will cause, within ten days of the date of this Agreement, the filing of all appropriate financing statements in the proper filing office in the appropriate jurisdictions under applicable law in order to perfect the security interest in the Receivables Collateral granted to the Purchaser hereunder.

(t) Other than any security interest granted or to be granted to the Purchaser pursuant to this Agreement, the Seller has not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Receivables Collateral.

(u) No Seller is aware of any material tax lien filings against it.

ARTICLE IV

COVENANTS

SECTION 4.01. Covenants of the Sellers.

From the date hereof until the first day following the Facility Termination Date on which all of the Transferred Receivables are either collected in full or are written off the books of the Purchaser as uncollectible:

(a) Compliance with Laws, Etc. Each Seller will comply in all material respects with all applicable laws, rules, regulations and orders and preserve and maintain its corporate existence, rights, franchises, qualifications and privileges except to the extent that the failure so to comply with such laws, rules and regulations or the failure so to preserve and maintain such existence, rights, franchises, qualifications, and privileges would not materially adversely affect the collectibility of the Transferred Receivables or the ability of such Seller to perform its obligations under this Agreement.

(b) Offices, Records and Books of Account. No Seller will change its legal name, state or form of organization, tax identification number or chief executive office unless (i) such Seller shall have provided the Purchaser with at least 30 days' prior written notice thereof and (ii) no later than the effective date of such change, all actions reasonably requested by the Purchaser to protect and perfect its interest in the Transferred Receivables have been taken and completed. Each Seller will also maintain and implement administrative and operating procedures (including, without limitation, an ability to recreate records evidencing Applicable Transferred Receivables and related Contracts in the event of the destruction of the originals thereof), and keep and maintain all documents, books, records and other information reasonably necessary or advisable for the collection of all Applicable Transferred Receivables (including, without limitation, records adequate to permit the identification, immediately upon the transfer of each Applicable Transferred Receivable and at all times thereafter, of each new Applicable Transferred Receivable and all Collections of and adjustments to each existing Applicable Transferred Receivable). Each Seller shall make a notation in its books and records, including its computer files, to indicate which Receivables have been sold to the Purchaser hereunder.

(c) Performance and Compliance with Contracts and Credit and Collection Policy. Each Seller will, at its expense, timely and fully perform and comply with all material provisions, covenants and other promises required to be observed by it under the Contracts related to the Applicable Transferred Receivables where:

(i) before an Event of Termination that is continuing, such non-performance or non-compliance would reasonably be expected to give rise to any dispute, set-off, counterclaim or other claim on the part of the relevant Obligor (1) that is more than 1% of the Discount Protection Amount applying at such time (or together with all such disputes, set-offs, counterclaims or other claims in aggregate, are more than 2% of the Discount Protection Amount applying at such time), or (2) in respect of which a corresponding amount has been deposited by the Purchaser in the Securities Account pursuant to Section 2.04(c)(i) of the Receivables Purchase Agreement; or

(ii) at all times following a Event of Termination that is continuing, such non-performance or non-compliance would reasonably be expected to give rise to any dispute, set-off, counterclaim or other claim on the part of the relevant Obligor; and

each Seller will, at its expense, timely and fully perform and comply in all material respects with the Credit and Collection Policy in regard to each Applicable Transferred Receivable and the related Contract.

(d) Sales, Liens, Etc. Except for the sales of Receivables contemplated herein, no Seller will sell, assign (by operation of law or otherwise) or otherwise dispose of, or create or suffer to exist any Adverse Claim upon or with respect to, any Applicable Transferred Receivable, Related Security, related Contract or Collections, or upon or with respect to any account to which any Collections of any Applicable Transferred Receivable are sent, or assign any right to receive income in respect thereof, provided, however, that the provisions of this paragraph shall not prevent the existence of inchoate liens for taxes, assessments and governmental charges or claims not yet due or being contested in good faith and by appropriate proceedings.

(e) Extension or Amendment of Transferred Receivables. Except in the case of the GI Seller in its capacity as Servicer as permitted by Section 6.02(c) of the Receivables Purchase Agreement, no Seller will extend, amend or otherwise modify the terms of any Applicable Transferred Receivable without the consent of the Purchaser and the Administrative Agent.

(f) Change in Business or in Credit and Collection Policy. No Seller will make any change in either (i) the character of its business or (ii) the Credit and Collection Policy if such change would impair or delay in any material respect the collectibility of the Transferred Receivables taken as a whole. In the event that any Seller makes any change to its Credit and Collection Policy it shall, contemporaneously with such change, provide the Administrative Agent with an updated Credit and Collection Policy and summary of material changes.

(g) Audits. Each Seller will during regular business hours at any time following the occurrence of an Event of Termination and otherwise upon two Business Days prior written request from the Purchaser or the Administrative Agent, permit the Purchaser, or its agents, representatives or assigns, or the Administrative Agent under the Receivables Purchase Agreement, or its agents or representatives (including independent public accountants) in each case at such Seller's expense:

(i) to conduct an annual audit of the Applicable Transferred Receivables, the Related Security and the related books and records and collections systems of such Seller, such audit to be conducted and reported in conjunction with the timing requirements applicable with regard to the conduct, preparation and delivery of the Agreed Upon Procedures report contemplated by Clause 6.06(c) of the Receivables Purchase Agreement;

(ii) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of such Seller relating to Applicable Transferred Receivables and the Related Security, including, without limitation, the Contracts; and

(iii) to visit the offices and properties of such Seller for the purpose of examining such materials described in clause (ii) above, and to discuss matters relating to Applicable Transferred Receivables and the Related Security or such Seller's performance hereunder with any of the officers or employees of such Seller having knowledge of such matters.

(h) Marking of Records. At its expense, each Seller will mark its master data processing records evidencing Applicable Transferred Receivables with a legend or otherwise mark its records to indicate that such Applicable Transferred Receivables have been sold in accordance with this Agreement.

(i) Further Assurance. Each Seller agrees from time to time at its expense, promptly to execute and deliver all further instruments and documents, and to take all further actions that may be necessary or desirable, or that the Purchaser or its assignee(s) may reasonably request, to perfect, protect or more fully evidence the sale of Receivables under this Agreement, or to enable the Purchaser or its assignee(s) to exercise and enforce its respective rights and remedies under this Agreement. For the avoidance of doubt, notices of the sale of Receivables hereunder will only be sent to the Obligors after the occurrence and during the continuance of an Event of Termination. Without limiting the foregoing, each Seller will, upon the request of the Purchaser or its assignee(s), (x) execute and file such financing or continuation statements, or amendments thereto, and such other instruments and documents, that may be necessary or desirable to perfect, protect or evidence such Applicable Transferred Receivables, and (y) if an Event of Termination has occurred, deliver to the Purchaser all records relating to such Contracts and the Applicable Transferred Receivables, whether in hard copy or in magnetic tape or diskette format (which if in magnetic tape or diskette format shall be compatible with the Administrative Agent's computer equipment).

(j) Reporting Requirements. Each Seller will provide to the Purchaser the following:

(i) as soon as possible and in any event within five days after a Seller becoming aware of the occurrence of each Event of Termination or Potential Event of Termination, a statement of the chief financial officer or treasurer of such Seller setting forth details of such Event of Termination or Potential Event of Termination and the action that such Seller has taken and proposes to take with respect thereto;

(ii) at least 30 days prior to any change in the legal name or jurisdiction or form of organization or its tax identification number or any move of its chief executive office, a notice setting forth the new name or jurisdiction or form of organization and the effective date thereof; and

(iii) such other information respecting the Applicable Transferred Receivables or the condition or operations, financial or otherwise, of such Seller as the Purchaser may from time to time reasonably request.

(k) Separate Records. Each Seller will: (i) maintain separate corporate records and books of account from those of the Purchaser; (ii) conduct its business from an office separate from that of the Purchaser; (iii) ensure that all oral and written communications, including

without limitation, letters, invoices, purchase orders, contracts, statements and applications, will be made solely in its own name; (iv) have stationery and other business forms and a telephone listing separate from that of the Purchaser; (v) not engage in any transaction with the Purchaser except as contemplated by this Agreement or as permitted by the Receivables Purchase Agreement, the Administration Agreement or other Transaction Documents; (vi) continuously maintain as official records the resolutions, agreements and other instruments underlying the transactions contemplated by this Agreement; and (vii) disclose on its annual financial statements the effects of the transactions contemplated by this Agreement in accordance with GAAP.

(l) Agreement. No Seller will amend, waive or modify any provision of this Agreement (including any amendment which would add any additional sellers) or waive the occurrence of any default under this Agreement or consent to any amendment, modification or waiver of any provision of this Agreement without in each case the prior written consent of the Conduit Purchaser and the Administrative Agent, which consent may be conditioned on receipt of confirmation by the Rating Agencies of the current ratings on the Conduit Purchaser's commercial paper notes. Each Seller will perform all of its obligations under this Agreement and will enforce this Agreement in accordance with its terms.

(m) Transfers. No Seller will take any action:

- (i) while no Event of Termination is continuing, that would reasonably be expected to result in or otherwise cause any Transferred Receivable which was an Eligible Receivable at the time of transfer to become a non-Eligible Receivable to the extent that Transferred Receivable has an Outstanding Balance that is more than 1% of the Discount Protection Amount applying at such time (or, together with all such Transferred Receivables, has an aggregate Outstanding Balance that is more than 2% of the Discount Protection Amount applying at such time), unless in either such case a corresponding amount has been deposited by the Seller in the Securities Account pursuant to Section 2.04(c)(i); or
- (ii) while an Event of Termination is continuing, that would reasonably be expected to result in or otherwise cause any Transferred Receivable which was an Eligible Receivable at the time of transfer to become a non-Eligible Receivable.

ARTICLE V

ADMINISTRATION AND COLLECTION

SECTION 5.01. Designation of Servicer.

Consistent with the Purchaser's ownership of the Transferred Receivables, the Purchaser shall have the sole and exclusive rights to service, administer and collect the Transferred Receivables, to assign such rights and to delegate any or all of such rights. With respect to the servicing, administration and collection of the Transferred Receivables, the Servicer has been appointed by the Purchaser, the Administrative Agent and the Conduit Purchaser as the Servicer under the Receivables Purchase Agreement, and the Servicer has accepted such appointment thereunder.

SECTION 5.02. Transfer of Records.

(a) In connection with the Purchases hereunder, each Seller hereby sells, transfers, assigns and otherwise conveys to the Purchaser all of such Seller's right and title to and interest in the records relating to all Applicable Transferred Receivables, without the need for any further documentation in connection with any transfer of Receivables.

(b) Each Seller shall take such action as is reasonably requested by the Purchaser and/or the Servicer, from time to time hereafter, that may be necessary or appropriate, to ensure that the Purchaser has (i) an enforceable ownership interest in the records relating to the Applicable Transferred Receivables and (ii) if an Event of Termination has occurred, an enforceable right (whether by license or sub-license or otherwise) to use all of the computer software used to account for the Applicable Transferred Receivables and/or recreate such records, in each case, without incurring any royalty, cost or expense on the part of the Purchaser whatsoever.

ARTICLE VI

EVENTS OF TERMINATION

SECTION 6.01. Events of Termination.

If any of the following events ("Events of Termination") shall occur and be continuing:

(a) Any Seller shall fail (i) to transfer to the Purchaser when requested any rights required to be transferred hereunder, including but not limited to all of such Seller's right, title and interest in any Applicable Transferred Receivable and Related Security transferred pursuant to this Agreement, which failure shall have a material adverse effect upon the interest of the Purchaser therein, or (ii) to make any payment as and when required under Section 2.04(a) or 2.04(b) and such failure shall remain unremedied for three Business Days; or

(b) Any representation or warranty made or deemed made by or on behalf of any Seller (or any of such Seller's officers) under or in connection with this Agreement or any written information or report delivered by or on behalf of any Seller pursuant to this Agreement shall prove to have been incorrect or untrue in any material respect when made or deemed made or delivered and shall remain unremedied for thirty (30) days after written notice thereof shall have been given to the Seller; or

(c) Any Seller shall fail to perform or observe any other term, covenant or agreement contained in this Agreement on its part to be performed or observed, which failure shall remain unremedied for three (3) Business Days in the case of monetary defaults or ten (10) Business Days in the case of non-monetary defaults; or

(d) After any Purchase hereunder, the Purchaser's interest in the relevant Receivable, the Related Security and the Collections with respect thereto shall for any reason cease to constitute a valid and first priority perfected ownership interest or security interest in favor of the Purchaser of such Transferred Receivable, Related Security and Collections free and clear of any Adverse

Claim and which cessation shall continue for a period of three (3) Business Days and such Transferred Receivable shall not have been repurchased or replaced under Section 2.04(b); or

(e) Any Seller shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against any Seller seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of sixty (60) days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur, or any Seller shall take any corporate action to authorize, consent to or initiate any of the actions set forth above in this subsection (e); or

(f) An Event of Termination shall have occurred under the Receivables Purchase Agreement; or

(g) Any Seller or any Significant Subsidiary (as such terms are defined in the Senior Credit Agreement) (collectively, the "Specified Companies" and each a "Specified Company") shall fail to make any payment in respect of any one or more issues of Debt or Contingent Obligation having an aggregate principal of more than the Dollar Equivalent amount of US\$20,000,000 beyond the period of grace, if any, provided in the instrument or agreement under which such Debt or Contingent Obligation was created or by which it is governed or (ii) any Specified Company shall fail to perform or observe any term, condition or covenant (including, without limitation, failure by Greif, Inc. to perform or observe any financial covenant under the Senior Credit Agreement, where such failure is continuing and has not been remedied or waived in accordance with the terms of the Senior Credit Agreement), or any other event shall occur or condition exist, under any agreement or instrument relating to any Debt or Contingent Obligation, if the effect of such failure, event or condition is to cause or to permit the holder or holders of such Debt or beneficiary or beneficiaries of such Debt or Contingent Obligation (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause (with or without notice or passage of time or both), such Debt declared to be due and payable prior to its stated maturity or to require any of Greif, Inc. or any of its Subsidiaries to redeem or purchase, or offer to redeem or purchase, all or any portion of such Debt, or any such Debt shall be required to be prepaid (other than by a regularly scheduled required prepayment or redemption) prior to the stated maturity thereof or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded; provided, however, that, other than in the case of a failure by Greif, Inc. to perform or observe any financial covenant under the Senior Credit Agreement, the aggregate amount of all such Debt or Contingent Obligations for all Specified Companies so affected and cash collateral so required shall be in a Dollar Equivalent amount of US\$20,000,000 or more; or

(h) Any judgment or order for the payment of money in excess of US\$20,000,000 (not covered by insurance from a responsible insurance company that is not denying its liability with

respect thereto) shall be rendered against any Seller or any Significant Subsidiary (as such term is defined in the Senior Credit Agreement), and such judgment or order remains undischarged, unbonded or unstayed for a period of thirty (30) consecutive days from the date of entry thereof; or

(i) An ERISA Event (as defined in the Senior Credit Agreement) shall occur with respect to a Pension Plan or a Multiemployer Plan (as such terms are defined in the Senior Credit Agreement) which has resulted or would be reasonably likely to result in liability of any Specified Company under Title IV of ERISA to such Pension Plan or Multiemployer Plan or to the United States Pension Benefit Guaranty Corporation (or any successor thereto) in an aggregate amount in excess of U.S. \$20,000,000; (ii) the aggregate amount of Unfunded Pension Liability (as defined in the Senior Credit Agreement) among all Pension Plans at any time exceeds U.S. \$20,000,000 and as a result thereof a lien shall be imposed, a security interest shall be granted or a material liability is incurred, which lien, security interest or liability, in the reasonable judgment of the Required Lenders (as defined in the Senior Credit Agreement), would be reasonably likely to result in a Material Adverse Effect (as defined in the Senior Credit Agreement); or (iii) noncompliance with respect to Foreign Plans (as defined in the Senior Credit Agreement) shall occur that, in the opinion of the Required Lenders, when taken together with all other noncompliance with respect to Foreign Plans that have occurred, would reasonably be expected to result in liability of any Seller in an aggregate amount exceeding U.S. \$20,000,000; or

(j) any Seller or any other party shall, directly or indirectly, contest in any manner the effectiveness, validity, binding nature or enforceability of this Agreement or the Receivables Purchase Agreement; or

(k) there shall occur a Change in Control of any Seller;

then, and in any such event, the Purchaser may, by notice to the Sellers, declare the Facility Termination Date to have occurred (in which case the Facility Termination Date shall be deemed to have occurred); provided, however, that automatically upon the occurrence of any event (without any requirement for the passage of time or the giving of notice or making declaration) described in paragraph (e) of this Section 6.01, the Facility Termination Date shall occur. Upon any such declaration or designation or upon such automatic termination, the Purchaser shall have, in addition to the rights and remedies under this Agreement, all other rights and remedies with respect to the Transferred Receivables provided after default under the UCC and under other applicable law, which rights and remedies shall be cumulative.

ARTICLE VII

INDEMNIFICATION

SECTION 7.01. Indemnities of the Sellers.

Without limiting any other rights which the Purchaser may have hereunder or under applicable law, each Seller hereby agrees to indemnify the Purchaser and its assigns and transferees, including without limitation, the Investors, the Administrative Agent and/or Scaldis

Capital Limited (each, an "Indemnified Party"), within 30 days of demand, from and against any and all damages, claims, losses, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements (all of the foregoing being collectively referred to as "Indemnified Amounts"), awarded against or incurred by any Indemnified Party arising out of or as a result of:

(i) any representation or warranty or statement made or deemed made by or on behalf of such Seller (or any of its officers) under or in connection with this Agreement, which shall have been incorrect in any material respect when made;

(ii) the failure by such Seller to comply with any applicable law, rule or regulation with respect to any Applicable Transferred Receivable; or the failure of any Applicable Transferred Receivable to conform to any such applicable law, rule or regulation;

(iii) the failure to vest in the Purchaser absolute ownership of the Receivables that are, or that purport to be, the subject of a Purchase under this Agreement and the Related Security and Collections in respect thereof, free and clear of any Adverse Claim;

(iv) the failure of such Seller to have filed, or any delay in filing, financing statements or other similar instruments or documents under the UCC or any similar law of any applicable jurisdiction or to take all other steps under other applicable laws required in order to effect a transfer to the Purchaser of a perfected interest in the Applicable Transferred Receivables and Related Security with respect to any Receivables of such Seller that are, or that purport to be, the subject of a Purchase under this Agreement and the Related Security and Collections in respect thereof, whether at the time of any Purchase or at any subsequent time;

(v) any dispute, claim, offset or defense (other than discharge in bankruptcy of the Obligor) of the Obligor to the payment of any Receivable of such Seller that is, or that purports to be, the subject of a Purchase under this Agreement (including, without limitation, a defense based on such Receivable or the related Contract not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms), or any other claim resulting from the sale of the merchandise or services related to such Receivable or the furnishing or failure to furnish such merchandise or services except to the extent that such dispute, claim, offset or defense results solely from actions or failures to act of the Purchaser or its assigns;

(vi) any products liability or other claim arising out of or in connection with merchandise, insurance or services which are the subject of any Contract;

(vii) the commingling of Collections of Applicable Transferred Receivables by such Seller at any time with other funds of any Affiliate or any other Seller;

(viii) any investigation (to the extent in connection with taking action to enforce this agreement or considering the possibility of such action), litigation or proceeding related solely to this Agreement or the ownership of Applicable Transferred Receivables, the Related Security, or Collections with respect thereto or in respect of any Applicable

Transferred Receivable, Related Security or Contract, except to the extent any such investigation, litigation or proceeding relates to a possible matter involving an Indemnified Party for which neither such Seller nor any of its Affiliates is at fault;

(ix) any failure of such Seller to comply with its covenants contained in Section 4.01;

(x) any claim brought by any Person other than an Indemnified Party arising from any activity by such Seller or any Affiliate of such Seller in servicing, administering or collecting any Applicable Transferred Receivable; or

(xi) any Applicable Transferred Receivable becoming a Diluted Receivable; or

(xii) any failure by any other Seller to perform any obligation or make any payment required of it under this Section 7.01.

It is expressly agreed and understood by the parties hereto (i) that the foregoing indemnification is not intended to, and shall not, constitute a guarantee of the collectibility or payment of the Applicable Transferred Receivables and (ii) that nothing in this Section 7.01 shall require any Seller to indemnify any Person (x) for Receivables which are not collected, not paid or uncollectible on account of the insolvency, bankruptcy, or financial inability to pay of the applicable Obligor, or (y) for damages, losses, claims or liabilities or related costs or expenses resulting from such Person's gross negligence or willful misconduct.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.01. Amendments, Etc. -----

(a) No amendment or waiver of any provision of this Agreement or consent to any departure by any Seller therefrom shall be effective unless in a writing signed by the Purchaser, the Conduit Purchaser and Administrative Agent and, in the case of any amendment, also signed by each Seller, and any each waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. No failure on the part of the Purchaser or any other Person to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

(b) The foregoing representations and warranties contained in Sections 3.01(j) and 3.01(q) through (u) shall not be waived by any of the parties hereto without the prior consent of the Rating Agencies while the Commercial Paper Notes are rated by a Rating Agency.

SECTION 8.02. Notices, Etc. -----

All notices and other communications hereunder shall, unless otherwise stated herein, be in writing (which shall include electronic transmission), shall be personally delivered, express

couriered, electronically transmitted (whether by facsimile, e-mail or otherwise) or mailed by registered or certified mail and shall, unless otherwise expressly provided herein, be effective when received at the address set forth under a party's name on the signature pages hereof (or, in the case of an Additional Seller, in its Accession Agreement) or at such other address as shall be designated by such party in a written notice to the other parties hereto.

SECTION 8.03. Binding Effect; Assignability, Additional Sellers.

(a) This Agreement shall be binding upon and inure to the benefit of the Sellers, the Purchaser and their respective successors and assigns; provided, however, that no Seller may assign its rights or obligations hereunder or any interest herein without the prior written consent of the Administrative Agent.

(b) This Agreement shall create and constitute the continuing obligation of each of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time, after the Facility Termination Date, when all of the Transferred Receivables are either collected in full or become Defaulted Receivables; provided, however, that rights and remedies with respect to any breach of any representation and warranty made by any Seller pursuant to Article III and the provisions of Article VII and Section 8.04, 8.08, 8.09, 8.10, 8.11, 8.12, 8.13, 8.14 and 8.15 shall be continuing and shall survive any termination of this Agreement.

(c) Any Subsidiary of Greif, Inc. shall have the right to become an Additional Seller upon at least 60 Business Days' prior notice to the Purchaser, each Investor and the Administrative Agent and subject to the fulfillment of the following conditions precedent to the satisfaction of the Administrative Agent (acting reasonably):

- (i) such Subsidiary shall be a corporation or limited liability company incorporated or organized (as the case may be) under the laws of one of the United States of America;
- (ii) such Subsidiary and Greif, Inc. shall have executed and delivered to the Purchaser and Administrative Agent an originally executed accession agreement substantially in the form of Exhibit C hereto (an "Accession Agreement") and such Subsidiary shall have delivered to the Administrative Agent an originally executed Accession Agreement (as defined in the Receivables Purchase Agreement);
- (iii) the Purchaser, each Investor and the Administrative Agent shall have received one or more opinions, each in form, substance and scope satisfactory to it, from one or more counsel to such Subsidiary acceptable, in its reasonable judgement, to the Purchaser, each such Investor and the Administrative Agent;
- (iv) such Subsidiary shall have delivered to the Administrative Agent, with respect to such Subsidiary as an Originator, each of the copies, certifications and other evidence required under paragraphs (a), (b), (c), (d), (i), (j), (k), (l) and (m) of Section 3.01 of the Receivables Purchase Agreements (in the case of paragraphs (j) and (k) thereof, the certificates required thereby shall be from the equivalent officials in the state of incorporation or organization of such Subsidiary) all relating to such Subsidiary;

- (v) such Subsidiary shall have delivered to the Administrative Agent such fully executed Lock Box Agreements as shall be deemed necessary or advisable by the Administrative Agent in relation to Collections on Originator Receivables to be purchased from such Subsidiary;
- (vi) such UCC and other filings with respect to the receivables and other assets to be sold by such Subsidiary pursuant to this Agreement have been made to the reasonable satisfaction of the Administrative Agent;
- (vii) such Subsidiary shall have become a member of the Purchaser on the terms and subject to the conditions of the LLC Agreement;
- (viii) such Subsidiary shall have satisfied each condition precedent in the Receivables Purchase Agreement to its accession as an Additional Originator to such Agreement; and
- (ix) each Rating Agency shall have confirmed that the accession of such Subsidiary as an Additional Seller shall not adversely affect the then current ratings of the Purchaser's commercial paper notes.

Upon satisfaction of such conditions precedent, such Subsidiary shall be an Additional Seller and a party to this Agreement in such capacity for all purposes hereunder.

SECTION 8.04. Costs, Expenses and Taxes.

(a) In addition to the rights of indemnification granted to the Purchaser pursuant to Article VII hereof, the Sellers jointly agree to pay on demand all costs and expenses incurred in connection with the preparation, execution and delivery of this Agreement and the other documents and agreements to be delivered in connection herewith and with the Receivables Purchase Agreement, including, without limitation, the reasonable fees and out-of-pocket expenses of counsel for the Purchaser with respect thereto and with respect to advising the Purchaser as to its rights and remedies under this Agreement, and the Sellers jointly agree to pay all costs and expenses, if any (including reasonable counsel fees and expenses), in connection with the enforcement of this Agreement and the other documents to be delivered hereunder, excluding, however, any costs of enforcement or collection of Transferred Receivables.

(b) In addition, the Sellers jointly agree to pay any and all stamp and other taxes and fees payable in connection with the execution, delivery, filing and recording of this Agreement or the other documents or agreements to be delivered hereunder, and each Seller agrees to save each Indemnified Party harmless from and against any liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

SECTION 8.05. Rights and Remedies.

(a) If any Seller fails to perform any of its obligations under this Agreement, the Purchaser may (but shall not be required to) itself perform, or cause performance of, such obligation, and, if such Seller fails to so perform, the costs and expenses of the Purchaser

incurred in connection therewith shall be payable by such Seller as provided in Section 7.01 or Section 8.04 as applicable.

(b) Each Seller shall perform all of its obligations under the Contracts related to the Transferred Receivables to the same extent as if such Seller had not sold Receivables hereunder and the exercise by the Purchaser of its rights hereunder shall not relieve such Seller from such obligations or its obligations with respect to the Applicable Transferred Receivables. The Purchaser shall not have any obligation or liability with respect to any Transferred Receivables or related Contracts, nor shall the Purchaser be obligated to perform any of the obligations of the relevant Seller thereunder.

(c) Each Seller shall cooperate with the Servicer under the Receivables Purchase Agreement in collecting amounts due from Obligor in respect of the Applicable Transferred Receivables.

SECTION 8.06. Transfer of Records to Purchaser.

Each Purchase of Receivables hereunder shall include the transfer to the Purchaser of all of the relevant Seller's right and title to and interest in the records relating to such Receivables.

Each Seller shall take such action requested by the Purchaser, from time to time hereafter, that may be necessary or appropriate to ensure that the Purchaser has an enforceable ownership interest in the records relating to the Applicable Transferred Receivables.

SECTION 8.07. Confidentiality.

Unless otherwise required by applicable law or regulatory request, each party hereto agrees to maintain the confidentiality of this Agreement and the related Contracts in communications with third parties and otherwise; provided that this Agreement and the related Contracts may be disclosed to (i) third parties to the extent such disclosure is made pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to the other parties hereto, (ii) any party to the Receivables Purchase Agreement and the Sellers', the Purchaser's, the Administrative Agent's and the Investors' legal counsel and accountants, (iii) any Rating Agency rating an Investor's commercial paper notes or other debt securities or the commercial paper notes or other debt securities of any Person providing funding to an Investor, (iv) in the event this Agreement and the related Contracts are or become public information (other than as a result of the violation of the provisions of this Section 8.07 by the person making such disclosure) and (v) any of their officers, directors, managers, employees or agents, provided that the person making such disclosure shall ensure that any such officer, director, manager, employee or agent shall agree to keep this Agreement and the related Contracts confidential. In addition, this Agreement and the related Contracts may be disclosed as provided in Section 6.03(b)(iii) of the Receivables Purchase Agreement.

SECTION 8.08. Disclosure of Tax Treatment.

Notwithstanding anything to the contrary contained in this Agreement or any other Transaction Document, all persons may disclose to any and all Persons, without limitation of any kind, the United States federal income tax treatment of the transactions contemplated by this

Agreement and the other Transaction Documents, any fact relevant to understanding the United States federal tax treatment thereof, and all materials of any kind (including opinions or other tax analyses) relating to such United States federal tax treatment; provided, that no person may disclose the name of or identifying information with respect to any party identified herein or in the Transaction Documents or any pricing terms or other non public business or financial information that is unrelated to the purported or claimed United States federal income tax treatment of such transactions and is not relevant to understanding the purported or claimed United States federal income tax treatment of such transactions, without the prior consent of the Sellers and the Administrative Agent.

SECTION 8.09. GOVERNING LAW.

THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF OHIO APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED IN THE STATE OF OHIO, AND THE OBLIGATIONS, RIGHTS AND REMEDIES OF THE PARTIES HEREUNDER SHALL BE DETERMINED IN ACCORDANCE WITH SUCH LAWS.

SECTION 8.10. Third Party Beneficiaries.

Each of the parties hereto hereby acknowledges that the Purchaser is transferring interests in the Transferred Receivables and certain of its rights under this Agreement to the Conduit Purchaser as purchaser, and to Fortis Bank S.A./N.V. as Administrative Agent, in each case under the Receivables Purchase Agreement and each Seller hereby consents to such transfers and assignments. All such assignees, including parties to the Receivables Purchase Agreement in the case of assignment to such parties, shall be third party beneficiaries of, and shall be entitled to enforce the undertakings expressly made for their benefit herein, and following the occurrence of an Event of Termination under the Receivables Purchase Agreement, to enforce the Purchaser's rights and remedies under this Agreement to the same extent as if they were parties hereto, except to the extent specifically limited under the terms of the Receivables Purchase Agreement or its assignment.

SECTION 8.11. No Proceedings.

Each Seller hereby agrees that it will not, directly or indirectly, institute, or cause to be instituted, against the Purchaser, the Conduit Purchaser or any director, officer or other employee of the Purchaser or Conduit Purchaser, any bankruptcy, insolvency or similar proceeding under the laws of any jurisdiction so long as there shall not have elapsed one year plus one (1) day since the later of (a) the day following the Facility Termination Date on which the aggregate Capital is reduced to zero and all yield and other amounts payable under the Receivables Purchase Agreement by the Purchaser hereunder have been paid in full and (b) the last day on which any commercial paper or other senior indebtedness issued by the Issuer to purchase Receivable Interests shall have been outstanding. This Section 8.11 shall survive any termination of this Agreement.

SECTION 8.12. Execution in Counterparts.

This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same agreement. Delivery of an executed counterparty of a signature page to this Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.13. SUBMISSION TO JURISDICTION.

WITH RESPECT TO ANY CLAIM OR ACTION ARISING HEREUNDER, THE PARTIES (A) IRREVOCABLY SUBMIT TO THE NONEXCLUSIVE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE UNITED STATES DISTRICT COURT LOCATED IN THE BOROUGH OF MANHATTAN IN THE CITY OF NEW YORK, NEW YORK, AND APPELLATE COURTS FROM ANY THEREOF, AND (B) IRREVOCABLY WAIVE ANY OBJECTION WHICH SUCH PARTY MAY HAVE AT ANY TIME TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT BROUGHT IN ANY SUCH COURT, AND IRREVOCABLY WAIVE ANY CLAIM THAT ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN ANY SUCH COURT HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

SECTION 8.14. Maximum Interest.

It is the intention of the parties hereto to conform strictly to applicable usury laws and, anything herein to the contrary notwithstanding, the obligations of any party to any other party under this Agreement shall be subject to the limitation that payments of interest shall not be required to the extent that receipt or charging thereof would be contrary to provisions of law applicable to the party charging interest limiting rates of interest which may be charged or collected by such party. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the Federal and state laws of the United States of America, or of any other jurisdiction whose laws may be mandatorily applicable) with respect to the party charging interest, then, in that event, notwithstanding anything to the contrary in this Agreement, it is agreed as follows: (a) the provisions of this Section shall govern and control; (b) the aggregate of all consideration which constitutes interest under applicable law that is contracted for, charged or received under this Agreement, or under any of the other aforesaid agreements or otherwise in connection with this Agreement by such party shall under no circumstances exceed the maximum amount of interest allowed by applicable law (such maximum lawful interest rate, if any, with respect to such party herein called the "Highest Lawful Rate"), and any excess shall be credited to the other party by such party (or, if such consideration shall have been paid in full, such excess refunded to such other party); (c) all sums paid, or agreed to be paid, to such party for the use, forbearance and detention of the amounts owed under this Agreement by such other party to such party hereunder shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of such amounts owed under this Agreement until payment in full so that the actual rate of interest is uniform throughout the full term thereof; and (d) if at any time the interest provided pursuant to this Agreement together with any other fees payable pursuant to this Agreement and deemed interest under applicable law,

exceeds that amount which would have accrued at the Highest Lawful Rate, the amount of interest and any such fees to accrue to such party pursuant to this Agreement shall be limited, notwithstanding anything to the contrary in this Agreement to that amount which would have accrued at the Highest Lawful Rate, but any reductions in the interest otherwise provided pursuant to this Agreement, as applicable, shall be carried forward and collected in periods in which the amount of interest accruing otherwise pursuant to this Agreement shall be less than the Highest Lawful Rate until the total amount of interest (including such fees deemed to be interest) accrued pursuant to this Agreement equals the amount of interest which would have accrued to such party if a varying rate per annum equal to the Alternate Base Rate had at all times been in effect, plus the amount of fees which would have been received but for the effect of this Section.

SECTION 8.15. WAIVER OF JURY TRIAL.

THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF SUCH PARTIES. THE PARTIES ACKNOWLEDGE AND AGREE THAT THEY HAVE RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER TRANSACTION DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR EACH PARTY ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER TRANSACTION DOCUMENT.

[The Remainder of this Page Intentionally Left Blank]

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

GREIF, INC.,
as GI Seller

By: /s/ Robert Zimmerman

Name: Robert Zimmerman
Title: Treasurer

Address for Notices:

Greif, Inc.
425 Winter Road
Delaware, OH 43015
United States of America
Attention: Treasurer
Facsimile No: +1 740 549 6102

With a copy to the General Counsel at
Greif, Inc.:
425 Winter Road
Delaware OH 43015
United States of America

GREIF CONTAINERS INC.,
as GCI Seller

By: /s/ Robert Zimmerman

Name: Robert Zimmerman
Title: Treasurer

Address for Notices:

425 Winter Road
Delaware, OH 43015
United States of America
Attention: Treasurer
Facsimile No: +1 740 549 6102

[Sale and Contribution Agreement Signature Page]

GREAT LAKES CORRUGATED CORP.,
as GLCC Seller

By: /s/ Robert Zimmerman

Name: Robert Zimmerman
Title: Treasurer

Address for Notices:

425 Winter Road
Delaware, OH 43015
United States of America
Attention: Treasurer
Facsimile No: +1 740 549 6102

GREIF RECEIVABLES FUNDING LLC,
as Purchaser

By: /s/ Robert Zimmerman

Name: Robert Zimmerman
Title: Treasurer

Address for Notices:

c/o The Co-rporation Trust Company
Corporation Trust Center
1209 Orange Street
Wilmington, Delaware 19801
Attn: CT Corp
Facsimile No: +1 216 621 4059

[Sale and Contribution Agreement Signature Page]

SUBSIDIARIES OF REGISTRANT

Name of Subsidiary	Incorporated or Organized Under Laws of
American Flange & Manufacturing Co., Inc.	Delaware
Barzon Corporation	Delaware
CorrChoice, Inc.	Ohio
Combined Containerboard Inc.	Delaware
Great Lakes Corrugated Corp.	Ohio
Greif Bros. Corp. of Ohio, Inc.	Delaware
Greif Bros. Service Corp.	Delaware
Greif Containers, Inc.	Delaware
Greif Nevada Holdings, Inc.	Nevada
Greif US Holdings, Inc.	Nevada
Greif Receivables Funding LLC	Delaware
Heritage Packaging Corporation	Delaware
Michigan Packaging Company	Delaware
MultiCorr Corp.	Kentucky
OPC Leasing Corporation	Delaware
Ohio Packaging Corporation	Ohio
RDJ Holdings Inc.	Ohio
Recorr Realty Corp.	Ohio
Sirco Systems, LLC	Delaware
Soterra LLC	Delaware
Tainer Transportation, Inc.	Delaware
Trend Pak, Inc.	Ohio
Lametal del Norte S.A.	Argentina
Greif Argentina S.A.	Argentina
Greif Australia Administration Pty Limited	Australia
Greif Australia Pty Limited	Australia
Van Leer Southeast Asia Partnership Ltd.	Australia
Van Leer (SEA) Services Pty Ltd.	Australia
Austro Fass Vertriebs GmbH (51%)	Austria
Greif Coordination Center BVBA	Belgium
Van Leer-Muno BVBA	Belgium
Van Leer Belgium Branch of VL Nederland B.V.	Belgium
Greif Insurance Company Limited	Bermuda
Van Leer Amazonas Ltda.	Brazil
Van Leer Embalagens Industriais do Brasil Ltda	Brazil
Van Leer Holding Ltda	Brazil
Greif Bros. Canada, Inc.	Canada
Greif Chile S.A.	Chile
Greif Cogas S.A. (51%)	Chile
Greif (Ningbo) Packaging Co., Ltd.	China
Greif (Taicang) Co., Ltd.	China
Greif Colombia S.A.	Colombia
Greif Costa Rica S.A.	Costa Rica
Greif Czech Republic a.s. (97.1%)	Czech Republic
Greif Denmark A/S	Denmark
Greif Egypt LLC (75%)	Egypt
Greif France Holdings SAS	France
Greif France Fibre et Plastique SNC	France
Greif France Investment SAS	France
Greif France SNC	France

EXHIBIT 21
(continued)

Name of Subsidiary	Incorporated or Organized Under Laws of
Greif Germany GmbH & Co. KG	Germany
Greif Germany Investment GmbH	Germany
Greif Germany Properties GmbH	Germany
Greif Hellas AE	Greece
Greif Guatemala S.A.	Guatemala
Greif Hungary Kft	Hungary
Balmer Lawrie - Van Leer Ltd. (40.06%)	India
Proseal Closures Ltd. (20.03%)	India
Greif Ireland Packaging Ltd.	Ireland
Greif Italia SpA	Italy
Greif Jamaica Ltd.	Jamaica
Chuo-Sangyo Ltd.	Japan
Nippon Van Leer Limited	Japan
Greif Kenya Ltd	Kenya
Van Leer Cylinders Sdn Bhd	Malaysia
Greif (Malaysia) Sdn Bhd	Malaysia
Greif Packaging Sdn Bhd	Malaysia
Compania Mexicana Tri-Sure, S.A. de C.V.	Mexico
Consortio Van Leer Mexicana, S.A. de C.V.	Mexico
Fibro Tambor, S.A. de C.V.	Mexico
Servicios Corporativos Van Leer, S.A. de C.V.	Mexico
Van Leer Mexicana S.A. de C.V.	Mexico
Van Leer Mozambique Limitada (80%)	Mozambique
Greif Packaging Morocco S.A. (60%)	Morocco
Emballagefabrieken Verma B.V.	Netherlands
Gronystaal B.V.	Netherlands
Paauw Holdings BV	Netherlands
Van Leer Beheer I BV	Netherlands
Van Leer Beheer II BV	Netherlands
Greif Investments BV	Netherlands
Greif Nederland B.V.	Netherlands
Greif Nederland Verpakkigen BV	Netherlands
Greif Services B.V.	Netherlands
Greif Vastgoed B.V.	Netherlands
Greif Finance B.V.	Netherlands
Greif International Holding B.V.	Netherlands
Greif New Zealand Limited	New Zealand
Van Leer Containers Plc. (51%)	Nigeria
Greif Philippines, Inc.	Philippines
Van Leer Silesia Sp. ZOO	Poland
Van Leer AquaPack Sp. Z.o.o.	Poland
Greif Portugal, Lda.	Portugal
Socer-Embalagens, Ltda. (25%)	Portugal
Van Leer Romania Ltd.	Romania
Greif Nederland BV, Rep Office	Russia
LLC Van Leer Perm	Russia
LLC Greif Volga-Don	Russia
OOO Greif Vologda	Russia
ZAO Van Leer Upakovka	Russia
ZAO Van Leer Ural	Russia
Greif Singapore Pte Ltd	Singapore
Greif Spain Holdings SL.	Spain

EXHIBIT 21
(concluded)

Name of Subsidiary	Incorporated or Organized Under Laws of
Greif Investments S.A.	Spain
Greif Spain S.A.	Spain
Neptune Plastics (Pty) Ltd	South Africa
Van Leer AP Plastics S.A. (Pty) Ltd.	South Africa
Van Leer Metal Containers South Africa (Pty) Ltd.	South Africa
Greif South Africa Pty Ltd	South Africa
Greif Sweden AB	Sweden
Greif Sweden Holding AB	Sweden
Greif Sweden AB. Branch fibre & IBCs	Sweden
Greif International CH	Switzerland
Van Leer Containers Ltd	Trinidad
Greif Mimaysan Ambalaj Sanayi SA (75%)	Turkey
Van Leer Supak Ambalaj Sanayi ve Tic. Ltd.-ti	Turkey
Van Leer Ukraine LLC	Ukraine
Ecocontainer (UK) Ltd.	United Kingdom
Metal Containers Ltd.	United Kingdom
Greif UK Ltd.	United Kingdom
Van Leer Uruguay SA	Uruguay
Greif Punto Fijo, C.A.	Venezuela
Greif Venezuela Holding, C.A.	Venezuela
Greif Venezuela, C.A.	Venezuela
Greif Zimbabwe Private Ltd	Zimbabwe

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-26767) pertaining to the Greif Bros. Corporation 1996 Directors Stock Option Plan, (Form S-8 No. 333-26977) pertaining to the Greif Bros. Corporation Incentive Stock Option Plan, (Form S-8 No. 333-35048) pertaining to the Greif Bros. 401(k) Retirement Plan and Trust, (Form S-8 No. 333-46134) pertaining to the Greif Bros. Corporation Production Associates 401(k) Retirement Plan and Trust, (Form S-8 No. 333-46136) pertaining to the Greif Bros. Riverville Mill Employee Retirement Savings Plan and Trust, (Form S-8 No. 333-61058) pertaining to the Greif Bros. Corporation 2000 Nonstatutory Stock Option Plan, (Form S-8 No. 333-61068) pertaining to the Greif Bros. Corporation 2001 Management Equity Incentive and Compensation Plan, (Form S-4 No. 333-100121) pertaining to the 8 7/8% Senior Subordinated Notes due 2012, (Form S-8 No. 333-106343) pertaining to the Greif Board Hourly Employees 401(k) Plan, (Form S-8 No. 333-106342) pertaining to the Van Leer Containers, Inc. Retirement Savings Plan for Eligible Employees, (Form S-8 No. 333-106341) pertaining to the Great Lakes Corrugated Corp. Hourly Employees Profit Sharing and Savings Plan, (Form S-8 No. 333-106337) pertaining to the American Flange & Manufacturing Co., Inc. Employees Retirement Savings Plan, (Form S-8 No. 333-106336) pertaining to the Great Lakes Corrugated Corp. Salaried Employees Profit Sharing and Savings Plan, (Form S-8 No. 333-106333) pertaining to the Greif Board Salaried Employees 401(k) Plan, and (Form S-8 No. 333-106287) pertaining to the Van Leer Containers, Inc. Thrift Plan, of our report dated December 11, 2003 with respect to the consolidated financial statements and the financial statement schedule of Greif, Inc. included in this Annual Report (Form 10-K) of Greif, Inc. for the year ended October 31, 2003.

/s/ Ernst & Young LLP

Columbus, Ohio
January 20, 2004

GREIF, INC.

POWER OF ATTORNEY
FOR
FORM 10-K ANNUAL REPORTS

The undersigned, a director of Greif, Inc., a Delaware corporation (the "Company"), hereby constitutes and appoints Michael J. Gasser and William B. Sparks, Jr., and each of them, my true and lawful attorneys-in-fact and agents, with full power to act without the other, with full power of substitution and resubstitution, for me and in my name, place, and stead, in my capacity as a director of the Company, to execute any and all of the Company's Annual Reports on Form 10-K, and any amendments thereto, to be filed with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intent and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

The undersigned has executed and delivered this Power of Attorney on the date set forth below.

Dated: June 3, 2003

/s/ Judith D. Hook

Signature of Director

Judith D. Hook

Print Name

GREIF, INC.

POWER OF ATTORNEY
FOR
FORM 10-K ANNUAL REPORTS

The undersigned, a director of Greif, Inc., a Delaware corporation (the "Company"), hereby constitutes and appoints Michael J. Gasser and William B. Sparks, Jr., and each of them, my true and lawful attorneys-in-fact and agents, with full power to act without the other, with full power of substitution and resubstitution, for me and in my name, place, and stead, in my capacity as a director of the Company, to execute any and all of the Company's Annual Reports on Form 10-K, and any amendments thereto, to be filed with the Securities and Exchange Commission pursuant to Section 13 or 15(d) of the Securities and Exchange Act of 1934, and to file the same, with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intent and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them or their or his substitute or substitutes may lawfully do or cause to be done by virtue hereof.

The undersigned has executed and delivered this Power of Attorney on the date set forth below.

Dated: January 20, 2004

/s/ Patrick J. Norton

Signature of Director

Patrick J. Norton

Print Name

CERTIFICATION

I, Michael J. Gasser, certify that:

1. I have reviewed this annual report on Form 10-K of Greif, Inc.;

2. Based on my knowledge, this annual 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 annual 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 officers 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)) 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) 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
- c) 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: January 22, 2004

/s/ Michael J. Gasser

 Michael J. Gasser, Chairman
 and Chief Executive Officer
 (Principal executive officer)

CERTIFICATION

I, Donald S. Huml, certify that:

1. I have reviewed this annual report on Form 10-K of Greif, Inc.;

2. Based on my knowledge, this annual 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 annual 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 officers 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)) 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) 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
- c) 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: January 22, 2004

/s/ Donald S. Huml

Donald S. Huml, 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 Annual Report of Greif, Inc. (the "Company") on Form 10-K for the annual period ended October 31, 2003, 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: January 22, 2004

/s/ Michael J. Gasser

Michael J. Gasser, Chairman
and Chief Executive 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.

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 Annual Report of Greif, Inc. (the "Company") on Form 10-K for the annual period ended October 31, 2003, 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: January 22, 2004

/s/ Donald S. Huml

Donald S. Huml, 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.